

YoY change 12-month forecast

€9.3bn
Total Volume H1 2022

€2.93bn
Retail Volume H1 2022

€1.575bn
Office Volume H1 2022

€472m
Logistics Volume H1 2022

Spain closes the first half of the year with volumes some 63% above the first-half average for the previous 5 years

The first half closed with an aggregate figure of €9 billion in terms of investment deals in Spain, some 63% above the first-half averages recorded over the past five years. A clear recovery in investment figures is particularly noticeable in Madrid, whereas the more modest levels in Barcelona match the record set in 2017. The take-up of offices by end users has also grown considerably in comparison with the same period the previous year, by some 27% in the case of Barcelona and 47% with respect to Madrid.

Greater activity in the best semester in recent years

Investment during the first half of 2022 was led mainly by the retail (33%), residential (22%), hotel (22%) and office (16%) sectors. Interest continues to be shown by investors of a similar profile to those who dominated the market prior to Covid-19. With a share of some 60%, overseas groups remain the protagonists of investment in Spain. Transactions amounting to more than €2.3 bn were struck in the Madrid market, with some €680m more specifically corresponding to the office market. For its part, and having registered record figures in 2021, Barcelona produced a total of €400m, with 22@ being the sub-market enjoying the highest level of activity (88%). Some 38% of the deals recorded in the Madrid market corresponded to a Value-Add risk profile, a large chunk of this focusing on the Decentralised area (M-30 & M-40 ring roads). A number of opportunities identified months ago have borne fruit in the form of acquisitions, more specifically in the areas of Julián Camarillo, Fuencarral and Av. América. The demand for logistics floorspace in Spain on the part of end users remains strong and, as a result, these assets in key locations around Madrid and Barcelona remain in the sights of leading international funds. Ever more exacting, the demand side will remain focused on quality, with these types of assets undergoing major changes and witnessing new trends, such as the need for more modern, sustainable properties. With the aim of achieving net neutrality, logistics warehouses are adjusting to the Agenda 2030 goals. This translates into a growing trend towards promoting logistics warehouses as "green": sustainable and efficient.

Retail began the year on the right foot. Although activity in 2021 was focused on the sale of supermarket portfolios, a figure of some 2.93 billion Euro has been reached during this first quarter. Of particular note was Merlin Properties' acquisition of the Tree portfolio from BBVA. In terms of shopping centres, the proven growth in footfall and total recorded sales in malls and stores will be mirrored by increased activity in the sector. The market is already showing interest in acquiring assets based on food retailing, shopping centres and retail parks.

Yields adjusting to current circumstances

The market is witnessing a certain change in sentiment and is entering a phase of digesting current prices, particularly bearing in mind current news and overall sentiment. This is having an impact in terms of delays to decision-making, even with respect to postponing deals in some cases. As we enter into this phase of assimilating prices, convictions regarding the market and, as a result, yields, nothing is particularly clear, much less so in the absence of any proof of closure. The increase in prime yields in offices and logistics may owe more to the absence of evidence as to where prices are, rather than being the result of analysing closed deals. The third quarter will be the time to get a handle on possible price volatility as the market continues to evolve, the hope being for greater transparency after the summer.

ECONOMIC INDICATORS - SPAIN

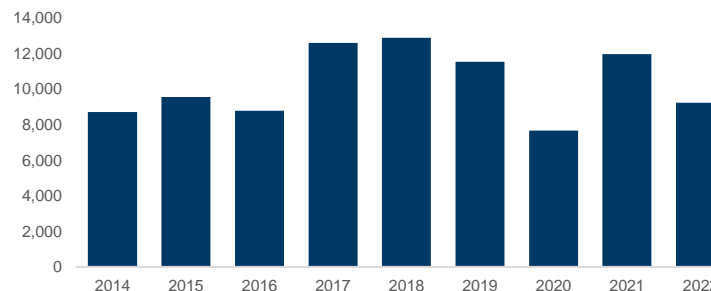
6.40%
Annual change in GDP

13.65%
Unemployment rate

2.15%
Spanish 10-yr bond yield

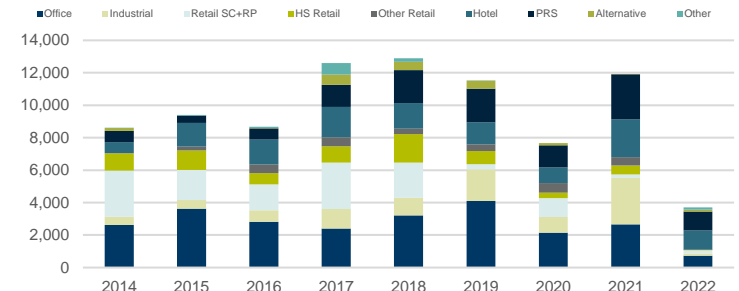
Source: INE, Moody's

TOTAL INVESTMENT (€m)



Source: Cushman & Wakefield Research & Insight and Real Capital Analytics

TOTAL INVESTMENT BY SECTOR (€m)



Source: Cushman & Wakefield Research & Insight and Real Capital Analytics

MARKET BEAT

SPAIN

Investment Q2 2022



MAIN DEALS Q2 2022

NAME/ADDRESS	TYPE	BUYER	VENDOR	TOTAL sq m/ UNIT	SALE PRICE (€m)	LOCATION
Diagonal, 177	Offices	Starwood	Hines	31,877	143	Barcelona
BBVA – Head Office	Offices	Argis	Mutualidad de la Abogacia	21,093	150	Bilbao
Cornerstone	Offices	Union Investment	UBS	10,010	65.6	Barcelona*
Vizcaya, 12	Offices	Swiss Life AM	Coros	3,536	Confidential	Madrid*
Los Gavilanes y Ontigola	Industrial	Confidential	Patrizia	2 units	110	Getafe and Toledo
Pinto and Torrejón de Ardoz	Logistics	Thor Equities Group	-	47,770	40	Madrid
-	Logistics	Iroko Zen	Teknia	20,000	13.7	Madrid and Bilbao

Source: Real Capital Analytics/ Cushman & Wakefield
*Advised on by Cushman & Wakefield

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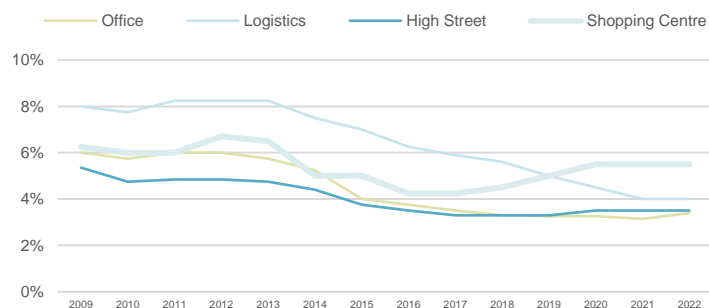
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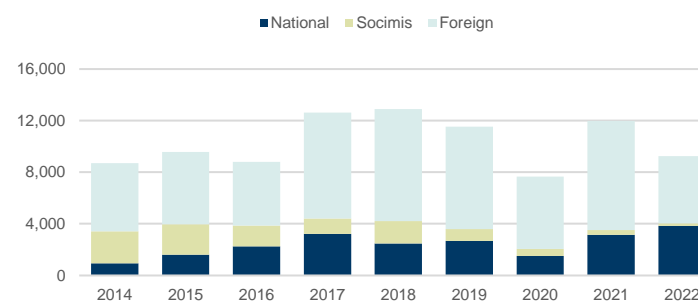
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TREND IN PRIME YIELD



Source: Cushman & Wakefield Research & Insight

TOTAL ACQUISITIONS BY CAPITAL ORIGIN €m



Source: Cushman & Wakefield Research & Insight and Real Capital Analytics

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