

The first half of the year confirms the strength of logistics fundamentals

The pace of take-up remains as strong as at the beginning of 2024, following a 2023 marked by softening over most quarters. The logistics market has responded positively in the face of interest rate stabilisation and the first small reduction, confirming the health of its underlying fundamentals. The second quarter of the year saw take-up of 227,553 sq m, representing quarterly growth of 63% compared to the same three months in 2023. Studying the aggregate data, the first half of 2024 saw growth of 13% compared to the same period in 2023, reaching almost 450,000 sq m.

Following years of record figures, logistics take-up had been hovering between downward adjustments and increases over the past 15 months, a trend that has been broken following two consecutive quarters of growth. The main factor behind the slight peaks is reflected in decision-making processes, where an increasing number of players are proving more cautious when it comes to choosing a logistics platform.

Turning to an analysis of the number of deals, 27 new contracts were signed between April and June, with an average floor area of 11,648 sq m, 54% less than in the previous quarter. The large drop in average floor area during this quarter came about in the third ring, where greater dynamism has been seen in terms of smaller units.

Of particular note, 1 transaction exceeding 45,000 sq m from a major logistics operator accounted for 22% of take-up in the second quarter.

In terms of asset quality and as with other sectors, the trend towards the highest specifications and compliance with ESG (Environment, Governance & Social) criteria continues to grow, swallowing an increasing share of the market. Of the 10 deals exceeding 5,000 sq m during the quarter, 83% were signed for A-rated assets. We should add to this figure the increasing popularity of modules of between 2,500 sq m and 5,000 sq m in the first ring and with the highest quality standards.

Major deals that were delayed beyond the close of 2023 have come to fruition during the first half of 2024. It is expected that we will continue to see figures near to 950,000 sq m up to the close of year, driven by retailers, e-commerce operators and the food sector, the latter also committing to in-house development of some sites.

ECONOMIC INDICATORS – SPAIN Q1 2024



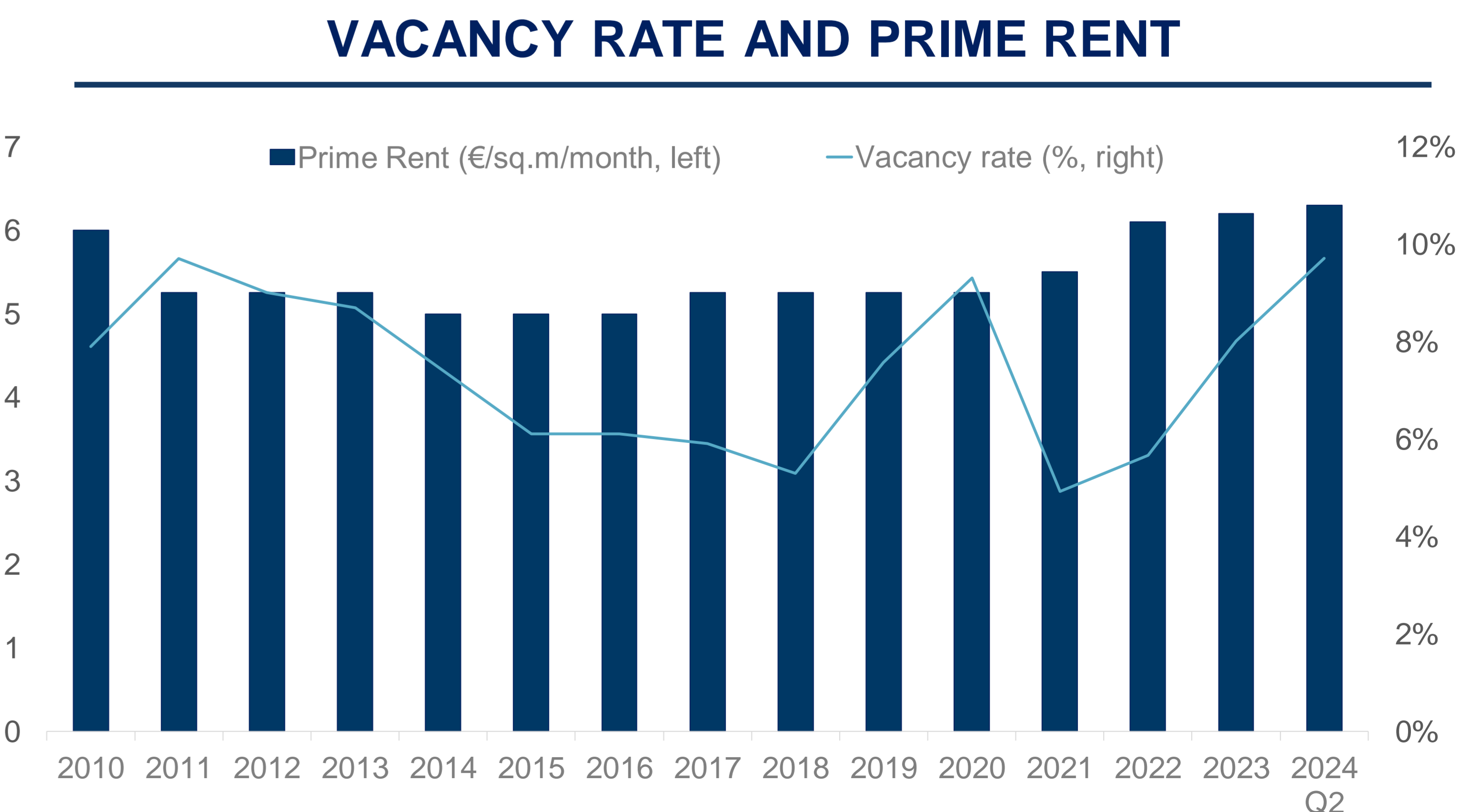
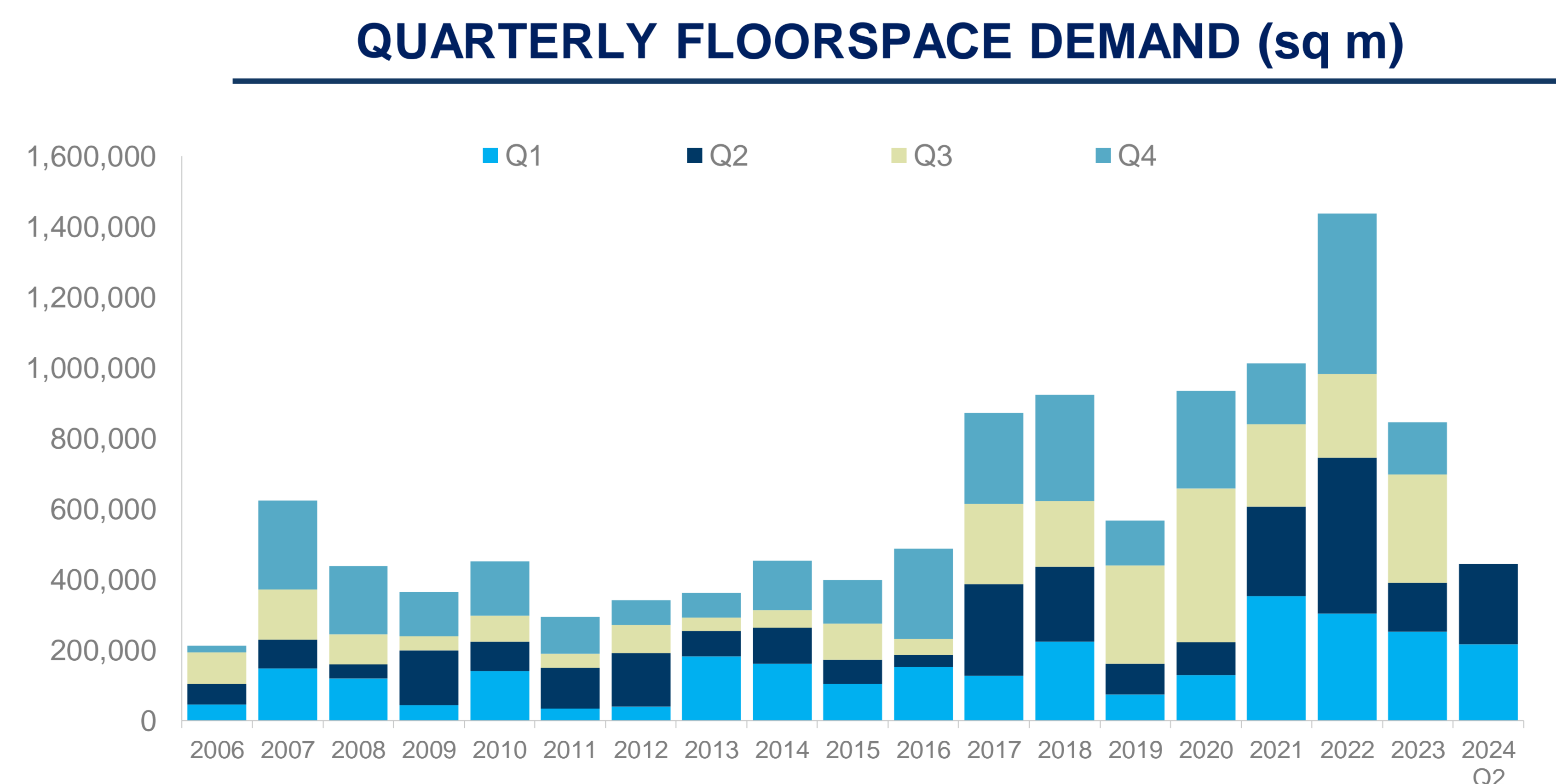
Source: National Statistics Institute

Vacancy rates and rents

The upward trend in average rents seen at the start of the year is continuing, with Madrid at levels close to €5.00/sq m/month driven by the take-up of high specification platforms on the market.

Prime rents now stand at €6.30/sq m/month in the most sought-after locations in the first ring of the capital. This positive trend is expected to continue throughout the second half of 2024.

The fundamentals of the logistics sector have welcomed the stabilisation of interest rates, keeping the vacancy rate below 10%. If we take into account the new supply incorporated over the past 12 months, stock has increased by more than 900,000 sq m and now stands at more than 13,000,000 sq m. The controlled rise in the vacancy rate is an indicator of the current strength of the sector.



Highly dynamic in all regions, awaiting a record second half of the year

Si analizamos la demanda por ejes comerciales, a pesar de la creciente irrupción del Eje Sur en el ámbito de Madrid, el Corredor de Despite the growing strength of Madrid's southern thoroughfare, the Henares corridor closed the first half of the year with 51% of take-up and 46% of deals. In contrast, the A-4 / A-42 thoroughfare accounted for 39% and 36% respectively, with Villaverde and Getafe standing out as the most active areas here so far in 2024.

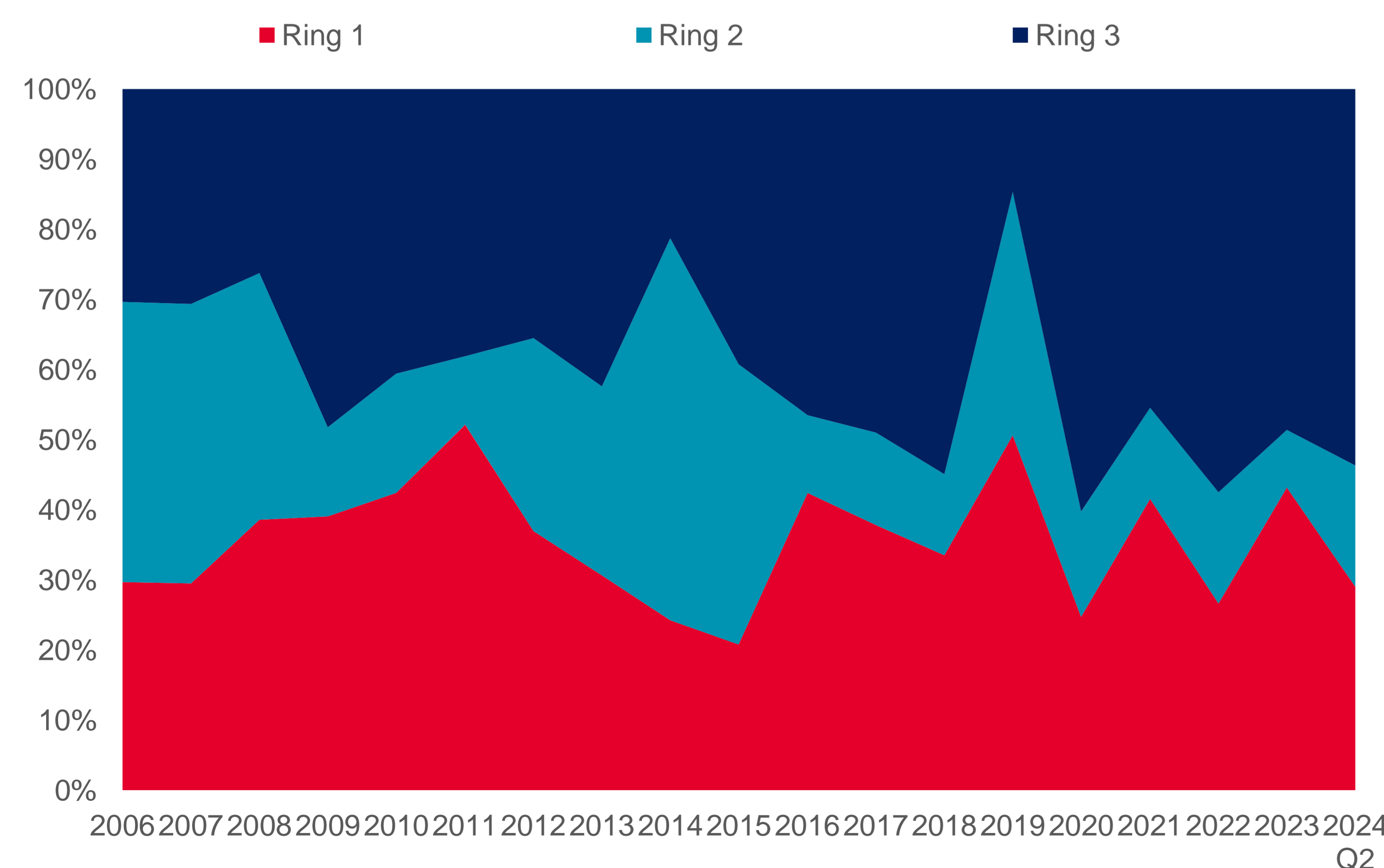
It is also worth highlighting take-up in Madrid's A-3 thoroughfare which, over the past 9 months, has been reactivated with the take-up of new platforms in industrial estates such as Atalayuela in Vallecas. The first half of 2024 saw signatures on 44,052 sq m, a figure already surpassing that of 2023 which was a record year for the A-3 thoroughfare.

Analysing demand by logistics area, the third ring has seen a resurgence in deals over the first half of the year, with figures of over 235,000 sq m divided up between 7 transactions. As has become customary over the past two years, the first half of the year has seen an increase in quarterly data. Particularly noteworthy during the second quarter was Ontime's deal concerning almost 50,000 sq m in Chiloeches, for an A-rated platform.

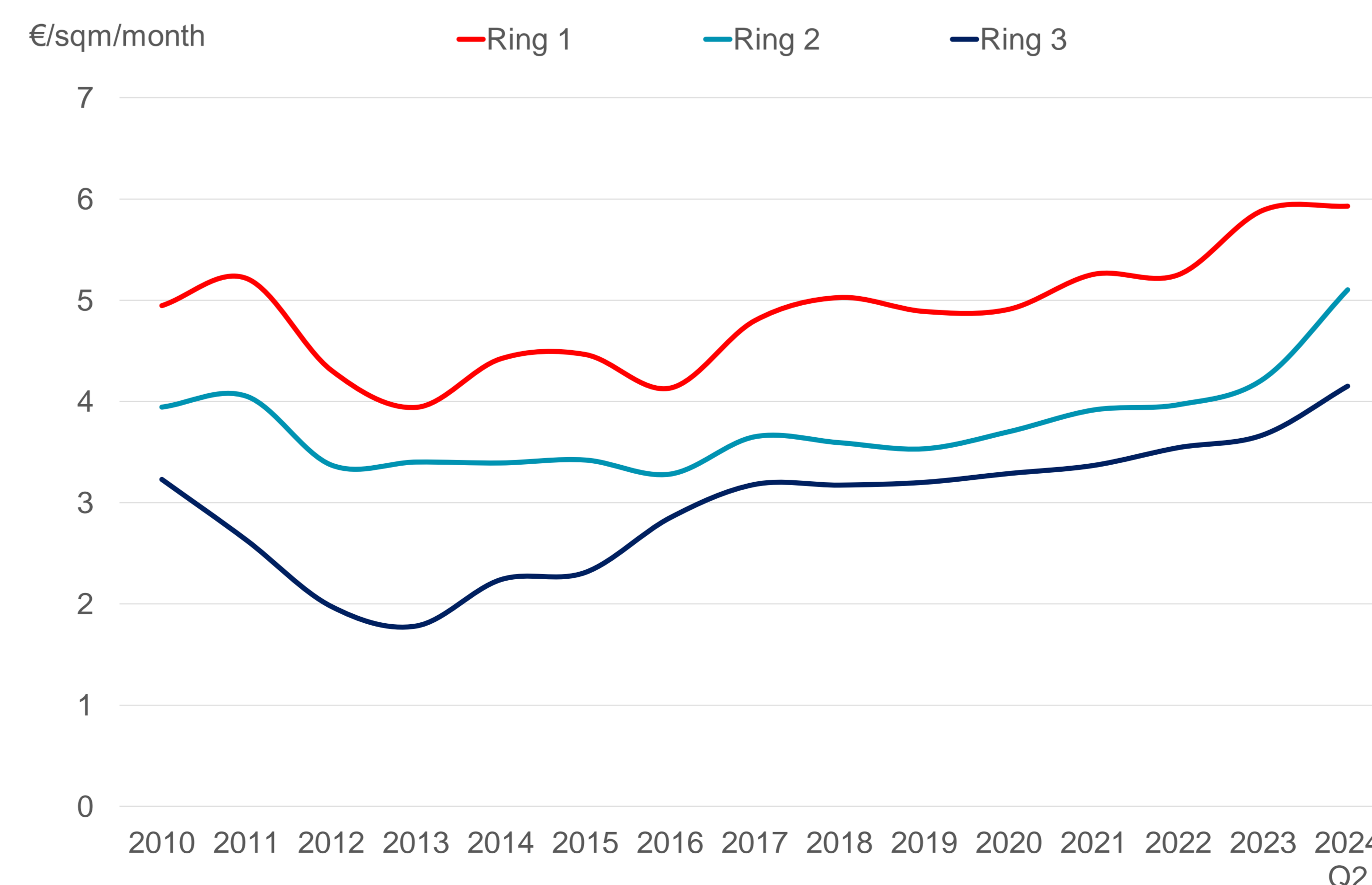
Activity has grown in the first ring during the second quarter and over the year to date, on a par with the figures for the first half of 2023. 29% of the floor area and 61% of the transactions were signed during the first six months, reducing the average floor area transacted to 4,404 sq m by June 30. The positioning of major groups within the first ring during the second quarter, with deals struck on modules of between 2,500 and 5,000 sq m standing out, absorbing new platforms of this type coming onto the market.

The second ring is maintaining the positive momentum witnessed over the past two quarters, with more than 75,000 sq m in 10 deals. These figures mean that in just 6 months the 2023 total has already been exceeded by more than 10%. The A-2 thoroughfare stands out as the most sought after area, with 77% of the floor area transacted, practically all of which was in Torrejón de Ardoz.

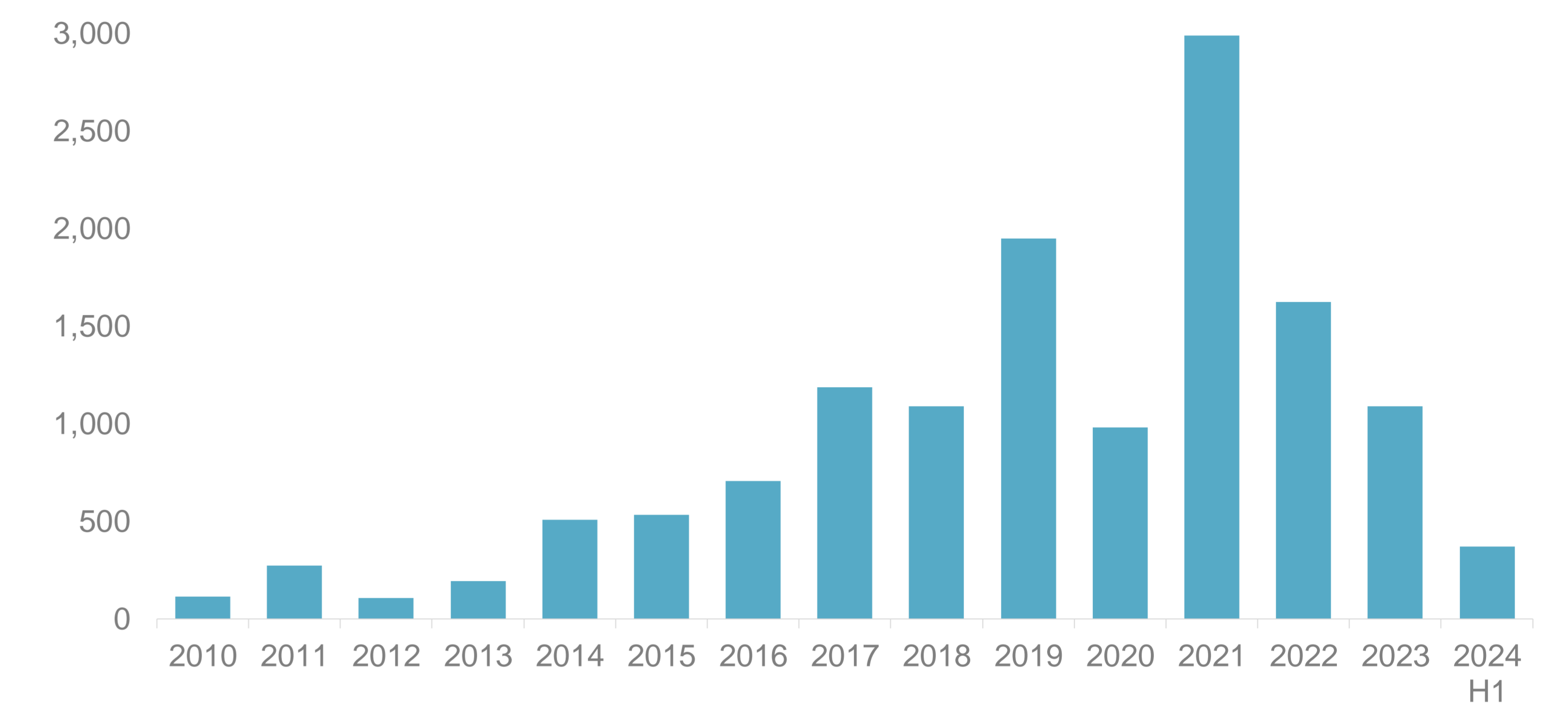
TAKE-UP BY AXIS (sq m)



AVERAGE RENT TREND BY RING



LOGISTICS TOTAL INVESTMENT SPAIN (€m)



Investment

Despite the macroeconomic uncertainty caused by geopolitical conflicts and interest-rate rises in 2023, the logistics sector continues to whet investor appetites alongside the residential market.

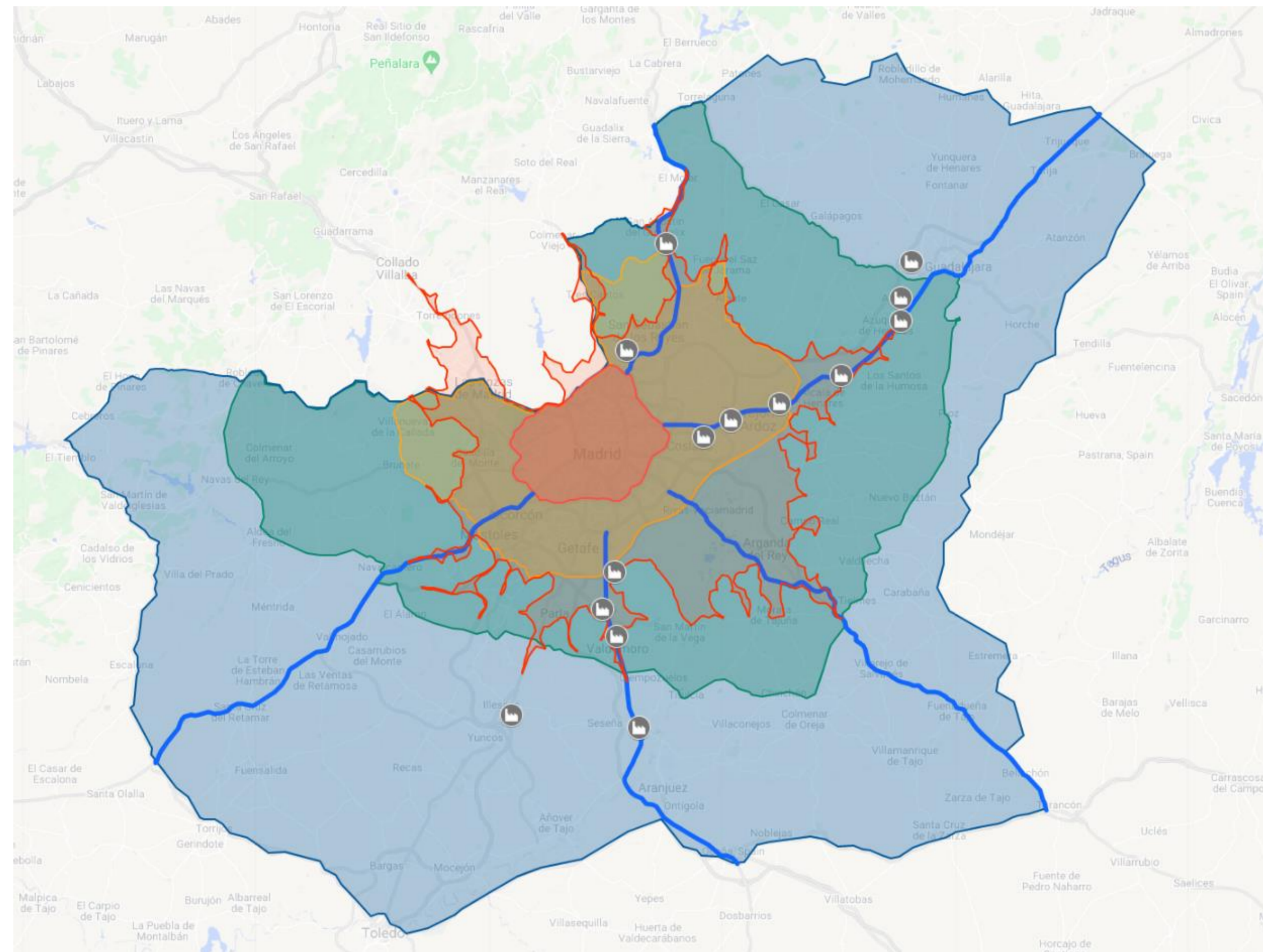
Following a 2023 in which the trend among investors was to look beyond the main locations, helping them to corner more than 50% of the volume, activity is starting to pick up again in Madrid and Barcelona.

More than €130m was recorded in Madrid during the first six months of the year, including the acquisition of a portfolio in the Henares corridor by Azora and the sale of a logistics platform in Illescas by Aquila.

The industrial logistics sector closed the first half of the year with figures of around €400m, where the softening compared to the same period in 2023 amounted to 35% (the jump in interest rates had yet to take place by the first quarter of 2023). Investment in Madrid has increased in comparison with the close of 2023.

The return of major portfolio and large-scale logistics platform deals is anticipated for 2024. With the Azora acquisition we have already seen one of the portfolios valued at close to €100m.

In terms of yields, decompressions of between 45 and 75 basis points due to interest rate hikes were seen in the different asset classes over the course of 2023. This led to a mismatch between the yields sought by buyers and the prices offered by vendors. The opposite effect is anticipated as of the second half of 2024, as soon as falls in interest rates begin to appear. At 5.30%, the prime yield remained stable in the second quarter of 2024 when compared to the close of 2023.



- Prime
- Ring 1
- Ring 2
- Ring 3
- Logistics thoroughfares
- 30 min drive time

MAIN DEALS IN Q2 2024

LOCATION	RING / HIGHWAY	TENANT	AREA (sq m)	TYPE*
Chiloeches	3 / A-2	Ontime logistics	49,904	Lease
Alcalá de Henares	2 / A-2	Arcesse	27,245	Lease
Cabanillas del Campo	3 / A-2	GRUPO TOTAL NEUMATICOS	18,132	Lease

MAIN PROJECTS DELIVERED IN 2024

LOCATION	RING / HIGHWAY	MAIN TENANT	AREA (sq m)	OWNER
Pinto	2 / A-4	-	60,320	Cbre Investment Management Southern
Illescas	3 / A-42	Tendam Retail Sa	56,052	MONTEPINO LOGÍSTICA, S.L.U

MAIN INVESTMENT DEALS IN 2024

LOCATION	RING / HIGHWAY	BUYER	VENDOR	AREA (sq m)	PRICE (M€)
Madrid	-	Azora	CBRE IM	193,000	91

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BARCELONA

Industrial Q2 2024

	YoY change	12 month forecast
7.41% Vacancy Rate (%)	▲	▲
141,777 Take-Up Q2 2024 (sq.m)	▼	▲
8.15 Prime Rent (€/sq.m/month)	▲	▲
5.20% Prime Yield (%)	▲	▼

Quality and proximity as key factors

Spain's logistics market has undergone a significant degree of professionalisation over recent years, in tandem with the consolidation of new shopping habits. The Covid19 pandemic came at a time when the logistics sector was able to respond with agility to a rapid conversion of consumption to the online channel and is now key to the Phy-gital, essential for retailers. Recent global economic crises and supply chain disruption have highlighted their length and complexity, being both efficient and fragile. This has encouraged companies to review their sourcing strategies and increasingly consider nearshoring, reducing Prime vacancy rates to close to 1% and increased decision-making times when renting a logistics platform. Despite this somewhat optimised pace in take-up, the stabilisation of economic policies over recent months has been viewed positively by the logistics market.

During the months of April to June (the best quarter of the past 12 months), take-up of 141,777 sq m was recorded, there being a clear preference for proximity to urban centres compared to other similar periods. These figures represent an increase of 42% compared to the same quarter in 2023. In terms of the number of deals, 13 new contracts were signed compared to 11 in the second quarter of 2023.

Almost 250,000 sq m were recorded for the year-to-date aggregate, 26% less than in the same period in 2023. It is, however, worth noting that in the first quarter of 2023 the economic context was entirely different. If we take into account solely 6-month periods, we are 30% ahead of the second half of 2023, confirming the positive trend as 2024 progresses.

Logistics stock in both Madrid and Barcelona has increased over the past 5 years, with newly built warehouses with very high specifications, capable of responding to the new demands of operators in terms of both environmental efficiency and technology. The demand side is increasingly trending towards the highest specifications and, as is the case in other sectors, compliance with Environmental, Social and Governance criteria.

Analysing take-up according to logistics ring during the first half of the year, the data forms a pyramid in terms of number of deals and floor area transacted. With 33%, the first ring is the most active, followed by the second ring with 31% of the take-up and, finally, the third ring with 27% of the floor area and 5 deals.

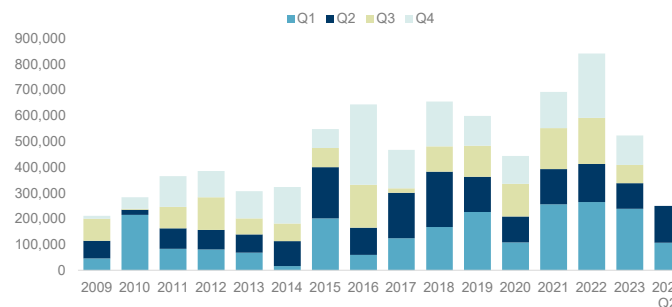
The AP-7 thoroughfare remains the preferred area for tenants to locate their warehouses, accounting for 65% of take-up and 64% of the deals struck. This is also due to the degree of scarcity on the A-2 thoroughfare. Three transactions exceeding 20,000 sq m located in La Bisbal del Penedés, Castellar del Vallés and Montcada stood out in terms of size during the second quarter of 2024.

ECONOMIC INDICATORS – SPAIN Q1 2024

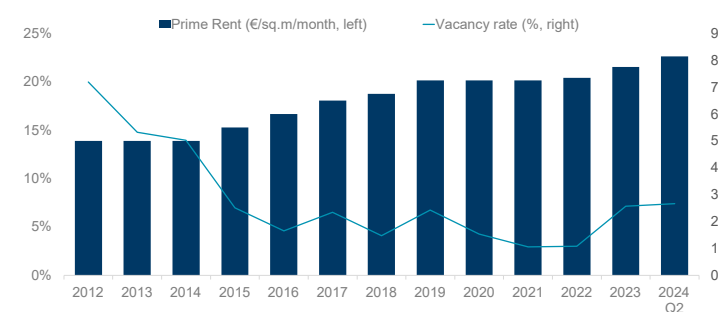
	YoY change
Annual change in GDP	2,50 % ▼
Spain Unemployment rate*	12,29 % ▼
Barcelona Unemployment rate*	7,04 % ▼

Source: National Statistics Institute

QUARTERLY FLOORSPACE DEMAND (sq m)



VACANCY RATE AND PRIME RENT



The creation of new projects pushed up the vacancy rate in 2023, which has now remained stable

At 7.4%, the vacancy rate in the Barcelona logistics market has remained unchanged from the previous quarter, with new quality floorspace being delivered to the market. If we bear in mind the significant increase in stock in recent years, this stability becomes significant.

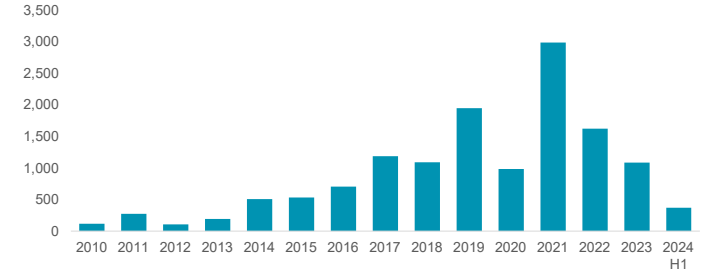
The construction sector has remained highly dynamic over the past 12 months. Comparing stock in the second quarter of 2023 with the current levels, more than 600,000 sq m have been added to the market. This has led to increased vacancies in recent quarters. Following location, determined by the focus of their distribution activities - whether local, regional or national, the leading priority for operators is high specification logistics facilities.

The benchmark prime rent has continued to rise to €8.15/sq m/month, with the ZAL being the reference area for these levels. Prime rent has increased by 8% over the past 12 months.

Average rents in the Barcelona logistics market remain under upward pressure in general.

Barcelona's take-up is expected to remain robust during 2024 given healthy data on market fundamentals. However, as is the case in other areas, longer decision-making processes, requiring greater time due to a number of external factors or the attraction of new projects, may mean that the figures are not as record-breaking as in previous years.

LOGISTICS TOTAL INVESTMENT SPAIN (€m)



Investment

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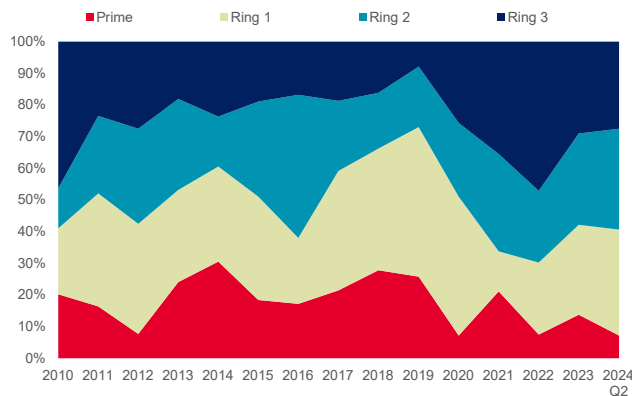
Following a 2023 in which the trend among investors was to look beyond the main locations, helping them to corner more than 50% of the volume, activity is starting to pick up again in Madrid and Barcelona. The first half of the year saw a figure exceeding €130 million recorded in Barcelona, with the acquisition of the Kave Homes platform in Tordera by Aquila Capital accounting for 75% of the total.

The industrial logistics sector closed the first half of the year at around €350m, the softening compared to the first quarter of 2023 amounting to 35%. It should be noted that in the first quarter of 2023 the height in interest rates had yet to occur. The figures for investment in Barcelona remain similar to those of the closing quarter of 2023.

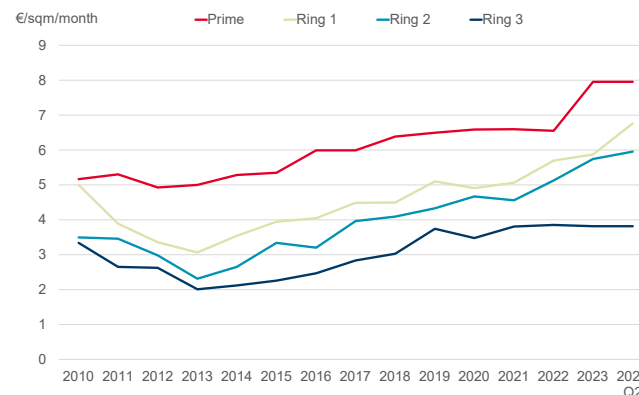
The return of major portfolio and large-scale logistics platform deals is anticipated for 2024. With the Aquila acquisition, we have already seen a Single Asset deal worth €100 million.

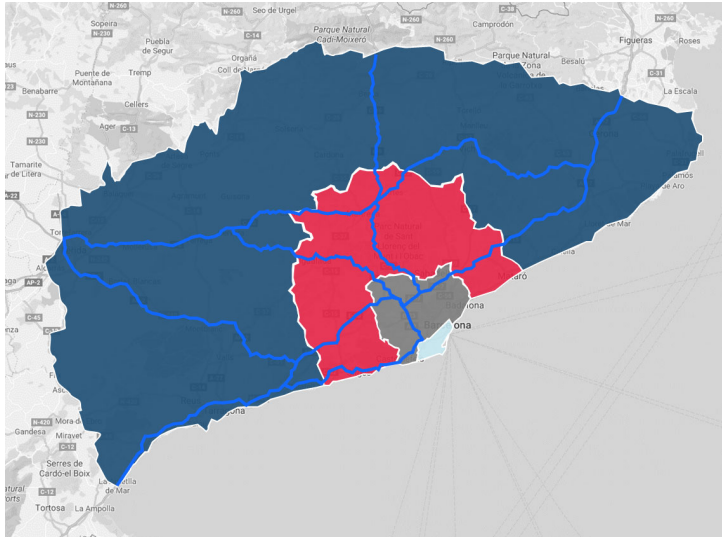
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TAKE-UP BY AXIS (sq m)



AVERAGE RENT TREND BY RING





- Ring 1
- Ring 2
- Ring 3
- Logistics thoroughfares

MAIN DEALS IN Q2 2024

LOCATION	RING / HIGHWAY	TENANT	AREA (sq m)	TYPE*
La Bisbal del Penedès	3 / AP-7	GXO	39,335	Lease
Castellar del Vallès	2 / C-58	ID Logistics	27,349	Lease
Parets del Vallès	2 / AP-7	Dogfy	14,921	Lease
Sant Feliu de Buixalleu	3 / AP-7	Barcelona Led	10,528	Lease

MAIN PROJECTS DELIVERED IN 2024

LOCATION	RING / HIGHWAY	MAIN TENANT	AREA (sq m)	OWNER
Masquefa	1 / A-2	-	27,202	GLP
Constantí	3 / AP-7	Nedschroef	21,237	GLP
Gelida	2 / A-2	-	18,573	CROSSBAY

MAIN INVESTMENT DEALS IN 2024

LOCATION	RING / HIGHWAY	BUYER	VENDOR	AREA (sq m)	PRICE (M€)
Tordera	3 / C-32	Aquila Capital	Kave Home	90,000	100
Granollers	2 / AP-7	AEW	Trammell Crow Company	8,584	12.65

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