MARKETBEAT

BARCELONA

Industrial - Q3 2020

	YoY change	12 month forecast
4.2% Vacancy Rate	▼	—
336,000 Take-up YTD (sq m)	▼	—
€7.25 Prime Rent (sq m/month)	—	—

ECONOMIC INDICATORS
September 2020

	Annual comparison	12 month forecast
2.5m Barcelona Employees	▼	▼
10.7% Barcelona Unemployment rate	▲	▲
15.3% Spain Unemployment rate	▲	▲

Source: National Statistics Institute (INE)

Development continues apace

The logistics stock of Barcelona and its catchment area amounts to 7 million square metres, of which 306,000 sq m are vacant (overall vacancy rate of 4.2%). The scarcity of available space in the prime area is well known, with only 23,000 sq m currently free (a rate of 1.8%). Operators are struggling to locate here and, as a consequence, a number of turnkey deals were recorded in 2019. With 138.000 sq m vacant (representing a rate of 7.8%), the third logistics ring offers the majority of the available floorspace on the market.

In spite of the pandemic, development activity in Barcelona continues to plough ahead. A total of some 165,000 sq m are currently under construction and scheduled for completion without final users by the end of 2021. The lack of quality space is limiting the ability of the market to respond to demand. As a result, developers have high expectations based on take-up in recent years and the forecast growth of e-commerce and its impact on demand for space on the part of operators.

Ring 1 – the most sought-after

The pandemic has had relatively little impact on logistics real estate in Catalonia. Although there was a drastic reduction in activity during April, the summer months bore witness to a recovery and the final outcome has been positive. The third quarter recorded logistics uptake of 126,000 sq m, a figure similar to that of 2019. For the year-to-date, some 335,000 sq m have been transacted within the Barcelona market. Although this figure is around 30% lower than that for the corresponding period in 2019, it is important to point out that the first quarter of last year broke all records for the sector and included two major deals on the part of Decathlon (93,000 sq m) and DSV (46,000 sq m).

With 25 deals, the first ring has continued to corner the largest share of transactions between January and September (50% of the total). The cycle remains buoyant and it is anticipated that rapid changes in spending habits will have a direct impact on logistics and distribution demand in the future.

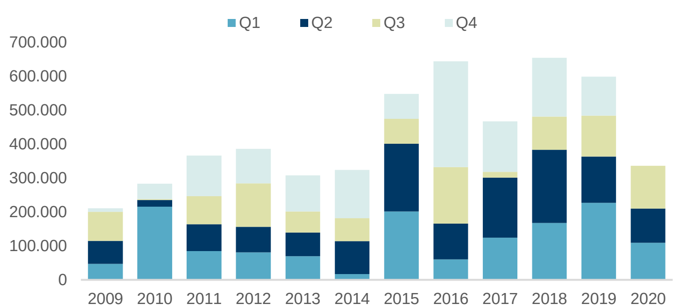
In terms of sector, the most active demand originates from e-commerce and traditional logistics closely related to the furnishings and grocery retailing sectors.

Stable maximum rents across all areas

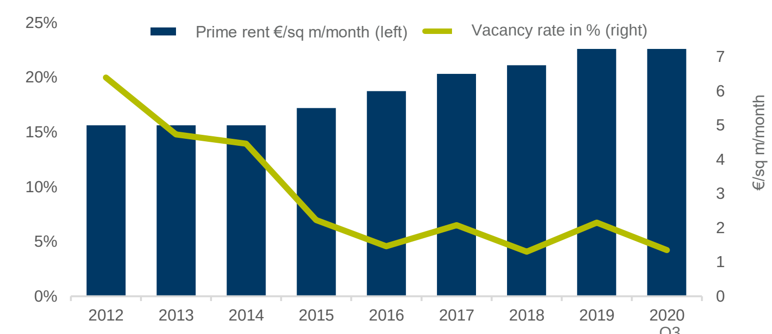
Aggregate growth in prime rents has amounted to 40% over the past five years, reaching an all-time high of €7.25/sq m/month during the first quarter of 2020 thanks to the meagre availability of quality product. According to the figures for recorded deals, the average rent has also risen steadily over the past three years (+4%), largely due to the healthy levels of demand.

The first ring had already seen a significant increase in rents prior to the close of 2019. This area boasts excellent location that is highly attractive for e-commerce and associated 3PL operators actively on the lookout for quality spaces, especially in this area. The difficulty of finding spaces within the first ring is pushing users to consider options in the 2nd and 3rd rings, where there is sufficient available land for the construction of large scale platforms.

FLOORSPACE DEMAND BY QUARTER (sq m)



OVERALL VACANCY AND PRIME RENT (€/sq m/month)



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MARKET STATISTICS

SUB-MARKET	STOCK (sq m)	VACANT (sq m)	OVERALL VACANCY RATE	TAKE-UP CURRENT Q (sq m)	TAKE-UP YTD (sq m)	UNDER CONSTRUCTION (sq m)	PRIME RENT (€/sq m/month)	PRIME YIELD*
Prime	1,280,767	23,101	1.8%	0	6,131	0	7.25	4.75%
Ring 1	2,005,990	33,560	1.7%	59,368	146,323	133,192	6.5	5.25%
Ring 2	2,217,979	111,830	5.0%	38,579	81,292	56,039	5.8	5.75%
Ring 3	1,766,330	137,581	7.8%	28,177	107,761	11,700	4.8	6.00%
TOTALS	**7,271,066**	**306,072**	**4.2%**	**126,124**	**335,507**	**189,231**		

Asking rent with full service

MAIN LEASE DEALS Q3 2020

Location	Ring / Highway	OPERATOR	AREA (sq m)	TYPE
CIM Vallès – Sant Perpètua de Mogoda	1 / AP-7	Heppner Eurobeta	4,160	-
Barberà del Vallès	1 / AP-7	XPO	5,560	Extension
Castellbisbal	1 / A-2	Tamdis	5,000	-

MAIN ACQUISITION DEALS Q3 2020

PROPERTY	Ring / Highway	VENDOR / BUYER	AREA (sq m)	PRICE (€m)
Polinyà - Barcelona	3 / AP-7	Confidential / Segro	11,000	Confidential

MAIN PROJECTS DELIVERED IN 2020

PROPERTY	Ring / Highway	MAIN OPERATOR	AREA (sq m)	OWNER
Santa Perpètua de Mogoda	1 / AP-7	Sending	4,000	LH Editores
Lliçà de Munt	2 / AP-7	Moldstock	8,752	VGP
Valls	3 / AP-7	-	28,132	Gazely

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