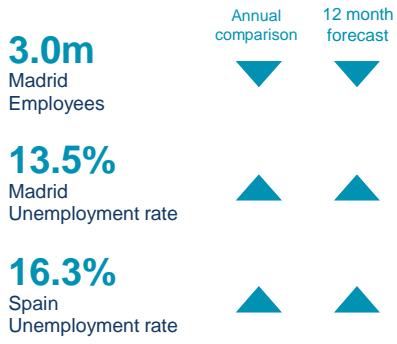


Net Asking Rent

ECONOMIC INDICATORS
December 2020



Source: National Statistics Institute

E-commerce is driving logistics

Trends are beginning to consolidate following a year of the pandemic and the role of e-commerce is becoming ever more significant in terms of online shopping. The business volumes corresponding to e-commerce during the second quarter of 2020 (the first quarter impacted by the beginning of the pandemic and the strictest lockdown) showed an increase of 90% in the sale of goods through online channels in comparison with the same quarter in 2019. This enormous rise was due to restrictions on mobility and the fact that, following the imposition of a state of alert, bricks and mortar stores only began to gradually open as of the second half of May 2020.

Even with the majority of stores and shopping centres open, online shopping remained highly significant during the third quarter of 2020, showing an increase of 56% in comparison with the third quarter of 2019. This behaviour illustrates the fact that consumers have acquired significant experience in the acquisition of goods through the Internet during the pandemic, leading to a portion of shopping remaining online.

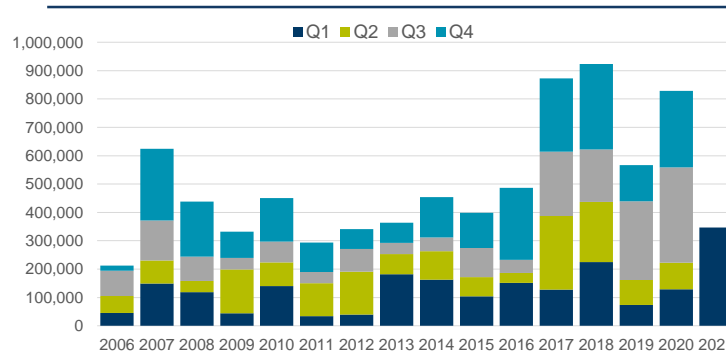
Take-up at an all-time high

Thanks to the growth of e-commerce, logistics take-up broke quarterly records by reaching an all-time high of 346,700 sq m during the first three months of 2021. All of the floorspace taken up in Q1 2021 was located on the main logistics thoroughfares of Madrid: 42% in the Henares Corridor (A-2 motorway) and 58% in the Southern Corridor (A-42 and A-4). Some 21 deals were struck in total. In terms of large units (>20,000 sq m) we saw 8 lease deals, 6 of which were located within the third logistics ring. With strong demand and operators focusing on quality product, activity on the part of the logistics warehouse construction sector remains buoyant. Some 833,800 sq m of logistics floorspace is currently under construction, with delivery anticipated by the close of 2022. Half of this volume is already pre-let. The vacancy rate was hovering around 10% at the close of March 2021, representing some 950,000 sq m of available logistics warehouse space (520,000 sq m of which is grade A). With the demand side focused on quality, the majority of the vacant grade A floorspace and the new space that will be delivered in 2021 will be absorbed by market dynamics and no downward pressures are anticipated in terms of rents.

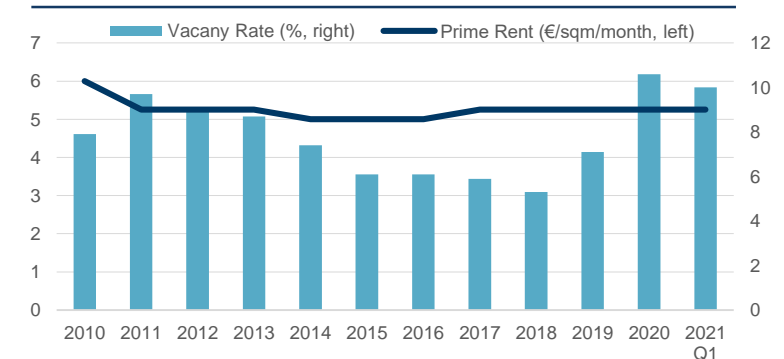
Stable prime rents and compression of prime yields

Prime rent remains stable. Although take-up has been energetic, the availability of offerings on the market has not led to any upward pressure on rents. Nevertheless, an annual increase in average rent of around 4% was noted during 2020, due to a greater number of deals relating to high-quality units. Investment in logistics assets reached €250 million during Q1 2021. Prime yields have been the only ones to undergo continued compression during a year marked by the pandemic, closing the first quarter of the year at 4.25% in comparison with a figure of 5.00% at the close of 2019. Investors continue to have a healthy appetite for the acquisition of logistics assets, whether completed or under development.

FLOORSPACE DEMAND by quarter (sq m)



OVERALL VACANCY AND PRIME RENT



MARKET DATA

SUB-MARKET	STOCK (sq m)	VACANT (sq m)	OVERALL VACANCY RATE	TAKE-UP CURRENT Q (sq m)	Aggregate TAKE-UP (sq m)	UNDER CONSTRUCTION (sq m)	PRIME RENT (€/sq m/month)	PRIME YIELD*
Ring 1	2,380,019	363,892	15.3%	90,373	90,373	183,323	5.3	4.25%
Ring 2	2,955,364	258,110	8.7%	41,035	41,035	152,076	4.2	5.40%
Ring 3	4,260,733	241,559	5.7%	215,290	215,290	498,432	3.5	5.60%
TOTALS	9,596,116	863,560	10.0%	346,698	346,698	833,831		

*Asking rent with full service

MAIN LEASE DEALS Q1 2021

Location	Ring / Highway	Tenant	AREA (sq m)	TYPE*
Illescas – Toledo	3 / A-42	Carreras	86,000	Extension
Ontígola – Toledo	3 / A-4	Kiwoko	48,700	Extension
Getafe	1 / A-4	Arrival	27,165	New

*Renewals not included in the take-up figures

MAIN ACQUISITION DEALS Q1 2021

PROPERTY	Ring / Highway	VENDOR / BUYER	AREA (sq m)	PRICE (€m)
Zaragoza	-	Trajano / UBS	72,500	Confidential
Zaragoza	-	Confidencial/ Meridia Capital	65,000	Confidential
Porfolio	-	Merlin Properties / Clarios	51,000	44

MAIN DEVELOPMENTS DELIVERED IN 2021

PROPERTY	Ring / Highway	MAIN OPERATOR	AREA (sq m)	OWNER
Getafe	1 / A-4	-	32,977	Palm logistics
Fontanar	3 / A-2	TXT	19,600	Pulsar Properties/Round Hill

DANIEL CAPRARIN

Senior Analyst

 Research & Insight Spain
daniel.caprarin@cushwake.com

JAVIER BERNADES

 International Partner. Director - Office & Industrial
 Agency Spain

 Business Space
javier.bernades@cushwake.com

cushmanwakefield.com

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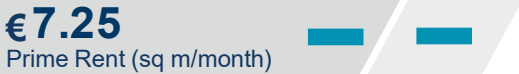
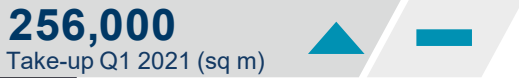
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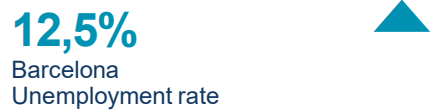
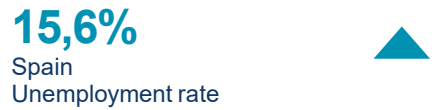
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YoY change 12 month forecast



ECONOMIC INDICATORS Q4 2020



Source: Moody's

E-commerce driving logistics

Trends are beginning to consolidate following a year of the pandemic and the role of e-commerce is becoming ever more significant in terms of online shopping. The business volumes corresponding to e-commerce during the second quarter of 2020 (the first quarter impacted by the beginning of the pandemic and the strictest lockdown) showed an increase of 90% in the sale of goods through online channels in comparison with the same quarter in 2019. This enormous rise was due to restrictions on mobility and the fact that, following the imposition of a state of alert, bricks and mortar stores only began to gradually open as of the second half of May 2020.

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The third ring excels in terms of take-up

The vacancy rate continues to head southwards, falling to 3.6%. The lowest vacancy rates in the market correspond to the prime zone and first ring, at 1.8% and 1.6% respectively. Developer activity is continuing to grow, with a total of 134,000 sq m under construction and earmarked for delivery by the end of 2022. What is more, many projects are awaiting a user and will begin construction as soon as commitments are made.

Logistics take-up of 256,000 sq m was recorded during the first three months of this year. This level is similar to the first quarter of 2019, a record breaker for the sector with two major deals - Decathlon (93,000 sq m) and DSV (46,000 sq m).

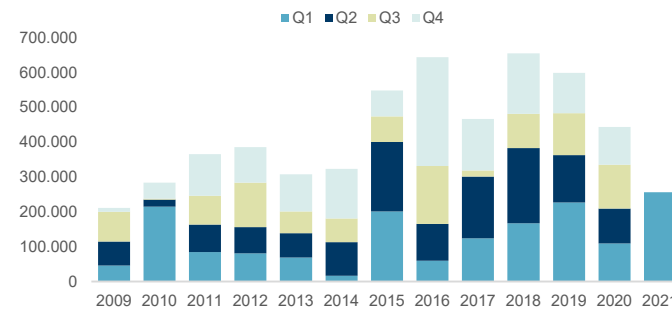
The third ring has, for the first time, recorded the greatest volume in terms of deals, with 70% of the total and more than 178,000 sq m transacted. This is largely down to three of the largest deals struck during the quarter. The rise in take-up is expected to continue and changes in shopping habits, particularly the growth of e-commerce, are expected to have a major long-term impact on logistics demand.

Rents holding steady

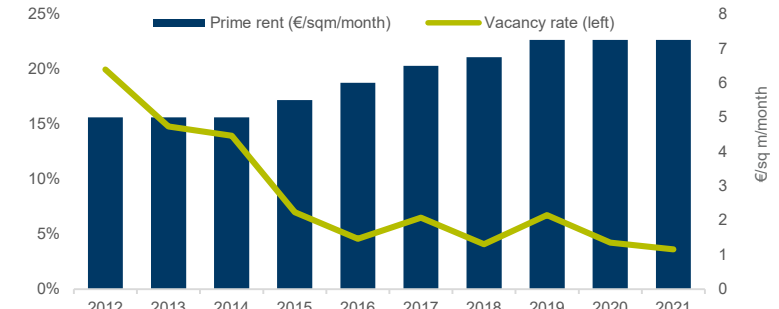
Prime rents remained stable during this quarter at the all-time high of €7.25/sq m/month reached at the close of 2019 - a year in which rent increases in the first ring were particularly noteworthy.

The location of this area is excellent and highly attractive for e-commerce and associated 3PL operators and these will remain on the lookout for quality spaces in this area over the coming year. The difficulty of finding space 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



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	1,315,424	23,101	1.8%	28,329	28,329	114,053	7.25	4.35%
Ring 1	2,053,488	32,454	1.6%	19,850	19,850	130,829	6.50	5.25%
Ring 2	2,283,374	128,282	5.6%	29,134	29,134	-	5.75	5.75%
Ring 3	1,739,470	83,589	4.8%	17,872	17,872	190,500	4.75	6.00%
TOTALS	7,391,756	267,426	3.6%	256,185	256,185	435,382		

*Asking rent with full service

MAIN LEASE DEALS Q1 2021

Location	Ring / Highway	OPERATOR	AREA (sq m)	TYPE
P.I. Logis Empordà	3 / AP-7	Amazon	140.000	-
P.I. Valls	3 / AP-2	Aosom	28.372	-
P.I. Moncau	2 / AP-7	Coats Gotex	13.894	-

MAIN PROJECTS DELIVERED IN 2021

PROPERTY	Ring / Highway	MAIN OPERATOR	AREA (sq m)	LANDLORD
Rubí	1 / AP-7	Amazon	9.318	SEGRO
Montcada i Reixac	1 / AP-7	Paack	8.280	Encofrados J. Alsina SA

MARTA ESCLAPÉS

Associate Director

Research & Insight Spain

marta.esclapes@cushwake.com**JAVIER BERNADES**

International Partner. Director - Office & Industrial

Agency Spain

Business Space

javier.bernades@cushwake.com**cushmanwakefield.com****A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

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