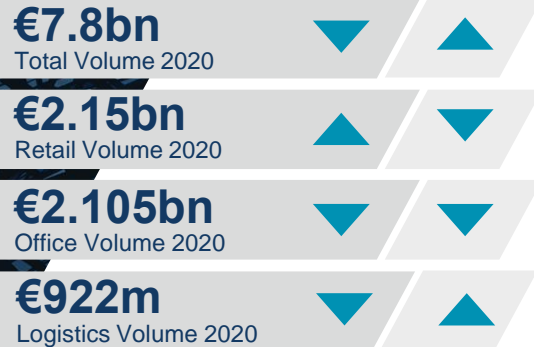
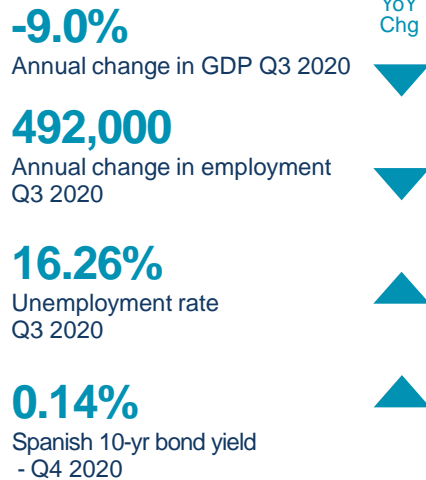


YoY change 12 month forecast



ECONOMIC INDICATORS - SPAIN



Source: INE, Oxford Economics

In spite of the health crisis, the investment volume for Spain reached the average for the past 10 years

The figure up to and including the fourth quarter amounted to 7.8 billion Euro, 3.9 billion less than one year ago. It is important to bear in mind that the years 2017-2019 were exceptional in terms of the investment volumes recorded. A third of the fall may be explained by the capital market cycle itself, whilst the other two thirds can be laid at the door of the pandemic. In any event, the volumes for 2020 exceed those of any of the years of the previous financial crisis between 2009 and 2013.

A softening of real estate investment was already anticipated in January, due mainly to the lack of product and the occupancy fundamentals of some sub-markets running out of steam. Investment of some 1.55 billion Euro was recorded during the fourth quarter, amounting to growth of some 17% over the figure for the preceding three months. Expectations in terms of the arrival of a vaccine were key during the fourth quarter, whilst the mass rollout and effectiveness of this will be critical for reactivation of the sector in 2021.

Investment has remained resilient to the evolution of fundamentals

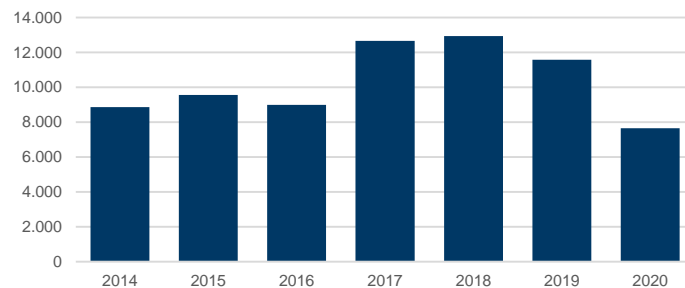
Despite the reduced level of activity, the two thirds proportion of foreign capital was equivalent to that seen over the period 2015-2019. Although a significant fall in office investment was recorded, the sector remained reasonably active. Demand for office floorspace on the part of final users in 2020 came from the most active sectors, namely technology and pharmaceuticals. For its part, the demand for logistics units held firm in both Madrid and Barcelona. Given the rapid development of e-commerce in Spain, logistics operators are still on the lookout for modern, up-to-date spaces.

Retail cornered a good share as a consequence of two major deals (Puerto Venecia Shopping Centre – €475m and Parque Principado Shopping Centre – €291m), as well as a number of sale & leaseback deals relating to supermarkets.

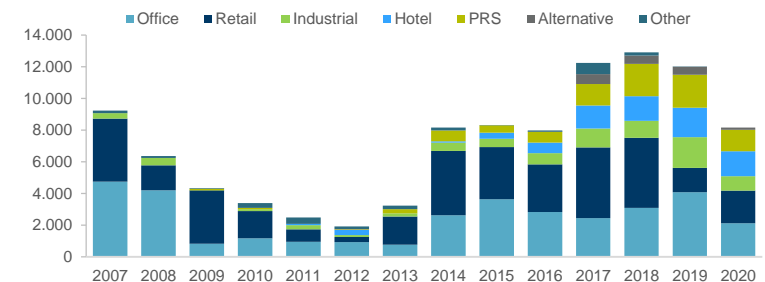
Impact on retail prime yields

Office prime yields in Madrid and Barcelona have remained steady throughout the pandemic (3.25% and 3.5%, respectively), indicating that investors consider higher quality and better located products represent safe haven assets and that demand will hold. Benchmark prime yields for shopping centres closed the year at 5.25%, 0.25 basis points above the figure at the close of 2019. Logistics assets were the only products to see a fall in yields during 2020, closing the year with a benchmark prime yield of 4.50%, 0.50 basis points below the figure for one year ago. Madrid recorded an increase of 20% in take-up of logistics floor area. Professionalisation in terms of logistics assets (with respect to sales, management and investment) has driven a preference for these among institutional investors in 2020, achieving a share of 12% (17% in 2019). This is in contrast with observations some 10 or 12 years ago, when the share hovered between 3% and 6%.

TOTAL INVESTMENT VOLUME (€m)



SALES VOLUME FOR INVESTMENT BY SECTOR (€m, excl. M&A)



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

MARKET BEAT

SPAIN

Investment Q4 2020



MAIN SECTORS IN 2020

PROPERTY TYPE	PROPERTIES SOLD	VOLUME (€m)
Offices	52	2,105
Industrial	50	922
Retail	38	2,150
Hotels	27	900

MAIN DEALS Q4 2020

PROPERTY NAME	TYPE	BUYER	VENDOR	TOTAL SQ M/UNIT	SALE PRICE (€m)	PRICE / UNIT (€/sq m)	LOCATION
Príncipe de Vergara, 108	Offices	UBS	Blackstone	7,324	52	-	Madrid
Torre Ombú	Offices	-	Zurich	8,000	80	-	Madrid
Francisco Gervás	Offices	CaixaBank	Gestamp Solar Steel	13,096	70	-	Madrid
Industrial Portfolio	Industrial	Real IS	Patrizia	14,000	150	-	Various
Nobu Hotel	Hotel	Activum	Selenta Group	-	80	-	Barcelona

Sources: Real Capital Analytics, Cushman & Wakefield Research. Deals closed in excess of \$10m
 *Sq m includes offices, industrial and retail. Calculation includes solely the apartment

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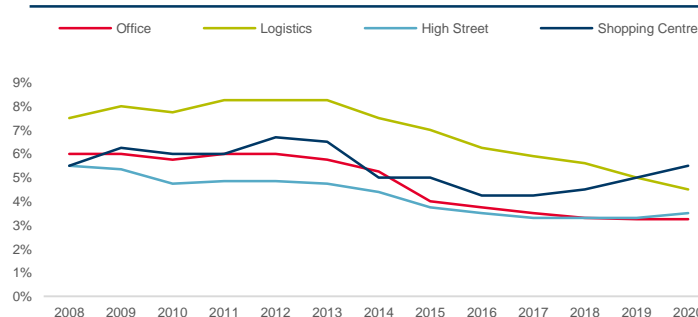
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TREND IN PRIME YIELD



TOTAL ACQUISITIONS BY CAPITAL SECTOR €m

