

YoY change 12 month forecast

<b>€1.554 bn</b> Total Volume Q1 2020	▼	▲
<b>€391m</b> Retail Volume Q12021	▲	▼
<b>€368m</b> Office Volume Q12021	▼	▼
<b>€208m</b> Logistics Volume Q12021	▼	▲

### Uncertainty caused by the pandemic continues to impact capital markets

Investment in Spain amounted to €1.554 billion (not including land deals or acquisitions for own use), a fall of some 60% in comparison with the figure at the close of the first quarter of 2020 (€3.6 billion). The annualised figure points to a degree of optimism for the sector in that the aggregate for the past 12 months amounts to €6 billion. 2020 closed with total investment of around €8 billion. The figures in recent quarters are down to the pandemic and the capital market cycle itself, as well as the impact of a lack of product and fundamentals running out of steam. In any event, the investment figures recorded exceed those of any quarter during the period of the preceding crisis, 2009-2013. The fourth quarter of 2020 achieved a figure of €1.7 billion. The arrival and rollout of the vaccine are proving key to the resurgence of the sector in 2021.

### International capital as protagonist

International groups are prevailing over domestic investors. In a similar proportion to the ratio recorded between 2015 and 2019, foreign capital amounted to two-thirds of investment. Particularly noteworthy was the acquisition of a residential complex for students in 22@ by Commerz Real Capital (26,086 sq m). The office sector held on to some degree of activity, its share representing 25% of the total. On the office occupier side, the trend continued in terms of the demand for floorspace on the part of final users in the most active sectors. These were technology and pharmaceuticals in Barcelona, with the addition of the training sector in Madrid. Demand in terms of the level of take-up recorded in Barcelona was some 60% greater than that seen during the first quarter of 2020. For its part, the demand for logistics units held firm in Madrid and grew considerably in Barcelona. Given the rapid development of e-commerce in Spain, logistics operators are still on the lookout for modern, up-to-date spaces. The availability of space increased in both cities due to the incorporation of new supply.

At the close of 2020, high street retail had already seen a fall of 60% in investment in comparison with 2019. Investors remain interested in prime areas. If expectations of “revenge shopping” are met, activity should bounce back after summer 2021. 2020 was a record year for investment in Retail Parks and Shopping Centres, supermarket and hypermarket investment registering €655m. Investors are focusing on *value-add* strategies in the hunt for product.

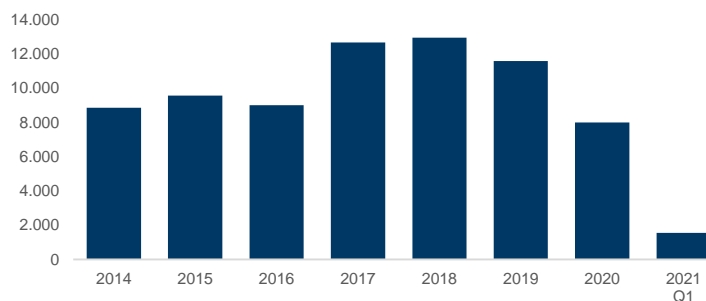
### Logistics prime yields setting all-time records (4.25%)

The logistics sector has undergone the greatest change since the beginning of the pandemic. The current strength of demand from final users, the availability of capital and the attractiveness of their yields are placing logistics products within the sights of a large number of funds this year. Prime yields in the remaining sectors have not undergone any major shifts. In terms of the office sector, it is important to point out that, although prime yields have remained steady, interest on the part of investment groups in quality product could lead to deals being struck at pre-pandemic yields.

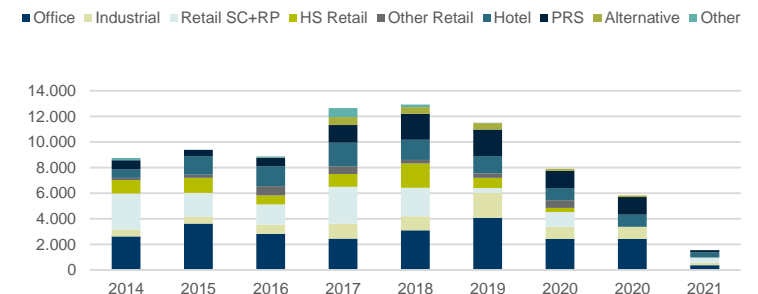
### ECONOMIC INDICATORS - SPAIN

Indicator	YoY Chg
<b>-10.8%</b> Annual change in GDP Q4 2020	▼
<b>-3.12%</b> Annual change in employment Q4 2020	▲
<b>15.6%</b> Unemployment rate Q4 2020	▲
<b>0.34%</b> Spanish 10-yr bond yield – March 2021	▲

### TOTAL INVESTMENT VOLUME (€m)



### TOTAL INVESTMENT VOLUME BY SECTOR (€m)



Source: INE, Moody's

# MARKET BEAT

# SPAIN

## Investment Q1 2021



### MAIN SECTORS Q1 2021

PROPERTY TYPE	PROPERTIES SOLD	VOLUME (€m)
Offices	10	368
Industrial	6	208
Retail	10	391
Hotels	14	405

### MAIN DEALS Q1 2021

PROPERTY NAME	TYPE	BUYER	VENDOR	TOTAL SQ M/UNIT	SALE PRICE (€m)	PRICE / UNIT (€/sq m)	LOCATION
D123	Offices	Metrópolis	Bernat FO	10,000	55	-	Barcelona
One Parc Central	Offices	DWS Group	Värde Partners	23,499	128	5,447	Barcelona
Único Hotel	Hotel	A&G Banca Privada	Único Hotels	44	n/a	-	Madrid
Costa Brava Hotel	Hotel	Next Point	-	144	6	-	Girona
Malpica, 22	Industrial	KCRE, Tristan Capital Partners	-	65,000	n/a	-	Zaragoza

Source: Real Capital Analytics

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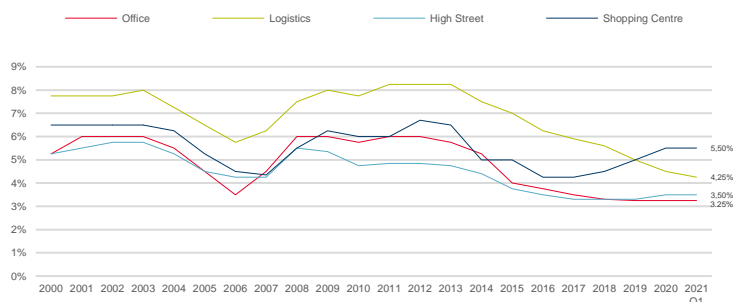
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### TREND IN PRIME YIELD



### TOTAL ACQUISITIONS BY CAPITAL ORIGIN €m

