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URBAN SPARK ENCLAVE

22@ DISTRICT BARCELONA

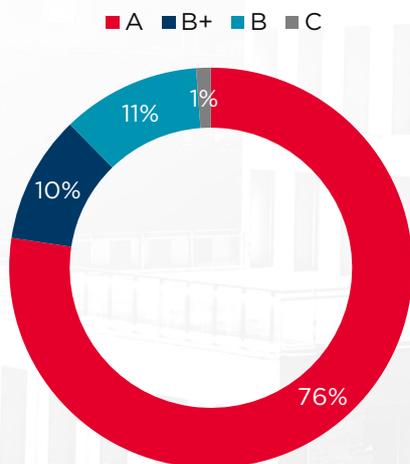


CUSHMAN &
WAKEFIELD

For the fourth consecutive year, 2021 saw district 22@ leading office demand in Barcelona on the part of both users, developers and long-term investors.

/ 22@, THE URBAN INNOVATION DISTRICT

Take-up of office floorspace in 22@ in 2021, by category



Source: Cushman & Wakefield

Some 86% of the sq m transacted corresponded to A/B+ rated buildings

The attractiveness of the area is such that 2021 closed with all-time record figures, with 125,000 sq m transacted (pre-pandemic demand levels). This is some 185% greater than the figure for 2020. 38% of the total floor area transacted in Barcelona (331,000 sq m) corresponded to 22@.

Demand remains committed to quality. 86% of the floorspace transacted was located in buildings classified as A/B+. Limited up to now, the availability of these types of properties is crucial to maintaining the appeal of this exceptional sub-market.

The severe lack of available floorspace that we saw between 2018 and 2019, with vacancy rates peaking at 2.53%, drove investors to take positions in every micro market belonging to the district. This was particularly true with respect to the North, where activity continued despite the arrival of Covid-19.

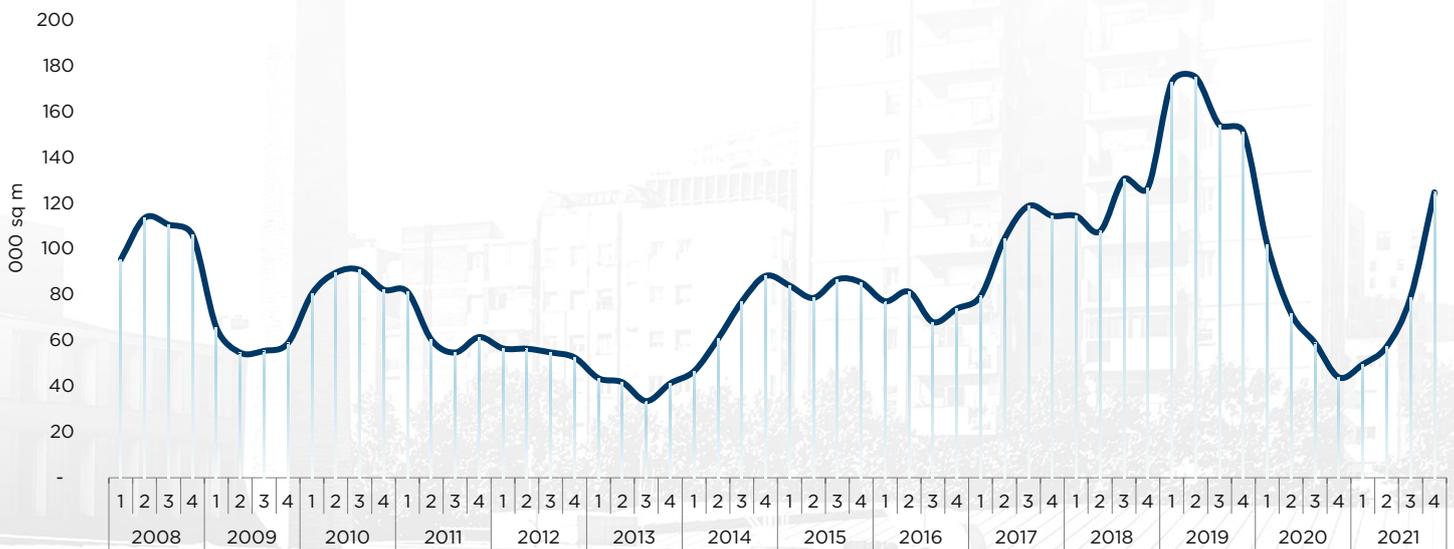
The district continues to record lease deals despite the prime rent in the area reaching €22.50/sq m/month, with some specific assets even achieving higher rents.

Up to December 2023 the district will see the inclusion of 28 new build or refurbishment projects, amounting to a total of 311,000 sq m of quality floorspace in the area. 26% of this new floorspace is already committed.

The district has garnered a total of 1.048 billion in investment, a level similar to that of 2019 (Barcelona’s record year for investment). 53% of office investment in Barcelona corresponds to district 22@.

More than 50% of the sq m transacted in the district opted for “pre-letting” frameworks.

Annualised office take-up in district 22@*



*Quarterly take-up added to the preceding 3

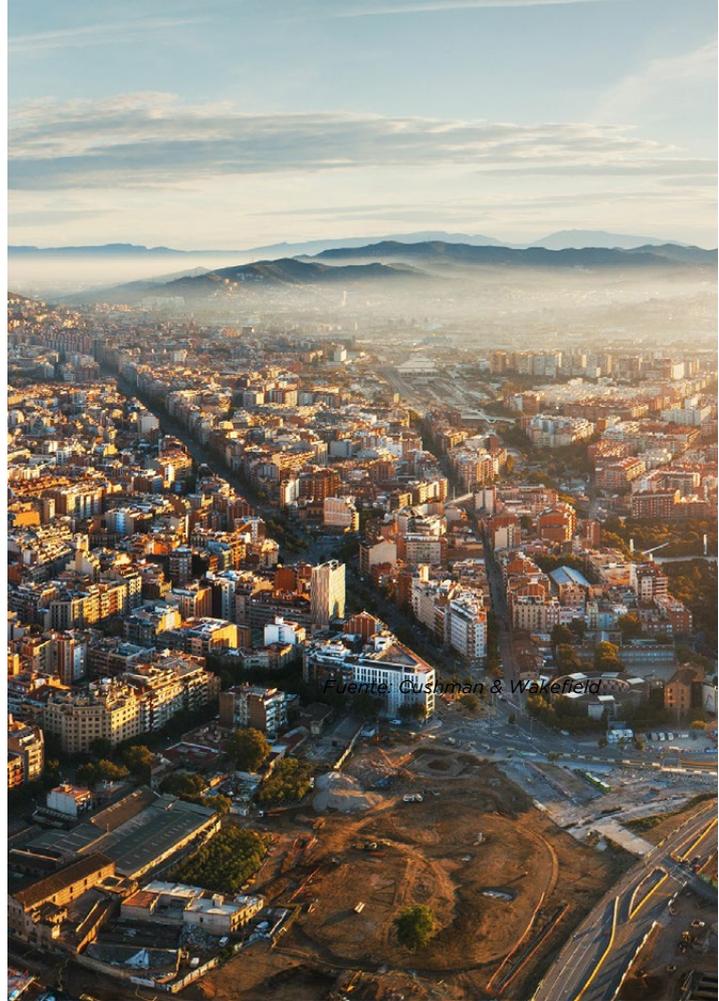
Source: Cushman & Wakefield

/ DEMAND AT PRE-PANDEMIC LEVELS

Right from the outset, district 22@ has played a fundamental role in the take-up of office floorspace in Barcelona. The success story of the district is neatly reflected in the fact that it has cornered almost half of total take-up for the city in recent years.

Despite the circumstances faced by the property market globally, office demand was very significant in Barcelona in 2021, particularly in district 22@. Cornering some 40% of demand (the same share as in 2019), the district has achieved the levels seen prior to the pandemic.

A total of 60 lease deals were recorded in 22@ up to the close of 2021, amounting to 125,000 sq m and representing growth of 185% on the figure recorded during 2020. The leading deals struck over the past twelve months (exceeding 5,000 sq m) were: Glovo (30,200 sq m), Webhelp (19,100 sq m) and T-Systems (7,500 sq m).



As per the case since the close of 2016, pre-lettings played a significant role. These types of deals are the right formula to enable businesses with space needs to secure their preferred location, deploy new ways of working and accommodate any potential growth, within a context in which flexibility and quality represent key requirements in decision-making. These types of deals have accounted for some 25% of floorspace transacted in years such as 2001, amounting to 22% in 2021.

Due to the fact that the main sectors established in 22@ (ITT, Services and Flexspace) continue to grow despite the uncertainty brought about by the pandemic, less than 30% of business relocations corresponded to space reduction.

Large-scale requirements remain committed to Barcelona, particularly to district 22@.

More than 40% of the deals exceeding 2,000 sq m were struck in the district.



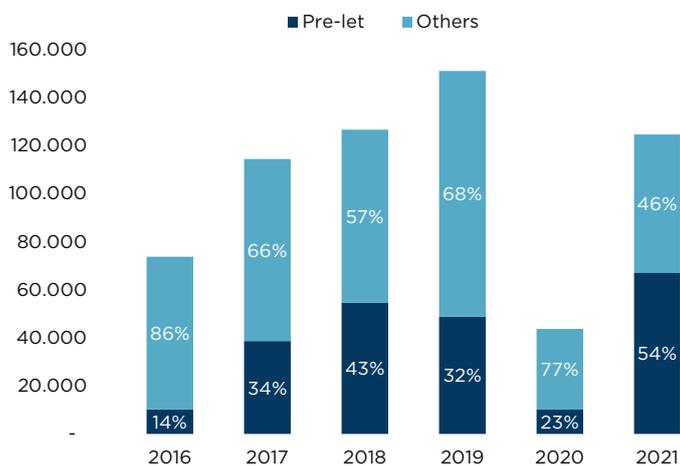
Some 60% of workstations leased in Barcelona correspond to district 22@.

With 40 deals exceeding 1,000 sq m in the district over the past 24 months, the majority of the demand relates to medium-large offices, these in turn also attracting smaller requirements. A total of 32 deals below 500 sq m were struck in the area in 2020 and 2021, illustrating the fact that it represents an option for this demand segment traditionally focused on the centre of Barcelona.

Greater use of flexible spaces is noted in terms of business dynamics, corresponding to circumstances

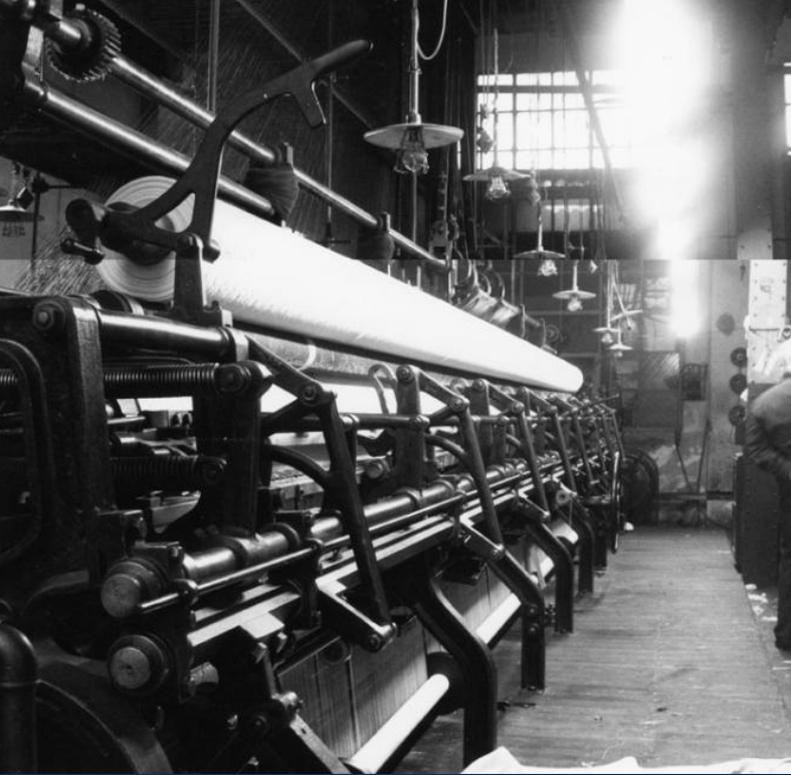
favouring a hybrid model between traditional and shared offices. Demand originates from both smaller users and major corporations. Illustrated by the fact that some 8% of stock in the district corresponds to flexspace, with growth of some 80% in the number of workstations since February 2019, 22@ has an exceptional ecosystem in terms of these types of spaces.

Office demand in 22@ (sq m)



Source: Cushman & Wakefield





2000 saw the creation of an initiative on the part of Barcelona City Council to transform industrial land known as 22a, converting the neighbourhood of Poblenou into an innovative district with **ground breaking spaces adapted to accommodating technology, educational and social activities, the future 22@.**

/ HISTORY OF 22@

Given its proximity to the centre of Barcelona and the sea, the area favoured the establishment of a number of industries here during the first third of the 19th century. With both small workshops and major factories, the textile sector was the most important during the period, an example of this being the emblematic “La Escocesa” factory.

These factories became vacant following the relocation of activities to other sites and, by 1990, Poblenou had around 200 hectares of obsolete industrial land.



The provisional approval of the General Municipal Plan (MPGM) in February 2022 has given a further boost to the district with plans for more housing and amenities than were originally envisaged, along with a key commitment to sustainability.

The success of district 22@ is down to the fostering of synergies among key elements, such as universities, the public sector, private businesses, NGOs and associations. The result today is visible in the high levels of skills in businesses and start-ups, making it the perfect ecosystem for innovation.

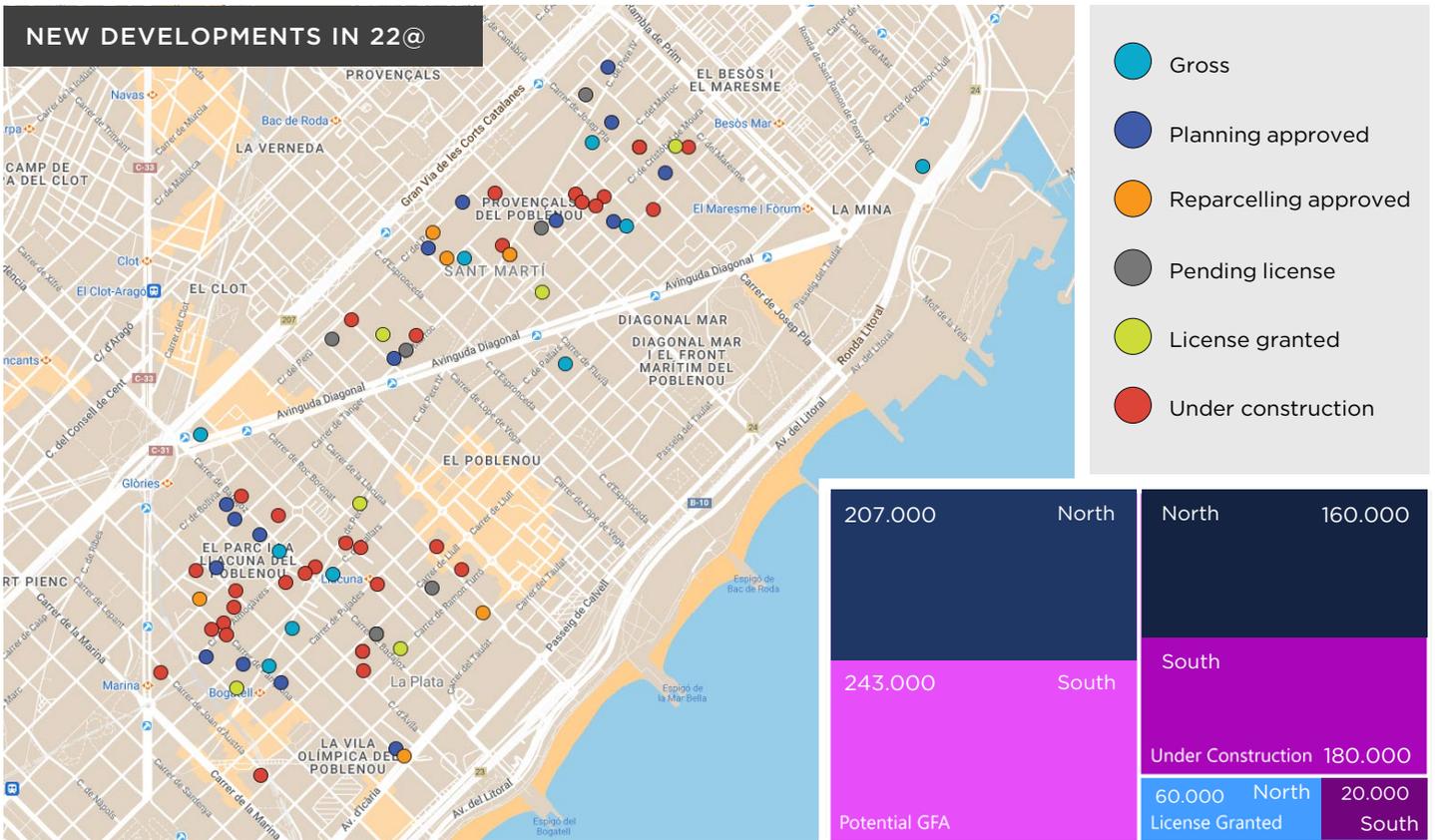
The district also puts Barcelona on the map as the fourth most attractive city for digital talent in Europe (BCG), preceded solely by London, Amsterdam and Berlin. It is likewise the third favourite city with respect to the creation of start-ups. The city currently boasts more than 1,200 start-ups, seven of which are considered to be international 'unicorns'.



The regeneration of the district has led to more than 8,225 businesses relocating to 22@, providing direct employment to more than 93,000 workers, of whom some 32.3% belong to knowledge-based industries.

22@ has also driven the creation of 10 university campuses with more than 25,000 students, as well as the creation of 12 R&D and technology transfer centres.





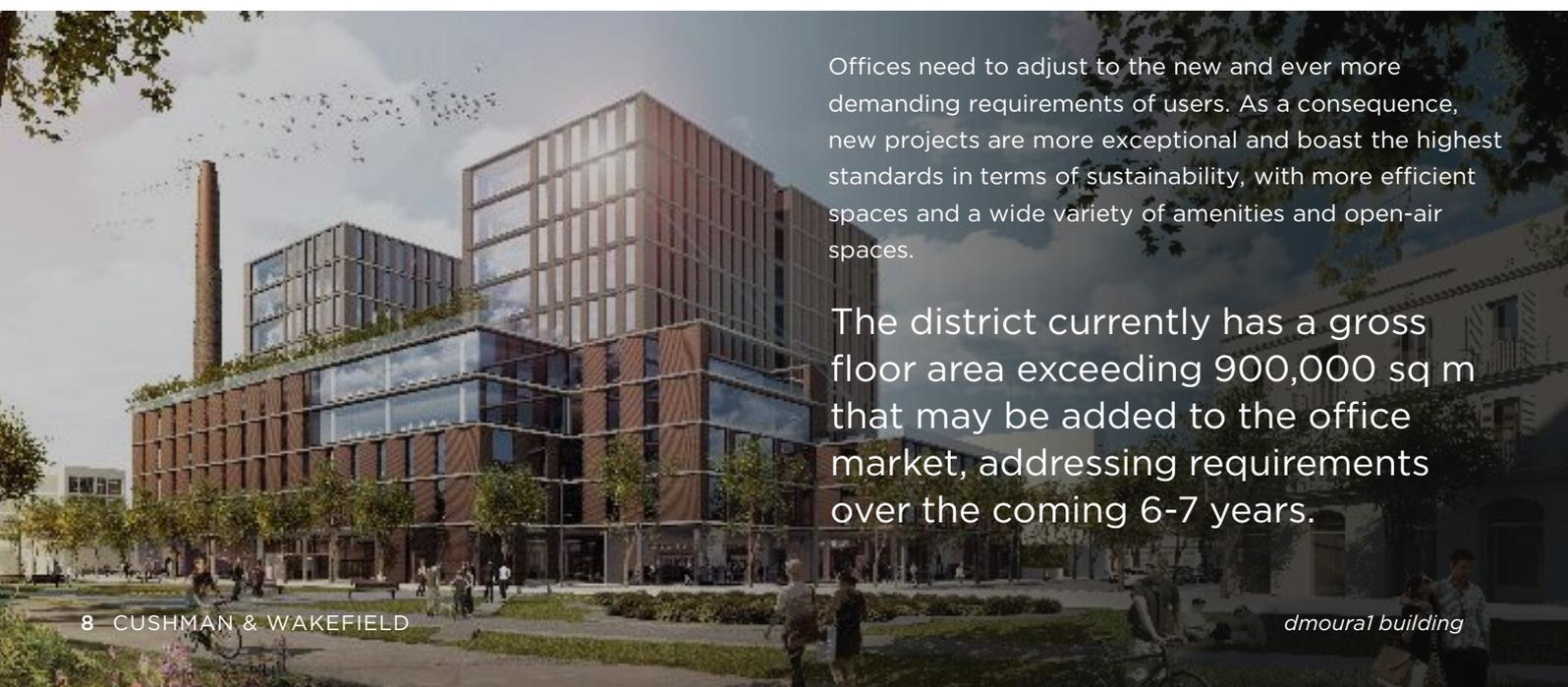
/ CURRENT AND FUTURE SUPPLY

The response to the scarcity of options took the form of new developments in Barcelona. A total of some 99,000 sq m of new developments and 48,000 sq m of comprehensive refurbishments have been delivered in Barcelona over the past 12 months.

The lowest-ever vacancy rate for the district was recorded in 2019, amounting to just 2.53% at the close of year. This indicator even drops to 1.63% in the case of A-grade buildings. What is more, the available offerings exceeding 1,000 sq m consisted of just three options in the entire sub-market.

The dynamic was the same in 22@, with the delivery of new developments (42,000 sq m) and refurbishments (14,000 sq m). Particularly worth mentioning are the delivery of Sea Towers, with some 30,000 sq m of new, high-quality floorspace (25,000 sq m already pre-let) and the 10,000 sq m of the fully refurbished Torre Pujades.

The availability of quality offerings in the district has been scarce to date, with only 100,000 sq m vacant in a market of more than 1.5 million square metres gross.



Offices need to adjust to the new and ever more demanding requirements of users. As a consequence, new projects are more exceptional and boast the highest standards in terms of sustainability, with more efficient spaces and a wide variety of amenities and open-air spaces.

The district currently has a gross floor area exceeding 900,000 sq m that may be added to the office market, addressing requirements over the coming 6-7 years.

NORTH


 UNDER CONSTRUCTION
 160.000 sq m
 LICENCE GRANTED
 58.000 sq m
 POTENTIAL GFA - OFFICES
 471.000 sq m

 LARGEST DEAL
 Webhelp in Selvam@r

 CHIMNEYS
 10

 CURRENT STOCK
 94.000 sq m

 VACANCY RATE
 8.94%

 HOTELS
 11

 PUBLIC TRANSPORT
 1 METRO stop
 2 TRAM stops

 TAKE-UP
 98%
 ITT SECTOR

 UNDER CONSTRUCTION
 180.000 sq m
 LICENCE GRANTED
 21.000 sq m
 POTENTIAL GFA - OFFICES
 462.000 sq m

 PUBLIC TRANSPORT
 8 METRO stops

 HOTELS
 66

 TAKE-UP
 60%
 ITT SECTOR

 VACANCY RATE
 8.94%

 CURRENT STOCK
 1.1 million sq m

 CHIMNEYS
 16

SOUTH

Source: C&W, 22@ Network, Arxiu Històric del Poblenou, Booking, Barcelona City Council

/ INVESTMENT

The district has garnered a total of 1.048 billion in investment in 2021, a level similar to that of 2019 (Barcelona's record year for investment). 53% of office investment in Barcelona corresponds to district 22@. The fact that the majority of this investment relates to future developments and land highlights the strength of investor confidence in the district.

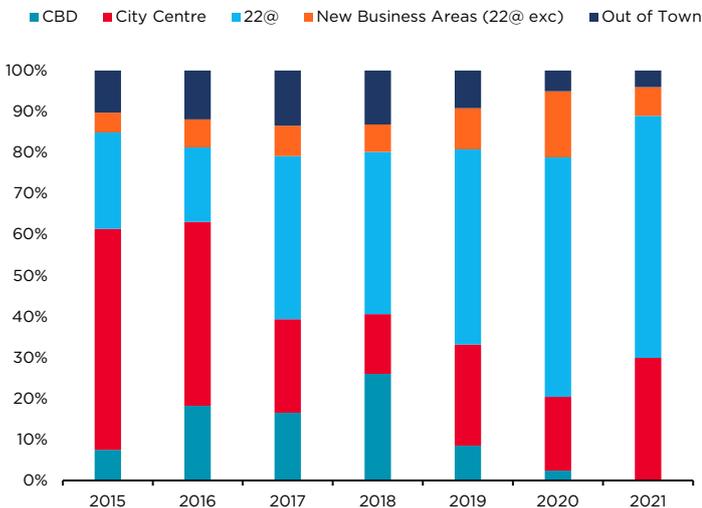
The investment groups committing to the city generally correspond to a Core profile representing the interests of more conservative shareholders in long-term investments. This profile positions Barcelona as a robust, reliable market, with an extensive offering of prime buildings and a large number of tenants intending to remain in the city long term.

These investment volumes have been buttressed by a number of major transactions, such as the acquisition of the One Parc Central buildings by DWS for €128 million and Meridia Capital's acquisition of the Sea Towers complex on behalf of Allianz, for which it paid the sum of

€185 million. These deals demonstrate the fact that 22@ is a significant magnet for international investment. The district provides product that is suitable for investors belonging to a range of profiles on the lookout for buildings appropriate to their needs. Overseas buyers continue to predominate, particularly with respect to major deals. In contrast, local investors generally focus their attention on smaller scale transactions.

If we analyse aggregate investment since 2017, in district 22@ there were 74 transactions with average floor areas of between 8,000 sq m and 10,000 sq m. With respect to investor profile, some 40% of the deals struck in this area corresponded to a Core profile, property management funds interested in growing returns by means of renegotiations and CAPEX investment. The average ticket size was between 40 and 45 million Euro, this being somewhat lower (between 30 and 40 million Euro) in the case of deals struck by family offices.

Trend in the district's weight in investment within Barcelona



Source: Cushman & Wakefield



With requirements that are increasingly centred upon greener buildings that address ESG (Environmental, Social and Governance) goals as key to decision-making, the role of sustainability in the office market is crucial in terms of investment. One of the priorities of new build and comprehensive refurbishment projects currently being delivered to the market is the achievement of international sustainability certification, such as Leed, Breeam or Well.

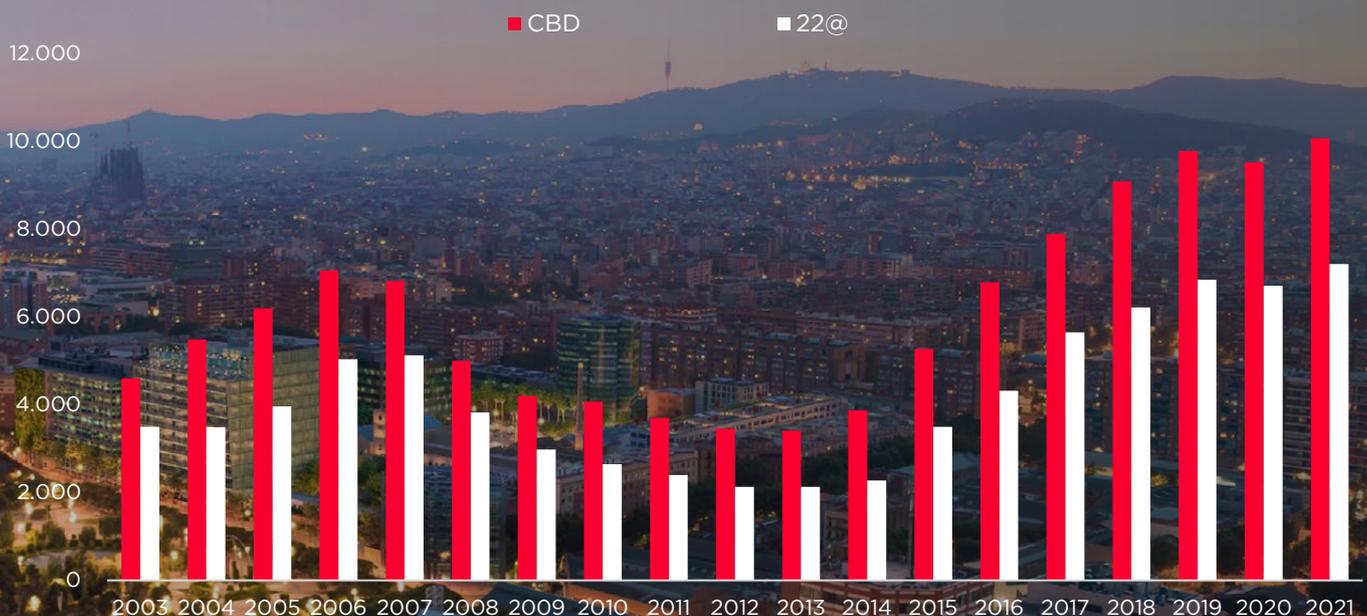
This factor has a direct and positive impact in terms of both the attractiveness of the building and its ability to differentiate itself within the market and the community, leading to the creation of more sustainable districts and cities.

With respect to the yields seen in 2019, the spread between 22@ (4.25%) and the CBD (3.50%) was clearly attractive to investors. At between 3.75% and 3.25% in the prime area, the current yield in 22@ positions the district ever more clearly as a destination for Core capital.

If we focus on the trend in capital values, we see sustained growth over time (except for 2020, due to the impact of Covid-19). This indicator has nevertheless grown by some 110% since 2015, going from €4,000/sq m to more than €8,000/sq m in 2021. The gap between the capital values of the CBD-Prime and the real capital values of 22@ is becoming ever narrower, amounting to 19% in 2021. Historically speaking, a number of deals within the district have been closed at levels very similar to those of the CBD.

Investment groups will continue to consider both Barcelona and, more specifically, district 22@, as among the destinations with the greatest potential for returns and as a significant generator of institutional product for sale. The deals expected to be closed during this year point to unequivocal interest in the district that could amount to €1 billion in investment, matching the levels reached in 2021.

Trend in capital values in Barcelona and 22@ (€/sq m)



Source: Cushman & Wakefield

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