



Building a better
working world

The Logistics Property Telescope

Investment & Financing Keys

Spain 2021



March 2021

Strategy and Transactions



EY

**Building a better
working world**



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EXECUTIVE SUMMARY

1 Market Overview



Lopsided recovery expected
after COVID impact
2021-2022

- ▶ **Spanish GDP expected** growth: **+5.5%** (-12.8% 2020).
- ▶ **Unemployment rate** growing up 120bps to **17%** in 2021.
- ▶ Exports will lead the recovery after falling 10% in 2020: **Current Account deficit -58% YoY.**
- ▶ **Tax burden peak:** Despite of the lower economic activity, tax income only fell 9%.
- ▶ **Lowest Consumer Confidence Index since 2013** (60 bps) while other consumer indicators deteriorate more in 2021

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Supply & Demand



- ▶ **Vacancy Rate** in Madrid (7.4%) and Barcelona (3.3%) **increasing** despite the strong gross take up.
- ▶ **Development pipelines appear restricted and mainly pre-let** due to the current uncertain macro context. A total of **23 brand new projects will be delivered** in 2021. Madrid, Catalonia, Guadalajara and Toledo will represent 48% (1,07M sqm) of the total new development activity (2,22M sqm)
- ▶ **Take-Up in Madrid was up to 930,000 sqm (+69%)** in 2021 thanks to e-commerce players arrival. **Barcelona, contrary, decreased 26% YoY with just 437,000sqm** due to the lack of quality supply.
- ▶ The **rapid development of e-commerce will be challenged by a higher vacancy rate and the delivery of brand new supply.** The impact of these co-arising realities on average rental prices is still to be seen.

4 Financing Activity



- ▶ **Spanish banks eager** to participate in very transaction given the poor performance of other asset classes, such as retail, hotels and offices. However, **International banks are far more competitive** in terms of all-in costs and amortising requirements.
- ▶ **Borrowing costs** climbed slightly but no higher than 2017.
- ▶ **Alternative capital** providers at the chase of riskier transactions to structure junior or mezz.

3

Logistic Properties Investment Market



- ▶ **Worldwide logistics property Investment volume decreased only by 4% (€6,6Bn) during 2020** and accounted for 30% of the total non-residential Real Estate investment worldwide, which is an unprecedented stake over the whole Real Estate market.
- ▶ **investment in Europe grew surprisingly by 10% YoY** as institutional investors foresee an opportunity to reposition the existing warehousing inventory.
- ▶ **Investors are currently overweighting Europe vs North America.** EMEA region accounted for 24% of the total worldwide logistics investment, much more than precedent years.

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Key Performing Indicators



Key Indicators by location in 2021

	Madrid		Barcelona		Valencia	
	Rent	Cap.V.	Rent	Cap.V.	Rent	Cap.V.
Prime	7.25	1,871	7.25	1,871	4.25	850
1st Ring	5.50	1,389	6.80	1,718	4.00	800
2nd Ring	4.25	1,097	4.50	1,161	3.30	660
3rd Ring	3.30	852	3.75	967	n.a	n.a

Rent (€/sqm/mth) Cap. Value (€/sqm)



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For further information...

Request the Expanded Edition

Contents (+150 pages):

- 1. Macro economic** overview related to the logistic segment
- 2. Madrid, Catalonia and Valencia supply and demand analysis** (40 national hotspots breakdown analysis)
 - New supply
 - Vacancy
 - Rents
 - Take-up
- 3. Logistic investment market** and transactions pipeline in Spain
- 4. Logistic financing activity** and main drivers
- 5. Logistic key investment factors**



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