



Building a better  
working world

# The Logistics Property Telescope

Investment & Financing Keys

Spain 2022



March 2022

Strategy and Transactions



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Spain 2022

EXECUTIVE SUMMARY

1 Market Overview



Lopsided recovery expected  
after international turmoil  
2022

- ▶ **Spanish GDP expected** growth: **+6.4%** in 2022 (vs. 5.74% 2021).
- ▶ **Unemployment rate still high** but decreases 156bps to 14.6% in 2021.
- ▶ **Exports will lead the recovery:** Current imports coverage rate levels off at 95%.
- ▶ **Consumer confidence:** Plunges 12 points since October, from 97 to 85 due to the new outbreaks of Covid and international risks.
- ▶ **Madrid region steps up** above the rest of the country as young people is moving to the capital due to better labour opportunities.

2

Supply & Demand



- ▶ **Vacancy Rate** in Madrid (9.6%) and Barcelona (3.0%) **increasing** despite the strong gross take up. This is a point of concern everyone eludes to speak up.
- ▶ **Development pipelines appear restricted and mainly pre-let** due to the current uncertain macro context. A total of **102 brand new projects will be delivered in 2022**. Madrid, Catalonia, Guadalajara and Toledo will represent 50% (1,9M sqm) of the total new development activity (3,8M sqm)
- ▶ **Take-Up in Madrid went up to 1,133,000 sqm (+22%)** in 2021 thanks to e-commerce players arrival. **Barcelona**, has registered a **change in trend, reaching 886,000 sqm take-up (+103%)** compared to 2020..
- ▶ 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.

3

Logistic Properties Investment Market



- ▶ **Worldwide logistics property investment volume grew by 59% YoY (+€94M) during 2021** and accounted for 34% 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 51% YoY** as institutional investors foresee an opportunity to attack the last mile opportunity.
- ▶ **Yields reached the lowest point ever worldwide.** High liquidity, soft lending and rental growth prospects is paving the ground for relevant capital gains at exit in 2022.

4

Financing Activity



- ▶ **Spanish banks eager** to participate in every 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 due to interest rates rise prospects, but no higher than 2017.
- ▶ **Alternative capital** providers at the chase of riskier transactions to structure junior or mezz.

5

Key Performing Indicators



Key Indicators by location in 2022

	Madrid		Barcelona		Valencia	
	Rent	Cap.V.	Rent	Cap.V.	Rent	Cap.V.
<b>Prime</b>	7.35	2,321	7.35	2,321	4.45	957
<b>1<sup>st</sup> Ring</b>	5.95	1,831	7.00	2,154	4.40	932
<b>2<sup>nd</sup> Ring</b>	4.75	1,425	5.10	1,530	3.75	804
<b>3<sup>rd</sup> Ring</b>	3.50	1,024	4.00	1,171	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. Central Spain, 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. Detail of most active players and key financial terms offered**
- 6. Emerging trends within the logistics segment**
- 7. Logistics key investment factors**