

TAKE-UP CONTINUES TO CLIMB IN 2024

The figure for floorspace transacted continues to improve for the third consecutive quarter. The logistics market remains positive with the first small rate cut, confirming the health of fundamental parameters. More than 290,000 sq m were transacted during the third quarter of the year, similar to the figure recorded for the same quarter in 2023. If we study the aggregate data prior to the close of 2024, logistics take-up has grown some 5% in comparison with the same period in 2023, now exceeding 730,000 sq m and trending positively.

Following a few years of record figures, logistics take-up hovered between rising and softening during 2023, a trend that has been broken in 2024 with consecutive quarters of growth. A key point to note is the decision making process, where the choice of a logistics platform is becoming increasingly meticulous.

Turning to an analysis of the number of deals, 22 new contracts were signed between July and September, with an average floor area of 14,830 sq m, some 27% up on the figure for the previous quarter. It is worth mentioning 2 deals in particular; the signing of a 75,000 sq m platform in Ontígola and that corresponding to the IT firm TD Synnex, amounting to over 45,000 sq m. Between them they accounted for 40% of take-up in the third quarter.

In terms of asset quality and as in the majority of other sectors, the trend towards the highest specifications and compliance with ESG (Environment, Social & Governance) criteria continues to grow, swallowing an increasing share of the market. Of the 10 deals exceeding 5,000 sq m in the quarter, 83% were signed for grade A assets. To this figure must be added the take-up of modules of between 2,500 sq m and 5,000 sq m in Ring 1, these having the highest quality specifications.

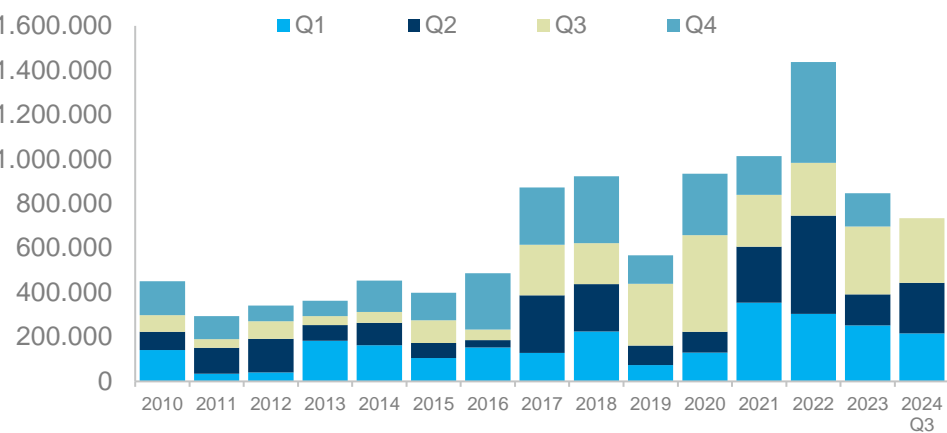
VACANCY RATES AND RENTS

Rents continue to trend upwards, with Madrid at levels close to €5.50 - €6.00/sq m/month and driven by the incorporation of high quality platforms within the market.

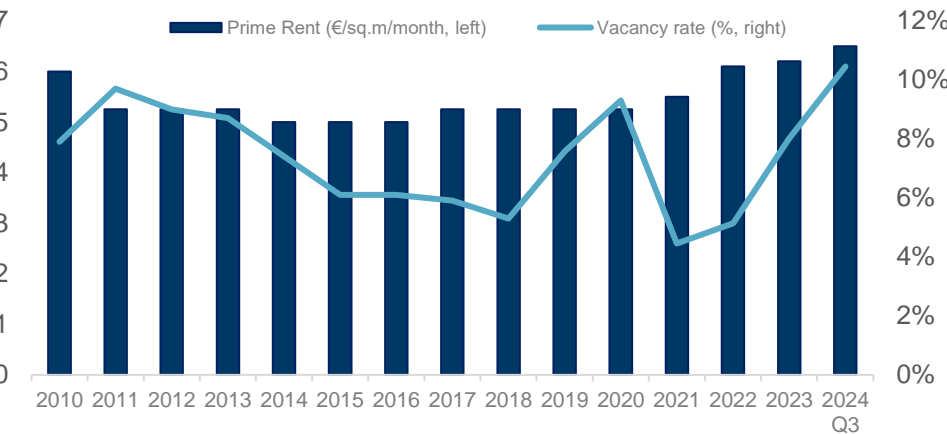
Prime rents already stand at €6.50 €/sq m/month in the most sought-after locations in the capital's first ring.

The fundamentals of the logistics sector have welcomed the stabilisation of interest rates and the vacancy rate remains at around 10%. If we take into account the new supply that has come onto the market over the past 12 months, stock has increased by more than 1,000,000 sq m and now exceeds 14,000,000 sq m. The controlled rise in the vacancy rate is an indicator of the current strength of the sector.

QUARTERLY TAKE UP DEMAND (sqm)



VACANCY RATE AND PRIME RENT



MARKET FUNDAMENTALS

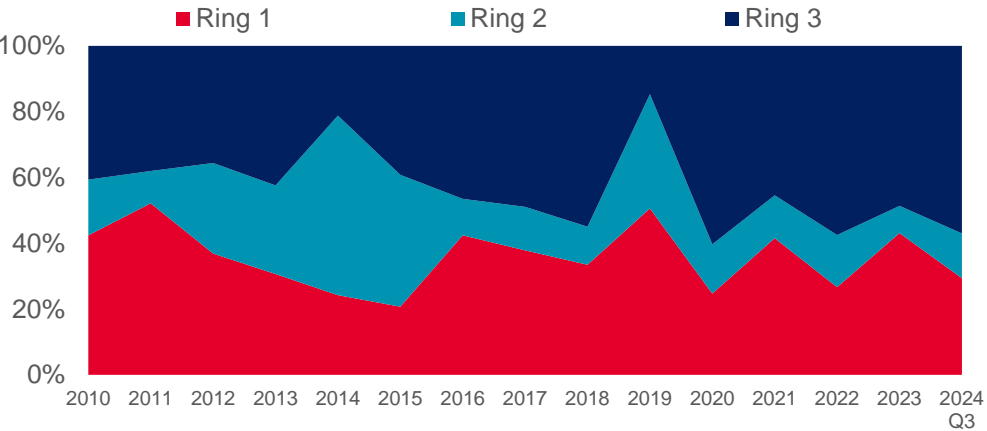
	YOY Chg	12-Month Forecast
10.45% Vacancy Rate	▲	▲
290,000 Take-Up Q3 2024 (sq.m)	▲	—
6.50 Prime rent (€/sq.m/month)	▲	▲

ECONOMIC INDICATORS

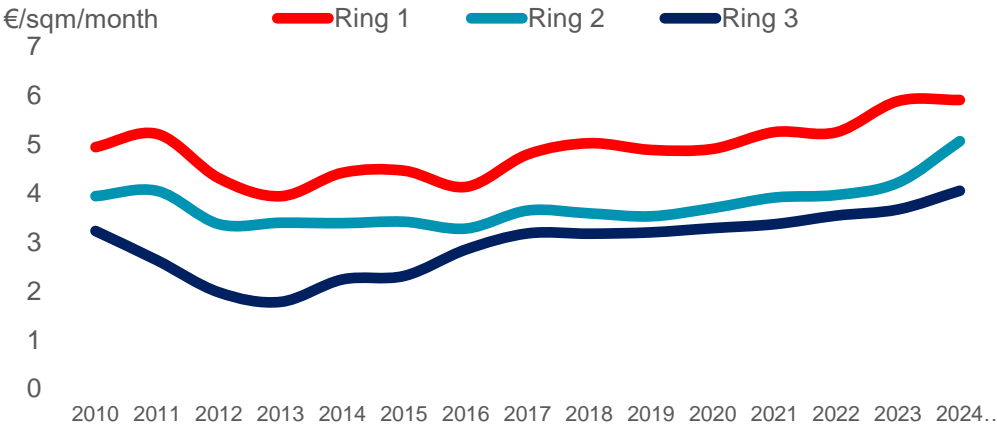
	YOY Chg	12-Month Forecast
3.10% Annual change in GDP	▲	▼
11.30% Spain Unemployment Rate	▼	▼
9.52% C.Madrid Unemployment Rate	▼	▼

Source: National Statistic Institute & Moody's

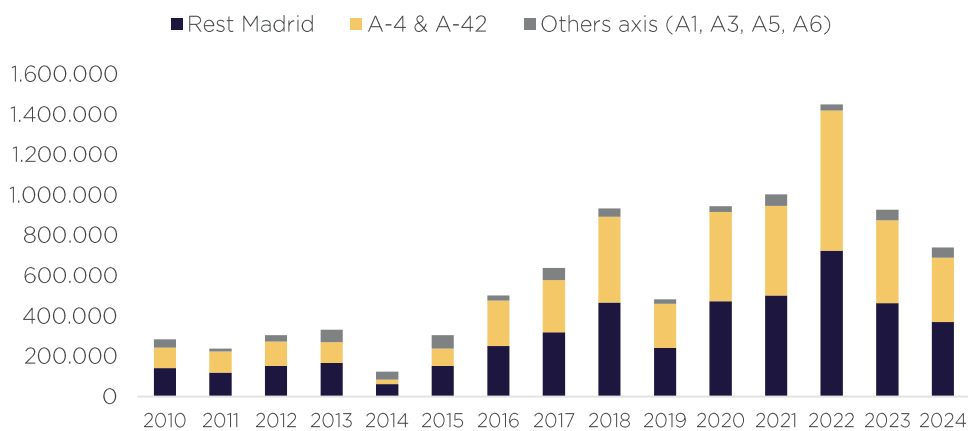
TAKE-UP BY AXIS (sq m)



AVERAGE TREND BY RING



TAKE UP BY AXIS



DYNAMISM SPREAD THROUGHOUT RINGS AND THOROUGHFARES

With the final three months of the year still to come, an analysis of demand according to commercial hub shows that Madrid's two main logistics hubs equally share demand, with 93% of the total so far this year.

On the one hand, the Henares Corridor accounts for 47% of take-up and 40% of deals. In contrast, the A-4 / A-42 thoroughfare has accounted for 46% of take-up and 43% of deals, with Getafe and Villaverde standing out as the most active areas so far in 2024 and with Illescas and Ontígola representing essential enclaves for XXL platforms.

It is also worth highlighting take-up in Madrid's A-3 thoroughfare which, over the past 12 months, has been reactivated with the take-up of new platforms in industrial estates such as Atalayuela in Vallecas. Deals representing some 49,194 sq m have been struck so far in 2024, already surpassing 2023 (a record year for the A-3 thoroughfare).

Turning to an analysis of demand according to logistics ring, the third ring started the year by reactivating operations in comparison with the close of 2023. This fact is corroborated by the data, with deals representing the closure of more than 415,000 sq m, 2% up on the total transacted in 2023 and with 2024 yet to close. The third quarter saw the highest number of contracts signed so far this year, representing more than 180,000 sq m, the average floor area amounting to 30,000 sq m.

Quarterly activity in the first ring increased considerably between the months of July and September, equalling the figures for the same period in 2023 in terms of the year-to-date aggregate with respect to take-up and the number of deals. 30% of the floor area (80,000 sq m) and 59% of transactions were signed during the third quarter of the year, raising the average floor area transacted up to September 30 (31 de septiembre) to 6,677 sq m. The positioning of major groups within the first ring during the third quarter is notable, with deals struck on modules of between 2,500 and 5,000 sq m, absorbing new platforms of this type coming onto the market.

Lastly, the second ring is sustaining the positive momentum seen in recent quarters, with 13 deals exceeding 100,000 sq m. These figures already exceed the 2023 total by more than 44%. The A-2 thoroughfare stands out as the most sought-after, with 77% of the floor area (practically all in Torrejón de Ardoz) being signed for so far this year. Two deals in Pinto and Valdemoro were noteworthy during the third quarter, with an average floor area of 10,000 sq m.

OUTLOOK

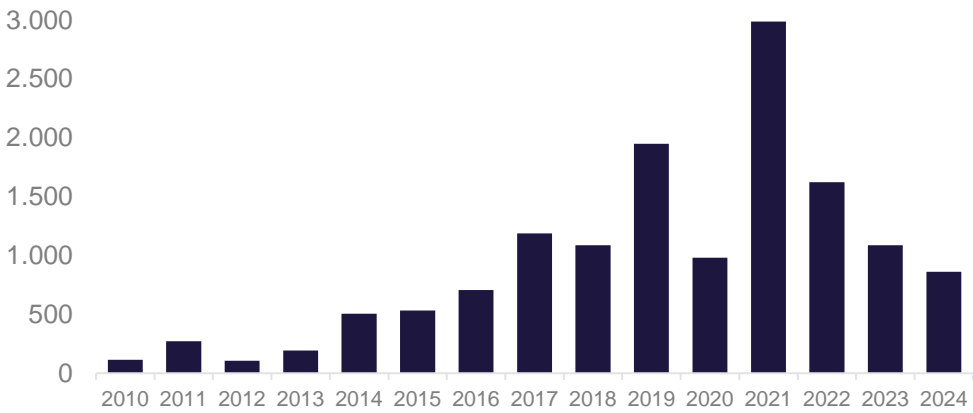
Major deals that were held back at the close of 2023 came to fruition during the first half of 2024.

The third quarter saw an improvement on the figures for the first half, becoming the busiest period for the year-to-date in terms of take-up.

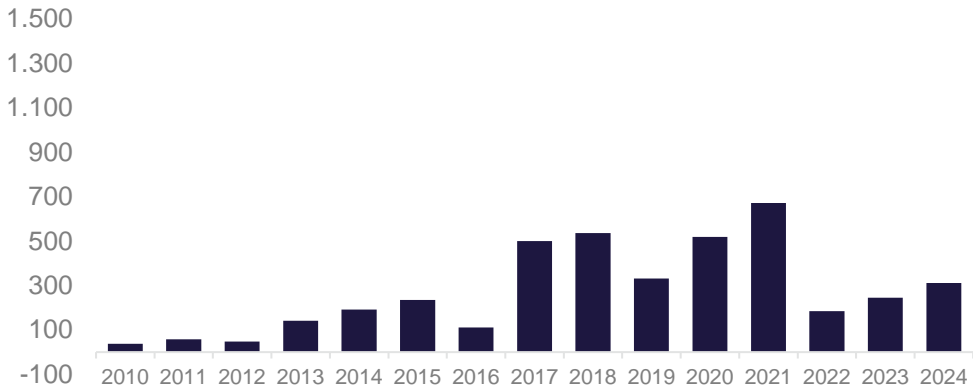
At the beginning of the year, Cushman & Wakefield's expectations pointed towards an improvement on 2023, which closed at more than 840,000 sq m.

With the final quarter of the year still to come, take-up is expected to amount to around 950,000 sq m, driven by retailers, e-commerce operators and the food sector, with investment in in-house development occurring at some sites.

LOGISTICS TOTAL INVESTMENT SPAIN (€m)



LOGISTICS TOTAL INVESTMENT MADRID (€m)



INVERSIÓN

Despite the macroeconomic uncertainty caused by geopolitical conflicts and rises in interest rates in 2023, the logistics sector continues to whet investor appetites alongside the residential market.

Following a 2023 in which the trend among investors was to look beyond the main locations, helping them to corner more than 50% of the volume, activity is starting to pick up again in Madrid and Barcelona.

Investment exceeding €300m was recorded in Madrid up to September 31, 2024, including the acquisition of a portfolio in the Henares Corridor by Azora and the transactions by EQT Exeter, the leading player during 2024.

With one quarter of the year to go and at around €900m, investment in the logistics sector stands practically in line with the total invested in 2023. Consequently, if the upward trend seen during the third quarter continues, with a figure close to €400m, we may see a close of year up on that of 2024 The beginning of the second half of the year was also marked by the launch of several Core projects and portfolios, reactivating the closure of fund operations involving this type of investment capital.

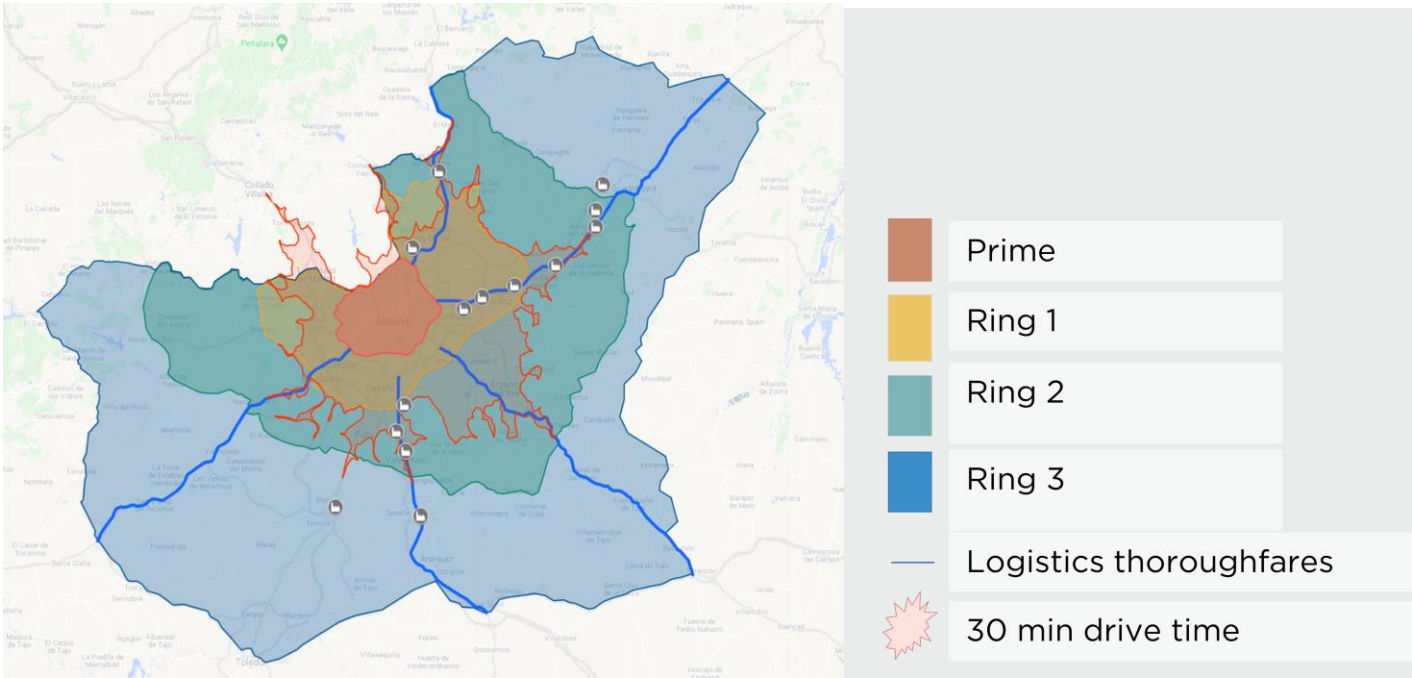
In terms of yields, decompressions of between 45 and 75 basis points due to interest rate hikes were seen in the different asset classes over the course of 2023. This led to a mismatch between the yields sought by buyers and the prices offered by vendors. The opposite effect is anticipated as of the second half of 2024, as soon as falls in interest rates begin to appear.

At 5.30%, the Prime yield for the third quarter of 2024 remained stable in comparison with the close of 2023, with sentiment pointing towards compression in terms of the close of year and beginning of 2025.

PRIME YIELD

5.30%

MARKET STATISTICS



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MAIN DEALS IN Q3 2024

LOCATION	RING / HIGHWAY	TENANT	AREA (sq m)	TYPE
Ontígola	3 / A-4	Confidential	75,000	Lease
Marchamalo	3 / A-2	TD Synnex	47,462	Lease
Guadalajara	3 / A-2	Factor 5	19,868	Lease

*Renewals not included in leasing statistics

MAIN PROJECTS DELIVERED IN 2024

LOCATION	RING / HIGHWAY	MAIN TENANT	AREA (sq m)	OWNER
Pinto	2 / A-4	-	60,320	CBRE IM
Illescas	3 / A-42	Tendam Retail Sa	56,052	Montepino

MAIN INVESTMENT DEALS IN 2024

LOCATION	RING / HIGHWAY	BUYER	VENDOR	AREA (sq m)	PRICE (M€)
Madrid	Various	EQT Exeter	Delin Property	112,310	100
Madrid	Various	Azora	CBRE IM	193,000	91



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
6.40% Vacancy Rate	▼	—
254,000 Take-Up Q3 2024 (sq.m)	▲	—
8.30 Prime Rent (€/sq.m/month)	▲	—

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
3.10% Annual change in GDP	▲	▼
11.30% Spain Unemployment Rate	▼	▼
7.30% Barcelona Unemployment Rate	▼	▼

Source: National Statistic Institute & Moody's

TAKE-UP CONTINUES TO CLIMB IN 2024

Spain's logistics market has undergone significant professionalisation in recent years, coinciding with the consolidation of new forms of purchasing. The fundamental Phy-gital model, essential for retailers, recent global economic crises and disruption have revealed the length, complexity and efficiency of supply chains, as well as their fragility. This has encouraged businesses to re-evaluate their sourcing strategies and increasingly consider nearshoring, reducing Prime vacancy rates to close to 1% and increasing decision-making time frames when renting a logistics platform. Despite this optimised pace in take-up, the stabilisation of economic policies over recent months has been viewed positively by the logistics market.

The figure for floorspace transacted continues to improve for the third consecutive quarter. The logistics market remains positive with the first small rate cut, confirming the health of fundamental parameters. More than 250,000 sq m were transacted during the third quarter of the year, representing an all-time record for quarterly take-up.

If we study the aggregate data prior to the close of 2024, logistics take-up has grown and, already exceeding 500,000 sq m and trending positively, now almost exceeds the total for the whole of 2023. In terms of the number of deals, 45 contracts have been signed over the year to date, producing an average of 11,194 sq m per deal.

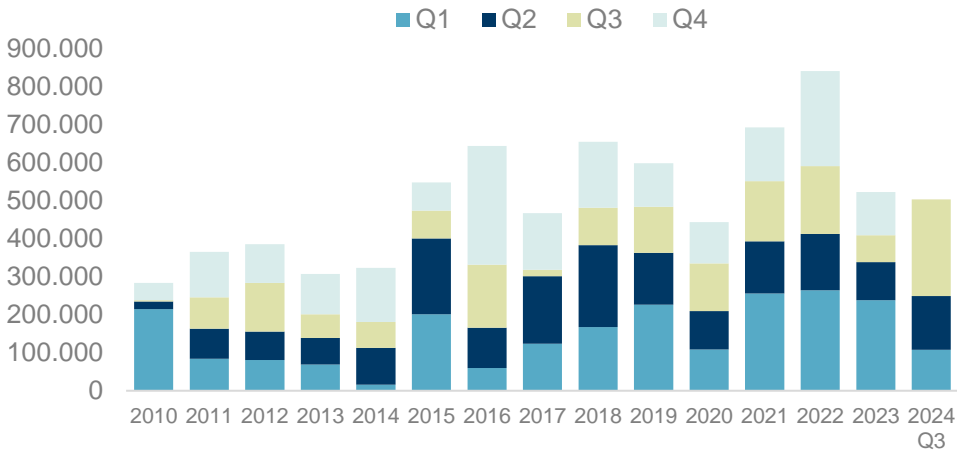
Logistics stock in both Madrid and Barcelona has increased over the past 5 years, with newly built warehouses with very high specifications, capable of responding to the new demands of operators in terms of both environmental efficiency and technology. The demand side is increasingly drawn towards the highest specification assets and, as is the case in other sectors, compliance with ESG criteria.

VACANCY RATES AND RENTS

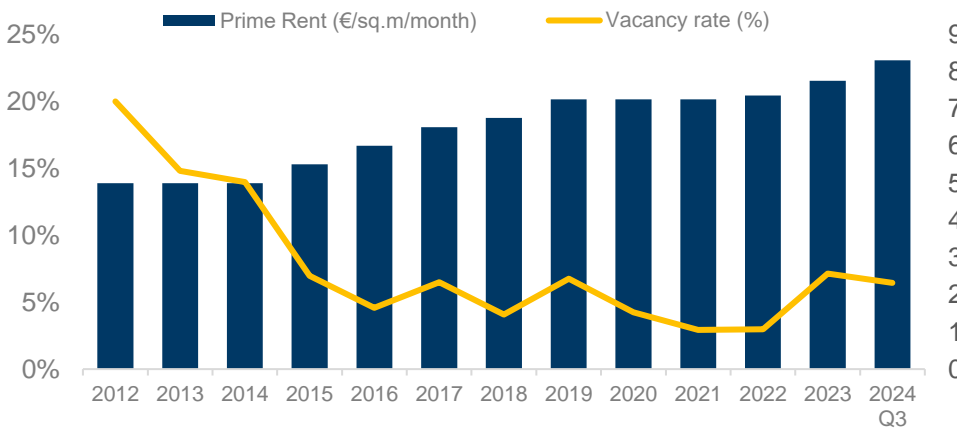
Following three quarters exceeding 7%, the vacancy rate in the Barcelona logistics market is beginning to fall and stood at 6.4% on September 30. If we bear in mind the significant increase in stock in recent years, this stability becomes significant.

The benchmark prime rent has continued to rise to €8.15/sq m/month, with the ZAL being the reference area for these levels. Prime rents in the Barcelona logistics market have increased by 8% over the past 12 months and remain under upward pressure.

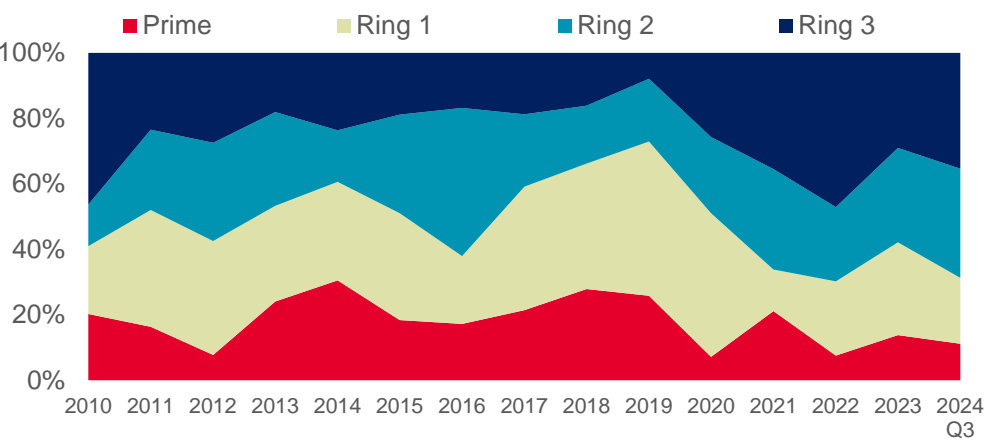
QUARTERLY TAKE UP (sq m)



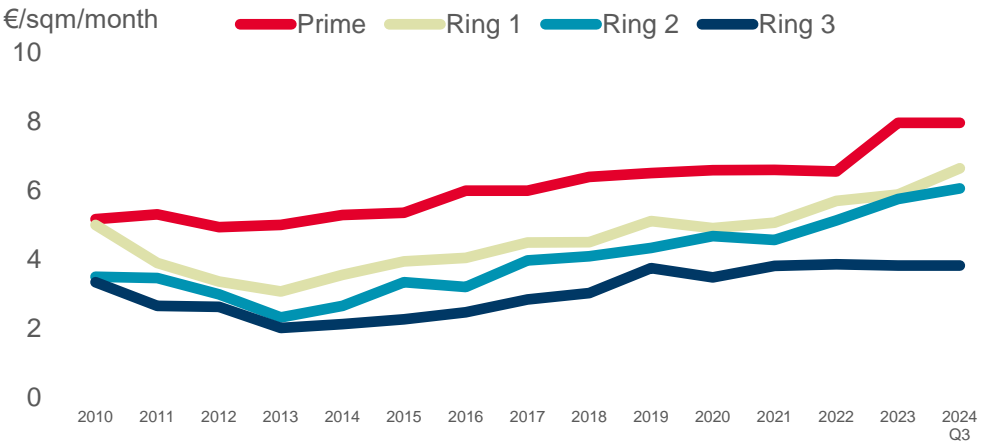
VACANCY RATE & PRIME RENT



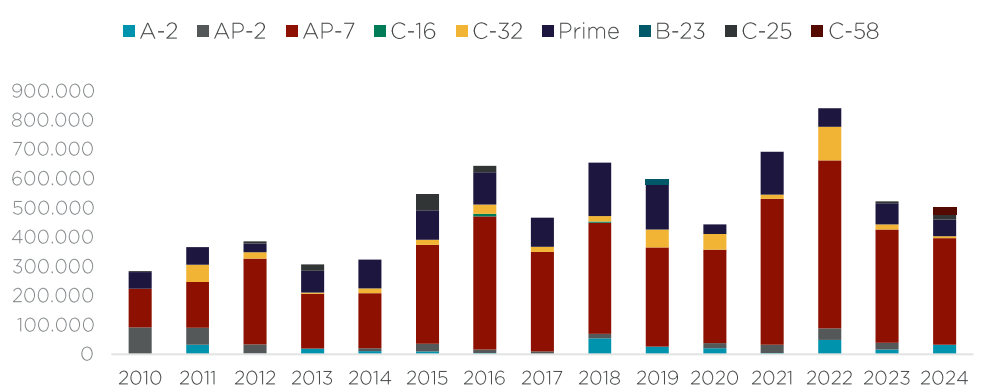
TAKE-UP BY AXIS



AVERAGE RENT TREND BY RING



TAKE UP BY AXIS



RINGS 2 AND 3 GAIN MOMENTUM IN THE SECOND PART OF 2024

Analysing take-up according to logistics ring during the first half of the year, the data forms a pyramid in terms of number of deals and floor area transacted. With 33%, the first ring is the most active, followed by the second ring with 31% of the take-up and, finally, the third ring with 27% of the floor area and 5 deals. However, this trend altered during the third quarter of the year.

From July to September, rings 2 and 3 accounted for 64% of the deals and 80% of take-up. Together with the closure of large scale requirements during the third quarter of the year, the low vacancy rate in the prime area and the first ring have reversed the situation seen during the first six months.

With 3 months to go until the close of 2024, Rings 2 and 3 have already exceeded the total take-up for 2023. The trend is therefore positive and favourable in terms of filling the new projects that have come onto the market over the past 18 months.

The AP-7 thoroughfare remains the preferred area for tenants to locate their warehouses, accounting for 72% of take-up and 69% of the deals struck. This is also due to the degree of scarcity on the A-2 thoroughfare.

Five deals exceeding 20,000 sq m were notable during the third quarter of 2024, four of which were struck on the AP-7 thoroughfare. These include Lidl’s signature on a 58,000 sq m platform

The construction sector has remained highly dynamic over the past 12 months. Comparing stock in the third quarter of 2023 with current levels, more than 600,000 sq m have been added to the market. This has led to increased vacancies in recent quarters. Following location, determined by the focus of their distribution activities - whether local, regional or national, the leading priority for operators is high specification logistics facilities.

OUTLOOK

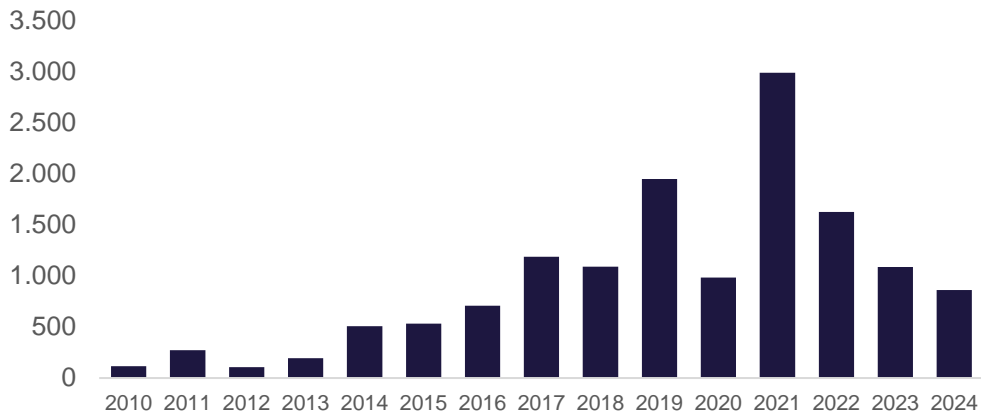
Barcelona’s take-up is expected to remain robust during 2024 given healthy data on market fundamentals.

However, as is the case in other areas, longer decision-making processes, requiring greater time due to a number of external factors or the attraction of new projects, may mean that the figures are not as record-breaking as in previous years.

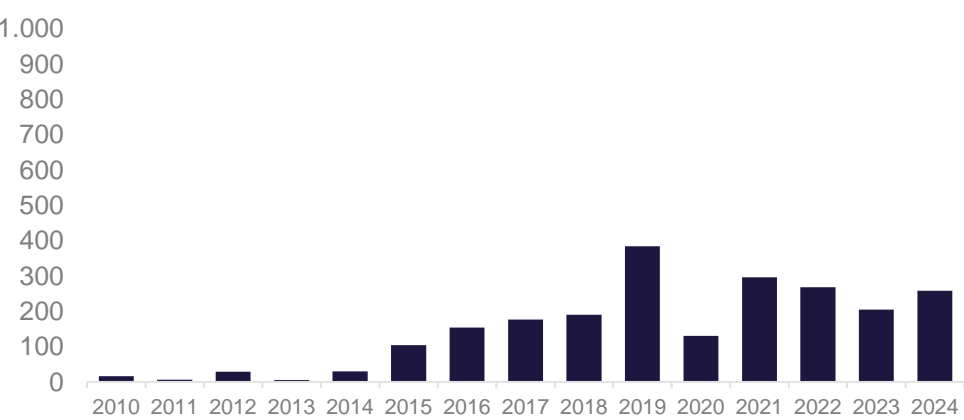
The beginning of the second half of the year has seen an improvement on the take-up figures for the preceding two quarters, with the third quarter being the strongest so far.

Given that over the year-to-date we are now near to surpassing the 2023 total, the outlook for 2024 points towards a close of year with similar figures to those of 2021 (around 700,000sq m)

LOGSTICS TOTAL INVESTMENT SPAIN (€m)



LOGISTICS TOTAL INVESTMENT BARCELONA (€m)



INVESTMENT

Despite the macroeconomic uncertainty caused by geopolitical conflicts and rises in interest rates in 2023, the logistics sector continues to whet investor appetites alongside the residential market.

Following a 2023 in which the trend among investors was to look beyond the main locations, helping them to corner more than 50% of the volume, activity is starting to pick up again in Madrid and Barcelona.

Deals worth around €60 million were recorded in the Barcelona market during the first half of the year, including one of the logistics platforms within the portfolio purchased by EQT from GLP.

With one quarter of the year to go and at around €900m, investment in the logistics sector stands practically in line with the total invested in 2023. Consequently, if the upward trend seen during the third quarter continues, with a figure close to €400m, we may see a close of year up on that of 2024

The beginning of the second half of the year was also marked by the launch of several Core projects and portfolios, reactivating the closure of fund operations involving this type of investment capital.

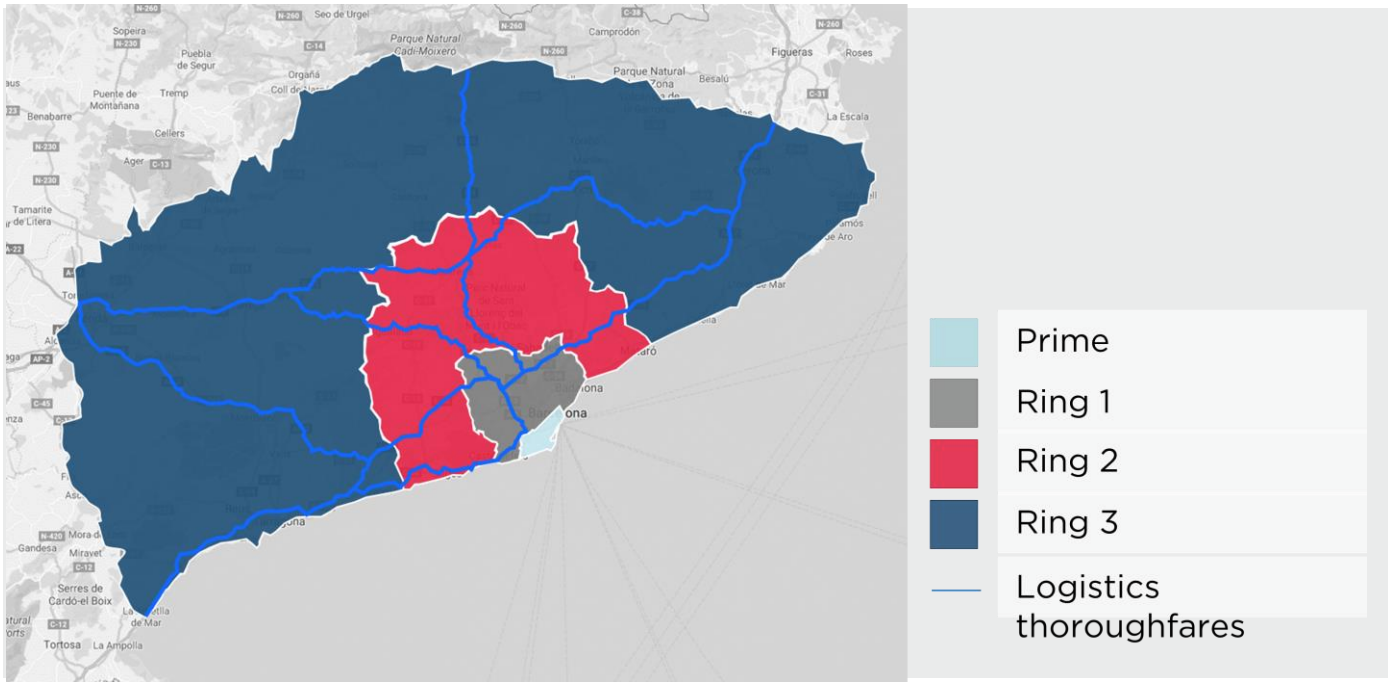
In terms of yields, decompressions of between 45 and 75 basis points due to interest rate hikes were seen in the different asset classes over the course of 2023. This led to a mismatch between the yields sought by buyers and the prices offered by vendors. The opposite effect is anticipated as of the second half of 2024, as soon as falls in interest rates begin to appear.

At 5.30%, the Prime yield for the third quarter of 2024 remained stable in comparison with the close of 2023, with sentiment pointing towards compression in terms of the close of year and beginning of 2025.

PRIME YIELD

5.20%

MARKET STATISTICS



MAIN DEALS IN Q3 2024

LOCATION	RING / HIGHWAY	TENANT	AREA (sq m)	TYPE
La Bisbal del Penedès	3 / AP-7	Lidl	58,600	Lease
Masquefa	2 / AP-7	Logisteed	28,829	Lease
Barcelona	Prime / Prime	CEVA	28,000	Lease
Bràfim	3 / AP-7	Midocean	27,900	Lease

*Renewals not included in leasing statistics

MAIN PROJECTS DELIVERED IN 2024

LOCATION	RING / HIGHWAY	MAIN TENANT	AREA (sq m)	OWNER
Maquefa	2 / A-2	-	27,202	GLP
Constantí	3 / AP-7	Nedschroef	21,237	GLP
Gelida	2 / A-2	-	18,573	Crossbay

MAIN INVESTMENT DEALS IN 2024

LOCATION	RING / HIGHWAY	BUYER	VENDOR	AREA (sq m)	PRICE (M€)
Tordera	3 / C-32	Aquila Capital	Kave Home	90,000	100
Barbera	3	WP Carey	Friginioni	N/A	40

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