

MARKET FUNDAMENTALS

	YoY change	12-month forecast
8.84% Vacancy rate	▲	▼
147,000 Take-up Q2 (sq m)	▲	—
€42.50 Prime rent €/sq m/month	▲	▲

ECONOMIC INDICATORS

	YoY change	12-month forecast
2.80% Spain GDP	▲	—
9.01% Madrid Unemployment rate	▼	▼
10.29% Spain Unemployment rate	▼	▼

Source: National Statistics Office & Moody's

ECONOMIC CONTEXT

Following the end of a turbulent 2023 and challenging 2024, 2025 opened with a similar degree of uncertainty to that experienced at the beginning of the preceding year, also marked by the geopolitical context. Inflation data in the Euro zone has followed expectations and the ECB continues its policy of lowering interest rates at the expense of possible new public spending. Spain's GDP data has outperformed forecasts, placing it above the Eurozone's growth rate. Closing 2024 with 3.3% and forecast to end 2025 above 2.0%, Spain is one of the economic drivers of the Eurozone.

2025 LOOKS LIKE BREAKING THE FORECASTS AGAIN

The take-up of office space in Madrid in 2024 exceeded 570,000 sq m in more than 550 deals. This figure closed the year surpassing forecasts made at the beginning of 2024 (around 475,000 sq m). The first half of 2025 confirms the positive trend. The forecasts (with last year reaching around 600,000) point towards a return to figures exceeding 500,000 sq m thanks to the recovery of the dynamism in transactions and with the importance of the return of corporate deals marking the future for the year.

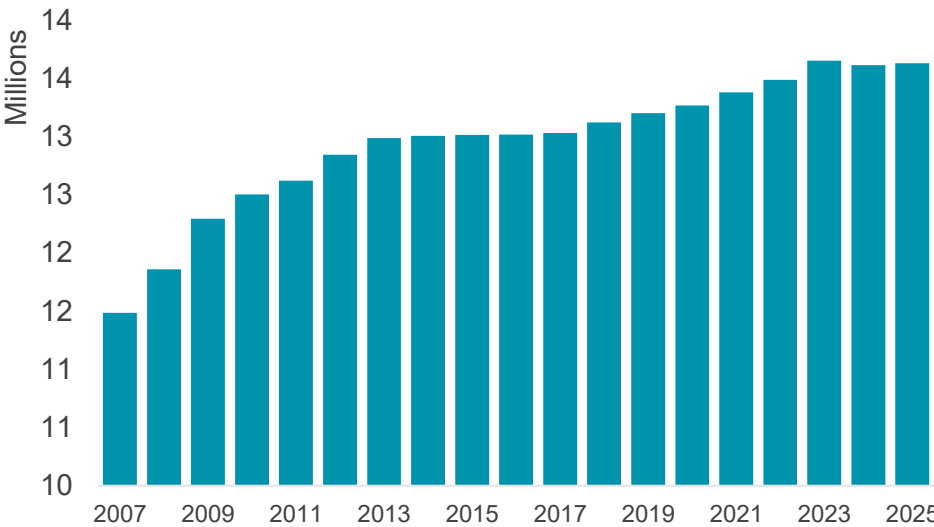
Between April and June, the figure for floor area transacted reached 147,000 sq m divided up into 107 deals. This was 25% up on the figure for take-up for the same period the previous year. Looking at the figures for the year to date, more than 274,000 sq m have been signed for, amounting to a 3% increase in comparison with the first half of 2024.

Interms of emerging sectors in recent years, the training sector has continued to make its mark on the capital's take-up figures in 2025, with deals for prime locations, high specification buildings and an average floor area of close to 10,000 sq m. Other historic sectors, such as the public sector, have been relocating offices for several months in an effort to improve quality. Companies have once again added to the market's dynamism, with firms such as Técnicas Reunidas in Adequa (over 20,000 sq m).

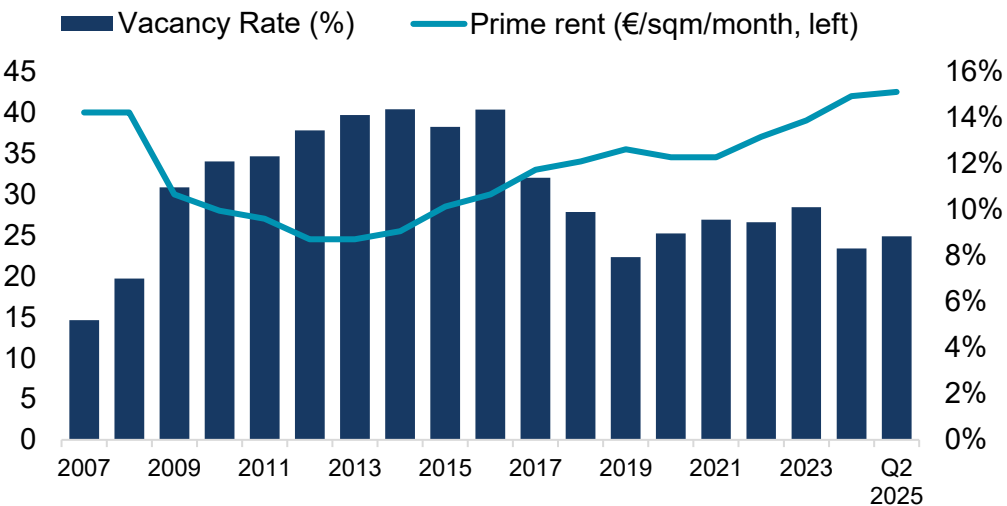
Demand continues to be driven by the search for quality and flexible assets, with A/B+ buildings accounting for close to 70% of transacted floorspace. Vacancy rates are falling on a quarterly basis owing to the high demand for this type of office space, breaking lows of below 2% in markets within the M30 ring-road.

Prime rents in the CBD are expected to continue to grow throughout the year, reaching €42.50/sq m/month in Q2 2025. Rents have also increased for some assets in certain sub-markets over the past 18 months, with a particular focus within the M30 ring road. Demand here has remained active and favoured buildings that meet the highest standards in terms of specifications and facilities. Meanwhile, rents have remained stable in other sub-markets where demand has not been as dynamic.

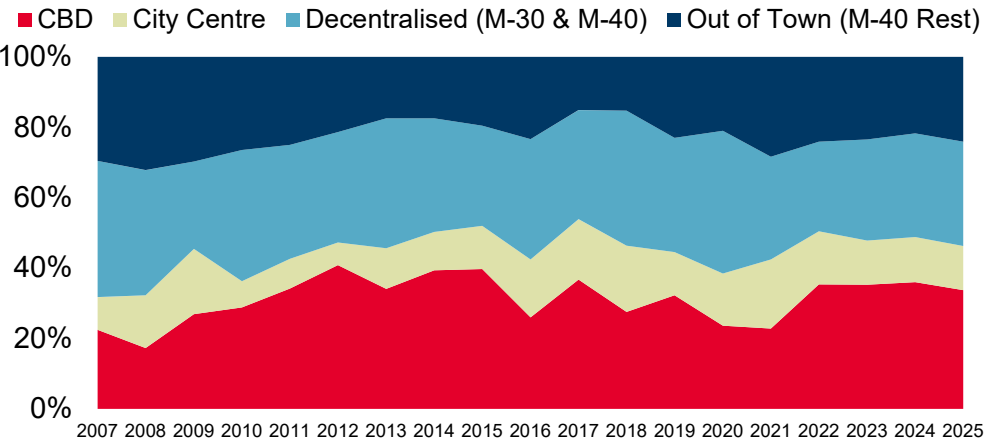
STOCK (sq m)



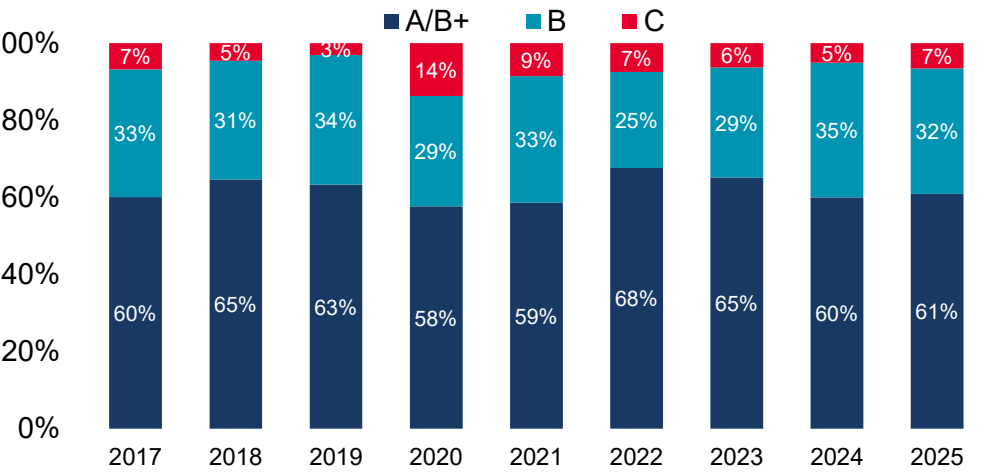
VACANCY RATE AND PRIME RENT



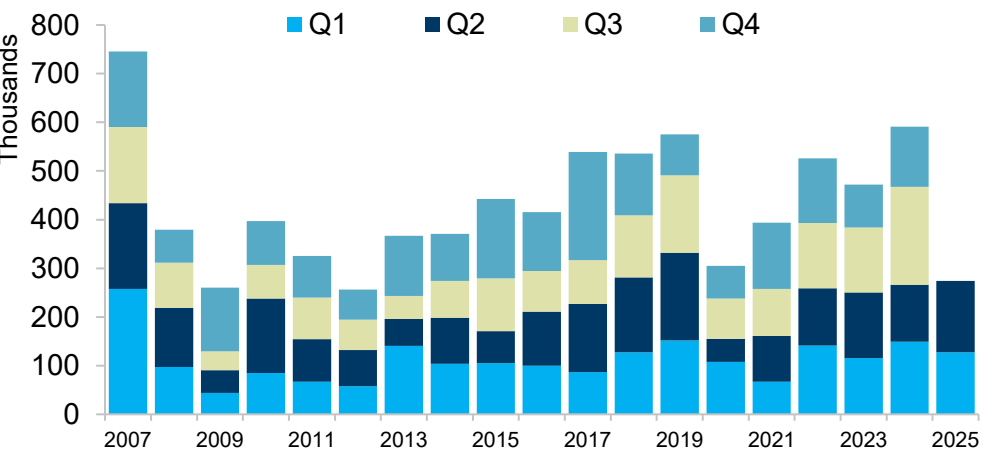
TAKE-UP BY SUB-MARKET (sq m)



TAKE-UP ACCORDING TO GRADE



OFFICE TAKE-UP (sq m)



THE AREA WITHIN THE M30 WILL SOON RUN OUT OF SPACE AS DEMAND REACTIVATES

The vacancy rate remains stable at around 9%, trending downwards over the medium and long term. It is true that as we move away from the metropolitan area vacant floorspace continues to stagnate in some sub-markets, driven by recent deliveries. However, the rate has decreased in all sub-markets in comparison with 2023. Vacancies meanwhile remain less than 3% within the M-30.

High specification buildings continue see reductions in vacancies over consecutive quarters, with rates below 2% on average for A and B+ grade buildings in Madrid. In addition, over the past 3 years there has been an increase in changes of office use. This has shrunk stock on a quarterly basis, especially with a move towards the living sector with more than 130,000 sq m in buildings in need of comprehensive refurbishment to be adapted to current market demands.

If we analyse take-up by sub-market, demand has been evenly distributed both in terms of the number of deals and total floor area take-up between the interior and exterior of the M-30 ring road, a trend that has been noted over recent years. However, over the past 12 months the market beyond the M-30 has revived following several periods in which the decentralised and peripheral markets failed to really take off. It is worth noting that during this post-Covid reactivation there has been a reduction in the average floor area transacted in Madrid. Given the lack of vacancies for certain requirements in the CBD and City Centre, it is expected that areas beyond the M30 will be increasingly in demand during 2025. So much so that so far this year take-up increased by 11% compared to the same period in 2024.

The CBD continued to lead in terms of take-up during the first half of 2025, reaching 34% of the floor area transacted and 36% of the deals struck (91). This trend may continue through 2025 which, despite a fall in vacancies to historic lows, dynamism is at its highest within the M30. Highlights over the year to date include Salesforce at Castellana 36 - 38, Lvmh Iberia at Castellana 4 and Afianza in Torre Emperador with more than 6,000 sq m.

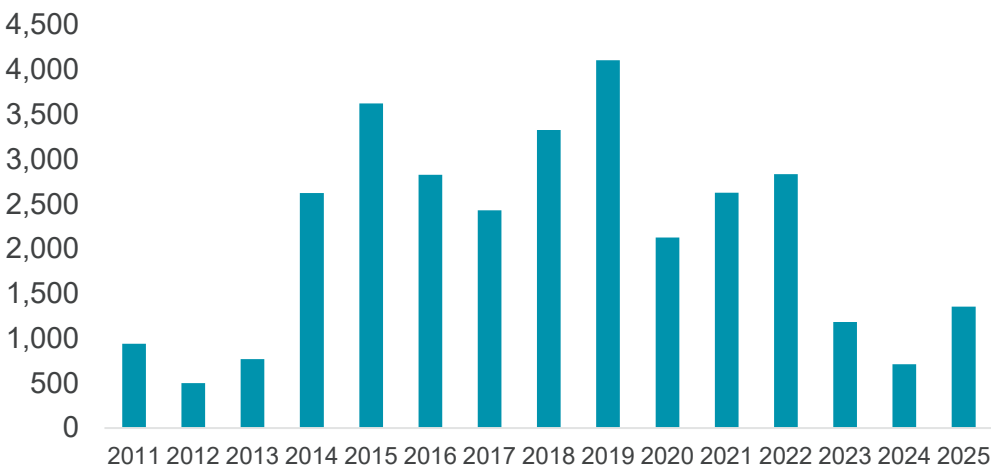
The decentralised zone (the outer sub-market closest to the M30) has continued the momentum begun in the second half of 2024, where a resurgence was seen following a 2023 with a softening in terms of its figures. The second quarter of 2025 saw deals amounting to more than 46,000 sq m struck, 32% more than in the same period in 2024 and representing a positive quarterly variation of 34%. Of particular note are micro-markets such as the Campo de las Naciones, a key office niche, which in the first half of the year has already exceeded 50% of all office space taken-up in 2024. With more than 28,000 sq m signed for in Las Tablas, the total take-up for the previous year has already been exceeded

The periphery has increased its quarterly take-up by some 25% compared to the first quarter of 2025. 66,000 sq m were recorded in the months from January to June, divided up into 64 deals. Of particular note were new deals exceeding 3,000 sq m each in the education sector in the south-eastern half of the capital.

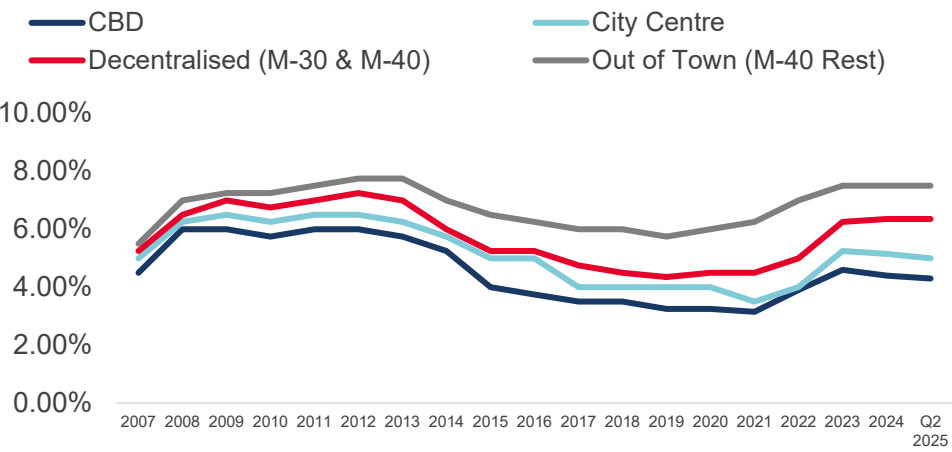
OUTLOOK

- Forecasts for 2024 as a whole pointed towards similar figures to those recorded in 2023, with take-up of between 460,000 sq m and 475,000 sq m with a particular focus on rental pressure driven by the scarcity of A-rated buildings, now virtually non-existent within the M-30. However, the year-end figures exceeded expectations by far.
- Nevertheless, it was expected that the inertia brought about by the lack of supply within the M-30 would drive other office niches with decent connections and amenities that could meet the needs of current demand.
- The data reflected in the first quarter of the year shows that global macro stability is key to sustainable growth in all areas of real estate and business.
- For 2025, forecasts point towards a close of year at around 500,000 sq m, with strong activity in the second half of the year.

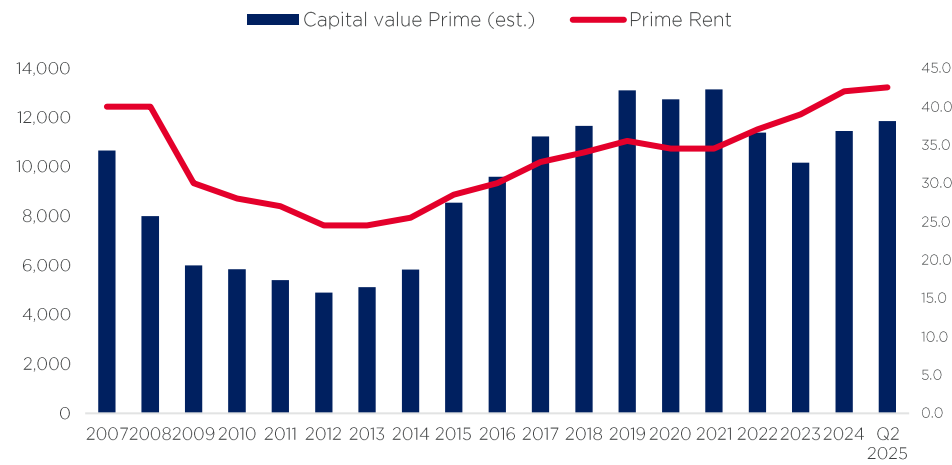
OFFICE INVESTMENT IN SPAIN (€M)



PRIME YIELDS



PRIME CAPITAL VALUES



INVESTMENT

In recent months the global economy has been shaped by the resurgence of protectionist policies, especially coming from Donald Trump’s administration. The imposition of widespread tariffs has intensified trade tensions with many countries, contributing to a slowdown in global economic growth which the International Monetary Fund puts at 2.5% by 2025.

Despite this adverse international environment, Spain’s economic performance remains positive. GDP grew by 0.6% in the first quarter of the year and IMF forecasts point to growth of 2.5% for the year as a whole, making the country one of the best performing European economies in relative terms.

This is in line with a continuation of trends noted since late 2024, characterised by rising sovereign bond yields and a possible upward revision of inflationary expectations. This may influence the monetary policy of the European Central Bank in terms of its interest rate cuts.

As for the real estate market, in particular the office segment, the past two years have been marked by uncertainty associated with interest rate hikes and structural changes in demand. These factors affected *pricing* and asset liquidity, especially in major capitals. However, as these pressures begin to moderate, a gradual recovery in investment is being noted, especially in Madrid and Barcelona. As expected, this recovery accelerated from the second quarter onwards.

Within this context, the total investment in the office segment in the first half of the year exceeded €1 billion, already 40% higher than the total for 2024.

In the first half of 2025, investment will amount to around 500 million Euro in Madrid. Of note during this period were the closure of deals such as the sale of the Amazon campus in Méndez Álvaro and several acquisitions outside the M30 for a total of more than €100 million.

Prime yields have softened 10 bps to 4.3% due to dynamic take-up levels providing an increased degree of comfort and a greater appetite on the part of Core investors for property acquisition deals involving stable cash-flows.

OUTLOOK

- Capital markets are facing a challenging outlook if we take into account the economic uncertainty surrounding multiple geopolitical conflicts and the decisions taken by the ECB, the Fed and the Bank of England over the past 18 months.
- With a first rate cut in September, central banks began de-escalation in various stages that are being implemented. As such, investment is expected to remain bullish in 2025 with a focus on the second half of the year, with stability giving way to further economic growth.
- Madrid, in turn, is positioned as one of the most attractive capitals in terms of investment. Changes of use have also been bringing in recurrent capital over the past 18 months, with deals that are more labour intensive but may achieve attractive returns for the investor.

MAIN INDICATORS

SUB-MARKET	STOCK (sq m)	VACANT (sq m)	VACANCY RATE	QUARTERLY TAKE-UP (sq m)	YTD TAKE-UP (sq m)	UNDER CONSTRUCTION (sq m)	PRIME RENT (€/sq m/month)	PRIME YIELD (%)
CBD	3,306,798	66,145	2.00%	44,369	92,547	-	42.50	4.30%
City Centre	2,305,295	103,527	4.49%	19,397	34,387	26,913	24.50	5.00%
Decentralised	3,358,145	442,418	13.17%	46,610	81,354	9,989	20.00	6.35%
Periphery	4,659,898	593,072	12.73%	36,619	66,007	-	14.50	7.50%
TOTAL MADRID	13,630,136	1,205,161	8.84%	146,996	274,296	56,598		

*Rent levels correspond to asking rents

MAIN DEALS IN TERMS OF TAKE-UP Q2 2025

BUILDING	SUB-MARKET	TENANT	AREA (sq m)	TYPE*
Adequa Business Park	Decentralised	Técnicas Reunidas SA	16,010	Consolidation
Avenida de Bruselas 8	Periphery	Confidential	9,539	Relocation - Expansion
Torre Emperador	CBD	Afianza Asesores SL	6,554	Relocation - Expansion

*Renewals not included in the demand statistics

MAIN INVESTMENT DEALS H1 2025

ADDRESS	SUB-MARKET	BUYER	VENDOR	AREA (sq m)	PRICE (€m)
Rámirez de Prado 5	City Centre	Amazon	Axa IM	60,000	274
Claudio Coello, 124	CBD	Gran Europa	AEW	4,300	37
Avenida Bruselas 8	Periphery	Confidential	Confidential	9,674	Confidential

BUILDINGS DELIVERED IN H1 2025

BUILDING	SUB-MARKET	MAIN TENANT	AREA (sq m)	OWNER
Europa 20A	Periphery	-	5,417	Confidential

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MARKET FUNDAMENTALS

	YoY change	12-month forecast
10.74% Vacancy rate	▲	▼
97,000 Take-up Q2 (sq m)	▲	▲
€31 Prime rent €/sq m/month	▲	▲

ECONOMIC INDICATORS

	YoY change	12-month forecast
2.80% Spain GDP	▲	▼
8.90% Barcelona Unemployment Rate	▼	▼
10.29% Spain Unemployment Rate	▼	▼

Source: National Statistics Office & Moody's

ECONOMIC CONTEXT

Following the end of a turbulent 2023 and challenging 2024, 2025 opened with a similar degree of uncertainty to that experienced at the beginning of the preceding year, also marked by the geopolitical context. Inflation data in the Euro zone has followed expectations and the ECB continues its policy of lowering interest rates at the expense of possible new public spending.

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FALLING VACANCY RATES FURTHER POLARISING THE MARKET

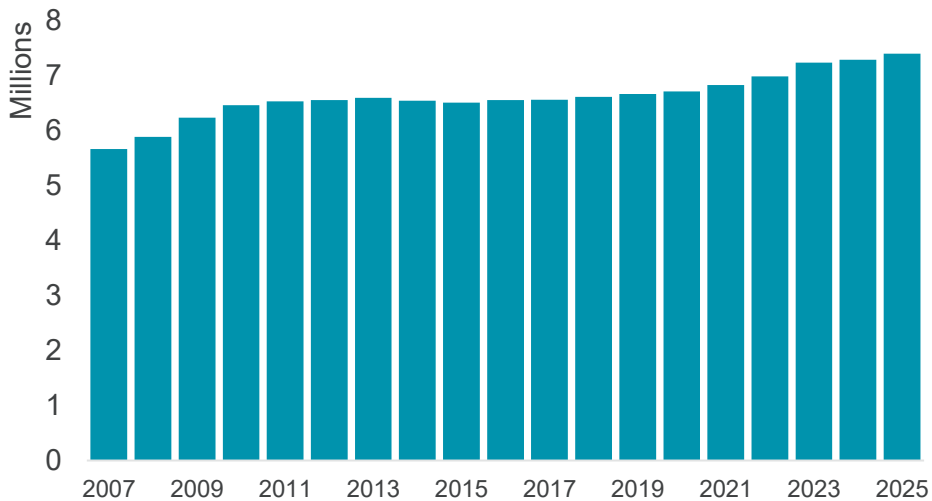
The first half of the year saw the delivery of 130,000 sq m, including both new build and comprehensive refurbishments. Some 36% of this total has already been delivered to end-users, reflecting active demand in certain market segments.

The vacancy rate fell to 10.7% in the second quarter. On the one hand this reduction is due to the prudent posture adopted by developers temporarily pausing some of their projects and, on the other, as a result of sustained take-up.

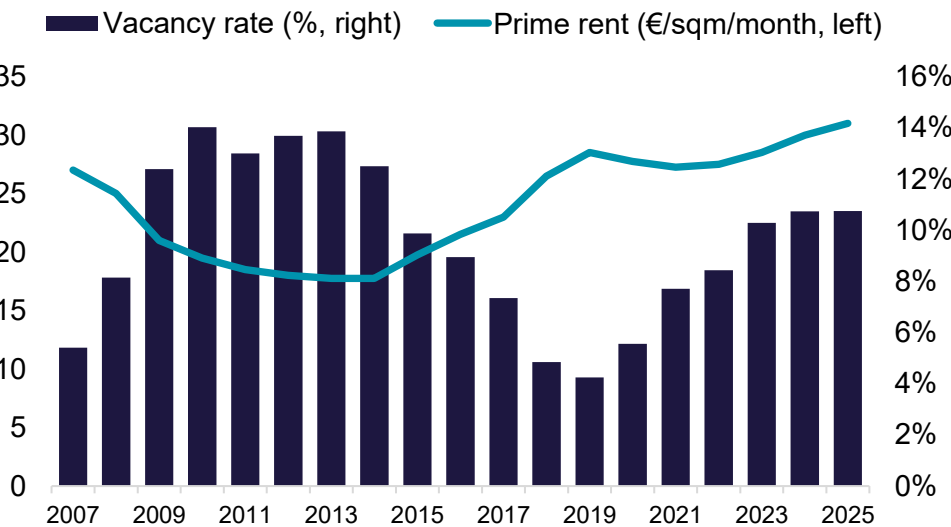
Among the most noteworthy deliveries in the period was the completion of the comprehensive refurbishment of the Estel building, with more than 49,000 sq m in Eixample. Added to this is the B@B building, totalling more than 23,000 sq m of quality floorspace in district 22@. A number of comprehensive refurbishments were additionally delivered over the quarter, four of these located in the city centre and totalling more than 24,000 sq m.

Despite the expected delivery of 61,000 sq m prior to the close of year, 96% of this floor area is already assigned an end user and will have little impact on vacancies. 30% of these projects will be located in district 22@.

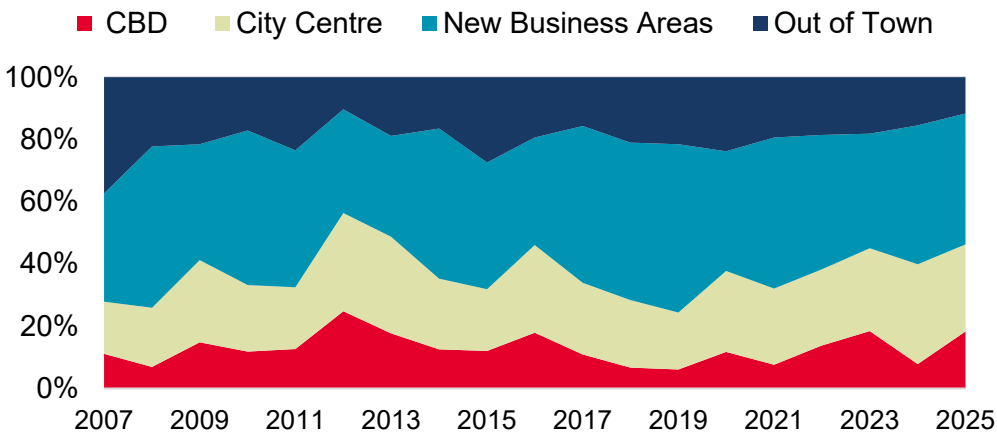
STOCK (sq m)



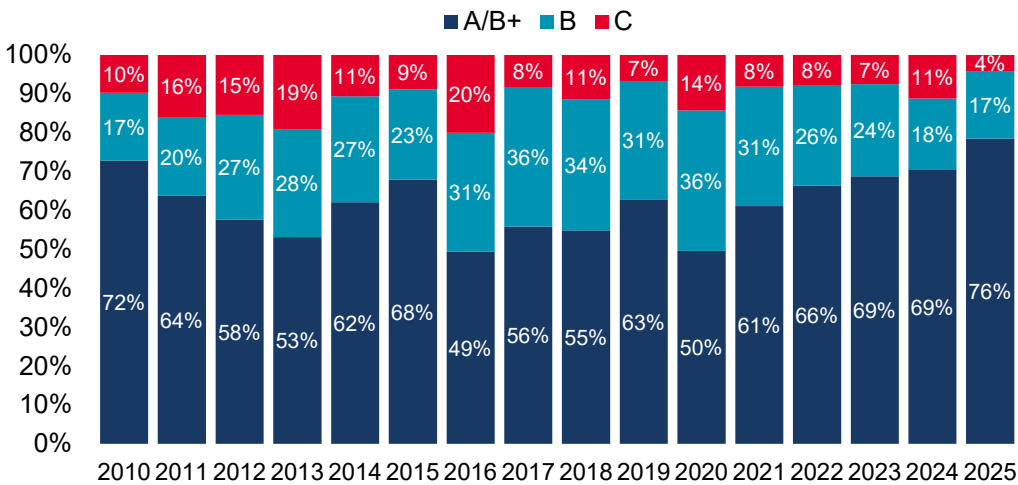
VACANCY RATE AND PRIME RENT



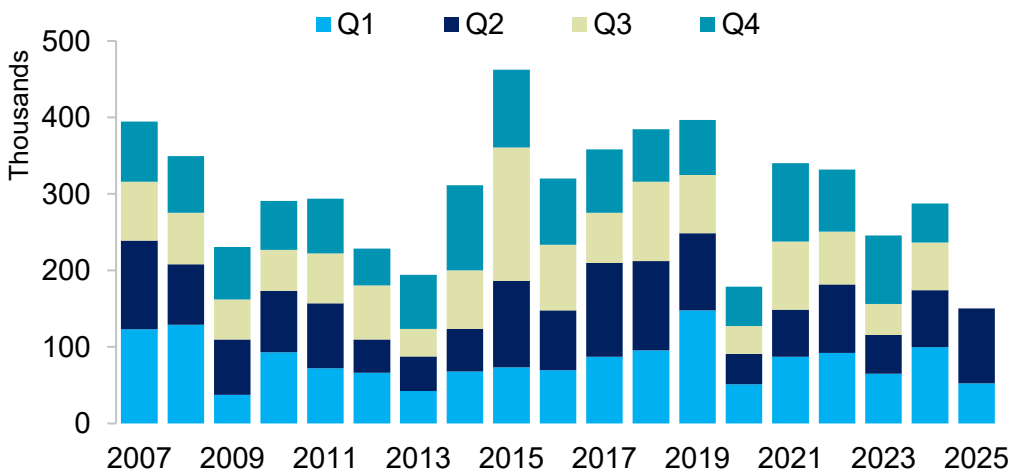
TAKE-UP BY SUB-MARKET (sq m)



TAKE-UP ACCORDING TO GRADE



OFFICE TAKE-UP (sq m)



DEMAND PRIORITISES LOCATION AND ASSET QUALITY

The take-up of office space in the Barcelona market reached approximately 150,000 sq m during the first half of 2025, divided up into more than 135 deals. This figure represents growth of 40% on the average for the past five years, consolidating a positive trend in demand.

With take-up exceeding 95,000 sq m in 75 transactions, the second quarter was particularly dynamic. This figure represents growth of 30% in comparison with the same period the preceding year and an increase of 55% compared to the five-year average.

By zone, the New Business Areas led in terms of floor area, accounting for 40% of the total. It was followed by the City Centre with 30%, the CBD with 20% and the Periphery with 10%. In terms of the number of transactions, the City Centre remained dynamic with 40% of the total, followed by the New Business Areas (30%), the CBD (15%) and the Periphery (15%).

Product specifications continue to be a key factor in decision-making. Some 75% of the floor area transacted corresponded to buildings rated A or B+, reflecting a clear preference for modern, efficient spaces.

From a sectoral standpoint, technology maintains its strong presence, cornering approximately 25% of the transacted floor area. This is followed by firms in the professional (20%) and service sectors (10%).

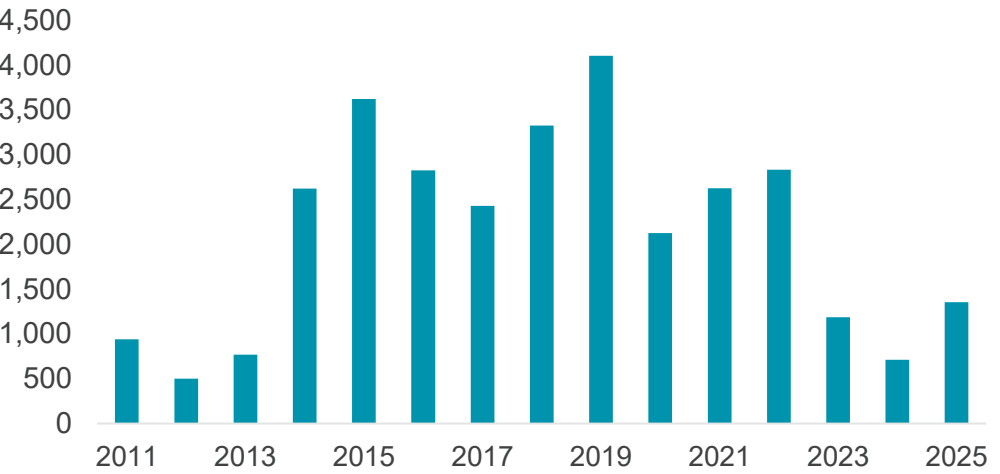
Turning to prime rents, the limited vacancies in terms of quality floorspace in areas such as Paseo de Gracia and Diagonal continue to exert upward pressure, pushing prices up to €31/sq m/month at the close of the second quarter.

Looking ahead, a further rise in prime rents is anticipated in the coming months, driven by the limited supply available in the city centre and CBD.

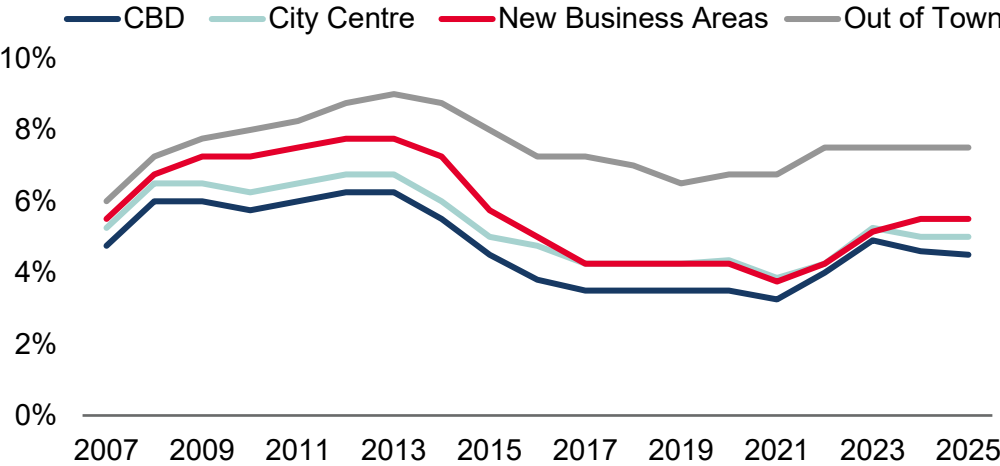
OUTLOOK

- Key indicators such as the *European ranking of hubs, number and growth of start-ups, volume and evolution of digital talent, attraction of technological investment and development of infrastructure and corporate hubs* back up the assertion that Barcelona will continue to consolidate its position as the leading technological hub in southern Europe.

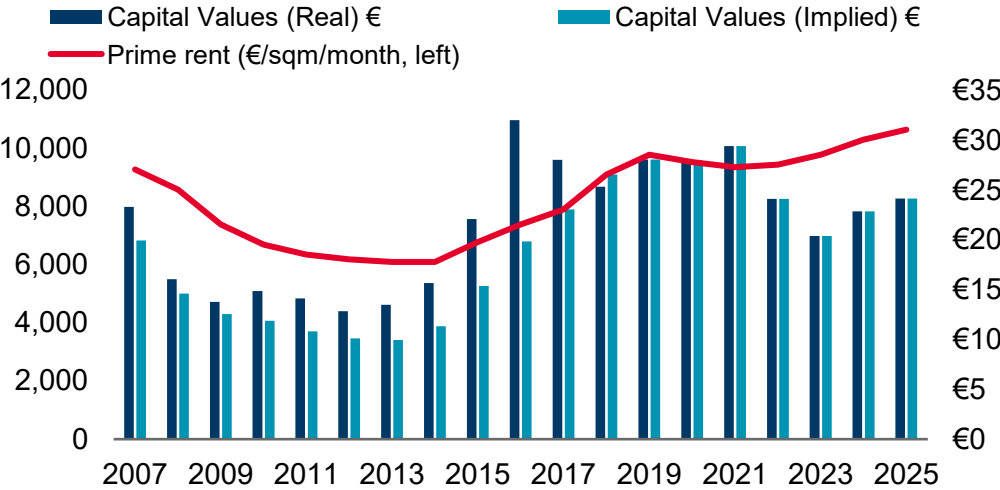
OFFICE INVESTMENT IN SPAIN



PRIME YIELDS



PRIME CAPITAL VALUES



INVESTMENT MARKET READJUSTMENT

In recent months the global economy has been shaped by the resurgence of protectionist policies, especially in the context of rising trade tensions between the United States and other economies. The imposition of across-the-board tariffs has intensified these tensions, contributing to a slowdown in global economic growth. Although the International Monetary Fund forecasts a slight improvement in global growth on the previous year, at 3.3% for 2025, this is still below historical pre-pandemic levels.

Despite this adverse international environment, Spain's economic performance remains positive. According to revised INE data, GDP grew by 0.6% in the first quarter and by 0.5% in the second. Forecasts by the IMF and the Funcas Panel place Spanish GDP growth at 2.4% for 2025 overall, keeping the country among the European economies with the strongest relative performance.

This is in line with a continuation of trends noted since late 2024, characterised by rising sovereign bond yields and a possible upward revision of inflationary expectations. This may influence the monetary policy of the European Central Bank. The institution has begun a cycle of interest rate cuts, albeit cautiously in the face of persistent inflationary risks.

Total office segment investment reached €1.355 billion nationwide in the first half of 2025, an increase of 344% in comparison with the same period in 2024. This strong growth is mainly due to the closure of major deals, including the Planeta building. In the absence of this transaction, investment would be in line with the figure recorded in the second quarter of last year. Whilst a figure of €343 million was generated in the first half of the year, the Planeta Building transaction was recorded in the second quarter, bringing the figure for the quarter to €292 million.

The office market was marked by monetary policies and structural changes related to teleworking over the past two years, affecting the pricing of this asset class. However, given that these factors are becoming more subdued in a positive way, investment in both Madrid and Barcelona is expected to continue to trend upwards, accelerating from the summer onwards.

Prime yields have remained at 4.5% due to an increased inflow of Core investors acquiring properties with stable cash flow in the best locations. This is especially true for intermediate tickets of up to €40 million.

OUTLOOK

- Capital markets are facing a challenging outlook if we take into account the economic uncertainty surrounding multiple geopolitical conflicts and the decisions taken by the ECB, the Fed and the Bank of England over recent months.
- The current situation reflects a continuation of the trends noted at the end of 2024, with rising bond yields, upward revisions in inflation expectations and adjustments to the ECB's monetary policy in response to global economic conditions. This scenario could have an impact on the expected trend in yields.

MARKET STATISTICS

SUB-MARKET	STOCK (sq m)	VACANT (sq m)	VACANCY RATE	QUARTERLY TAKE-UP (sq m)	YTD TAKE-UP (sq m)	UNDER CONSTRUCTION (sq m)	PRIME RENT (€/sq m/month)	PRIME YIELD (%)
CBD	888,822	37,406	4.21%	22,230	27,576	0	€31.00	4.50%
City Centre	2,623,749	125,228	4.77%	24,844	41,992	19,000	€24.75	5.00%
New Business Areas	2,449,999	486,192	19.84%	36,893	63,126	144,601	€22.00	5.50%
Periphery	1,432,897	145,436	10.15%	13,802	17,498	4,672	€11.50	7.50%
TOTAL BARCELONA	7,395,467	794,262	10.74%	97,769	150,192	168,273		

*The rent levels correspond to asking rents

MAIN DEALS IN TERMS OF TAKE-UP Q2 2025

BUILDING	SUB-MARKET	TENANT	AREA (sq m)	TYPE*
Aura Building	CBD	Deloitte	14,000	Relocation - Expansion
Dmoura1	New Business Areas	Barcelona City Council	8,193	Relocation - Expansion
Estel Building	City Centre	Astrazeneca	5,403	Expansion
U5b Carrer Llull 122	New Business Areas	Crowdstrike	5,026	Relocation - Neutral/Unknown

*Renewals not included in the demand statistics

MAIN INVESTMENT DEALS IN Q2 2025

ADDRESS	SUB-MARKET	BUYER	VENDOR	AREA (sq m)	PRICE (€m)
Diagonal, 662	CBD	Pontegadea	Blackstone	24,210	Conf.
Avinguda del Països Catalans, 25-51	Periphery	Acciona	Igis Asset Management	29,772	65
Passeig de Taulat, 266	New Business Areas	Square Asset Management	Zurich	18,000	Conf.

BUILDINGS DELIVERED IN Q2 2025

BUILDING	SUB-MARKET	MAIN TENANT	AREA (sq m)	OWNER
P206	City Centre	-	9,059	Conren Tramway
Marina, 206	City Centre	-	6,099	Has Capital
Casa Tecla	City Centre	IES Abroad	5,840	Zurich

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