

MarketView

Madrid Office Snapshot

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Q1 2010

Space to let

Torre de Cristal



Available space (m²) 57,579 m²

Market Commentary

✓ Gross take-up of over 90.000m² in Q1 represents a sizeable increase on the figure for the same period a year earlier. However, current activity consists largely of relocations and consolidation of existing capacity. Occupiers are aware that market conditions are currently in their favour and companies are taking advantage of lower rents. Given the lack of net demand we maintain the cautious approach we set out in previous quarters.

✓ An abundance of available space continues to push rents downwards, although at a lesser rate than was evident during the first 6 months of last year. However, fewer deals are being closed at maximum levels. It is worth drawing attention to the fact that 80% of deals in Q1 were signed at below 20 euros, compared to 70% in 2009 and 23% in 2008.

✓ The completion of a number of new buildings initially scheduled for 2009 led to a spike in new supply during Q1. However, of the 180,000m² of new space completed, only 80,00m² was speculative and available to let. Looking ahead through 2010 – 2011, and including completions from Q1, new supply equivalent to 2,5% of stock is expected to come to market. This is below the long term average of 4.6%, and a long way from the levels of 8% and 10% witnessed during previous recessionary periods. Together with current low prices, the lack of new projects beyond the stated time frame may encourage some larger occupiers to bring forward space requirements.

Market activity

Zone	Stock (m ²)	Take-up (m ²)	Vacancy (% stock)	Future Supply* (m ²)	Max. Rent (€/m ² /month)
CBD	3,323,168	22,825	5.44%	109,471	29.00
Secondary City	2,439,165	23,178	4.20%	14,430	22.50
A-1	2,282,514	23,763	19.77%	94,274	16.50
A-2	2,177,671	17,416	11.58%	90,862	16.00
A-6	1,098,228	1,949	6.94%	38,993	14.50
Periphery	469,550	2,395	39.49%	78,738	9.00
Total Madrid	11,790,296	91,527	10.59%	426,768	29.00

*Future supply 2010-11

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Key letting deals

✓ CB Richard Ellis advised the luxury retailer, Loewe, on the letting of 2,009 m² of office space in Goya 4, a building which is also the location for a ground floor retail unit occupied by the same brand.

✓ The law firms Latham & Watkins and Watson, Farley & Williams let 726 m² and 700 m², respectively in Maria de Molina 4, a building exclusively marketed by CB Richard Ellis.

✓ CB Richard Ellis advised the landlord, Metrovacesa, on letting 4,513 m² in Federico Mompou 5 to Grupo Avanzit.

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