

# MarketView

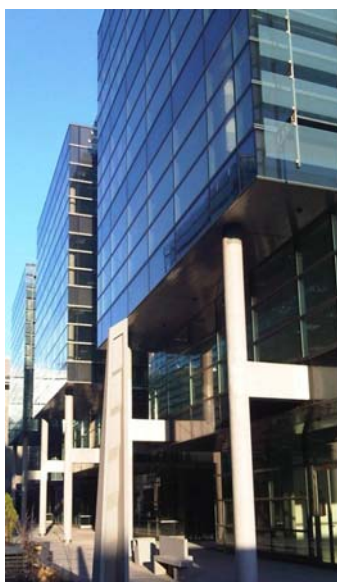
## Madrid Office Snapshot

www.cbre.es

Q2 2010

### Space to let

#### Avalon Business Park



Available space (m<sup>2</sup>) 15.600 m<sup>2</sup>

### Market Commentary

✓The rhythm of gross take-up has intensified progressively since the end of 2009 to reach 160,000m<sup>2</sup> in Q2 2010, the highest quarterly total since the end of 2007. Companies are taking advantage of favourable conditions to cover their needs at attractive prices. Given that the standard letting contracts in Madrid are 3 – 5 years in duration, many contracts signed during the boom period are now up for renewal. The difference between contracted rent and the current market rent is over 25% in many cases. This generates a swathe of renegotiations and if new conditions cannot be agreed a wave of relocations ensues. Current demand consists of companies looking for more economical space, often involving downsizing. As such, despite an increase in the number of completed deals, the market has still not entered an expansionary phase.

✓Vacancy rates continue to rise in most areas, setting new historic maximums in some cases. The lack of net take-up and the completion of new projects has given rise to 1.3 million m<sup>2</sup> of vacant office space. However, the rate of completions is expected to slow from current levels. A total of 300,000m<sup>2</sup> of new space was completed during the first six months of the year while the annual average for the coming years is expected to be approximately 180,000m<sup>2</sup>, 20% of which is already spoken for.

### Market activity

Zone	Stock (m <sup>2</sup> )	Take-up (m <sup>2</sup> )	Vacancy (% stock)	Future Supply* (m <sup>2</sup> )	Max. Rent (€/m <sup>2</sup> /month)
Área Central de Negocios	3.382.997	47.461	6,20%	36.169	28,00
Central Secundaria	2.439.165	5.226	4,50%	14.430	20,00
Autovía A-1	2.282.514	30.272	17,20%	40878	16,00
Autovía A-2	2.186.671	51.300	13,00%	57.640	15,50
Autovía A-6	1.101.272	11.963	9,80%	35.949	14,50
Periferia	532.682	14.731	38,90%	0	9,00
Total Madrid	11.925.301	160.952	11,00%	185.006	28,00

\*Future supply under construction 2010-11

### Key letting deals

✓CB Richard Ellis advised Virgen Active on the search for suitable space and negotiation of a letting contract for 4,500m<sup>2</sup> in Capitán Haya 1. This building was the location for the headquarters of Bank of America and Uno-e.

✓CB Richard Ellis, the letting agent for four buildings in the Avalon Business Park in Santa Leonor 65, advised on the letting of 1,223m<sup>2</sup> of office space to Arcelor Mittal.

✓Having advised AVANZIT on relocating its headquarters, CB Richard Ellis successfully found a substitute in GDF Suez for the space left vacant in Edificio Torrelaguna 79.

### CB Richard Ellis 2010

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