Building a better working world

22@

Property Telescope

Investment & Financing Keys

Barcelona 2021

Special Edition

June 2021

Strategy and Transactions

EY

The 22@ Property Telescope

Barcelona 2021

EXECUTIVE SUMMARY

1 Macro Overview

Lopsided recovery expected after COVID impact

2020-2021

- **2021 GDP expected** growth: **+6.8%** (-11% 2020).
- **Slight improvement in unemployment rate as of Apr21 (15.4% vs. 16.1% in 2020).**
- Exports will lead the recovery: **Current Account deficit -57% YoY 1Q21.**
- **Catalonia to accounted for a -9.8%** GDP **cutback in 2020**
- **Consumer confidence Index recovering:** 90 bps (vs. 63 bps as of Dec20).

2 Supply & Demand

- **Economy shock continue to increase vacancy rate** in Barcelona to 7.5% in 1Q21.
- **Positive trend in take-up for Barcelona, with +61% for 1Q21 vs. 4Q20,** amounting to c.72,500sqm (12,500 sqm in 22@).
- **Vacancy rate in 22@ to increase to c. 8.5% driven by excess of new supply** delivered.
- **765,000 sq.m of new office supply** expected in Barcelona by 2023, of which 79% concentrates in 22@.
- Over **+526k sq.m of the total expected new supply (c. 86%) in 22@ is still speculative**, and therefore most surely expected to be delayed.
- **Tech players** continue to be the greatest demand drivers, having **accounted for +40% of total take-up in the past 7 years.**

3 Office Properties Investment Market

- Global Office Investment in 1Q21 **decreased by c. 44% vs. 4Q20 and flowed back to the Americas** given the more positive recovery prospects in the US.
- Office Investment in 1Q21 **decreased by c. 50% vs. 4Q20 in Spain** and accounted for **30%** of the total non-residential Real Estate investment.
- **Office Investment attraction in Spain is being highly concentrated in Barcelona as of June 2021**, with c. €570m of a total €685m invested as of this date.
- **22@ has concentrated over 90%** of total office investment in Barcelona over 2021 YTD, accounting for c. €560m.

4 Financing Activity

- **Spanish lenders** are becoming selective, warned of a potential oversupply scenario.
- **International banks** wait and see the big picture limiting their activity to well-known sponsors.
- **Borrowing cost** climbed slightly due to COVID but no higher than 2017.
- Most of **Alternative capital** providers currently out of the market for office financing

5 Key Performing Indicators

Key Indicators by areas in 1Q21

Barcelona

KPI	CBD	22@
Total Inventory (k sq.m)	*840*	*962*
Vacant stock (k sq.m)	*34*	*82*
Vacancy rate (%)	*4.1%*	*8.5%*
Avg. Rent (€/sq.m/month)	*24*	*22*
Expected New supply 21-23 (k sq.m)	*43*	*606*
Prime Yield (%)	*3.3%*	*4.0%*

EY

Building a better working world

22@

Property Telescope

Investment & Financing Keys

Barcelona 2021

#TheOfficePropertyTelescope

Request the Expanded Edition...

1. **Full analysis of historical demand trends,** and expected performance in the upcoming years

2. **Max granularity on the forecasted new supply** within the Barcelona office market

3. **Full detail on the most recent office / turn-key project / land transactions** within Barcelona and the 22@ office area

4. **Overview of the land market performance and perspectives:** historical price trends and expected pipeline in the near future

...do not hesitate to contact us

For further information, **please contact Javier García-Mateo**, email: Javier.Garcia-Mateo.Morales@es.ey.com, telephone number: +34 659 900 215