

MADRID

Buoyant investment activity in Spain was particularly reflected in Madrid, where competition will increase in 2016



Record investment volume in 2015

Investment activity surges since the second half of 2014 so that by close of 2015, the total investment volume amounted to €5.6 billion, a historic high and 51% up on 2014. Madrid continued to represent around half of the total investment volume in Spain. Office premises were the most sought-after assets (54%) whilst retail investment volume remains high, representing 25% of the total investment. International investors (40%) and Spanish REITs find the current situation favourable for taking positions in both commercial and residential real estate in Spain. Office yields dropped by 50 basis points between 2014 and 2015 to stand at 4.5%.

Take-up back to its pre-crisis level

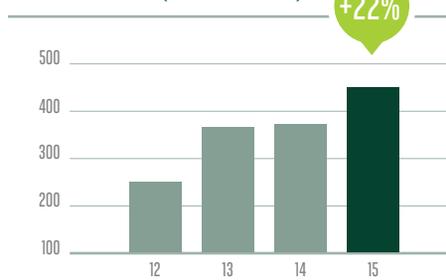
Office space demand strongly increased in Madrid in 2015, driven by economic growth both at national and regional levels. Take-up increased in 2015 by 22% to reach over 450,000 m², in line with 2008 levels. The central areas exhibit healthy demand and there is still room for improvement for decentralized and peripheral areas. The total number of lease contracts in 2015 also rose by 26% compared to 2014. The vacancy rate slightly contracted to stand at 15.5% at the end of 2015, still at high levels. Further growth in real estate activity is expected in 2016 and 2017 and combined with the low office pipeline, it will lead to further reductions in vacant office space. The market still suffers from structural vacancy, comprising premises that have remained empty since the beginning of the crisis. These properties would need substantial refurbishment to meet contemporary demand requirements.

Geographic disparities in market conditions

Considering limited nature of quality product, the prime rent continued to increase by almost 10% in annual terms. There are some disparities between local sub-markets. While the vacancy rate went back to around 9% in central areas, the decentralized office submarkets faced a 23% vacancy rate. As a result, significant incentives are still granted in decentralised locations, whereas space competition amongst tenants dominates in the CBD.



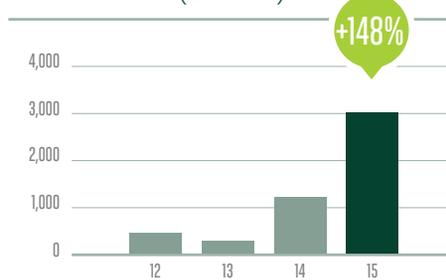
Take-up
(thousand m²)



Vacancy rate
(%)



Office investment
(€ million)



Prime office: rents & yields



Main office transactions - letting & sales

Occupier	Space (m ²)	Building-address	Submarket
WPP	36 000	Calle Rio Rosas 26	Centre
KPMG	20 000	Paseo Castellana 259, Torre Cristal	CBD
Ernst&Young	19 775	Calle Raimundo Fernandez 65, Torre Titania	CBD

Main office transactions - investment *

* excluding mergers & acquisitions

Buyer	Price € million	Building-address	Submarket
Andrew Tan	558	Paseo Castellana 259	CBD
IBA Capital Partners	170	Avenida America 115	Outskirt
Alba Grupo March	147	Paseo Castellana 89	CBD

Source: BNP Paribas Real Estate



OFFICE MARKET

	Take-up (m ²)			Vacancy Rate (%)			Prime Rent (€/m ² /year)		
	15	14	13	Q4 15	Q4 14	Q4 13	Q4 15	Q4 14	Q4 13
Central Paris	1,890,047	1,864,190	1,559,176	8.0%	8.3%	8.3%	800	750	750
Central London	1,275,480	1,490,932	1,199,258	4.3%	5.1%	6.5%	1,906	1,723	1,598
Moscow	962,000	506,892	523,290	16.0%	17.0%	12.8%	475	444	326
Berlin	814,000	609,000	453,000	4.2%	4.7%	5.4%	300	276	264
Munich	741,000	597,000	603,000	4.5%	6.2%	6.4%	426	414	402
Warsaw	555,000	400,000	451,000	12.5%	13.5%	11.7%	264	276	300
Hamburg	529,000	513,000	440,000	5.9%	6.3%	6.2%	306	300	300
Madrid	451,527	370,118	365,213	15.5%	16.0%	15.3%	336	318	288
Frankfurt	438,000	411,000	493,000	10.8%	11.4%	12.0%	456	456	456
Milan	382,081	278,787	231,502	13.0%	13.2%	12.6%	480	480	490
Barcelona	361,920	233,694	172,877	12.9%	15.4%	17.1%	240	228	210
Budapest	341,791	251,606	190,572	12.1%	16.2%	18.4%	204	192	192
Brussels	298,323	437,777	314,629	9.8%	10.3%	10.5%	265	265	265
Lyon	272,483	242,627	251,655	6.6%	6.2%	5.9%	295	280	315
Dublin	259,868	246,941	195,677	10.2%	13.2%	18.2%	592	484	377
Luxembourg	229,519	206,828	150,005	4.1%	4.6%	5.2%	540	480	480
Amsterdam	220,331	230,056	236,189	15.0%	17.3%	17.6%	367	365	350
Vienna	210,000	250,000	300,000	6.4%	6.6%	6.6%	312	309	306
Bucharest	202,000	233,800	173,900	11.2%	12.6%	14.5%	216	216	216
Saint Petersburg	178,300	189,095	153,853	12.8%	12.0%	9.1%	214	323	228
Lille**	172,086	165,791	171,384	198,108	230,498	248,491	220	220	220
Marseille**	154,927	126,375	106,742	228,350	262,214	234,606	270	265	260
Rome	146,021	110,763	159,882	8.0%	8.2%	7.6%	400	400	400
Lisbon	144,513	126,529	77,802	11.1%	12.1%	13.2%	222	228	222
Manchester	122,301	123,802	81,812	12.6%	14.7%	16.6%	469	440	440
Toulouse	115,963	140,063	109,836	4.9%	4.7%	5.0%	204	206	210
Zurich	106,400	-	-	2.9%	2.8%	2.7%	877	895	904
Birmingham	88,608	66,283	61,701	8.4%	11.1%	13.9%	440	440	418
Edinburgh	85,006	80,080	68,183	9.5%	12.2%	12.4%	440	432	432
Oslo	82,832	100,000	110,000	8.4%	8.1%	8.1%	449	456	409
Glasgow	75,058	85,514	77,241	11.5%	16.5%	16.7%	425	418	396
Athens	52,000	-	-	12.1%	13.0%	14.0%	216	216	168
Istanbul*	377,312	469,597	323,819	15.5%	16.7%	9.0%	441	441	441
Prague*	173,000	-7,000	43,647	14.6%	15.3%	13.0%	228	234	246
Helsinki*	147,551	23,638	9,500	13.3%	13.0%	12.5%	356	355	345
Bratislava*	71,296	28,000	-20,000	8.9%	13.8%	14.5%	190	186	186
Vilnius*	34,600	34,330	30,390	2.9%	2.3%	6.2%	180	180	177
Tallinn*	31,342	17,662	35,268	7.0%	5.5%	5.5%	210	210	204
Geneva*	28,114	-43,263	-20,387	4.1%	1.6%	1.9%	744	766	829
Belgrade*	25,420	5,655	50,892	5.0%	9.0%	9.5%	204	198	168
Riga*	12,923	39,253	12,290	6.7%	8.5%	7.5%	175	168	152
Stockholm*	10,000	175,000	121,588	8.8%	9.0%	8.9%	533	506	490

Source : BNP Paribas Real Estate

*: Net absorption

** : office supply (m²)

Constant Exchange Rate (Q4 2015 average) €/£: 1,3625 - €/CHF: 0,9229 - €/SEK: 0,1088 - €/NOK: 0,1041 - €/US\$: 0,9185

INVESTMENT MARKET

	Investment volume (€ million)			Investment volume by product as % of 2015				Net office prime yield (%)		
	2015	2014	2013	% Office	% Retail	% Indust.	% Others	Q4 15	Q4 14	Q4 13
Central London	29,431	30,120	33,156	83%	8%	0%	9%	3.25%	3.50%	3.75%
Central Paris	20,631	17,611	12,437	75%	11%	2%	12%	3.25%	4.00%	4.50%
Berlin	8,283	4,276	3,589	54%	25%	2%	19%	4.00%	4.45%	4.70%
Frankfurt	6,016	5,318	3,893	75%	12%	2%	11%	4.30%	4.50%	4.65%
Munich	6,001	5,347	4,740	67%	11%	3%	19%	3.65%	4.25%	4.40%
Stockholm	5,777	7,517	4,304	56%	19%	11%	13%	4.00%	4.45%	4.50%
Madrid	5,592	3,692	976	54%	25%	4%	17%	4.50%	5.00%	6.00%
Milan	4,491	1,229	1,597	61%	10%	0%	30%	4.90%	5.40%	5.75%
Hamburg	3,983	3,824	2,674	60%	8%	11%	21%	4.00%	4.40%	4.65%
Oslo**	3,485	1,955	2,225	46%	43%	7%	4%	4.25%	4.75%	5.00%
Prague	2,837	2,061	1,137	13%	0%	0%	87%	5.75%	6.00%	6.25%
Dublin	2,621	3,590	1,614	64%	12%	2%	21%	4.25%	4.75%	6.25%
Vienna	2,480	2,045	1,030	67%	13%	0%	21%	4.45%	4.70%	4.90%
Geneva	1,975	400	756	53%	0%	0%	47%	3.26%	3.30%	3.20%
Amsterdam	1,864	2,148	1,546	67%	15%	3%	14%	5.10%	5.45%	5.55%
Lisbon	1,790	317	280	45%	57%	5%	-6%	5.50%	6.25%	7.50%
Helsinki**	1,775	962	1,107	63%	33%	2%	2%	4.70%	4.70%	5.20%
Brussels	1,577	1,790	1,136	85%	6%	3%	6%	4.20%	5.00%	5.00%
Birmingham	1,447	1,148	1,054	68%	9%	2%	20%	5.00%	5.25%	5.75%
Lyon	1,391	827	925	57%	22%	15%	5%	4.80%	5.30%	5.70%
Manchester	1,285	1,841	1,120	66%	9%	7%	17%	5.25%	5.25%	5.75%
Barcelona	1,250	1,327	1,216	41%	15%	8%	36%	5.00%	5.50%	6.50%
Rome	1,062	717	1,107	42%	4%	6%	48%	5.40%	5.80%	6.25%
Luxembourg	888	824	629	61%	1%	0%	39%	5.20%	5.35%	5.35%
Glasgow	842	1,066	689	55%	23%	11%	11%	5.25%	5.25%	5.75%
Warsaw	836	1,410	1,107	71%	7%	22%	0%	5.50%	6.15%	6.00%
Edinburgh	801	818	350	59%	19%	2%	20%	5.25%	5.25%	5.75%
Istanbul	752	1,157	827	0%	0%	0%	100%	6.50%	6.75%	7.25%
Budapest	745	430	280	60%	0%	0%	40%	7.25%	7.75%	7.75%
Bratislava*	560	83	214	-	-	-	-	6.90%	7.15%	7.25%
Tallinn	428	85	86	27%	37%	3%	34%	7.00%	7.00%	7.25%
Bucharest	414	574	242	46%	23%	30%	1%	7.75%	8.00%	8.25%
Marseille	355	651	269	24%	19%	51%	9%	6.00%	6.10%	6.10%
Riga	338	130	172	26%	74%	0%	0%	7.25%	7.25%	7.75%
Belgrade	259	49	0	0%	100%	0%	0%	8.50%	9.00%	9.50%
Lille	238	242	227	75%	3%	22%	0%	5.60%	5.60%	5.70%
Zurich	192	1,187	567	58%	42%	0%	0%	2.40%	2.90%	2.80%
Vilnius	190	178	126	53%	32%	4%	11%	7.00%	7.00%	7.50%
Toulouse	173	463	233	72%	8%	20%	0%	6.00%	6.00%	6.20%

Source : BNP Paribas Real Estate

*: Total investment In Slovakia (source RCA)

** : Source RCA

6 BUSINESS LINES in Europe

A 360° vision

Main locations

EUROPE

FRANCE

167, Quai de la Bataille
de Stalingrad
92867 Issy-les-Moulineaux
Tel.: +33 1 55 65 20 04

GERMANY

Goetheplatz 4
60311 Frankfurt
Tel.: +49 69 2 98 99 0

BELGIUM

Bd Louis Schmitlaan 2 B3
1040 Brussels
Tel.: +32 2 290 59 59

SPAIN

C/Genova 17
28004 Madrid
Tel.: +34 91 454 96 00

HUNGARY

Alkotás u. 53
H-1123 Budapest
Tel.: +36 1 487 5501

IRELAND

20 Merrion Road
Ballsbridge, Dublin 4
Tel.: +353 1 66 11 233

ITALY

Via Carlo Bo, 11
20143 Milan
Tel.: +39 02 58 33 141

JERSEY

3Floor, Dialogue House
2-6 Anley Street
St Helier, Jersey JE4 8RD
Tel.: +44 (0)1 534 629 001

LUXEMBOURG

Axento Building
Av J.F. Kennedy 44
1855 Luxembourg
Tél.: +352 34 94 84
Investment Management
Tel.: +352 26 26 06 06

NETHERLANDS

Antonio Vivaldistraat 54
1083 HP Amsterdam
Tel.: +31 20 305 97 20

POLAND

Atrium Tower
Al. Jana Pawla II 25
00-854 Warsaw
Tel.: +48 22 653 44 00

CZECH REPUBLIC

Pobrezni 620/3
186 00 Prague 8
Tel.: +420 224 835 000

ROMANIA

Banul Antonache
Street N°40-44
Bucharest 010031
Tel.: +40 21 312 7000

UNITED KINGDOM

5 Aldermanbury Square
London EC2V 7BP
Tel.: +44 20 7338 4000

MIDDLE EAST / ASIA

ABU DHABI

Hazza'a Bin Zayed Street
Area 19/02 plot n°186
P.O. Box 2742 Abu Dhabi
Tel.: +971 44 248 277

DUBAI

Emaar Square
Building n°1, 7th Floor
P.O. Box 7233 Dubai
Tel.: +971 44 248 277

HONG KONG

25/F Three Exchange Square
8 Connaught Place Central
Hong Kong
Tel.: +852 2909 2806

Alliances

ALGERIA *

AUSTRIA

CYPRUS

IVORY COAST *

ESTONIA

USA

FINLAND

GREECE

HUNGARY **

LATVIA

LITHUANIA

MOROCCO

NORTHERN

IRELAND

NORWAY

RUSSIA

SERBIA

SWEDEN

SWITZERLAND

TUNISIA *

TURKEY

* Coverage via our alliance in Morocco
** In Transaction, Consulting & Valuation

Contacts

Alliances

Florence Hesse
Tel.: +33 (0)1 47 59 17 38
florence.hesse@bnpparibas.com

Research

Céline Cotasson-Fauvet
Tel.: +33 (0)147 59 17 45
celine.cotasson-fauvet@bnpparibas.com



@BNPPRE

www.realestate.bnpparibas.com



PROPERTY DEVELOPMENT | TRANSACTION | CONSULTING | VALUATION | PROPERTY MANAGEMENT | INVESTMENT MANAGEMENT



**BNP PARIBAS
REAL ESTATE**

Real Estate
for a changing
world