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The Logistics Property Telescope

Investment & Financing Keys

Spain 2024

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Torre Azca, Madrid
Strategy and Transactions





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EXECUTIVE SUMMARY

1 Macro Outlook



Economic outlook is expected to improve, with demand stabilizing at pre- pandemic growth rates

- **GDP expected** growth: + 1.7% forecasted to 2024, according to OCDE, compared to a 2.5% growth in 2023.
- **11.8% unemployment rate as of Q4 2023 expected to continue downturn trend outlook.**
- **Consumer confidence** raises 10 points in 2023, from 67 to 77. **E-commerce sales grew by 8% in 2023 and the Purchasing Manager Index (PMI) as of Feb 2024 sits just below 50** from 46 by end of 2023, anticipating manufacturing recovery.
- **Yielding expansion of 100-125bps from 1Q2022** has already reached the peak. Stable monetary policies expected in 2024.

2

Supply & Demand



- **Main regional markets showing resilience as e-commerce growth levels off.** Central Spain has shown relatively healthy annual take-up (855k sq.m, down 28% vs 2022), Catalonia (550k, down 33%), Valencia (319k, down 10%), Seville (80k), Zaragoza (140k), Malaga (15k), Bilbao (40k), Alicante (190k) and Murcia (230k).
- **Last mile delivery accounted for 44%** of overall take-Up, compared with 37% in 2022
- **Dislocation strategies underway** to broaden key players market base. In Spain, local secondary hubs such as Sagunto, Girona, Burgos, León are gathering momentum among institutional players.
- **Vacancy increase in Central Spain from 6.6% to 8.1% and in Catalonia from 3% to 5.3%** driven by the overdevelopment of warehouses during COVID and the reduction of annual take-up in 2023. However, new speculative supply delivered in the next 12 months is limited, representing only one million of sq.m (3% of current inventory and 45% of 2023 take-Up).

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Financing Activity



- **Traditional banks actively lending yielding assets in dislocated regions.** However, still reluctant to provide financing on speculative developments in good locations of Madrid and Catalonia.
- **Alternative capital providers** open to secure 70% LTC/LTV senior loan facilities and Mezz/Pref Equity tranches (15% all-in).
- **“Loan on Loan” schemes** gathering momentum with aggressive reliance letters provided by DD advisors. LTV “look through” becoming a material covenant to consider.

3

Logistic Properties Investment Market



- **Ownership consolidation is progressing accordingly**, led by big investors, that today represents 25% of a market mostly owned by small and medium local investors. **Operators M&A** is paving the ground.
- **Global logistics investment fell 40% in 2023** to reach 2018 activity standpoint. Investors reallocating equity and debt to Asia following big infrastructure developments.
- **Investment in Europe plunged to 26bn (48% annual decrease). Spain just accounted for 5% activity (€1.5bn)**
- **Transactions investment pipeline** in Spain expected to reach €1.7bn in 2024
- **New fire regulation** could jeopardize investors appetite towards Spanish Logistics

5

Key Performing Indicators



Key Indicators by location in 2024 YTD

	Madrid		Catalonia		Valencia	
	Rent	Cap.V.	Rent	Cap.V.	Rent	Cap.V.
Prime	8.00	1,800	8.50	1,950	5.50	1,150
1st Ring	6.50	1,460	6.75	1,470	5.50	1,150
2nd Ring	5.50	1,290	5.50	1,100	4.10	790
3rd Ring	3.95	790	4.20	910	n.a	n.a

Rent (€/sqm/mth) Cap. Value (€/sqm)



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The Logistics Property Telescope

Expanded Edition

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Let us know your interest,

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Macro economic logistics market

European logistics performance data

Spanish logistics market understanding

Supply and demand analysis: New supply, Vacancy, Rents...

Logistics investment share and transactions pipeline in Spain

Logistics financing market main drivers

Detail of most active players and key **financial terms** offered

Emerging trends within the logistics segment

Logistics key investment factors