

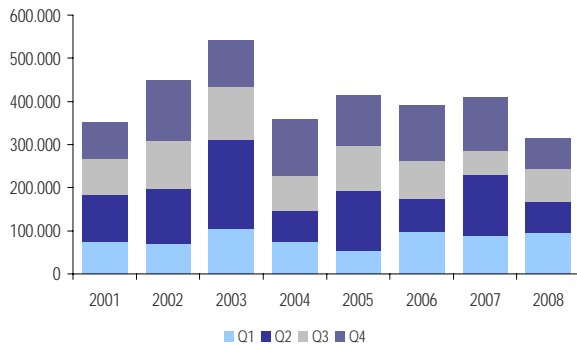
# Barcelona Office Market

December 2008

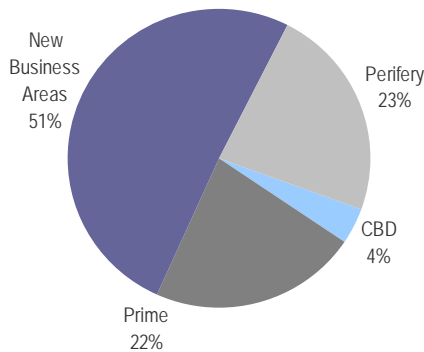
**COLLIERS**  
INTERNATIONAL



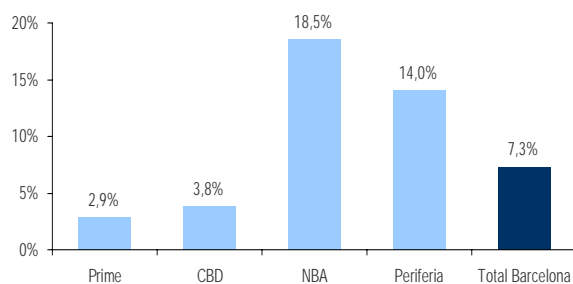
## Take-up by Quarters (m<sup>2</sup>)



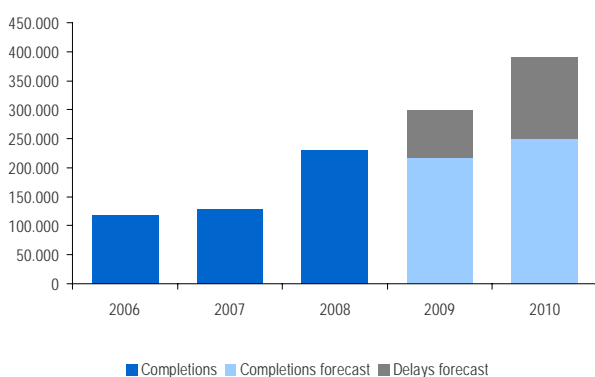
## Breakdown of Take-up by Areas



## Availability Rate by Areas



## Completion of Projects (m<sup>2</sup>)



## Take-up

Take-up in Barcelona was in the fourth quarter of 70,000 m<sup>2</sup>, giving a total take-up figure for 2008 of 320,000 m<sup>2</sup>; 20% below the figure registered in 2007. This figure is similar to those recorded in 2001. Take-up has been particularly high in prime areas and this has caused a decrease to 2.9% in the vacancy rate.

## Availability

To date in 2008, the vacancy rate has gradually increased from 5.8% in the first quarter to 7.3% today. In the short term, a further rise in vacancy rates is expected.

However the CBD vacancy rate remains at historical low levels below 4% whereas periphery and new office areas accounts for the highest vacancy rates in Barcelona at 14% and 10.9% respectively.

## New projects

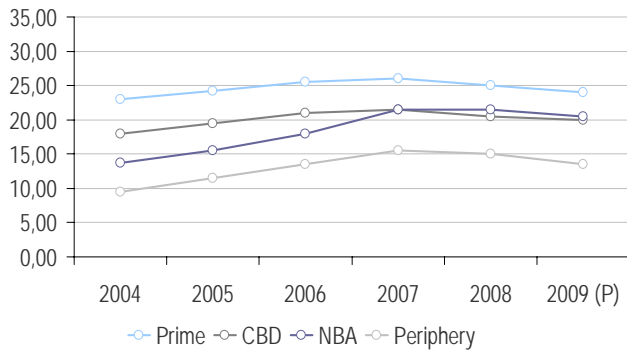
A large number of developments have been completed in 2008 in Barcelona, including some representative buildings in 22@ and Zona Franca (Barcelona). These areas can be considered as micro-markets.

These projects, together with others located in periphery areas, have had a significant impact on availability rates.

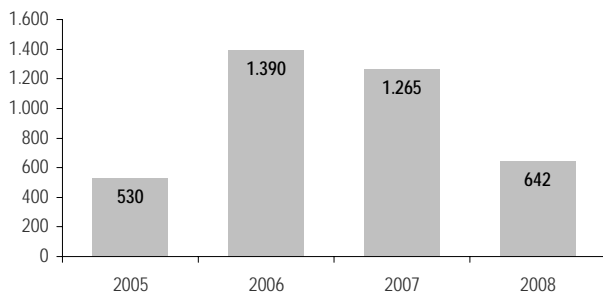
A large amount of completions are expected for 2009, being the most representative Distrito 38 (Gesmadrid, 25,000 m<sup>2</sup>), Diagonal 123 (Hines, 10,000 m<sup>2</sup>), Zona Franca Business Park and Realta Tower.

The completions scheduled for 2010 to 2012 will be reduced due to the difficulties for developers both in the financing and marketing of new projects.

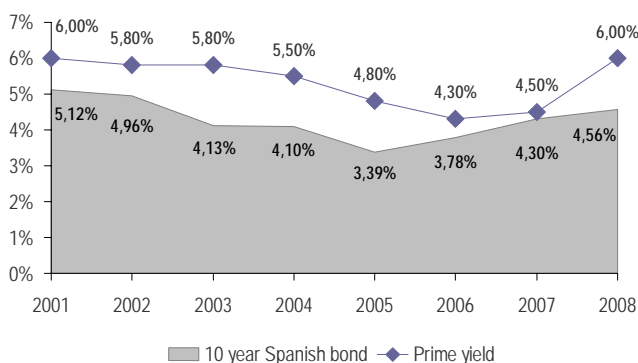
## Evolution of rents (€/m<sup>2</sup>/month)



## Investment volume (MM€)



## Evolution of yields



## Rents

Following a first half of the year where rental levels remained stable, awaiting news of changes in the current economic situation, a slight drop in average rental levels of c. 3.5% was noted in the second half in all areas. and is expected to continue in 2009,.

Top rents in Barcelona (Diagonal) also experienced a slight decrease to 26 €/m<sup>2</sup>/month, due in part to the consolidation of the 22@ area as an alternative in the market of Barcelona.

The downward trend in rents is forecast to continue in 2009 and 2010 specially in secondary areas and grade B and C buildings, due to the large amount of completions expected to the medium term, which, together with the low take-up levels will significantly increase vacancy rates in Barcelona.

## Investment

The investment volume registered in 2008 (and in particular in the second half of the year) was significantly below the figures of previous years. This is due to the gap between the expectations of seller and potential investors in terms of price and typology of product.

On one hand, the current market circumstances put the potential investors focus on office buildings located in Prime and CBD areas with low risk rental income (long term leases and high quality tenants). On the other hand, major real estate companies do not intend to sell their best assets, but only buildings located in secondary areas, for which the yields required by investors are very high.

Albeit in other European markets the yields have already experienced the necessary adjustments, Spanish sellers are not ready to dispose of their assets for prices below the debt associated to their acquisition. Thus, asking prices are still in general too high when compared with London, for example, where office market has experienced large adjustments and offers very attractive yields in the region of 6% to 7.25%.

In such conditions, and despite the large supply of products and the active demand from international funds and institutions, the number of closed transactions is very low. Despite the high asking prices, which currently correspond to yields in the region of 5.25% to 5.50% for prime buildings, prime yields of closed transactions are experiencing a significant rise and are now circa 6%. Secondary yields are currently in the region of 6.5% to 7.5%.



Prime	
• Availability:	2.9%
• Top rents:	25.00 €/m <sup>2</sup> /month
• Average rents:	23.50 €/m <sup>2</sup> /month

CBD	
• Availability:	3.8%
• Top rents:	20.50 €/m <sup>2</sup> /month
• Average rents:	19.50 €/m <sup>2</sup> /month

New Business Areas	
• Availability:	18.5%
• Top rents:	21.50 €/m <sup>2</sup> /month
• Average rents:	18.50 €/m <sup>2</sup> /month

Periphery	
• Availability:	14.0%
• Top rents:	15.00 €/m <sup>2</sup> /month
• Average rents:	12.50 €/m <sup>2</sup> /month

**TOTAL OFFICE STOCK IN BARCELONA: 3,400,000 m<sup>2</sup>**