



**AT A GLANCE
Q4 2021**

VALENCIA LOGISTICS MARKET

2021 IS THE MOST DYNAMIC YEAR IN THE HISTORIC SERIES

THE DOMESTIC ECONOMY CONTINUES TO RECOVER THE GROUND LOST IN 2020

The pace of economic recovery forecast in Spain just a few months ago has been significantly curtailed. Renewed uncertainty about the health crisis from the omicron variant is adding to the problems created by inflation and the global supply chain crisis.

These factors may trigger a slowdown in private consumption and a greater inclination on the part of households to save, thereby

downgrading the growth forecast made in September.

The estimated quarterly growth for the Q4 2021 stands at 1.6%, while the yearly growth figure may be 4.5%. Looking ahead to 2022, forecasts fluctuate between around 5.4% and 5.8%. (Source: Bank of Spain; IMF & Consensus Economics Forecast).

RECORD LEVELS AT CLOSE OF YEAR

The current boom in the logistics market heightened in Valencia and its metropolitan periphery during the closing quarter of the year, attaining record levels of activity.

The take-up figure between October and December stood at 167,335 sqm, a figure that makes the last quarter of 2021 the most dynamic in the historic series, and also in the number of transactions recorded. It represents a quarterly increase of 106%, while the level is 128% higher than Q4 2020.

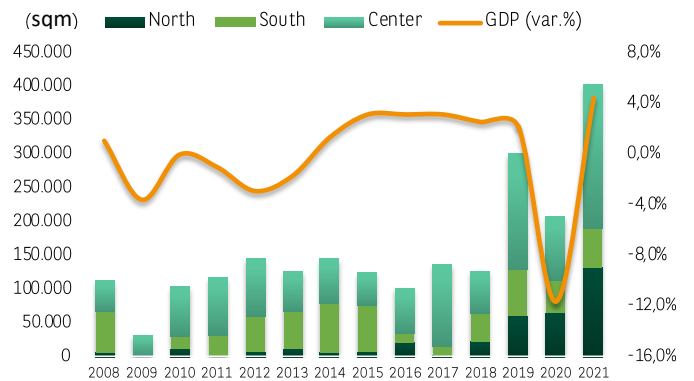
Annual lettings volumes rose to 402,850 sqm in 2021, the highest level ever seen and almost twice the volume for 2020 (+93%). Furthermore it represents an increase of 34% compared with 2019, the previous market peak.

A total of 15 contracts were signed in the quarter, four more than in the second quarter of the year. Over the full twelve-month period, 50 transactions were recorded, 14 more than in 2020, which was the most dynamic in terms of contract numbers.

The most notable deals in the closing quarter were a "turnkey" operation for 50,000 sqm in Sagunto, and the pre-lease of a 33,246 sqm logistical platform under construction in Alacuas.

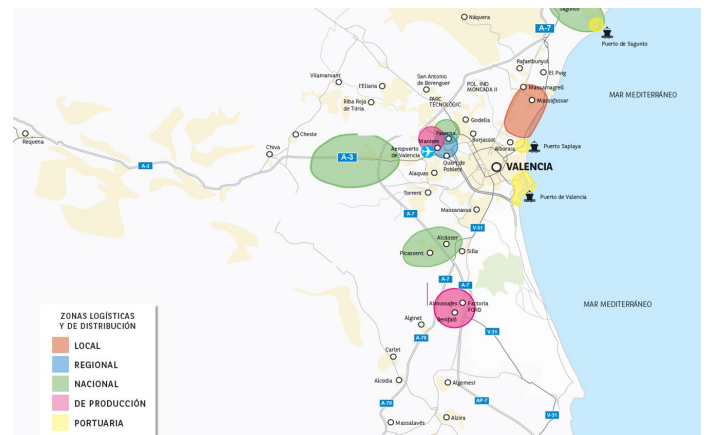
The average size of the transactions concluded in Q4 was at 11,154 sqm, as a result of four deals signed for areas of more than 15,000 sqm, accounting for 30% of the total volume for the quarter.

TAKE-UP EVOLUTION (sqm)



Source: BNP Paribas Real Estate

VALENCIA'S LOGISTIC MAP



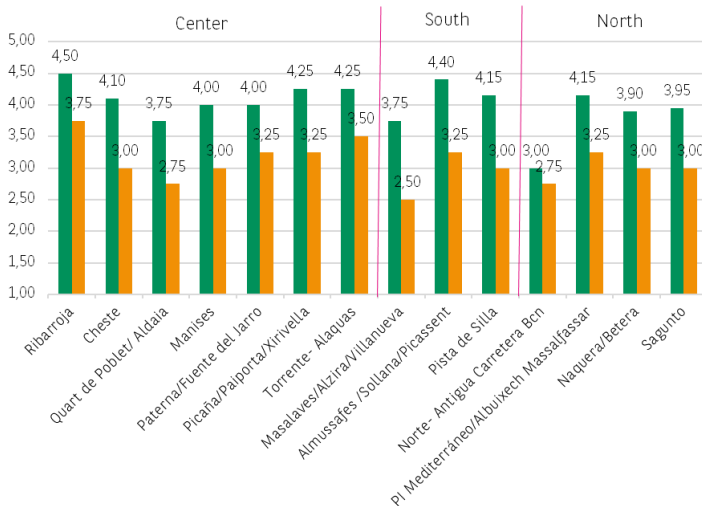
Source: BNP Paribas Real Estate

PATERNA AND RIBARROJA ACCOUNT FOR 47% OF DEMAND

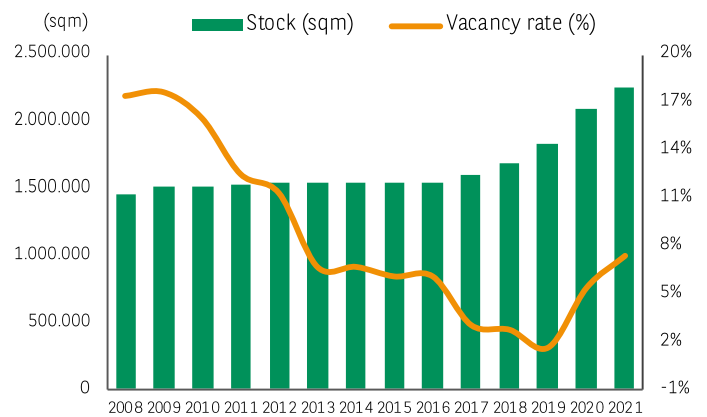
Almost half of the contracts were signed in two areas: Paterna (27%) and Ribarroja (20%). Around 67% of letting volume was seen in the **central zone**. Particularly notable activity was seen in Paterna, Ribarroja, Manises, Cheste and Alacuas.

In the market's **northern zone** only one transaction was concluded, in Sagunto, representing 27% of take-up registered in the last quarter. Meanwhile, Valencia's **southern** markets recorded 11% of take-up, the most dynamic municipalities being Picasent, Almussafes and Beniparell in the final quarter of the year.

MAXIMUM AND MINIMUM RENTS Q3 2021 (€/SQM/MONTH)



STOCK & VACANCY EVOLUTION



Over recent months, rents have remained essentially stable, with higher values seen for recently built platforms located in **Ribarroja**, at **€4.50/sqm/month**. Aside from Ribarroja, other markets registering rents above €4.00/sqm/month for recently built platforms include Cheste, Alacuas and Picassent.

Over the last 12 months the logistics stock in Valencia and its metropolitan area has increased by 145,000 sqm thanks to the opening of platforms in Ribarroja, Cheste and Sagunto. The total stock is now in excess of 2.25 million square metres as of 1 January 2022.

The **vacancy rate** rose during the **last three months** to 7.39%. It should be borne in mind that there has been an increase in stock of almost 425,000 sqm over the past 24 months. The markets making up the bulk of the current availability are Sagunto (48%), Ribarroja (25%) and Cheste (12%).

Despite this increase in availability, developers and investment funds continue to build new platforms, aware of the strength of demand. The growth in electronic commerce expected over the coming years, and the need for more logistics warehousing space from manufacturers drive demand. A key goal is ensure robust supply chains that can cope with potential future stocking problems.

The **projects currently in progress**, which could come to market during 2020, total 66,939 sqm across six new platforms. Half of these projects are located in Ribarroja, while the others are under development in Cheste and Picassent.

The forecasts for 2022 are positive, with demand expected to remain highly dynamic as Valencia will continue to prove a very attractive market for national and international investors.

MAIN TRANSACTIONS IN THE FOURTH QUARTER OF 2021

Location	Zone	Tenant	Type	Surface
Sagunto	North	Confidential	Turnkey project	50,000 sqm
Alacuas	Centre	Alfil	Pre-lease	33,246 sqm
Ribarroja	Centre	Confidential	Turnkey project	21,000 sqm
Manises	Centre	Autoway	Lease	17,702 sqm
Cheste	Centre	Confidential	Lease	13,623 sqm



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