

IBERIAN OFFICES SNAPSHOT

2021

Nº DEALS

81

INVESTMENT VOLUME

3.3 billion euros

ACTIVE BUYERS IN IBERIA

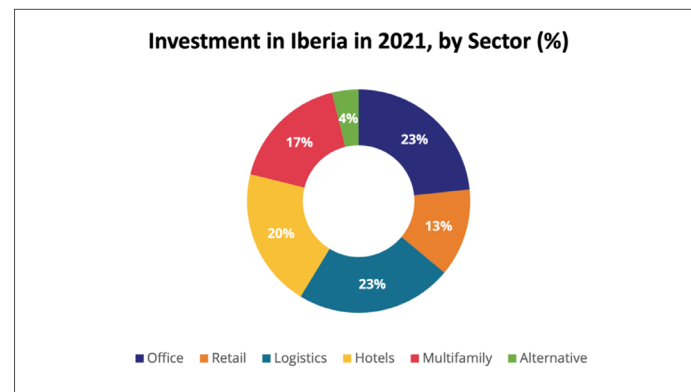
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INVESTORS ALLOCATED 3.3 BILLION EUROS TO OFFICES IN 2021

The capital allocated to the Iberian real estate sector has registered a positive recovery, and when compared to the previous year the final figure of 14 billion euros invested during 2021 represents an increase of 18% (compared to the approximately 11.9 billion euros invested during 2020).

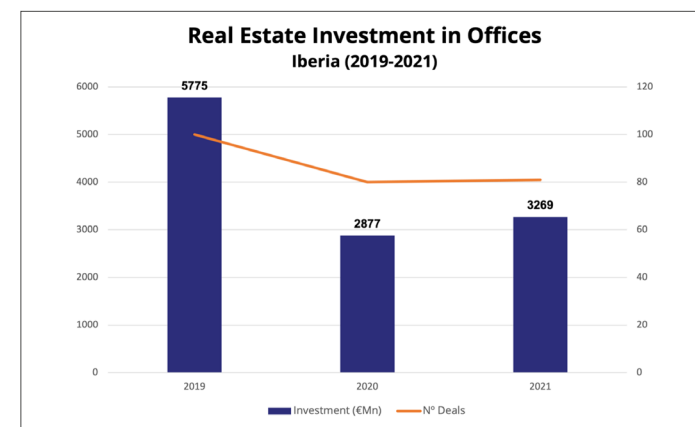
Offices followed accordingly, with an increase of the investment volume allocated to the sector, maintaining its position of most dynamic asset class in Iberia. However, the greater diversification of investor targets increased during 2021, and the market share detained by the office segment has decreased considerably, specifically from 38% in 2020 to 23% in 2021 (also below the 2019 relative weight of 24%).



In 2019 the office sector attracted 5.8 billion euros – a record figure; but the year that followed was marked by some uncertainty with the remote working trend gaining expression and bringing concerns about the future of the workspaces, which led the investment volume in 2020 to decrease to almost half. However, in 2021 investors became more active and signs of a positive recovery can be observed.

After a shy first quarter where only 15 operations were registered (worth 528 million euros) the investment volume grown consequently during 2021, closing the first semester with 1288 million euros invested through a total of 36 operations.

Investors entered the second semester with regained vigor, and the Iberian office market attracted a total of 2 billion euros (in 45 operations) with the biggest transaction of the year happening in August, namely through the KanAm Grund Group purchase of the Pentagon portfolio in Barcelona for an amount of 280 million euros. By the end of 2021, the volume of investment increased in 14% when compared to the performance of 2020 (3.3 billion euros vs. 2.9 billion euros), and the Iberian Property Data® database identified 81 deals concluded in Iberia in 2021, in other words, 1 more than the 80 operations monitored throughout the previous year. Furthermore, the average value per operation also increased, from the 35.9 million euros estimated in 2020, to 40.4 million euros in 2021.



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TOP REGION

Barcelona

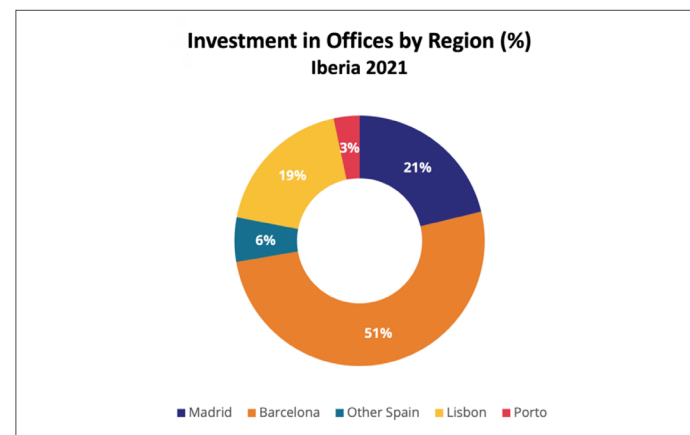
INVESTMENT EVOLUTION (Y-O-Y)

+ 14%

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BARCELONA CAPTURED HALF THE OFFICE INVESTMENT IN IBERIA

The Barcelona region was the main contributor for the office's performance observed in 2021, namely attracting almost 1.7 billion euros in 25 operations, which corresponded to 51% of the total office investment. The Iberian office market share detained by this region registered a remarkable recovery, considering that in 2019 Barcelona was responsible for 28%, then dropped to 17% in 2020, and in 2021 it tripled its market share (y-o-y evolution).

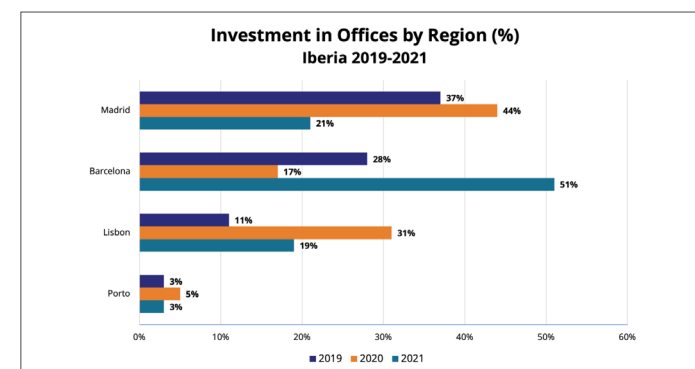


On the other hand, Madrid saw its office market share “shrank” to half, after being the leading region in 2020 with 44% of the total office investment in Iberia. The truth is that the volume allocated to this segment in the Spanish capital has been decreasing substantially, specifically from 2.1 billion euros invested in 2019 to 1.3 billion euros invested in 2020, and now to 695 million euros in 2021. The same applies to the number of deals, that have registered a consequently decrease in the last three years, what results in the lowest office market share obtained by Madrid – 21% in 2021.

Lisbon closed the Iberian office podium in 2021, having captured 609 million euros through 17 operations. In the previous year, the Portuguese capital was the second most active region in terms of investment channeled to the office segment, but in 2021 its market share decreased from 31% (worth 902 million euros in 2020) to 19% in 2021, a figure still above the 2019 level.

Oporto, the second biggest city in Portugal, demonstrates a similar path to the one observed in Madrid, specifically with a pattern of reducing consequently the investment volume allocated to the office sector. While in 2020 Oporto managed to hold the position of fourth most important region for this sector in Iberia with a 5% share, in 2021 the city returned to the representativity it had obtained in 2019 – corresponding to a 3% market share.

The remaining investment directed to the Iberian office segment in 2021 – 188 million euros, or 6% – was distributed across Spain, with special mention to Seville and Valencia that together accounted for 3% of the total investment. Portugal didn't register any other operation in 2021 besides the ones that took place in Lisbon and Oporto.



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MOST ACTIVE BUYER COUNTRY

Spain

PRIVATE EQUITY SHARE

11%

INSTITUTIONAL CAPITAL SHARE

76%

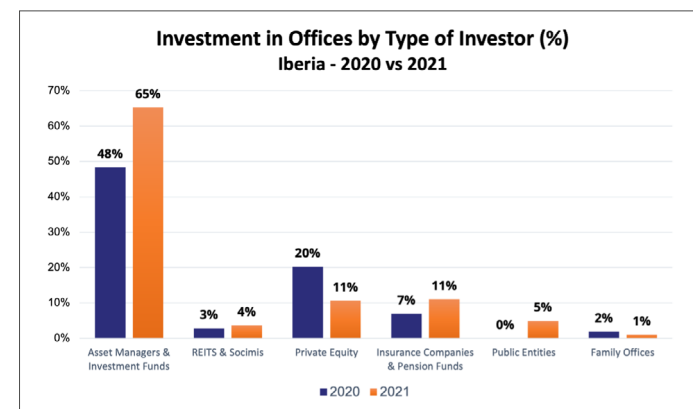
ASSET MANAGERS & INVESTMENT FUNDS LEAD INVESTMENT VOLUME

Asset Managers & Investment Funds took the lead in the Iberian office market, being responsible for 43 operations that amounted to 2.1 billion euros, which represents nearly 2/3 of the total investment. These investors registered the higher increase in terms of market share when compared to the previous year, moving from 48% in 2020 to 65% in 2021.

Insurance Companies & Pension Funds also registered an important increase, specifically a 58% increase (y-o-y) with their investment volume reaching 361 million euros in 2021, and their market share rising from 7% in 2020 to 11% in 2021.

Altogether, the increase on the market share of these two types of investors – Asset Managers & Investment Funds, and Insurance Companies & Pension Funds – positioned institutional capital as the undoubtable main source of investment in the sector during 2021, with 56 operations that accounted for 2.5 billion euros – or 76% of the total (21 percentage points above 2020).

Private Equity investors closed the office Iberian podium in 2021, but in the previous year these investors occupied the second position of the podium. In fact, when compared to 2020 there was a decrease of 45% of the investment volume directed to the office sector by Private Equity investors, which conducted their market share to fell to almost half – from 20% in 2020 to 11% in 2021.



REITS & Socimis doubled the number of operations in this segment when compared to 2020 and their investment volume increased (although in a lower proportion), leading to a market share increase, from 3% in 2020 to 4% in 2021.

It is important to highlight two further aspects: in 2020, Iberian Property was unable to identify the buyers in 10 operations (that accounted to more than 200 million euros), which have an impact on this analysis; in 2021, Public entities had an important activity through 4 operations that add up to 5% of the total investment (while in 2020 no operation was registered).

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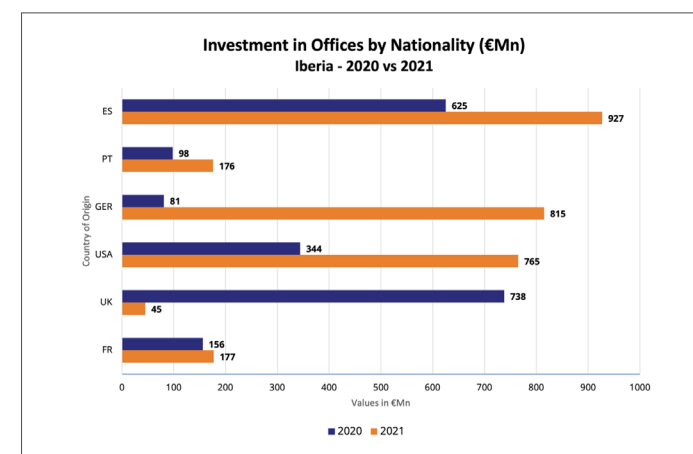
76%

Analysing the sources of investment in Iberia throughout last year, the Spanish investors stood out, capturing a market share of 28% in 29 operations – a share 6 percentage points above the one conquered in 2020 (22%). Their investment volume increase in 48% when compared to the previous year, reaching 927 million euros in 2021.

Following closely, Germany was responsible for 25% of the total investment in offices, in other words 815 million euros, carried in only 6 operations. The German investors closed some of the biggest transactions of the year (3 out of the Top 5), and consequently they registered the highest average value per operation of 2021.

The USA was the third most important nationality in the market, and through 12 operations, the North American investors channeled 765 million euros to offices, representing 23% of the total investment in Iberia during 2021.

Portuguese investors were the second most active in terms of number of operations closed (19) and they were responsible for 5% of the total investment in the sector. These investors had an increase of 80% in terms of investment volume allocated to the sector, which was reflected in the increase of their market share as well – from 3% in 2020, to 5% in 2021.



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TOP 5 DEALS -
TOTAL INVESTMENT SHARE

27%

TOP 5 DEALS - TOP LOCATION

Barcelona

TOP 5 DEALS - GERMAN
INVESTORS SHARE

66%

Author : Alexandre Lima

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TOP 5 OFFICE DEALS IN IBERIA (2021)



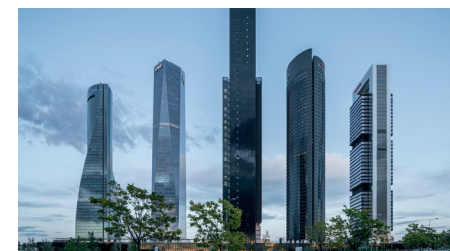
1. Pentagon Portfolio

Location	Barcelona
Value	€280M
Buyer	KanAm Grund
Seller	AXA Investment Managers



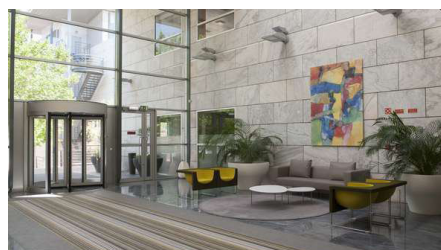
2. Project Sea

Location	Barcelona
Value	€180M
Buyer	Allianz RE
Seller	Meridia Capital



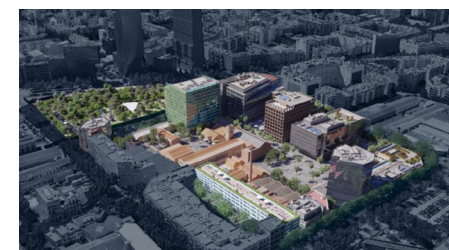
3. Torre Caleido – 50% share

Location	Madrid
Value	€150M
Buyer	Incus Capital
Seller	Villar Mir



3. Portfolio of 15 buildings in Quinta da Fonte

Location	Lisbon
Value	€150M
Buyer	Sixth Street
Seller	Signal Capital



4. One Parc Central

Location	Barcelona
Value	€128M
Buyer	DWS
Seller	Värde Partners (through Dospuntos Asset Management)

Investment figures analysis are an estimative from Iberian Property, taking into account the public operations signed and communicated to date (in 2022 new operations may be revealed, elevating the final investment volume of 2021)