

CGL IM Financial Management Limited

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Economy Accelerates as Logistics Market Gains Momentum

Spain

Q4 2024

Market Outlook

Spain's GDP growth exceeded expectations, reaching 0.8% q-o-q and 3.1% y-o-y in Q2 2024, positioning it as a leader among major European economies. This growth was fueled by robust domestic demand and a favorable foreign balance. Private consumption, expanding by 2.5% y-o-y in Q2, remains a key driver. The labor market maintained its dynamism, with the unemployment rate falling to 11.3% and wages rising by 4% y-o-y. Revived purchasing power and strong wage growth are expected to further boost consumption. Inflation continued to decline, easing to 2.8% in July, and is projected to align with the EU target, finishing 2024 at 2.9%. The service sector, especially international tourism, contributed significantly to economic growth in Q2. Based on these dynamics, Spain's GDP growth for 2024 has been revised upwards to between 2.4% and 2.7%.

Spain's logistics market in Q1 2024 sustained its positive trajectory, exhibiting strong dynamics across three major sub-markets, underscored by substantial take-up and continued investor interest. The national gross take-up reached 563,000 sqm in Q2 2024, marking an 11% y-o-y growth, with Madrid leading at 234,000 sqm. Vacancy rates remained healthy at 9.6% in Madrid, while the Catalonia region dropped to 7.4%, and Valencia to 1.6% due to supply scarcity. Logistics remains a pivotal asset class, securing €649 million in H1 2024, representing 11% of total CRE investment and underscoring its enduring appeal to investors. Prime rents have stabilized in Catalonia and Valencia, while Madrid saw resumed growth. Looking forward, Spain's logistics market is on track for sustained expansion, driven by revived demand, favorable economic conditions, anticipated interest rate cuts, and the ongoing e-commerce trend...

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