

Snapshot PRS-BTR

Q2 2023

The sector indicators are compiled quarterly from a detailed and exhaustive study prepared by experts in the Knight Frank Spain office and are based on real data and market trends.

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The effort rate to rent a home in Spain reaches 30% of the household income.

- During the month of June, the price of residential rent reached a new historical record, reaching 11.8 €/m² in Spain, which represents a 9.2% increase compared to the same month of the previous year.

SITUATION IN SPAIN

The Consumer Price Index (IPC) continues to show more moderate growth in recent months, having increased by only 1.9% in the month of June, which is more than four percentage points lower than the rate recorded at the beginning of the year.

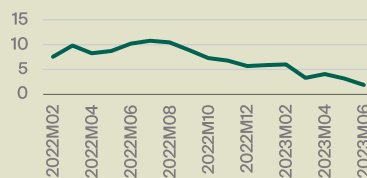
Household wealth has once again grown during the first quarter of the year, with an increase of approximately 3% in both net financial wealth and real estate wealth.

Regarding the gross disposable income of households, during the first quarter of the year, there has been a 10% increase compared to the same period of the previous year, reaching a total of 202,000 million euros.

The effort rate to rent a home in Spain stands at 30% at the beginning of the year. By province, Málaga stands out with the highest effort rate at 47%, followed by Baleares and Barcelona with 42% and 37%, respectively. Teruel has the lowest effort rate, with only 16%.

Spain CPI

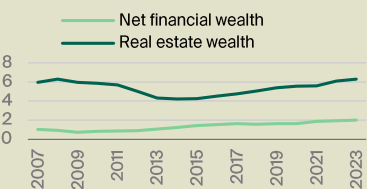
Y-o-y (%). 2022 – Jun 2023



Source: INE

Household's wealth

Mar 2007 – Mar 2023. Billions.



Source: Banco de España

Spain

Latest available data

+4.2 % y-o-y | GDP (Q1 2023)

+10 % y-o-y | Gross available household income (Mar 2023)

30 % Rent effort rate (Q1 2023)

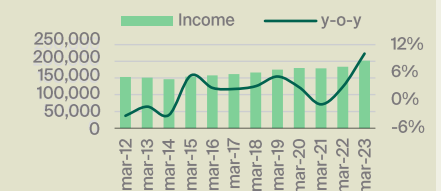
11.8 €/sqm Average rental Price (Jun 2023)

3.4 % Gross return on housing rental (Q1 2023)

Source: FMI / INE / Banco de España / Idealista

Gross available household income

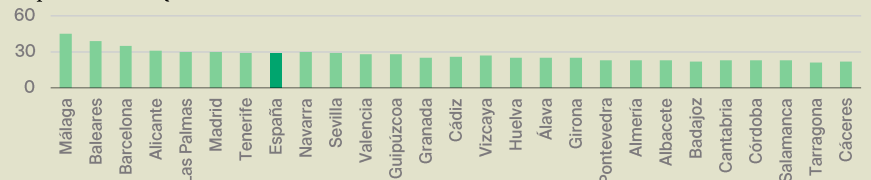
Mar 2012 – Mar 2023. M€



Source: Banco de España

Rental effort rate

Top Provinces. Q1 2023. %



Source: Idealista

TRANSACTIONS AND PRICES IN SPAIN

The 2nd quarter ends with an investment volume of around €200M. The accumulated amount in the 1st semester is €565M, although it represents an adjustment of almost 70% compared to the same period of the previous year, in which historical figures were recorded. However, this volume is above the average of the same period in the years between 2019, 2020, and 2021.

Turnkey projects have been the most prominent so far this year, representing approximately 55% of the total investment.

Madrid and Barcelona are the locations where the majority of investors are placing their bets, as they have accounted for almost 50% and over 25% respectively of the total investment in the semester.

The average rental price in Spain has reached a new high, 11.8 €/m² in the month of June, which is a 9.2% increase compared to the same month of 2022. Among the provinces that have experienced the highest growth are Baleares, with an increase of over 27%, and Santa Cruz de Tenerife, with an increase of almost 20%.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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Spain

Investment volumen Q2 2023

€200 M (€860 € Q2 2022)

Top 3 investment deals Q2 2023

€66 M | Valencia

Vendor: Neinor Homes | Purchaser: Savills IM
Houses: 209
Source: Brainsre

€52,3 M | Mallorca

Vendor: Confidencial | Purchaser: SEPES
Houses: 830*
Source: Idealista * 700 houses will be for rental

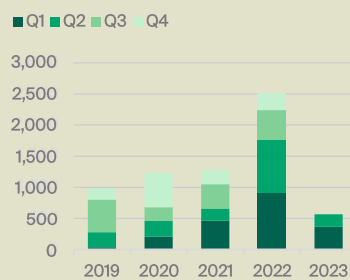
€41 M | Badalona

Vendor: Culmia | Purchaser: CBRE IM
Houses: 129
Source: Property Web * Estimated price

► Among the outstanding transactions of the quarter, there is the sale by the developer Neinor Home of two out of the four residential towers of the Sky Homes project. In total, there are 209 rental apartments that have been purchased by the real estate investment manager, Savills IM, for their European Living platform. The apartments are located in two newly constructed buildings in Valencia, and the transaction price has been around 66 million euros.

PRS investment volume

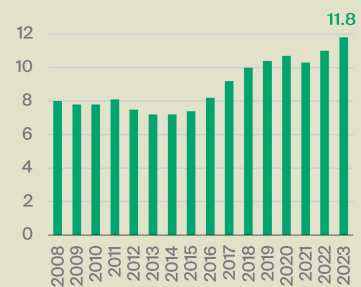
2019 – H1 2023. M€



Source: Knight Frank Research

Average rental price

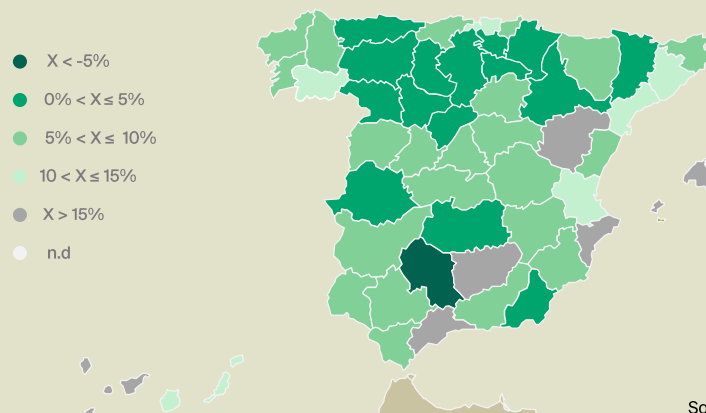
Spain 2008 – Jun 2023. €/sq m



Source: Idealista

Spain. Y-o-y in the price of rental housing

March 2023 (%)



Source: Idealista