

Snapshot PRS-BTR

Q3 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 average residential rental price in Spain continues to record high figures

- The average rental price in Spain recorded during the month of September was €11.8 per square meter, which represents a 9.3% increase compared to the same period of the previous year

SITUATION IN SPAIN

The Consumer Price Index (CPI) increased to 3.5% in September, far from the figures of the last year that were around almost 11%. However, according to the forecasts of the main organizations, it is expected to close next year with a more moderate figure.

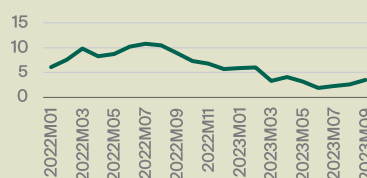
On the other hand, the net financial wealth of households continues to increase steadily in the year to date, with a 3.1% rise in the second quarter of this year compared to the previous quarter.

Regarding the gross disposable income of households, there has been a 12% increase in June compared to the same period of the previous year, reaching a total of 250 billion euros.

The rental burden rate for housing in Spain remains at 31%. By province, Málaga stands out with the highest burden rate at nearly 50%, followed by the Balearic Islands and Barcelona at 48% and 41%, respectively. Ciudad Real has the lowest rate, with only 15.4%.

Spain CPI

Y-o-y (%). 2022 - Sep 2023



Source: INE

Household's net financial wealth

Mar 2007 - Mar 2023. Billions.



Source: Banco de España

Spain

Latest available data

+2.2 % y-o-y | GDP (Q2 2023)

+12.2 % y-o-y | Gross available household income (Jun 2023)

31 % Rent effort rate (Sep 2023)

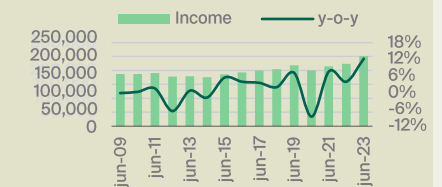
11.8 €/sqm Average rental Price (Sep 2023)

3.4 % Gross return on housing rental (Q2 2023)

Source: FMI / INE / Banco de España / Idealista

Gross available household income

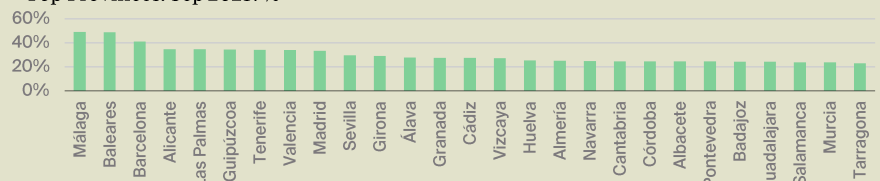
Jun 2009 - Jun 2023. M€



Source: Banco de España

Rental effort rate

Top Provinces. Sep 2023. %



Source: Idealista

TRANSACTIONS AND PRICES IN SPAIN

The third quarter concludes with an investment volume of approximately €300 million. The year-to-date total for the first nine months is around €860 million, although this figure is lower than the historical record of 2022, it is expected that the year will end with figures similar to the annual average recorded during 2019-2021.

Turnkey projects represent the majority of the cumulative investment volume, accounting for nearly 50% of the total.

Madrid stands as the location where most of the transactions have been closed, along with the highest investment volume in the country (almost 55% of the total investment).

The average rental price in Spain recorded €11.8 per square meter in September, which is 9.3% higher than in the same period of the previous year. Among the provinces that have experienced the highest increase in the last quarter is Santa Cruz de Tenerife, with over 20%, followed by Málaga and Alicante, with around 18%.

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 Q3 2023

€300 M (€470 € Q3 2022)

Top 3 investment deals Q3 2023

€98 M | Bilbao

Vendor: Urbas | Purchaser: M&G
Houses: 314
Source: Idealista

€65 M | Madrid

Vendr: Mapfre elberdrola | Purchaser: Acciona
Houses: n.a
Source: Brainsre

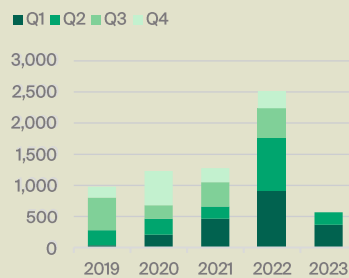
€Conf. M | Madrid

Vendor: Via Agoral Purchaser: Aviva
Houses: 234
Source: EjePrime

► One of the notable transactions of the quarter is the sale by Urbas to the British investment firm M&G Real Estate. The sale consists of two brand-new turnkey residential towers, one with 15 floors and the other with 17 floors in Bilbao. The transaction price has been around 98 million euros, and the total number of residences, which is 314, will be available in the second half of 2026.

PRS investment volume

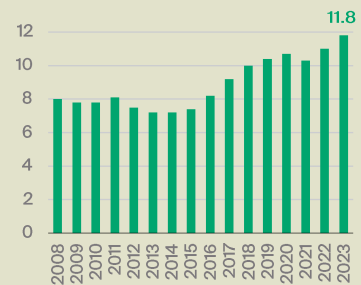
2019 – H1 2023. M€



Source: Knight Frank Research

Average rental price

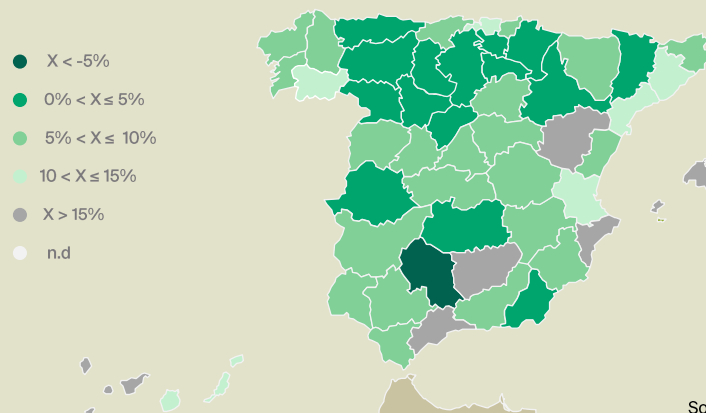
Spain 2008 – Jun 2023. €/sq m



Source: Idealista

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

March 2023 (%)



Source: Idealista