

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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Snapshot Residential Investment PRS - BTR

Q4 2022

SPAIN DATA 2022
y-o-y (latest available data)

GDP
+2.7%
(Q4 2022)

GROSS AVAILABLE HOUSEHOLD INCOME
+1.6%
(SEP 2022)

RENT EFFORT RATE
29.40%
(Q3 2022)

SPAIN DATA 2022
(latest available data)

AVERAGE RENTAL PRICE
11.4 €/sq m
(DEC 2022)

INVESTMENT VOLUME PRS
€2,500 M
(2022)

GROSS RETURN ON HOUSING RENTAL
3.50%
(Q4 2022)

Source: FMI / INE / Bank of Spain / Idealista

Situation in Spain

Although the inflation rate remains high, it has been decreasing since August and recorded a growth of 5.7% in December. It is expected that the inflation rate will be 4.9% in 2023, according to the Bank of Spain.

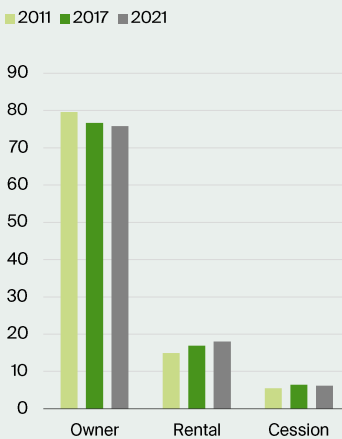
Households in rental regimes have increased in the last decade, going from 15% in 2011 to 18% in 2021. Spain has a long way to go compared to the rest of Europe where the average rental rate is 30%, according to Eurostat

The gross disposable income of households has almost increased by 2% in September, reaching 187,000 million €.

The rental effort rate is increasing throughout Spain, with Barcelona having the highest rate and the largest increase, going from 43% to 52.2% in the 3rd quarter.

Households tenure status*

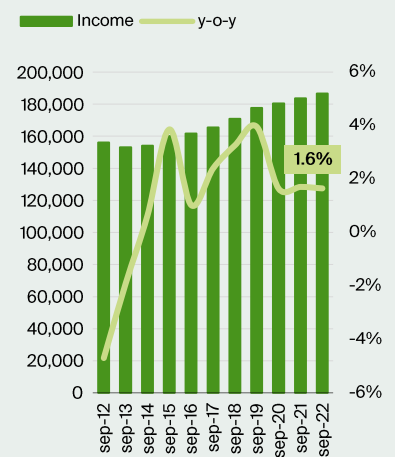
2011 - 2017 - 2021. (%)



Source: INE
*Rental: market rent and below market rent have been taken into account.

Gross available household income

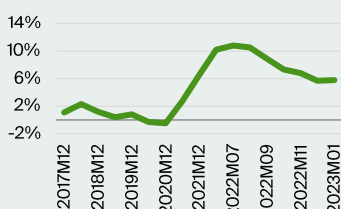
June 2012 - June 2022. € Million



Source: Bank of Spain

Spain CPI

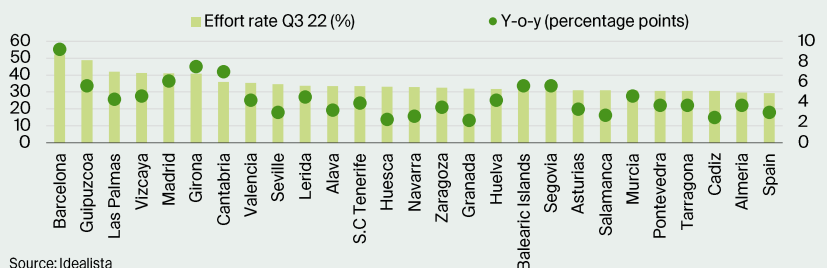
Y-o-y (%). 2017 - Jan 2023



Source: INE

Rental effort rate

Provinces. Q3 2021 vs Q3 2022. %



Source: Idealista

Transactions and prices in Spain

During the fourth quarter, investment reached almost €280 M, almost 25% more than in the same period of 2021. The total for the year was almost 100% higher than the previous year, reaching more than €2.5 BN.

Turnkey project investment stands out, representing almost 60% of the total volume so far this year. In this category, in addition to portfolios, projects such as Gavá 33 in the Sants district of Barcelona, acquired for 25 million euros by developer Layetana and Aviva fund, have stood out.

The average rental price was 11.4 euros per square meter at the end of the year, 8% more than in 2021. Among the provinces with the highest annual increase are Girona, Málaga, Alicante, and Barcelona.



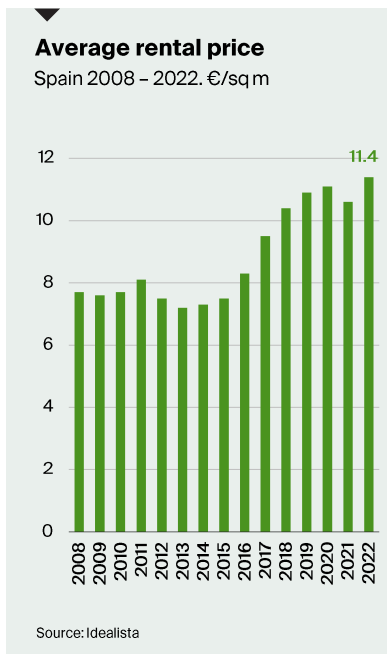
TOP 3 DEALS

MALAGA
HOUSING DEVELOPMENT
VENDOR: NEINOR HOMES
PURCHASER: FONDO ALEMÁN
€35-40 M 150 houses
Source: El Español

MADRID
ALCALÁ 84
VENDOR: GRAN ROQUE
PURCHASER: CONFIDENCIAL
16 M€ 12 houses
Source: Brainre

MADRID
BUILDING RECONVERSION
VENDOR: CONFIDENCIAL
PURCHASER: INNER XXI
3 M€ N/A houses
Source: BrainsRe

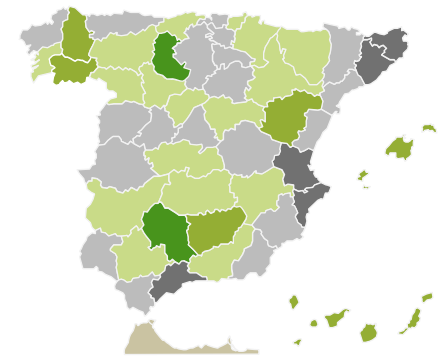
Among the most significant transactions in the fourth quarter of the year was the purchase by a German fund of a development of around 150 rental flats, Hacienda Rental Homes, belonging to Neinor Homes for between 35-40 million euros and located in the Hacienda Cabello, in Malaga. The development, which just over a year ago was the first development of its kind on the Costa del Sol, also includes several retail units, parking spaces and storage rooms.



SPAIN Y-O-Y IN THE PRICE OF RENTAL HOUSING (Dec 2021 vs Dec 2022)

Legend for Y-O-Y price change:

- X < -5%
- 0% < X ≤ 5%
- 5% < X ≤ 10%
- 10 < X ≤ 15%
- X > 15%
- n.d.

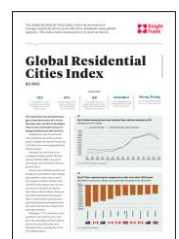


COVID-19: Across Europe and beyond, market activity is being impacted in all sectors due to the Novel Coronavirus (COVID-19) outbreak. As at the date of this report, we consider that we can attach less weight to previous market evidence for comparison purposes, in providing our opinions on the market. Given the unknown future impact that COVID-19 might have on the real estate market and limited recent comparable data, this report is meant to provide market insights as we see them at this time but we wish to highlight the material uncertainty which may cause swift changes in the market. Please get in touch with our team if you would like to discuss in further detail or receive an update regarding market conditions.

Recents publications



European Living sectors. 22-23



Glob. Res. Cities Index. Q3 22

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