



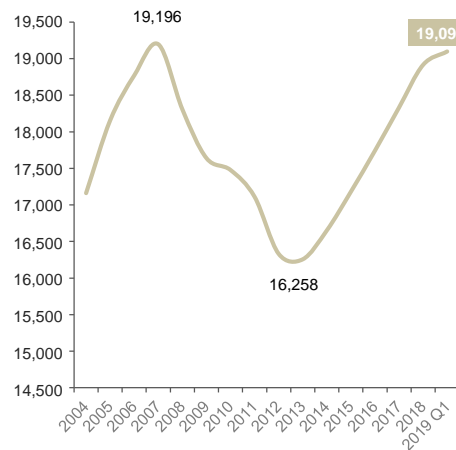
RESIDENTIAL SNAPSHOT

1st QUARTER 2019

Situation in Spain

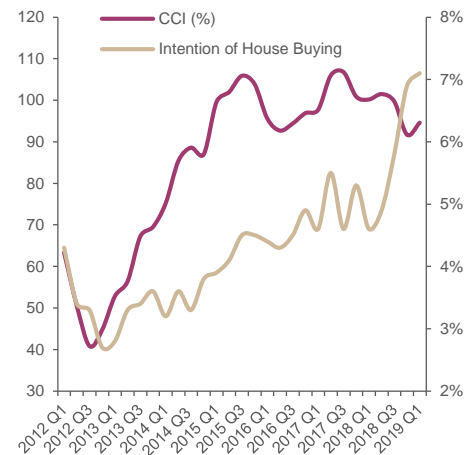
- During the first quarter of the year the unemployment rate has continued to fall whilst the Consumer Confidence Index and Intention of House Buying have increased compared to the end of the year 2018. There is expected to a stabilization in demand and in housing prices.
- Household debt reached at 64.7% of GDP in the end of 2018 and household income spent on the mortgage reached at 32%, far lower than the highs reached in years prior to the crisis.
- The number of mortgages granted have increased at 18% compared to the same period of the 2018. Although the amount of them has fallen by 1%.
- It is expecting the number of started housing will increase during the next years due to urban operations that have been approved.

GRAPH 1
Affiliates of Social Security
000's of people. 2004 - 2019 (Q1)



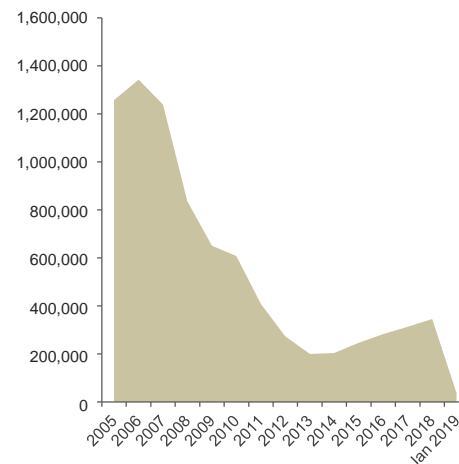
Source: Ministry of Employment and Social Security

GRAPH 2
CCI and Intention of House Buying
2012 - 2019 (Q1)



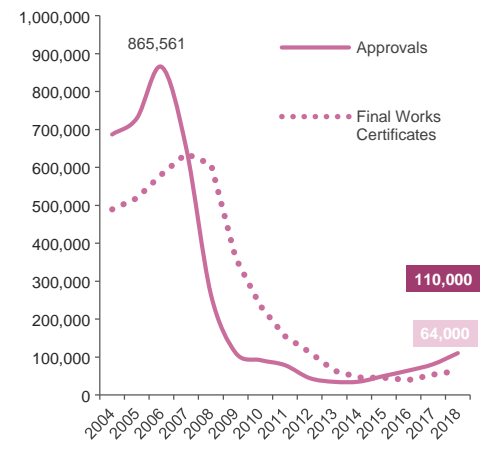
Source: CIS

GRAPH 3
Number of mortgages granted
2004 - 2019 (Jan)



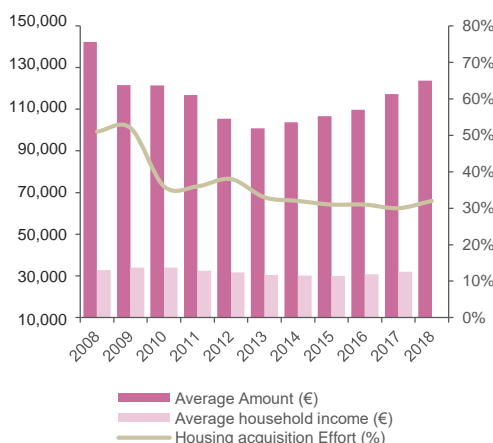
Source: INE.

GRAPH 4
Approvals and Final Works Certificates
2004 - 2018



Source: Ministry of Public Works.

GRAPH 5
% of household income spent on the mortgage. 2007 - 2018



Source: INE and Bank of Spain

STARTED AND COMPLETED HOUSES | 2018 - 2019 (P)

Started: **+30 %** (115,000 units approx)

Completed: **+35 %** (80,000 units approx)

Prices and transactions in Spain

- Existing housing transactions continued to represent the vast majority with a 91% compared with new build. It is expected that new build transactions will increase in the next years due to the new projects.

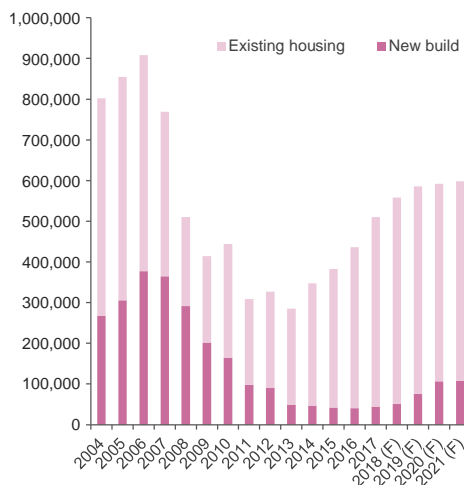
- Madrid continues to be the city leader in the number of transactions, followed by Barcelona with a variation between them of 5 percentage points of the total.

- 2018 ended on a price increase of 2.8% for new build and 3.9% for existing housing. It is expected prices will continue to increase although more moderately during this year.

- During this quarter housing investment returned high yields of 4%, compared with other alternative investments, such as a 1.2% return for a 10-year state bond. This will influence the confidence of the investor that will continue betting on this sector.

GRAPH 6

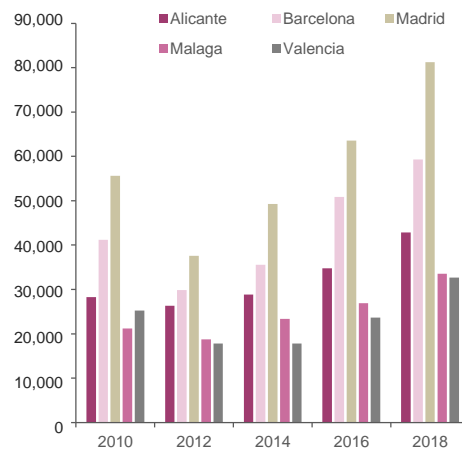
New build and existing housing transactions. 2004 - 2018 (F)*



Source: Knight Frank Valuations Department based on Ministry of Public Works.
* Data from Q4 2018 forecast

GRAPH 7

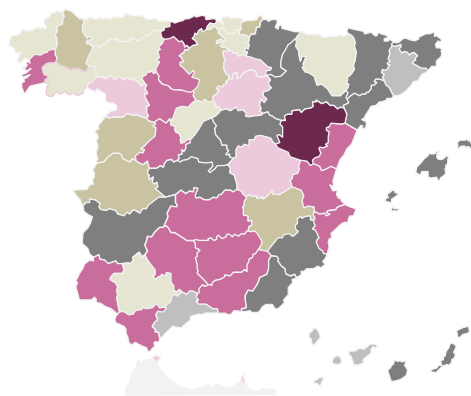
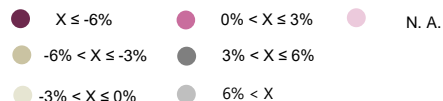
Top 5. Main cities transactions. 2010 - 2018



Source: Ministry of Public Works

GRAPH 8

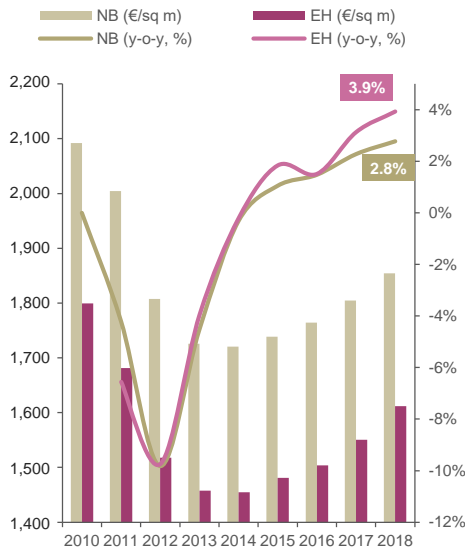
New build prices variation by province. 2017 - 2018



Source: Ministry of Public Works

GRAPH 9

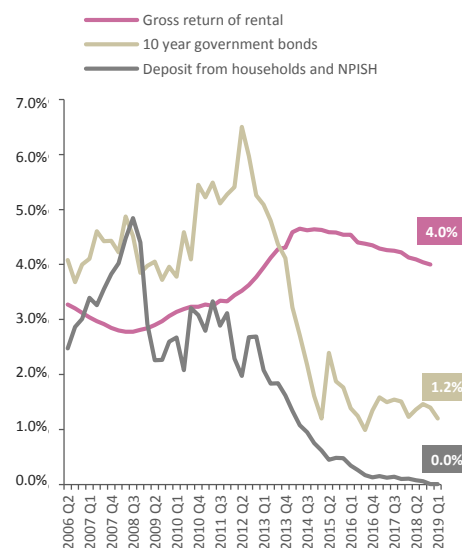
New build (NB) and Existing housing (EH) prices. 2011 - 2018



Source: Ministry of Public Works

GRAPH 10

Returns of alternative investments 2006 - 2019 (Q1)



Source: Bank of Spain



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