

Residential Snapshot

Q4 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 prices of free-market housing in Spain do not decrease despite adjustments in other indicators.

- Despite the increases in interest rates and mortgage adjustments, the stability of demand is influencing housing prices to continue rising, as the supply of new construction remains insufficient.

SITUATION IN SPAIN

The GDP maintains an annual growth of 1.8% in the last quarter of the year. The International Monetary Fund expects the year 2023 to close with a growth of 2.5% and 1.7% for 2024.

The increase in interest rates will impact the number of signed mortgages, as we expect the year 2023 to close with a figure of around 380,000, representing a

9% adjustment compared to 2022. However, this figure is above pre-pandemic years.

It is estimated that the number of construction commencement permits will remain at 110,000 in 2023, similar to 2022. Completion certificates will increase to 90,000, driven by construction permits from 24 months ago.

Spain

Jan-Oct 2023 vs Jan-Oct 2022

+3% 92,000 approvals

-0.4% 73,000 final works certificates

Q1-Q3 2023 vs Q1-Q3 2022

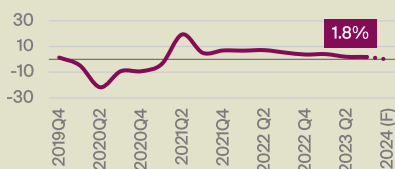
-13% 395,000 n° transactions

+4.2% 1,812 €/sq m

Source: Ministry of Public Works

GDP evolution

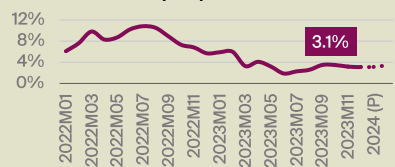
2019 – 2024 (F), y-o-y (%)



Source: INE (Provisional data from Q1 2021) | FMI

CPI evolution

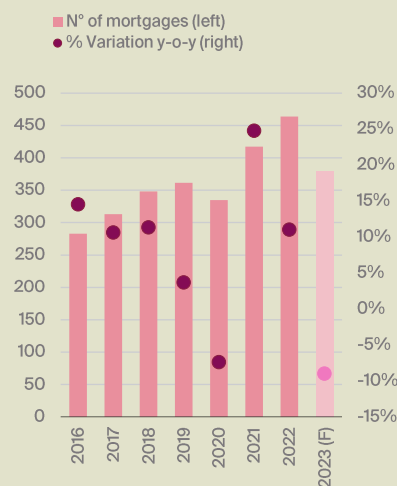
2022 – 2025 (F), y-o-y (%)



Source: INE | Bankinter

N° of mortgages

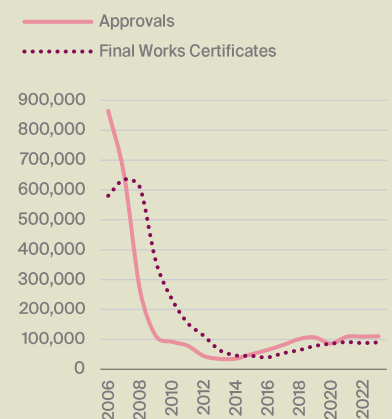
2016 – 2023 (F)



Source: INE

Approvals and final works certificates

2006 – 2023 (F)



Source: Ministry of Public Works

PRICES AND TRANSACTIONS IN SPAIN

The increases in interest rates have also influenced the decrease in the number of transactions. A decrease of around 10% is anticipated in property sales compared to 2022, which, on the other hand, was a record-breaking year. The outlook suggests that the number of transactions will close the year with slightly over 630,000, surpassing the average of pre-pandemic years.

During the third quarter, the British have been the foreigners who have purchased the most homes in Spain, accounting for 10% of international property transactions. Germans and French follow them, with 7% and 6.7% respectively.

The prices continue to increase, albeit moderately. The average price in the free-market housing reached €1,812 per square meter at the end of the third quarter, representing a 4.2% increase compared to the same period in 2022. In new construction, the average price rises to over €2,164 per square meter (+5.6% YoY), while the second-hand market records slightly more than €1,800 per square meter (+4.1% YoY).

The Islands lead the regions that have experienced the highest annual price variations, with the Balearic Islands showing a 9.1% increase and the Canary Islands with 8.2% growth.

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



Residential

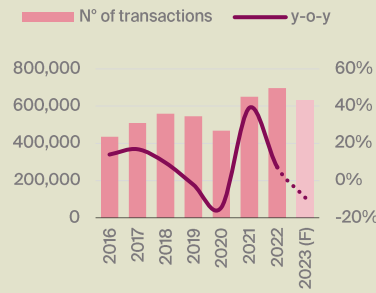
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Research

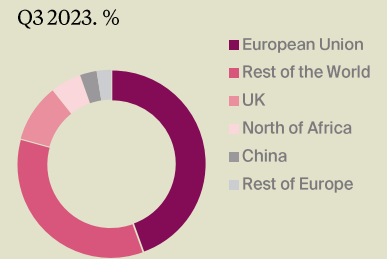
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N° of transactions 2016 - 2023 (F)



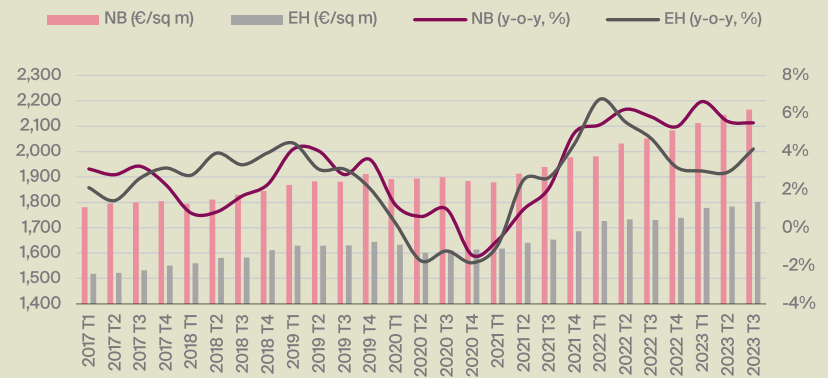
Source: Research Knight Frank | Ministry of Public Works

Origin of foreign housing buyers Q3 2023. %



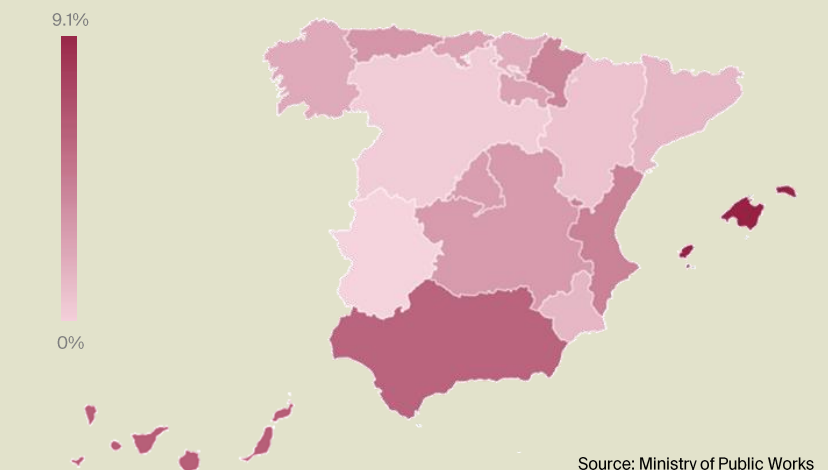
Source: Spanish College of Property

New build (NB) and existing houses (EH) prices in Spain 2017 - Q2 2023



Source: Ministry of Public Works

New build prices variation by region Q3 2023 vs Q3 2022. (%)



Source: Ministry of Public Works