



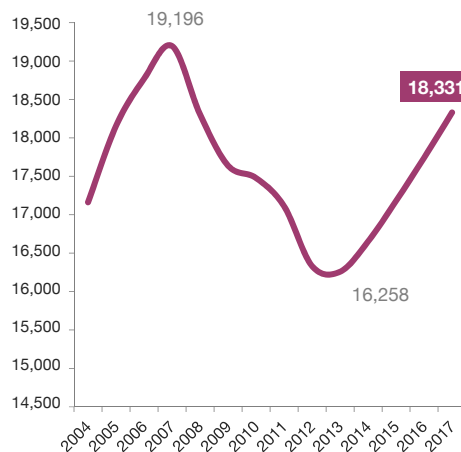
RESIDENTIAL SNAPSHOT

4th QUARTER 2017

SITUATION IN SPAIN

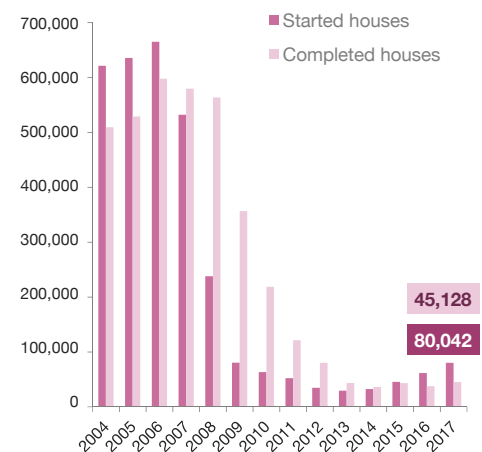
- 2017 was a year of growth in Spain, GDP grew 3.1%, and the number of Social Security affiliates exceeded 18 million, close to reaching an all time high.
- The number of mortgages granted in 2017 grew by 10%, a more moderate increase than at the beginning of the recovery. About 40% of purchases were made without mortgage credit.
- Both started and finished homes are at low levels, although in 2017 they grew by 31% and 20% respectively, continuing with the expansion that started in 2014.
- In 2017, the number of licenses increased by 5% with respect to the previous year, although it is still far from the figures of the years prior to the crisis.

GRAPH 1
Social Security affiliates
Thousands of people. 2004 - 2017



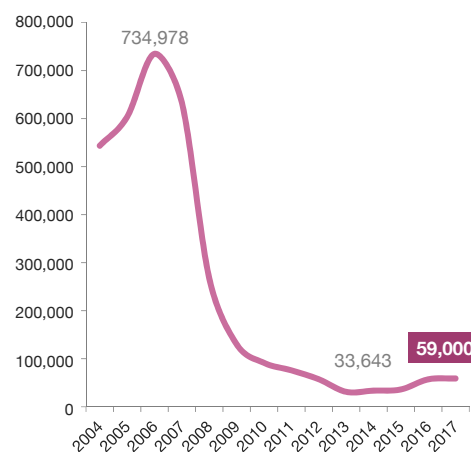
Source: Ministry of Employment and Social Security

GRAPH 2
Started and completed houses
2004 - 2017



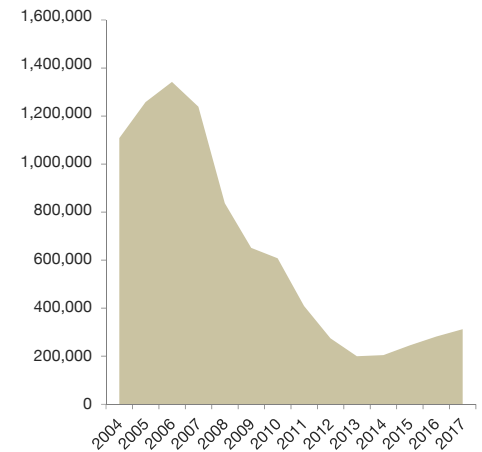
Source: Knight Frank Valuations Department based on Ministry of Public Works data.

GRAPH 3
Licenses
2004 - 2017



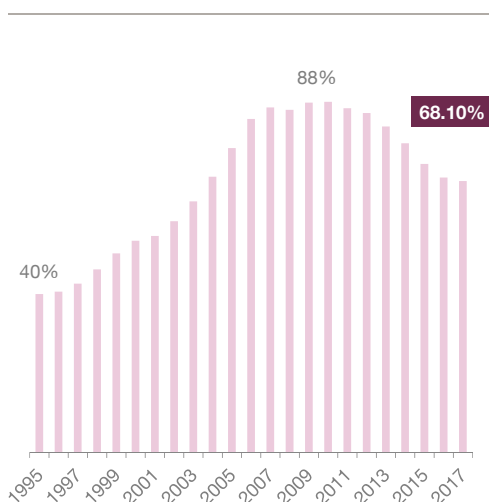
Source: Knight Frank Valuations Department based on Ministry of Public Works data.

GRAPH 4
Number of mortgages granted
2004 - 2017



Source: INE

GRAPH 5
Household debt
% GDP. 1995 - 2017



Source: Bank of Spain

STARTED AND COMPLETED HOUSES | 2016 - 2017

STARTED: +30 %

COMPLETED: +20 %

TRANSACTIONS AND PRICES IN SPAIN

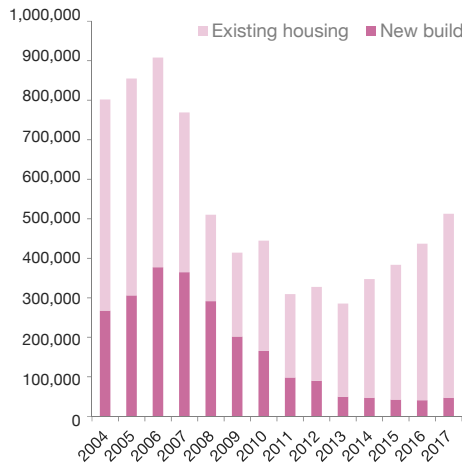
- Transactions in new build increased by 16% in 2017, while existing housing transactions increased by 17%, driven by lower prices and the lack of new available building stock.

- As the supply of new build increases, the imbalance with respect to the number of existing housing transactions will be reduced.

- The difficulties of the new build supply to meet the increase in demand, as well as the existence of higher quality projects, is increasing the average price of housing.

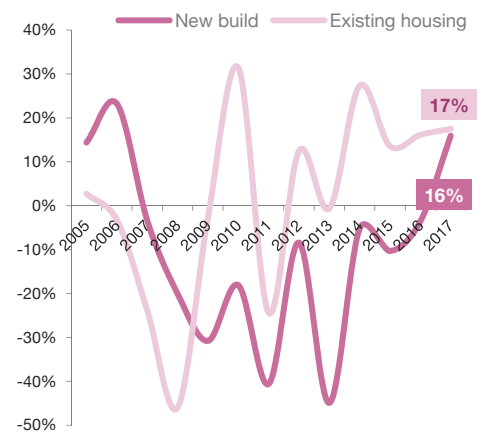
- The average prices of new build in Spain grew close to 3% in Spain in 2017, compared to 2.2% for existing housing. However, there are big differences between provinces.

GRAPH6
New build and existing housing number of transactions. 2004 - 2017



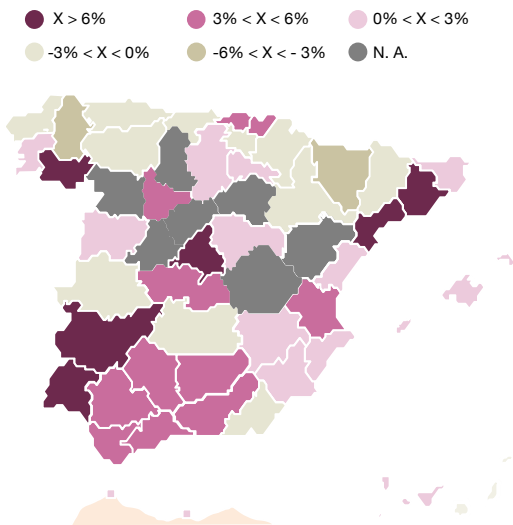
Source: Knight Frank Valuations Department based on Ministry of Public Works data.

GRAPH7
New build and existing housing y-o-y variation. 2004 - 2017



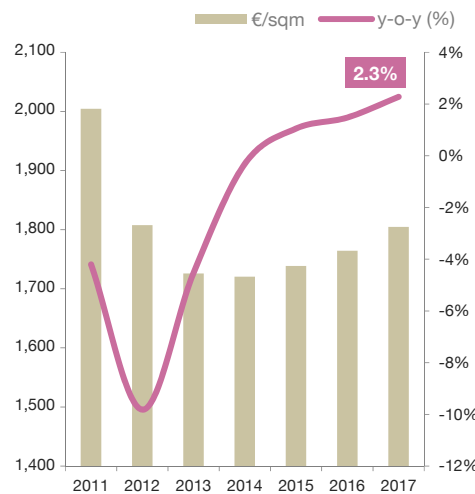
Source: Knight Frank Valuations Department based on Ministry of Public Works data.

GRAPH10
New build prices variation by province Q4 2016 – Q4 2017



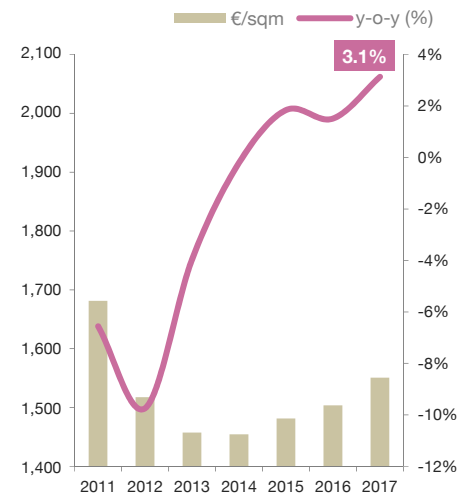
Source: Knight Frank Valuations Department based on Ministry of Public Works data.

GRAPH8
New build prices 2011 – 2017



Source: Knight Frank Valuations Department based on Ministry of Public Works data.

GRAPH9
Existing housing prices 2011 – 2017



Source: Knight Frank Valuations Department based on Ministry of Public Works data.



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