



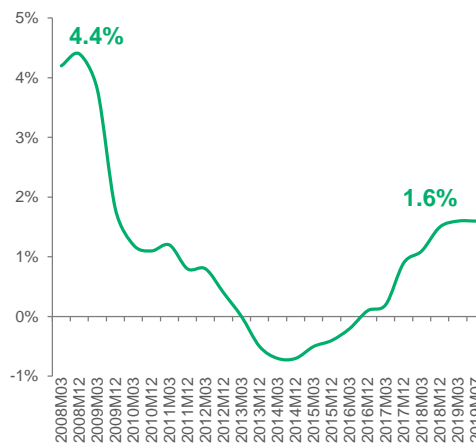
Private Rented Sector Snapshot

October 2019

Situation in Spain

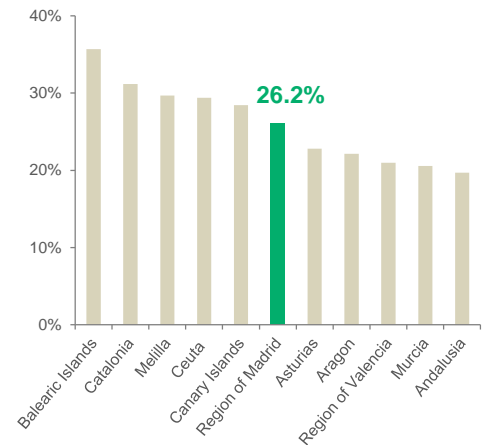
- At the end of 2018, the Community of Madrid ranks 6th in terms of largest number of homes for rent, around 26% of the total households in the Community of Madrid. Balearic Islands takes the lead with almost 36%, followed by Catalonia with around 30%.
- Households with a tendency to rent at market price predominate in the population group of 16 to 29 years with almost 46%. Followed by the group of 30 to 44 years with 28%.
- In Autonomous Communities such as Madrid, Barcelona or the Canary Islands, the rental effort rate is above 40%, however the number of communities that place this percentage at less than 30% predominates.
- Since the minimum of 2013, the trend of average household income, with imputed rents, has been increasing until reaching the last year at 8% more than in 2013.

GRAPH1
CPI residential rental evolution
Spain. Interannual rate (%). 2008 - 2019



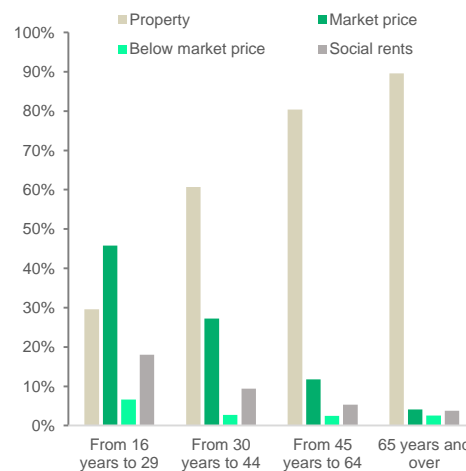
Source: INE

GRAPH2
% households renting by Communities
Spain. 2018



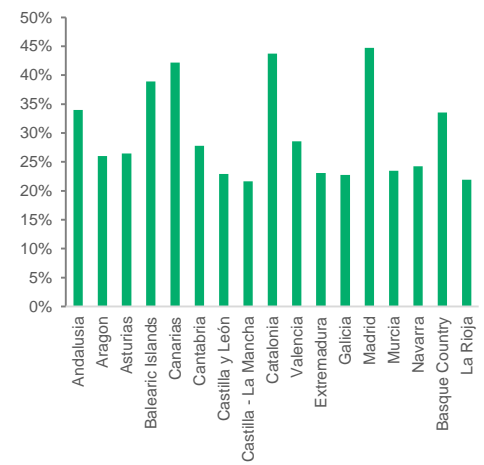
Source: INE

GRAPH3
% households tenure regime by age group
Spain. 2018



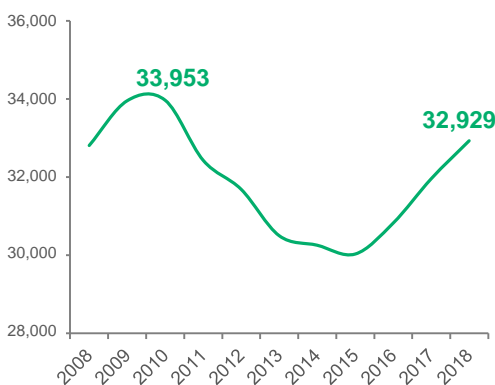
Source: INE

GRAPH4
Effort rate per household
Autonomous Communities. 2018



Source: Knight Frank Research, INE and Idealista

GRAPH5
Average income per household in Spain*
€. 2008 - 2018



Source: INE
* With computer rental.

SPAIN 2018 DATA



AVERAGE INCOME / HOUSEHOLD
32,929 €/ annum



AVERAGE RENTAL PRICE
10.4 €/ sq m



RENTAL EFFORT RATE
38%

Source: Knight Frank Research

Prices and transactions in Spain

- Taking 2006 as a reference, the variation in the rental price, both in Madrid and Barcelona, has been significantly higher than the sale price although the trend in both cities has been similar. During the last year the capital reached its maximum income while in Barcelona it happened in 2015.

- The 2nd quarter closes with a return on housing of 3.9%, well above 0.4% of other alternative investments such as the government bonds, so it remains a secure investment vehicle.

- According to the latest available data, during last August the average rental price in Spain stood at €11 / sq m, 5.7% more than the previous year, and registering the historical maximum.

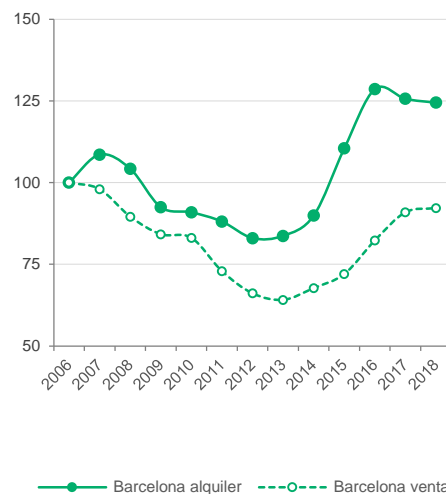
- The biggest deal of the semester has been the purchase of two buildings in Madrid for around 90 million euros with an area of more than 21,500 sq m.

GRAPH6
Rental prices vs sale prices
Madrid*. Variation rate from 2006



Source: Bank of Spain. *Cities

GRAPH7
Rental prices vs sale prices
Barcelona*. Variation rate from 2006



Source: Bank of Spain. *Cities

GRAPH8
TOP 3 | Investment transactions
H1 2019

2 RESIDENTIAL BUILDINGS

MADRID. VENDOR: CONFIDENTIAL | PURCHASER: CONFIDENTIAL

€90 m | 220 residences

Source: Eje Prime

3 TURN-KEY PROJECTS

TORREJÓN DE ARDOZ, ALCALÁ DE HENARES AND EL CAÑÁVERAL. VENDOR: AEDAS | PURCHASER: ARES

€71 m | 500 residences

Source: Expansión

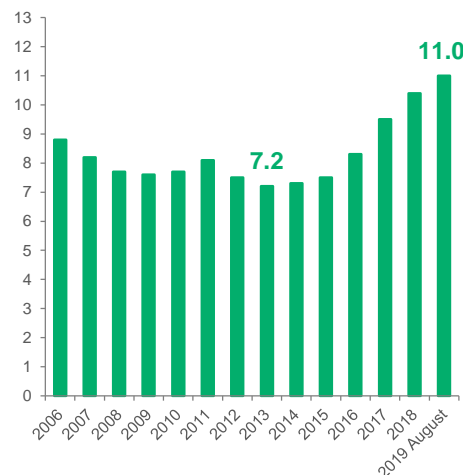
GRAN VÍA CAPITAL BUILDING

MADRID. VENDOR: CAAMAÑO | PURCHASER: GREYSTAR

CONFIDENTIAL | 96 residences

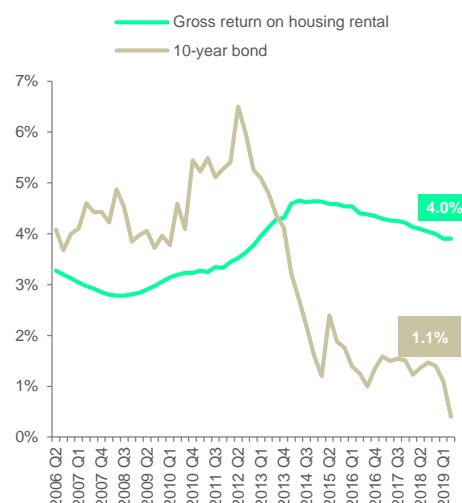
Source: Knight Frank Research

GRAPH9
Average rental price
Spain. 2006-2019. €/sq m



Source: Idealista

GRAPH10
Return on alternative investments
2006 - Q2 2019



Source: Bank of Spain



RESEARCH

Carlos Zamora

Partner | Head of Residential
Carlos.Zamora@es.knightfrank.com
+34 600 919041

Jorge Sena

Partner | Head of Commercial
Jorge.Sena@es.knightfrank.com
+34 600 919004

Rosa Uriol

Head of Research
Rosa.Uriol@es.knightfrank.com
+34 600 919114

Important notice

© Knight Frank Spain, S.A.U. 2019

This report is published for general information only and is not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank España, S.A.U. for any loss or damage resultant from any use of, reliance or reference to the contents of this document.

As a general report, this material does not necessarily represent the view of Knight Frank España S.A.U. in relation to particular properties or projects. Reproduction of this report in whole or part is not permitted without prior written approval of Knight Frank España S.A.U. to the form and content within which it appears. Knight Frank España is a limited liability partnership registered in the Mercantile Register of Madrid with Tax ID No. (CIF) A-79122552. Our registered office is located at Suero de Quiñones 34, 28002 Madrid.

KnightFrank.es