



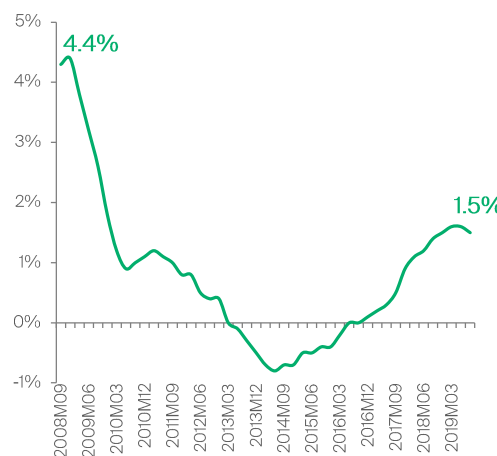
Private Rented Sector Snapshot

November 2019

Situation in Spain

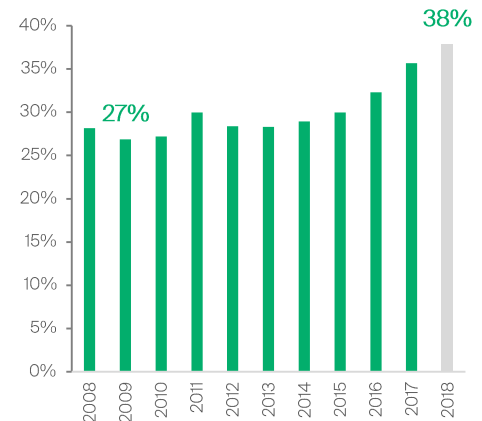
- The annual inflation variation of residential CPI rental during September has reached 1.5%, which represents a monthly variation of 0.1%.
- The national rental effort rate has been increasing since 2009 until reaching 38% at the end of 2018, two percentage points more than in the previous year, with an acceleration trend in the last three years.
- The Community of Melilla has the highest national average income per household, more than 46,000€, follow by Basque Country and Balearic Islands with approximately 38.000 €. The Communities of Madrid and Catalonia rank fifth and sixth above the national average.
- The percentage of households formed by foreigners who rented is higher than those who owned, with non-European Union members being more numerous.

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



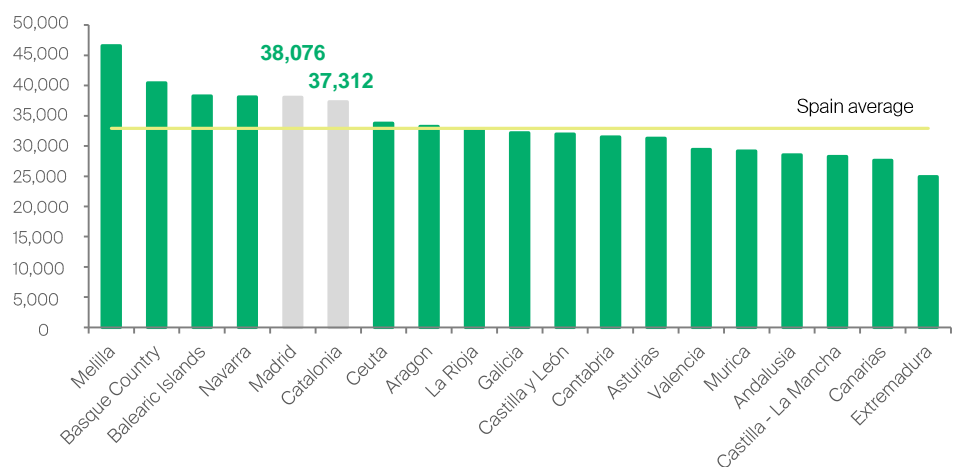
Source: INE

GRAPH2
Rental Effort rate
Spain. %. 2008 - 2018



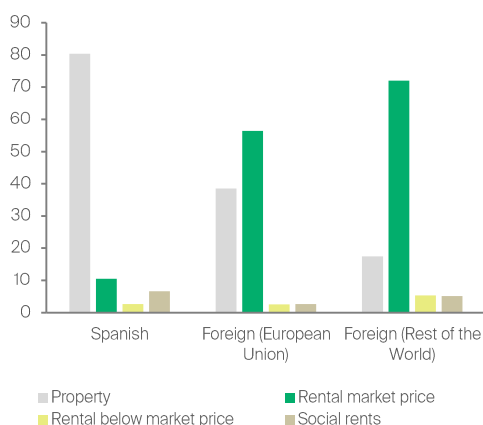
Source: Knight Frank Research, INE and Idealista

GRAPH3
Average income per household by Communities
€. 2018



Source: INE
* With computer rental

GRAPH4
% households tenure regime by nationality
Spain. 2018



Source: INE

SPAIN 2018 DATA



AVERAGE INCOME / HOUSEHOLD
32,929 €/ anum



AVERAGE RENTAL PRICE
10.4 €/ sq m



RENTAL EFFORT RATE
38%

Source: Knight Frank Research

Prices and transactions in Spain

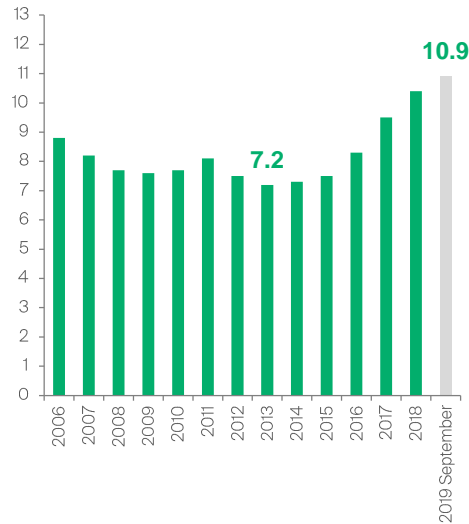
- During September the average rental price in Spain stood at 10,9€/sq m, practically in line with the previous month (-0,9%).

- The 3rd quarter closed with a return on housing of 3,8%, well above other alternative investment such as the 10-year government bond that has fallen to 0.1%.

- One of the biggest deals of the 3rd quarter of the year has been the purchase by Azora to the real estate fund of Banco Sabadell for more than 500 rental houses between Madrid and Barcelona. The volume reached 150 million euros. The bank acquired them between 2005 and 2012 and kept them leased throughout the crisis period.

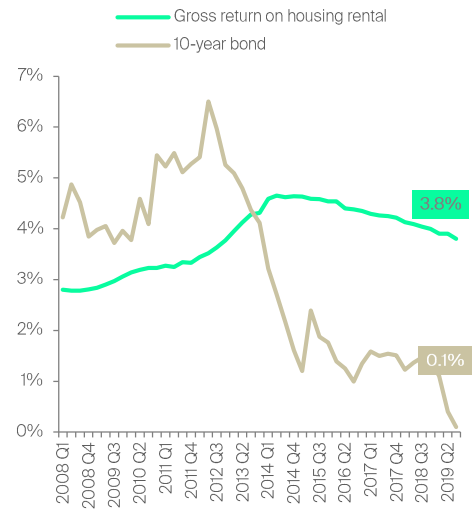
- The homes for rent, which will enter the market in the next two or three years, will be designed specifically for this use, providing a great advantage for both the tenant and the owner, the latter can manage the assets in a more comfortable way.

GRAPH5
Average rental price
Spain. 2006 - Sep 2019. €/sq m



Source: Idealista

GRAPH6
Return on alternative investments
2006 - Q3 2019



Source: Bank of Spain

GRAPH 7
Top 3 | Investment transactions
Q3 2019

RENTAL HOUSES

MADRID/BARCELONA. VENDOR: BANCO SABADELL | PURCHASER: AZORA

€150 m | more than 500 residences

Source: Cinco Días

TORRE SKYLINE

MADRID. VENDOR: STONEWEG | PURCHASER: M&G

€125 m | 300 residences

Source: Expansión

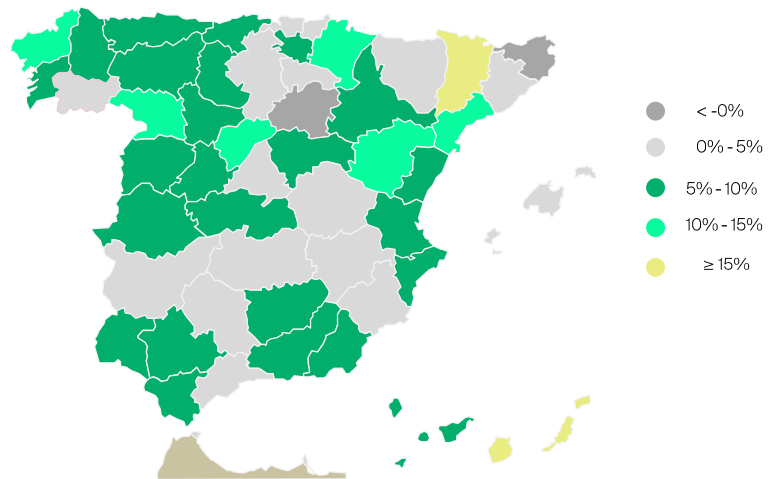
3 BUILDINGS

MADRID/BARCELONA. VENDOR: BLACKSTONE | PURCHASER: VIVENIO

Approx. €85 m | 500 residences

Source: Idealista

GRAPH8
Variation of rent prices y-o-y
Province. Q3 2018-Q3 2019. €/sq m



Source: Idealista



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