The sector indicators are compiled quarterly from a detailed and exhaustive study prepared by experts in the Knight Frank Madrid office and are based on real data and market trends.

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Private Rented Sector Snapshot

Q3 2020

SPAIN DATA 2020 y-o-y (latest available data)	GDP	POPULATION INCREASE	GROSS AVAILABLE INCOME (HOUSEHOLDS)
	-12.8%	**+0.8%**	**-8.8%**
	(IMF Forecast 2020)	(INE Forecast 2020)	(Q2 2020)

SPAIN DATA 2020 (latest available data)	AVERAGE RENTAL PRICE	INVESTMENT VOLUME (RCA)	GROSS RETURN ON HOUSING RENTAL
	11.3 €/sq m	**€790 M**	**3.7%**
	(October 2020)	(Q1 – Q3 2020)	(Q3 2020)

Situation in Spain

The Spanish GDP has exceeded all forecasts, experiencing strong growth and reaching a quarterly variation of 16.7% during the third quarter, although the forecast at the end of the year is negative, estimated at -12.8%.

Real estate financial wealth continues to rise, a different development when compared to the previous crisis and seems to indicate that so far, there has been a lesser impact on wealth, which is still 10% higher than in 2014.

The percentage of the population that dedicates over 40% of their income to rent has also changed. Standing at 37% at the end of 2019 compared to 48% in 2014.

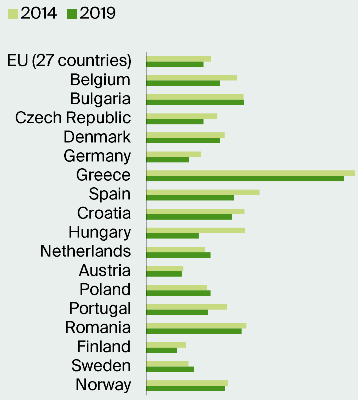
Household wealth

1996 – 2020. Billions €

Source: Bank of Spain

% households that spent +40% on rent

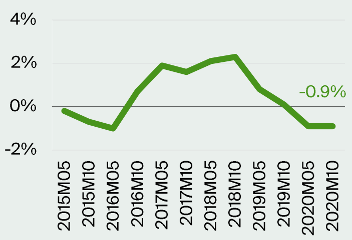
Europe



Source: Eurostat, Housing Cost Burden

Spain CPI

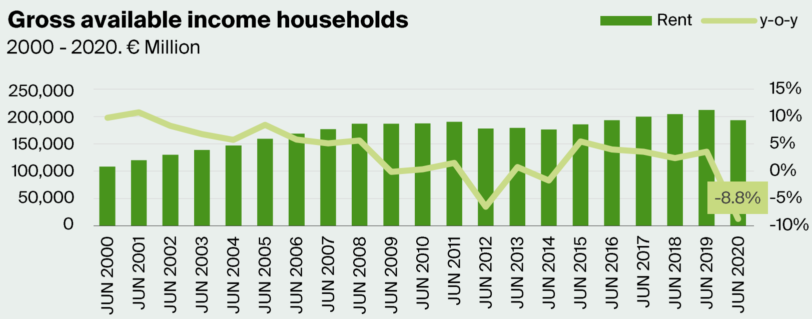
Y-o-y (%). 2015 – October 2020



Source: INE

Gross available income households

2000 - 2020. € Million



Source: Bank of Spain

Prices and transactions in Spain

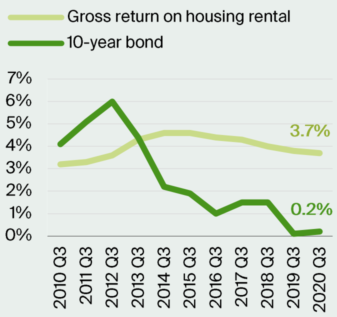
Rental housing continues to be one of the most competitive investments, maintaining 3.7% gross profitability during this quarter.

Despite the health crisis and the polices limiting rent prices, average rent prices continue their upward trend, having registered 11.3€ per sq m in October, just over 5% more than in 2019.

During Q3, rental prices have increased in most provinces compared to 2019 aside from Madrid, the Balearic Islands and Las Palmas, where prices have fallen slightly. Orense has experienced particularly strong growth with an increase of 20%.

Return on alternative investments

2010 - Q3 2020



Source: Bank of Spain

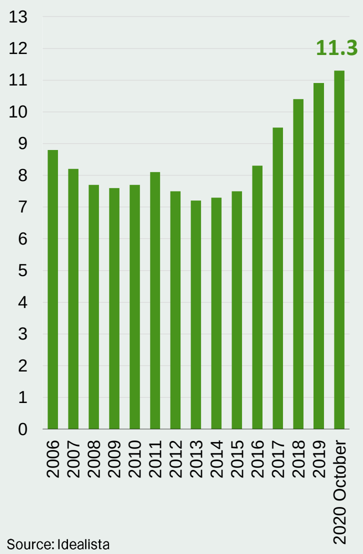
TOP 3 *DEALS*

MADRID	BARCELONA	VARIOUS
MAHOU-CALDERÓN AREA	SANT JOAN DESPÍ	NEINOR PORTFOLIO
VENDOR: AZORA	VENDOR: METROPOLITAN HOUSE	VENDOR: NEINOR
PURCHASER: ABERDEEN (ASI)	PURCHASER: PATRIZIA AG	PURCHASER: 1810 CAPITAL
€90 M 160 houses	**€74 M** 208 houses	**€20 M** 72 houses
Source: El Economista	Source: Inmobiliario Mes a Mes	Source: Idealista

In the third quarter, the Aberdeen Standard Investments fund makes its debut in the residential area with the acquisition from Azora of the last large space available within the Madrid M-30. It is a turnkey project for rent and acquired for around 90 million euros. The new development will have 2,000 sq m of common areas and 160 houses. Also a build to rent project has been acquired by Patrizia from Metropolitan House in Barcelona. With an investment of 74 million euros, it consists of 208 homes as well as commercial premises.

Average rental price

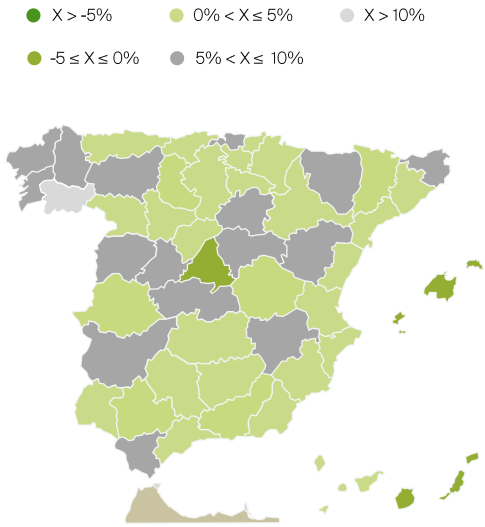
Spain. 2006 - October 2020. €/sq m



Source: Idealista

SPAIN. VARIATION OF RENT PRICES Y-O-Y

Q3 2019 VS Q3 2020



Source: Knight Frank Research e Idealista

COVID-19: Across Europe and beyond, market activity is being impacted in all sectors due to the Novel Coronavirus (COVID-19) outbreak. As at the date of this report, we consider that we can attach less weight to previous market evidence for comparison purposes, in providing our opinions on the market. Given the unknown future impact that COVID-19 might have on the real estate market and limited recent comparable data, this report is meant to provide market insights as we see them at this time but we wish to highlight the material uncertainty which may cause swift changes in the market. Please get in touch with our team if you would like to discuss in further detail or receive an update regarding market conditions.

Residential

Carlos Zamora
Partner, Head of Residential
+34 600 919 041
Carlos.Zamora@es.knightfrank.com

Commercial

Jorge Sena
Partner, Head of Commercial
+34 600 919 004
Jorge.Sena@es.knightfrank.com

Research

Rosa Uriol
Head of Research
+34 600 919 114
Rosa.Uriol@es.knightfrank.com

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