

Snapshot PRS-BTR

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 year ends with another increase in the average residential rental price in Spain

- The average rental price in Spain continues on an upward trend and has once again set a new record during the month of December, with an average price of €12 sqm

SITUATION IN SPAIN

The Consumer Price Index (CPI) ended the year at 3.1% in December. It is expected that inflation will return to the 2% level during 2024 in the Eurozone.

As inflation rates approach the 2.0% target, central banks will begin to reduce benchmark interest rates. This will alleviate pressure on businesses and households, making it easier for the economy to gain momentum in the second half of the year.

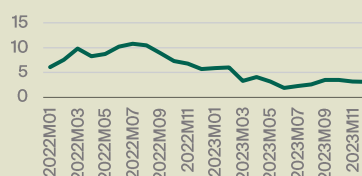
The net financial wealth of households during the third quarter has remained at similar levels to the previous quarter; however, it has experienced an annual increase of almost 10%.

The ownership tenure regime continues to be the most representative. However, it is noteworthy that rental households have gained prominence in the last ten years, increasing from 14.5% to 18.1%.

In September, the gross disposable income of households increased by 10.6% compared to the same period in 2022, reaching over €210 billion.

Spain CPI

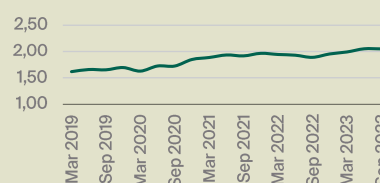
Y-o-y (%). 2022 - Sep 2023



Source: INE

Household's net financial wealth

Billions



Source: Banco de España

Spain

Latest available data

+1.8 % y-o-y | GDP (Q3 2023)

+10.6 % y-o-y | Gross available household income (Sep 2023)

31 % Rent effort rate (Sep 2023)

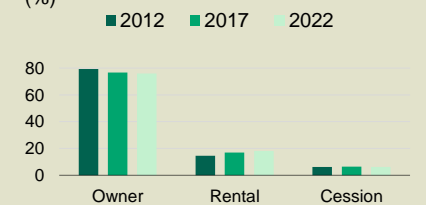
12.1 €/sqm Average rental Price (Dec 2023)

3.4 % Gross return on housing rental (Q3 2023)

Spource: FMI / INE / Banco de España / Idealista

N° of households by tenure regime

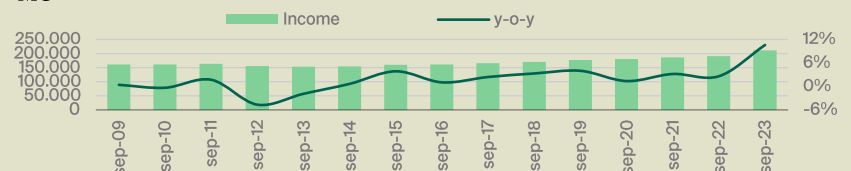
(%)



Source: INE

Gross available household income

M€



Source: Banco de España

TRANSACTIONS AND PRICES IN SPAIN

The fourth quarter closes with an investment volume of around €230 million. Regarding the total for the year, the volume amounts to almost €1.2 billion. This represents a 50% reduction compared to the previous year, but it aligns with the figures recorded in 2019, 2020, and 2021.

Investors continue to predominantly favor turnkey projects, as these represent nearly 55% of the total annual investment volume. Among the most sought-after locations by investors, Madrid remains in the lead, accounting for approximately 60% of the total investment throughout the year.

The average rental price closes the year with another increase, reaching €12.1/m² in December, which is 10.1% higher than the same period last year.

Among the provinces that have experienced the greatest increase in the last month are Segovia with almost 22%, and Santa Cruz de Tenerife, with around 18%.

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



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Spain

Investment volumen Q4 2023

€230 M (€860 € Q4 2022)

Top 3 investment deals Q4 2023

€33* M | Madrid

Vendor: Catella Wonhen | Purc.: Gran Europa
Houses: 24

Source: Brainsre * Estimated price

€24 M | Bilbao

Vendor: Urbas | Purchaser: Q-Living
Houses: 143

Source: EjePrime

€18,5 M | Madrid

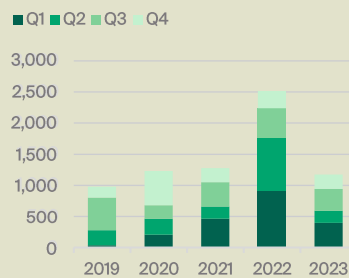
Vendor: Home capital R. | Purch.: Confidential
Houses: 26

Source: Brainsre

► Among the highlighted operations of the last quarter is the acquisition by Gran Europa of a building dedicated to corporate leasing located at 5 Genova Street. The building belonged to the real estate investment fund Catella Wonhen Europa and has a surface area of 4,300 square meters divided into 24 houses with one and two-bedroom units, a commercial space, and 29 parking spaces

PRS investment volume

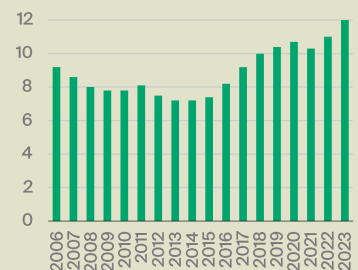
2019 – 2023. M€



Source: Knight Frank Research

Average rental price

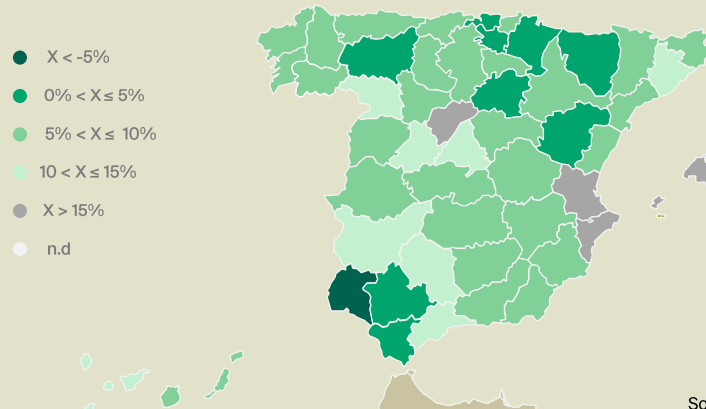
Spain. €/sq m



Source: Idealista

Spain. Y-o-y in the price of rental housing

Cities. Dec 2023 (%)



Source: Idealista