



Building a better  
working world

# The Housing Property Telescope

Investment & Financing Keys

Spain 2021

*Enhanced by Atlas Real Estate Analytics*

16<sup>th</sup> December 2021

Strategy and Transactions





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Spain 2021

## EXECUTIVE SUMMARY

### 1 Market Overview



Consumer morale deteriorates  
to 7- month low

- ▶ Spanish GDP per Capita: -10% YoY
- ▶ Despite **unemployment** has been decreasing progressively since 2013, it **remains high:14,3%**
  - Youth unemployment (<24Y) still **the highest in Europe:** (30% vs 16% of European average)
- ▶ **Birth rate** in Spain levelling off at 1.24, even lower than Portugal (1.42) or Italy (1.27)
- ▶ **Consumer confidence** plunges 12 points since October, from 97 to 85 due to new outbreaks of Covid throughout the world.
- ▶ **Madrid region steps up** above the rest of the country as young people is moving to the capital due to better labour opportunities

### 2 Supply & Demand



- ▶ **National Housing permits expected to reach 101,500 units in 2021.** New projected housing development resumes 2019 activity rate after 2020 sharp decline due to Covid.
- ▶ **National Housing starts amounts to 95,000 units in 2021, similar to 2019. Madrid and Barcelona regions account for 30% of development activity.**
- ▶ **Absorption rate** of brand new units ranging **below 80% in 2020 and 2021.** This fact had not occurred since 2009. It is remarkable that absorption ratio had been ranging from 100% to 155% from 2012 to 2017.
  - ▶ There is an **incremental annual unsold stock** of 35,000 brand new units since 2019.
- ▶ **Average prices grow slightly 3-4% annually**
- ▶ **Private Equity Landlords are favouring middle and low income households affordability** delivering rental properties below average market price .

### 3 Residential Properties Investment Market



- ▶ **Worldwide institutional equity investment** in residential properties **expected to reach €352bn in 2021**, as 297bn were already executed from January to November
- ▶ **Real Estate investment on residential properties** represents **32% of total worldwide Real Estate asset classes in 2021**, while it accounted for 15% in 2011. The Americas still focuses 67% of annual activity.
- ▶ **Germany concentrated 58% of housing investment in Europe, while Spain only registered 2% of 2021 activity**, despite the relevant investment pipeline ahead (€2.4bn).
- ▶ Investors in **Spain focused on BTR schemes since 2019 ready to move ahead to single family rental strategies.**

### 4 Financing Activity



- ▶ **Traditional finance limited to construction costs for both BTS and BTR**, pricing from 200 to 300 bps/over Euribor with classic guarantee package and amortising calendar.
- ▶ Surge of **alternative capital providers drawing up hybrid capital** pricing from 500 to 1,500bps/over Euribor. **Open to finance land on profit-sharing** schemes
- ▶ Listed local developers profiting from low cost of **bonds issuance under ESG criteria.**
- ▶ **Warehouse financing** to sponsor “single family rental” investment vehicles, sponsored by PropTechs.

### 5 Key Performance Indicators



Main Hotspots	RENTAL MARKET				SALE MARKET		
	TTR (mths)	Absorp. (%)	Price variation (vs.2019)	Rental share (%)	TTS (mths)	Absorp. (%)	Price variation (vs.2019)
Madrid	3.0	32%	-10%	22%	3.8	22%	+11%
Barcelona	3.3	35%	-12%	27%	3.6	21%	-5%
Malaga	2.7	30%	-4%	17%	4.2	18%	+19%
Seville	3.1	30%	-2%	11%	4.4	20%	+15%
Valencia	3.4	29%	-0%	16%	4.4	20%	+18%
Bilbao	2.1	32%	+3%	13%	4.6	18%	+16%
Zaragoza	2.4	34%	+1%	20%	4.3	23%	+1%

TTR: Time to rent / TTS: Time to sale





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**#TheHousingPropertyTelescope**

## Request the Expanded Edition...

1. **Historical analysis of demand trends**, and expected performance in the upcoming years
2. **New expected supply breakdown analysis** for both, BTS, BTR and Co-Living throughout Spain.
3. **Full detail on the most recent portfolio housing transactions** within the main hotspots
4. **Full Spanish Housing Hot-Spots in depth analysis**
5. **New housing trends: E-Buyers, Single-Family rental business arrival, house flipping, warehouse financing....**

## ...do not hesitate to contact us

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