



Building a better
working world

The Student Accommodation Property Telescope

Investment & Financing Keys

Spain 2022

Executive Summary

September 2022

Strategy and Transactions



1 Market Overview



Spain facing his most difficult period since financial crisis

- Jobless rate fell to its lowest level in 14 years
- According to the **Consumer Confidence Index**, current situation in Spain is still adverse (55pts, jul-22), yet future expectations slightly improve (84pts), although remain below the 100pts.
- **August 22 CPI was 10.5%** higher than August 21, weighing down the Spanish economy, and making **central banks to react by raising interest rates** to contain inflation.
- Local government struggling to regain momentum with a **€9bn package of pension increases, tax cuts and subsidies**.
- According to the QS ranking **Madrid and Barcelona are included within the top50 best students' cities of 2023**.

2 Supply & Demand



- **Spain with 1.3m students (+2.8% CAGR 2015-2022)** of which 9% are international students. The current PBSA and student Halls inventory amounts to 114k beds **vs the 271K students as potential accommodation seekers**, while PRS and Co-Living schemes are strong competitors in the short term.
- Inventory growth driven by unsatisfied demand and obsolescence of student halls. New pipeline (+20.300 beds entering this 2H2022 and under development until 2026) mainly in Madrid and Barcelona, account for 58% of the new supply.
- **Unbalanced supply & demand in most university Spanish locations.** Provinces as Madrid (11), Valencia (10), La Rioja (17) or Murcia (29) count with a very low students/bed provision rate, making them attractive to investors. Note: London has a provision rate of 4.
- **Points of concern worth following up, such as Seville**, where new residences are struggling (1,800 new beds).

3 PBSA Properties Investment Market



- **Global equity overweight the Americas against EMEA where we find two speeds**, with more consolidated and mature markets than others. **UK in Europe or the states of Texas and California present more compressed yields and higher investment volumes**, unlike Spain, Portugal or Arizona. While **Asia is not on the radar** of the major funds and capitals at the moment.
- **Spain is still a market under consolidation process with a 9% (€1,150m) of the investment volume 22YTD in Europe**, far behind UK (72% and €8.7bn in 22YTD) which dominates the European market.
- **New players are currently pursuing a build-up strategy** developing beds by the hand of operators, until the arrival of institutional capital (PGGM purchasing RESA, €822m, 11,000beds)

4 Financing Activity



- **PBSA appetite has grown for both international and Spanish traditional lenders as this asset class consolidates and professional players enter the Spanish market.**
- Surge of alternative capital providers drawing up innovative hybrid capital solutions
- **Sponsor + Operator + Location**, together with a strong guarantees package the key drivers for financing granting.
- Lending conditions become more expensive as central banks raise rates, **increasing cost by c.200bps and reducing LTC to 45-50% on avg.**

5 Key Investment Indicators



Country	Cap. Value (€k/bed)	Cap. Value CAGR (19-YTD22)	Prime Yield 2022 (%)	Var. Spread (21-22) bps
UK	165	9%	3.50%	▼ 25
Germany	235	15%	3.10%	▼ 20
France	175	-4%	3.80%	▼ 10
Denmark	260	11%	3.50%	► 0
Norway	175	14%	3.50%	► 0
Spain	100	-11%	4.25%	▼ 59
Portugal	95	9%	5.00%	▼ 35
Italy	120	82%	4.50%	▼ 25



Building a better
working world

The Student Accommodation Property Telescope

Investment & Financing Keys
Spain 2022
Executive Summary

September 2022

Strategy and Transactions

For further information, **please contact Javier García-Mateo**, email: Javier.Garcia-Mateo.Morales@es.ey.com, telephone number: +34 659 900 215

Request the Expanded Edition...

- 1. Full analysis of historical demand trends**, and expected performance in the upcoming years
- 2. Max granularity on the forecasted new supply** within the PBSA market
- 3. Full detail on the most recent PBSA transactions** within the main hotspots
- 4. PBSA hotspots in depth analysis**
- 5. Living trends: niches under evolution**

...do not hesitate to contact us



Building a better
working world

The Student Accommodation Property Telescope

Investment & Financing Keys
Spain 2022
Executive Summary

September 2022
Strategy and Transactions

Javier García-Mateo, MRICS

Partner – Project Leader
Strategy and Transactions | Real Estate
Javier.Garcia-Mateo.Morales@es.ey.com

Ivan Azinovic Gamo

Partner – Real Estate Leader
Legal | Real Estate
Ivan.Azinovic@es.ey.com

Carlos Jauregui Cardenas

Associate Partner
Strategy and Transactions | Real Estate
Carlos.Jauregui.Cardenas@es.ey.com

Jacobo María Bertrán López Ibor

Associate Partner
Strategy and Transactions | Real Estate
Jacobo.BertranLopez-Ibor@es.ey.com

Adrián Ocaña Ojea

Senior Manager
Strategy and Transactions | Real Estate
Adrian.Ocana.Ojea@es.ey.com

Félix Villaverde Izaguirre, MRICS

Director
Strategy and Transactions | Real Estate
Felix.Villaverde.Izaguirre@es.ey.com

Alvaro Monreal Fonseca

Director
Strategy and Transactions | Real Estate
Alvaro.MonrealFonseca@es.ey.com

Irache Santamaría Barandiaran

Senior Manager – BREEAM Assessor
Strategy and Transactions | Real Estate
Irache.Santamaria.Barandiaran@es.ey.com

Juan Lazo-Zbikowski Ibañez

Senior
Strategy and Transactions | Real Estate
Juan.Lazo-Zbikowski.Ibanez@es.ey.com

Pedro Campos Altozano

Senior
Strategy and Transactions | Real Estate
Pedro.Campos.Altozano@es.ey.com