



Building a better
working world

The Student Accommodation Property Telescope

Investment & Financing Keys

Spain 2022

Executive Summary

September 2022

Strategy and Transactions





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EXECUTIVE SUMMARY

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 that 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**.

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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).

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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.

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PBSA Properties Investment Market



- **Global equity overweight the Americas against EMEIA 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)

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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



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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

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