



# REAL ESTATE CAPITAL

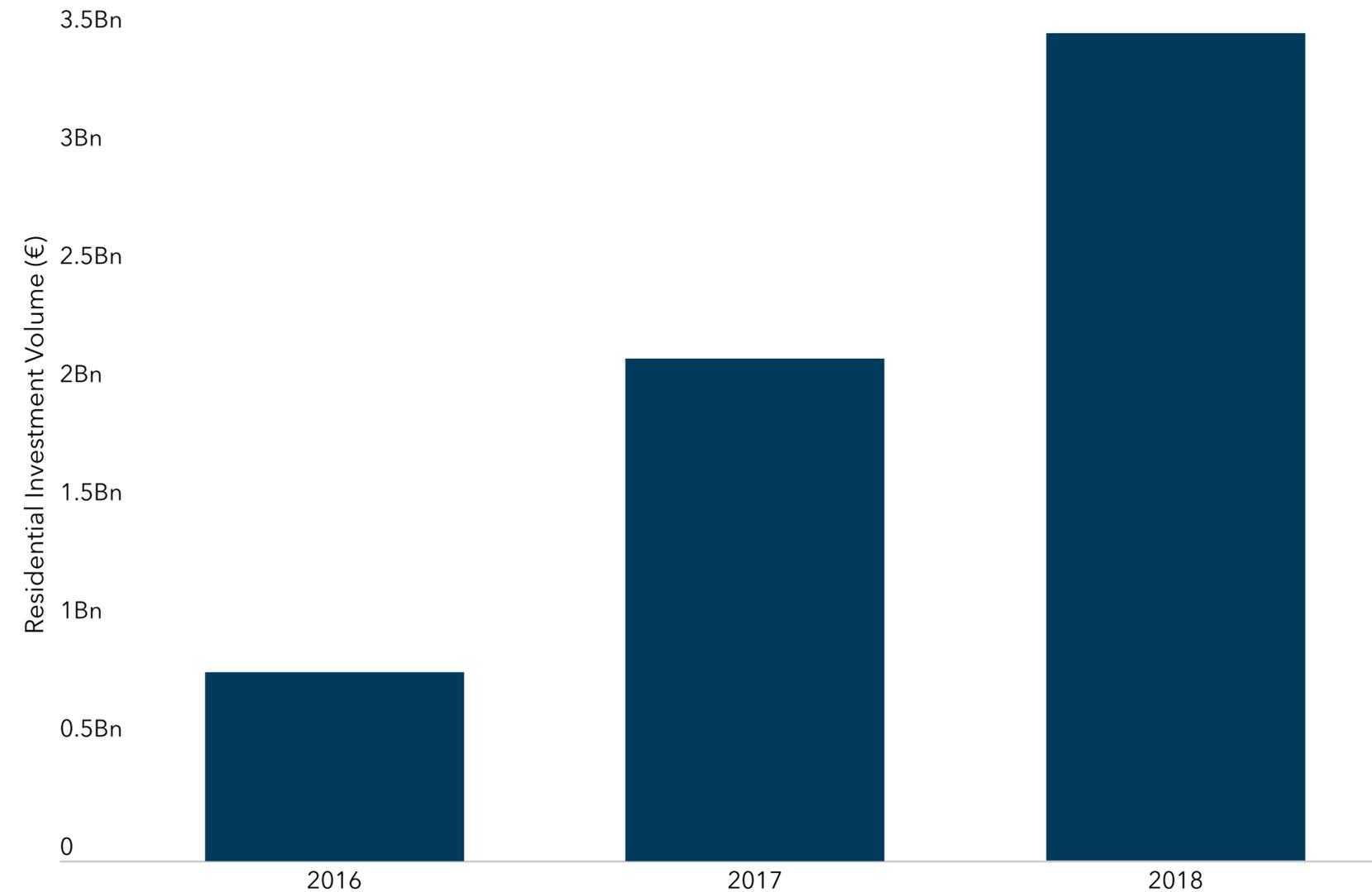
# Spain's residential resurgence



# Spain's residential market has bounced back

Investment in the Spanish residential sector was up 338% over the past two years, from €798m in 2016 to €3.5bn at the end of November 2018.

## The gain in Spain



Source: JLL



**13%**

The number of housing sales has been rising since 2015, with average year-on-year increases of 13%, according to CBRE



**6%**

The 2018 year-on-year housing price growth forecast for Spain, according to CBRE

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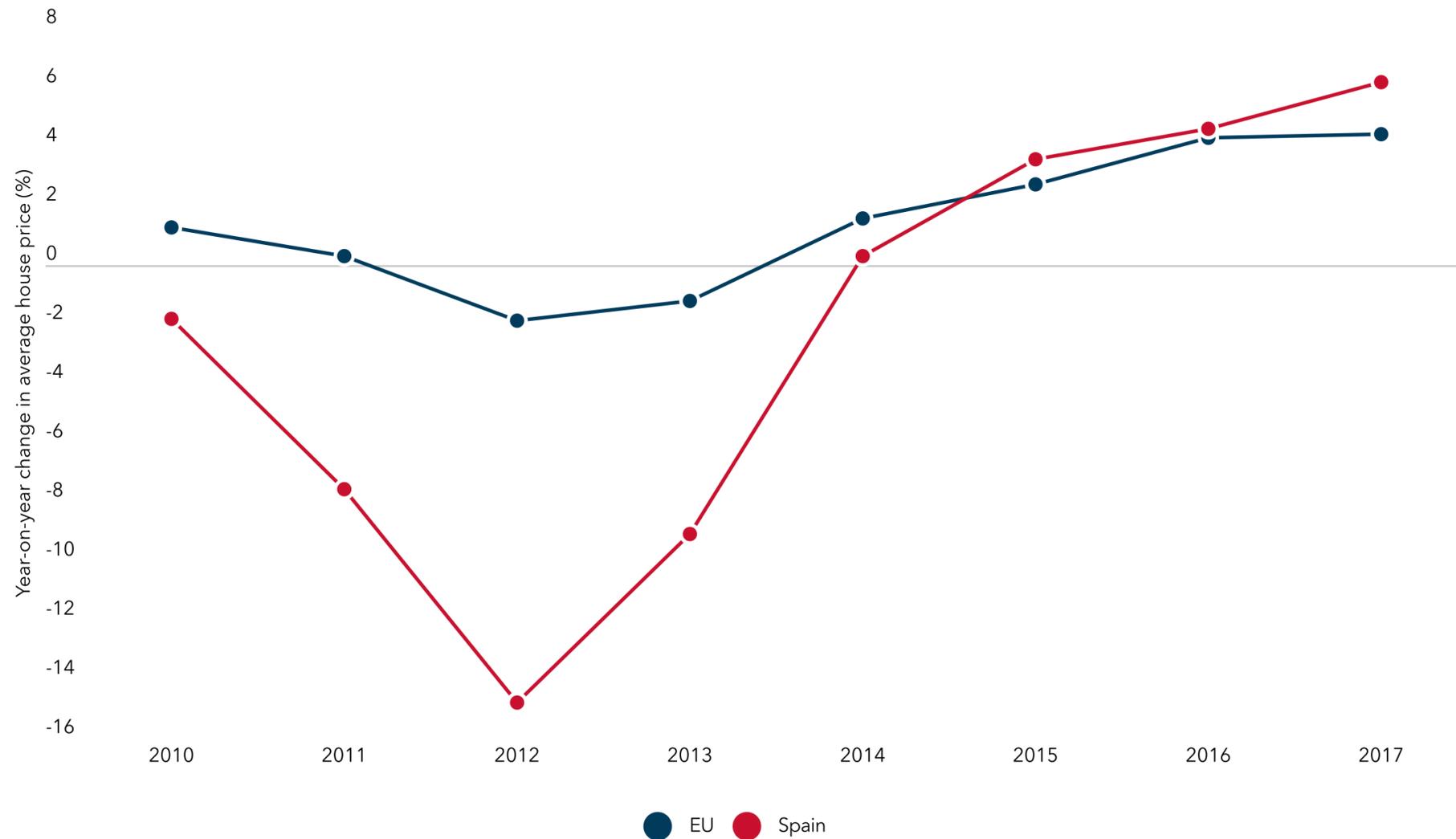
to read more on Spain's real estate resurgence

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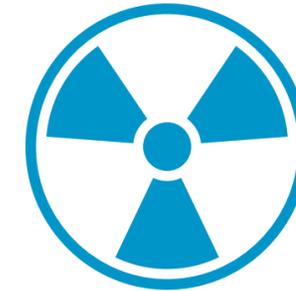
# The sector was hit hard by the crisis

Spain's residential sector was one of the hardest hit in the EU and globally following the banking crisis, with house prices falling 14.8% year-on-year in 2012. However, its recovery has been sharp and last year prices in the country improved more than the average for the EU.

## Spanish average house prices versus EU average house prices



Source: Eurostat



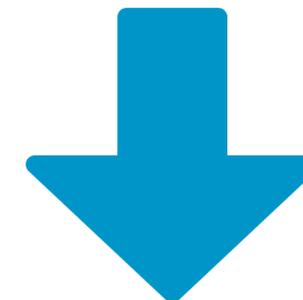
**€37bn**

The volume of toxic property loans accumulated by Banco Popular by the time it was sold in 2018



**€1**

The price that bank Santander paid for Banco Popular



**17%**

Price decrease of residential assets between 2010 and 2017

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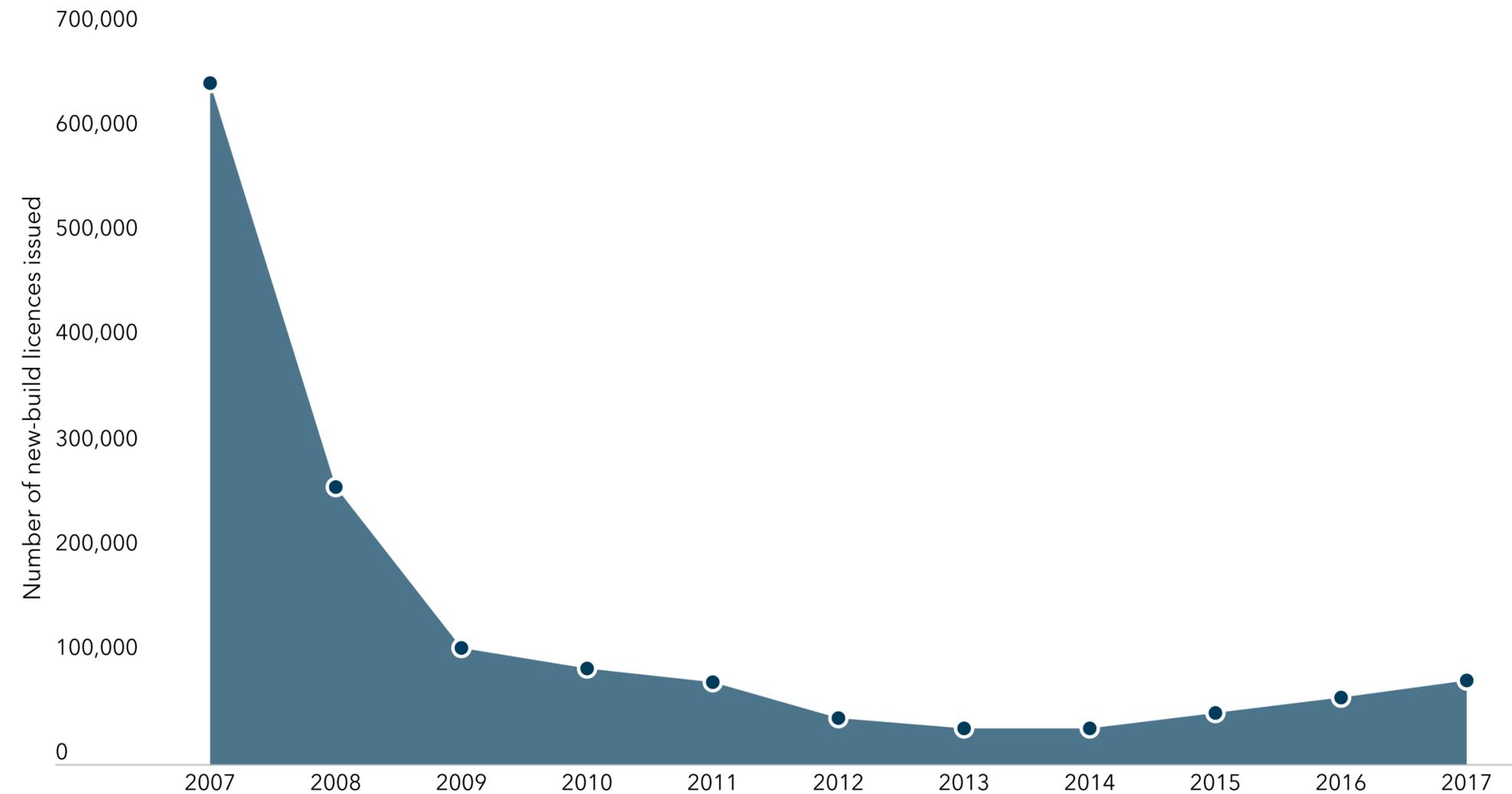
to read why lenders should get to know Spain's SOCIMIs

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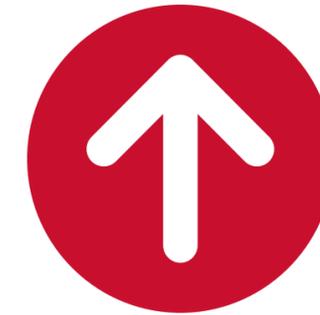
# New-builds have surged on recovering prices

The number of licences issued for residential new-builds has rebounding from lows of around 34,000 in 2013 and 2014 to more than 80,000 last year, with this trend expected to continue in the near future.

## Licence to drill



Source: Spain's Ministry of Public Works/JLL



In June 2017, global broker CBRE forecasted between 120,000 and 140,000 new homes to be built annually in Spain in each of the following two years



Spain reached an all-time high of 762,540 new houses in 2006, more than Germany, Italy, France and the UK together that year

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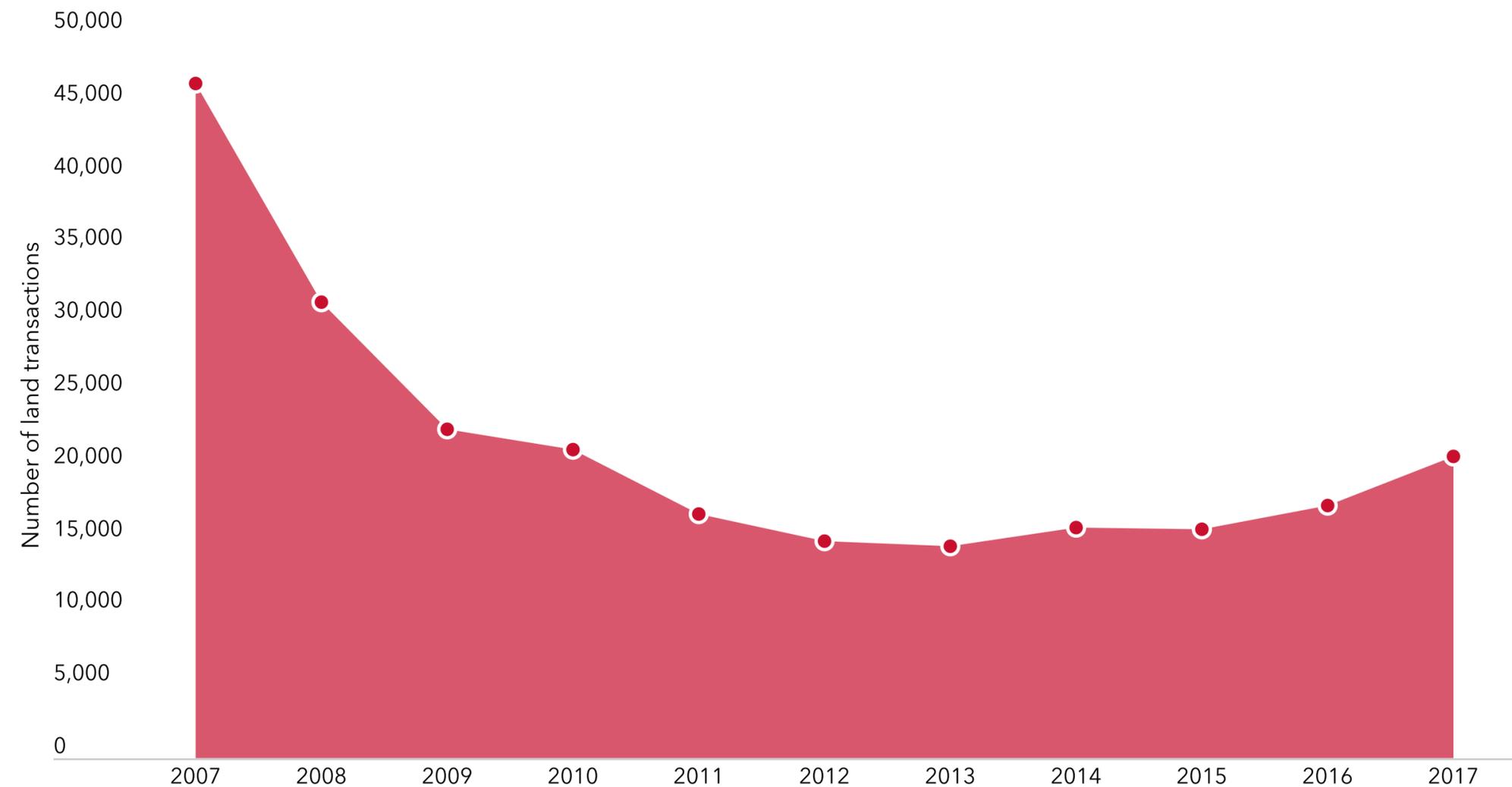
to read more on Bain's investment in the Spanish residential revival

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# Land transactions have also rebounded

Land transactions in Spain were also hit hard by the banking crisis, but after having fallen to around 14,000 in 2012 and 2013, they hit almost 21,000 in 2017.

## Ground work



Source: Spain's Ministry of Public Works/JLL



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to learn about the debt gap for residential land in Spain

**In the absence of product in other depleting markets, investors have focused on residential land, which represents 42% of the total [land] investment in 2017 compared with 32% in 2016**

Maria de la Puerta, responsible for residential land at JLL Spain

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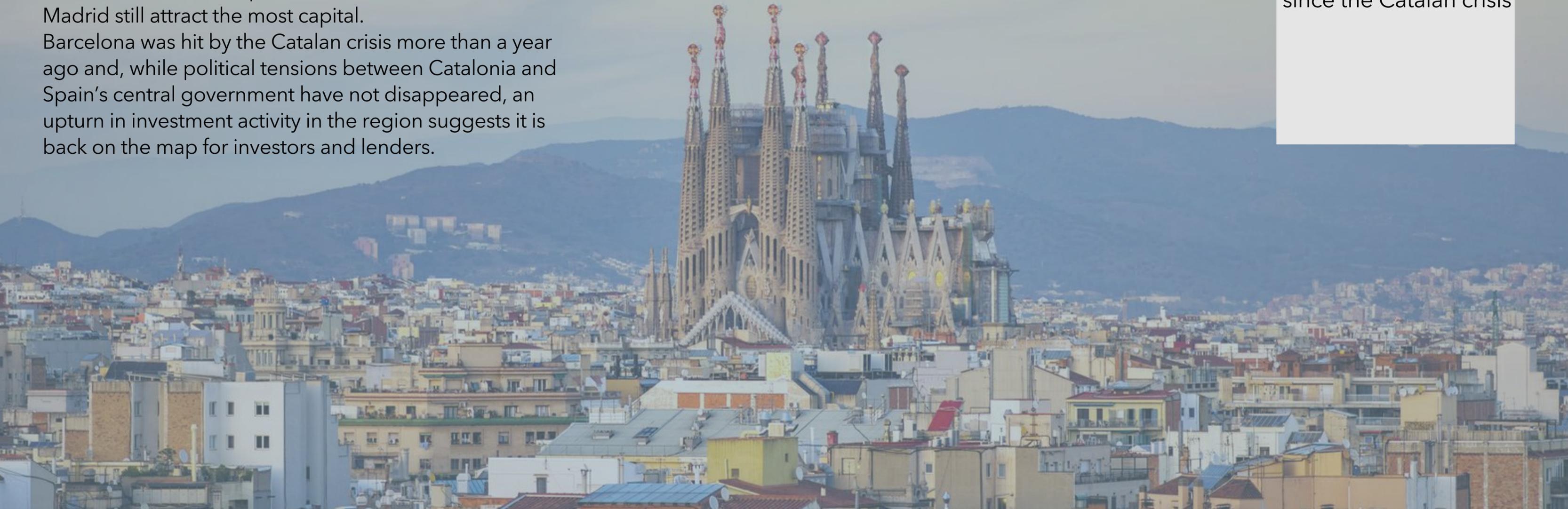
# Barcelona has shrugged off the Catalan crisis

While Spain's real estate sector as a whole has rebounded, the metropolitan centres of Barcelona and Madrid still attract the most capital.

Barcelona was hit by the Catalan crisis more than a year ago and, while political tensions between Catalonia and Spain's central government have not disappeared, an upturn in investment activity in the region suggests it is back on the map for investors and lenders.

[Click here](#)

to read more on how Barcelona's commercial property sector has rebounded since the Catalan crisis



34%

The price of new-builds is up 34% in Barcelona and up 23% in Madrid compared with all-time lows at the start of 2014, according to the Spanish Development Ministry for regulated valuations



12,000

The number of new-build homes completed in the region of Madrid in 2017, according to CBRE



16%

The average increase in housing sales in the city of Barcelona per year since 2014, according to CBRE

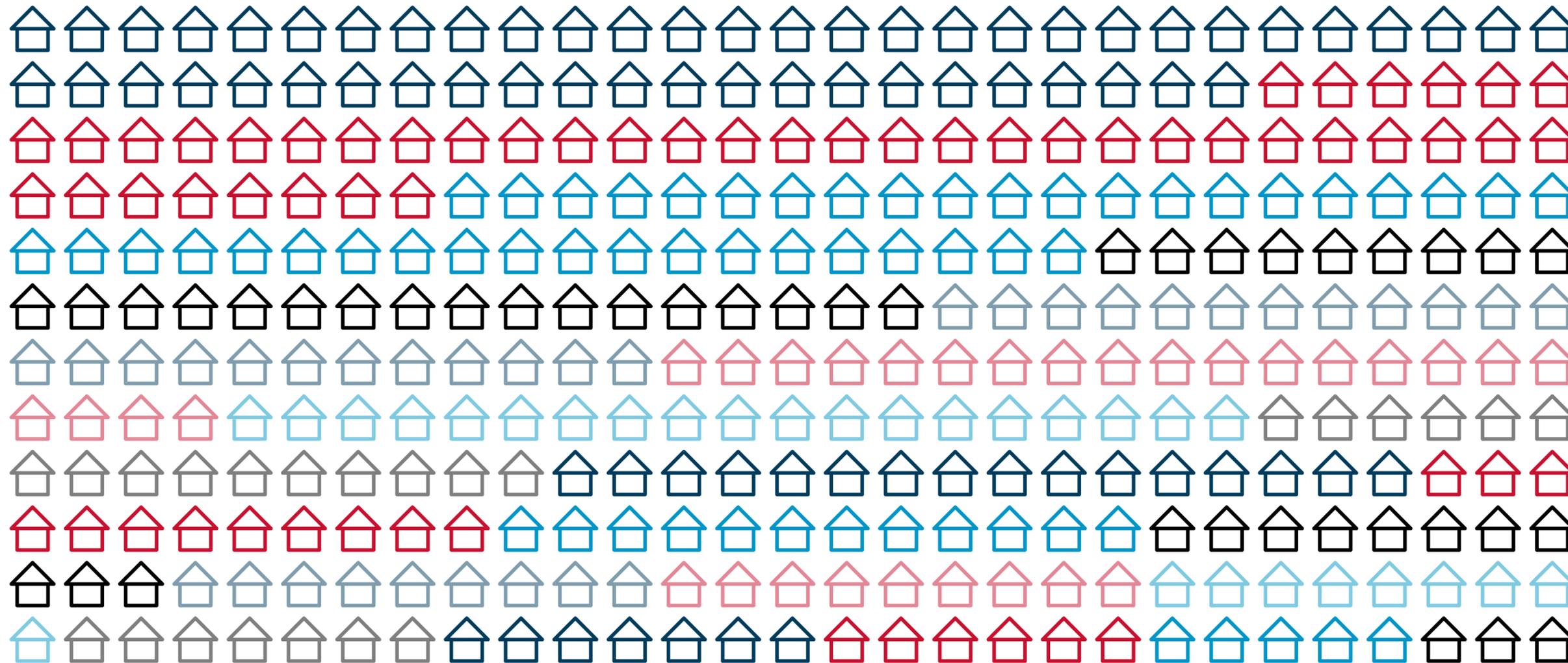
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# Spanish developers have plenty in the pipeline

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to read more on the new player in Spain's alternative finance space

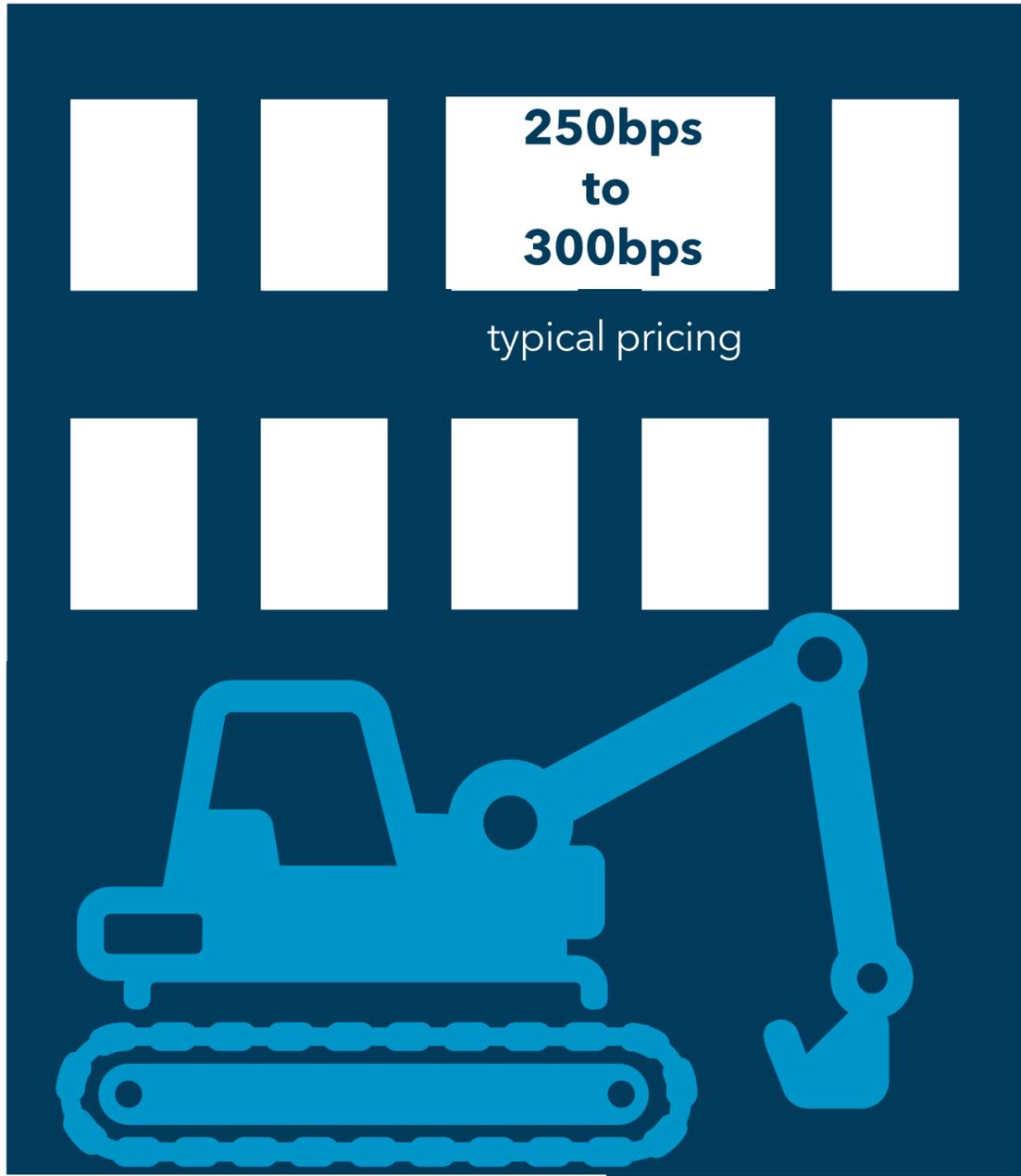
The future's bright: Pipeline residential units 2018-20 (Total: 83,505)



- Metrovacesa ● Neinor Homes ● Aedas Homes ● Via Célere ● Aelca ● Activum SG Iberia ● Acciona Inmobiliaria ● Amenábar ● KRONOS ● CORP
- Pryconsa ● Q21 Real Estate ● Quabit ● Ibosa ● Inbisa ● ACR ● Realia ● Momentum RE ● Inmobiliaria del Sur ● Grupo Lar

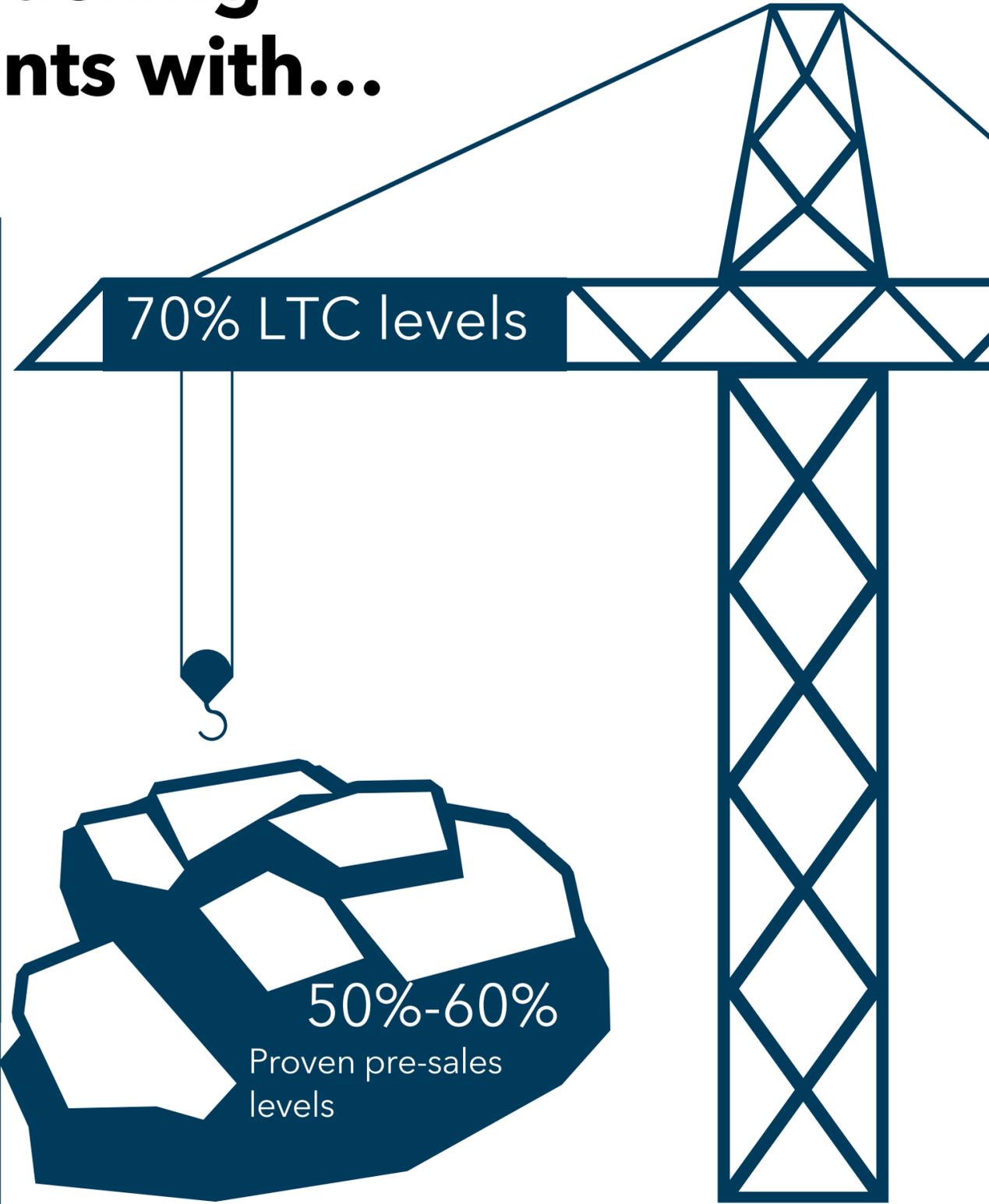
Source: Instituto Coordinadas/JLL

# Banks are selectively backing residential developments with...



250bps  
to  
300bps

typical pricing



70% LTC levels

50%-60%  
Proven pre-sales  
levels

## Key financings in 2018

**€240m**

Loan provided by Bain Capital Credit in October to fund residential land acquisitions of Spanish developer Habitat Inmobiliaria.

**€130m**

Bilateral loan written by ING in May to finance future acquisitions of Spanish multi-family housing firm Testa Residencial. The loan, with a seven-year bullet maturity, had an interest cost of approximately 1.6%.

**€50m**

Credit line sourced by Spanish developer Quabit Inmobiliaria from specific funds advised by Taconic Capital Advisors UK and Grupo Royal Metropolitan España to fund the acquisition of land for residential developments.

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**Alicia Villegas**

Senior Reporter

[alicia.v@peimedia.com](mailto:alicia.v@peimedia.com)

+44 207 566 5470

**Patrick O'Donnell**

Production Editor

[patrick.o@peimedia.com](mailto:patrick.o@peimedia.com)

+44 207 566 5465

Design: **Glen Reynolds**

