



SPANISH REAL ESTATE MARKET RECEDING AT SLOWER PACE

After constantly losing steam since the third quarter of 2017, the Spanish real estate market has now begun to stabilise towards the end of the first quarter of 2018. Although it continues to fall, the decline was much more moderate compared to the previous month at -0.3 %. Currently ranging at 200.4 points, it is practically at the previous year's level. Compared to the previous quarter, however, the decline is much sharper at -2.8 %.

This development was fuelled by the constant downward trend on the IBEX 35, which was lower each month during the last quarter. The closing on the last day of trading (29 March 2018) on the IBEX in March indicated a decline of 2.4 % to 9,600.4 points compared to last day of trading in February. Compared to the previous quarter, it fell an even steeper 4.4 %. The ES BCN 5 Property index on the other hand is more volatile. It gained 5.5 % to 1,057.9 points versus the previous month, but was down a considerable 11.4 % quarter-on-quarter. However, real estate experts do not rate the business sentiment to be that negative. The Economic Sentiment Indicator (ESI) was down 1.1 % to 109.0 points month-on-month, and showed a similar decline compared to the previous quarter (-0.9 %).

COMMENT ON THE MARKET

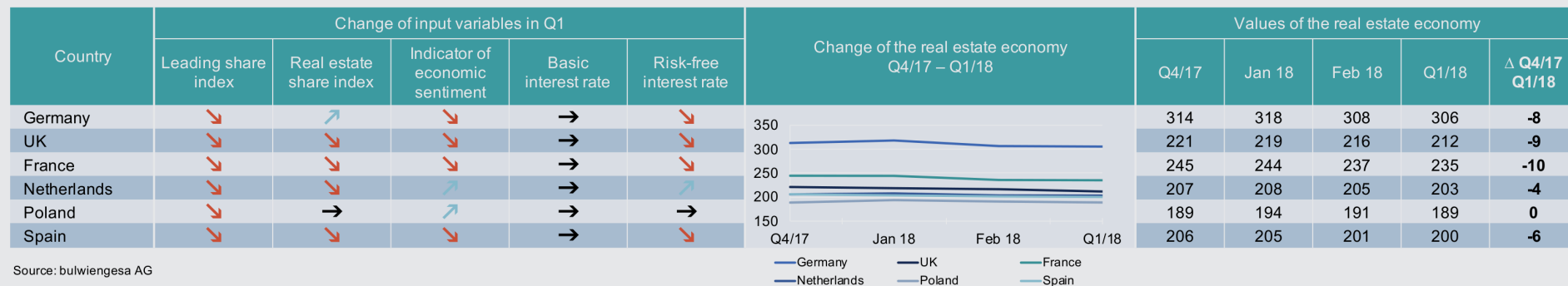


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“In view of the remarkable economic growth and huge interest among international investors, the transaction volume on the Spanish commercial real estate market has risen continuously. It amounted to € 13 billion in 2017. Compared to other European countries, the Spanish commercial real estate market has caught up considerably and is becoming increasingly important. However, a slight reticence was perceivable in the first quarter of 2018 which is reflected in the decline of the Spanish REECOX. The announced shift in the ECB's policy and the already high price level is prompting some investors to reposition themselves. Even if the fallout from the Catalan independence referendum at the end of last year was not as dramatic as initially feared, the political situation still bears a certain degree of uncertainty. Nevertheless, a similar transaction volume as in 2017 is projected for 2018 and I anticipate a good year for the sector despite some reticence in the first quarter.”

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Key figures of the real estate economies



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