

MR

2016

MARKET REPORT

Amat.
Immobilien seit 1948

This year 2016 has been a year defined by **some normalization of sales in the real estate market and an important tension in rental prices**. Despite the clear recovery of activity, at the end of the year we ask many questions about where we are going if 2017 continues like 2016.

When we talk about standardization we say it from three basic pillars of the market: improving the stock of available housing with the implementation of many new projects, normalization of demand based on greater confidence and better access to financing, and fairly high prices that support this entry of new projects in the market. Even so, this market normalization contrasts with a fact that surprised us. It has been a very extraordinary year from the point of view of sales, which have been much more than the previous year and much higher than the rhythms we had foreseen. That is, what has happened in 2016 and concerns us, as it raises many questions: Are these terms of sale sustainable? Will they generate expectations in price increases out of the market? Who will buy the following projects?

If you look at the rental market, it happens a bit the opposite in relation to the stock of housing, there is so little that makes prices have increased significantly. It has been a year of fewer contracts, at significantly higher prices, and where homes are rented in less than a day. And that also generates concern and questions: Where is the limit? How will we generate more stock quickly to relax prices? Will the problem of late payment increase?

In short, we entered 2017 with many questions.

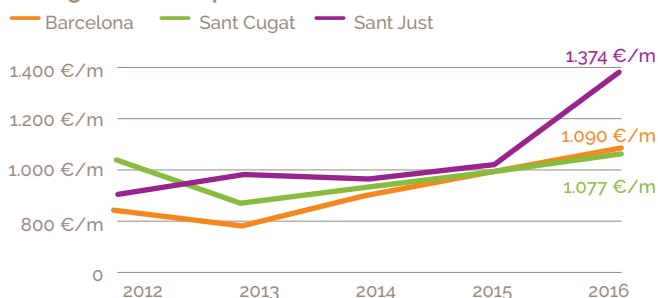
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2016

RENTAL - Prices and Volume

Amat Immobiliaris data

This 2016 we have had a very strong duality between prices and volume of contracts. Due to the lack of rental housing stock we have made 4% fewer contracts than the previous year. Obviously, where we have suffered the most has been in Barcelona; and, because of the same reason, rental prices have risen significantly. The evolution of average rental prices is as follows: from 2015 to 2016 they have increased by an average of 16%.

Average of RENTAL prices



In Sant Just Desvern and surrounding areas, average prices are higher than expected due to the high-quality rents that, especially this year, have undergone a significant recovery in the luxury sector.

RENTAL - Rotation

Amat Immobiliaris data

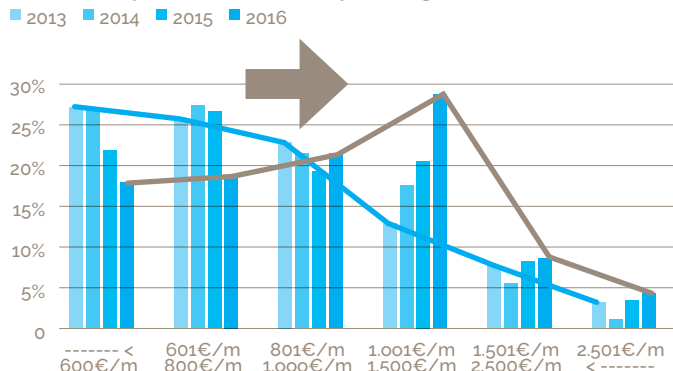
Every year we analyze the rotation of listings before being rented. This 2016 this data is difficult to analyze. Always keep in mind that it is closely linked to the price of the property at the market, -which will always determine the time of rotation-, as well as its status and location. On average, this 2016 it took 1.5 months to rent it, but it should be noted that in many cases they have rented in hours.

RENTAL - Tipology

Amat Immobiliaris data

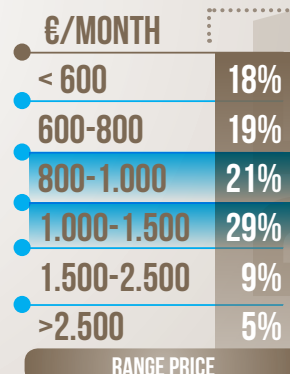
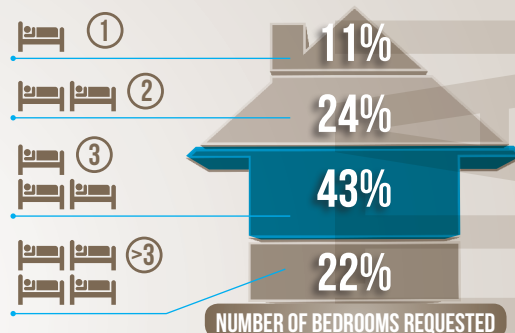
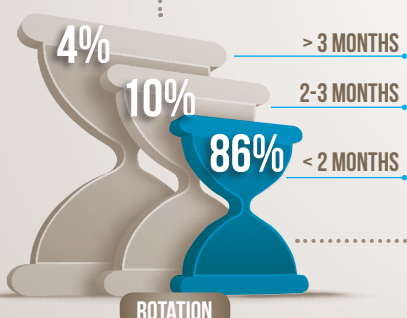
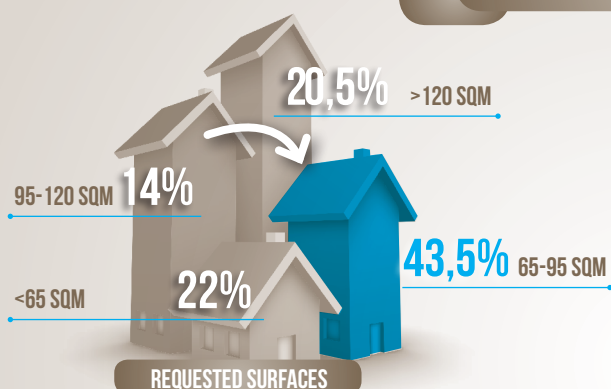
Due to the situation of the offer, there has been a displacement of the price bands where we have rented. Where domains used to dominate between 0€ and 800 €/month, today the dominant segments are between 800 €/month and 1,500 €/month.

% RENTAL operations related to price segment



Today the ideal apartment for investors is preferably 3 rooms and about 95 sqm built, located in areas as central as possible and will end up renting in about 1 month, between 1,000 and 1,500€/month.

AMAT TENANT PROFILE



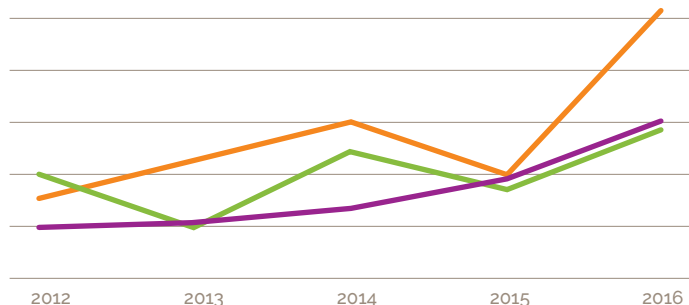
SALES - Volumes

Amat Immobiliaris data

As we said before, **this has been a rather extraordinary year related to the number of operations closed, with a 94% increase.**

N° SALES operations

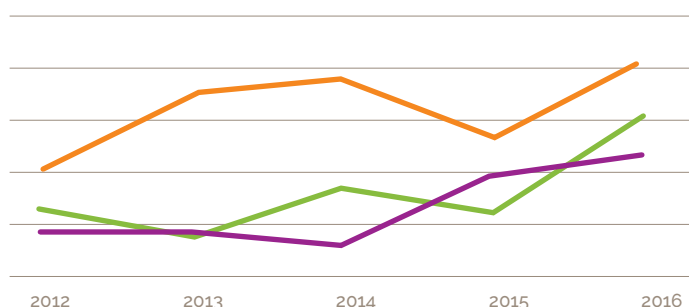
Barcelona Sant Cugat Sant Just



If we look at the total volume of sales, it has also followed a similar dynamic although with a smaller growth since the average price has been lower than the previous year. Growth has been 57%. As we can see, in all our offices there has been similar growth.

SALES invoicing

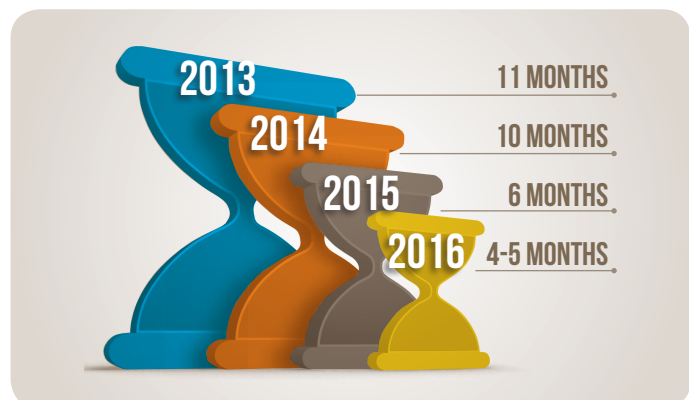
Barcelona Sant Cugat Sant Just



SALES - Rotación

Amat Immobiliaris data

This 2016 has also experienced a reduction in the average time to market real estate we have sold - If in 2015 we were talking about a little more than 6 months, this 2016 has been 4-5 months.



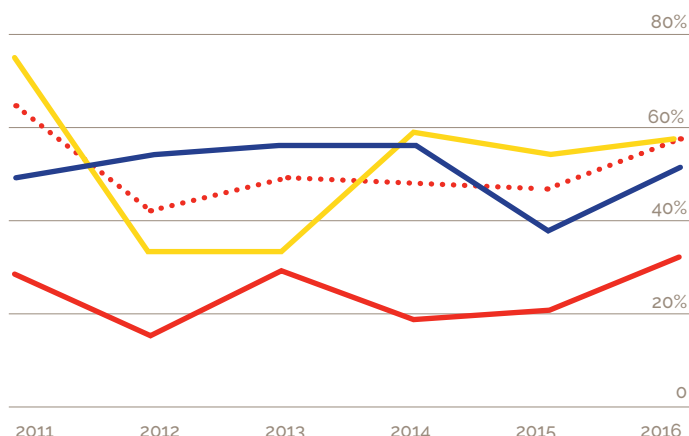
SALES - Who bought to us?

Amat Immobiliaris data

The effect of foreign buyers continues to be important, especially in Barcelona city. In addition, for the higher segments we have sold, the influence of foreign buyers is very important. For example, in transactions above 1M€, foreign buyers represent almost 60%.

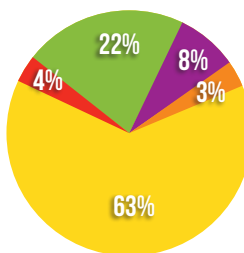
Operations of relevant import %

Foreign operations > 1M€
Foreign operations > 500k€
Foreign operations in Barcelona
Foreign operations in Amat

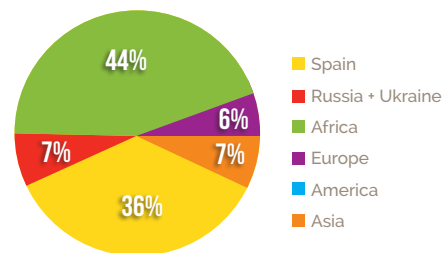


If we detail the origins of these buyers, the ones we have sold the most have been buyers from Egypt, China and Switzerland.

% Volume of foreign operations in Amat



% Volume of foreign operations in Barcelona office



The clear recovery that we have experienced this past year has been centred, in our case, especially in New Developments by the national buyer. As we will see later, in this case, sales have been dominated almost exclusively by domestic buyers.

In order to properly analyze buyers' profile and sale prices we separate brand new developments from the Second Hand. In recent years the activity of brand new developments had been low and not so significant in the analysis of data but this year that has changed.

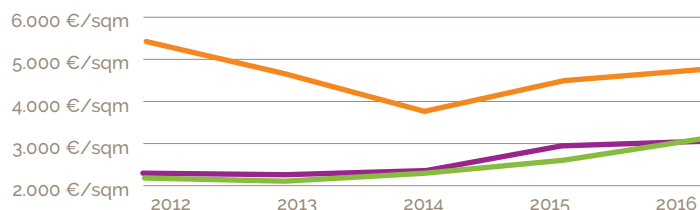
SECOND HAND SALES - Prices

Amat Immobiliaris data

In our offices this has been the evolution of the repercussions of second-hand sales. As we always point out, this data is closely linked to the portfolio of the moment and always represents an average.

Repercussion price in SALES (€/sqm)

Barcelona Sant Cugat Sant Just



- In Barcelona the average has been 4,800 €/sqm built but we have ranges from 2,000 €/sqm in Horta-Guinardó up to 9,40 €/sqm in Diagonal Mar.
- In Sant Cugat del Vallés the average has been a 3,15 €/sqm built, 1,950 €/sqm in La Floresta and 3,40€/sqm in Sant Cugat Center.
- In Sant Just Desvern and its surroundings, is not easy to give data because of the low stock. The percussio average has been from 180 €/sqm built in Sant Joan Despí to 3,05 €/sqm in Sant Just Desvern.

The average price of our second-hand sales in 2016 has been above 500,000€ in Sant Cugat del Vallés and in Barcelona city, and above 300,000€ in Sant Just Desvern and surroundings. To finish the price analysis, just note that in 2016 prices have been negotiated 5% on average.

SECOND HAND SALES - Tipology

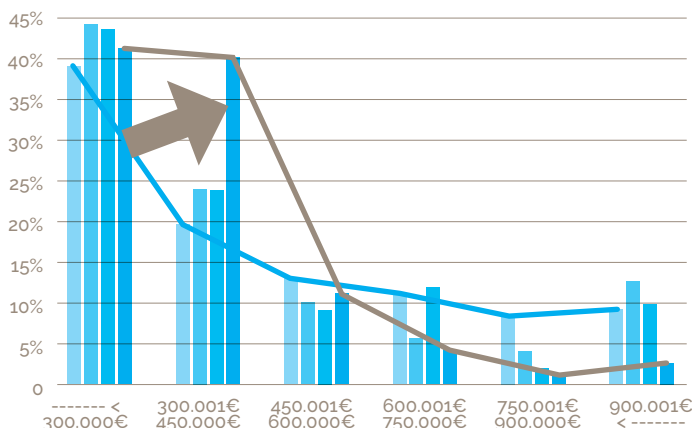
Amat Immobiliaris data

If you look at the typologies of real estate that we sold in 2016 we must note that there has been a rebound in the sale of houses. The ones we have sold are mainly single-family homes with a built area of more than 250 sqm.

Flats sold in 2016 have mainly 3 rooms and a constructed area of 108 sqm, practically the same as the previous year.

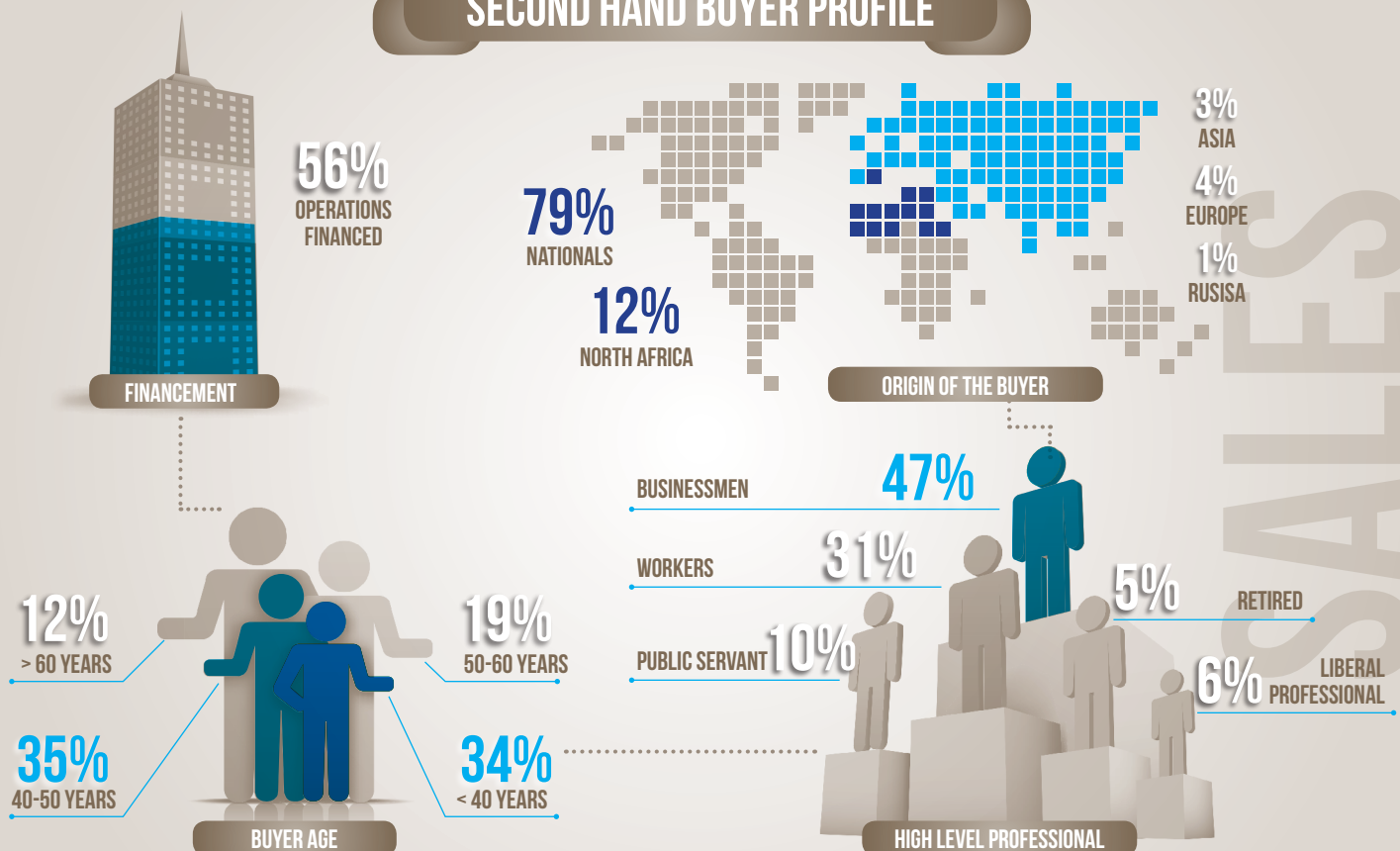
% SALES operations by price segment

2013 2014 2015 2016



We usually talk about the recovery in sales in the medium price bands. These had been important before the crisis of 2007 and, in a way, there has been a recovery of these bands but, as data indicates, the demand continues very polarized and the vast majority of sales are concentrated in segments below of 450,000 €. As can be seen, the most complicated segment is between 750.000 € and 900.000 €.

SECOND HAND BUYER PROFILE



BRAND NEW DEVELOPMENT

Amat Immobiliaris data

Apart from the rental market, **if there is something to emphasize this 2016 is the sale of New Development, above all flats. The main feature has been the offer that has match the demand with confidence and savings.**

What has characterized this new market scenario?

- Major projects and quality in the first residential crown of Barcelona city.
- Varied offer and different promoters competing in the same areas.
- Good balance between product, price and financing.

As we said in our last Amat Immobiliaris report we have been fortunate to be able to market three large projects since April 2016 in Badalona, Sant Cugat del Vallés and Sant Just Desvern.

In general terms there are several points to emphasize in the three projects:

- High sales rates: between 6 and 9 flats per month.
- 95% of the buyers have been national and nearby the project.
- 43% of buyers are under 40.

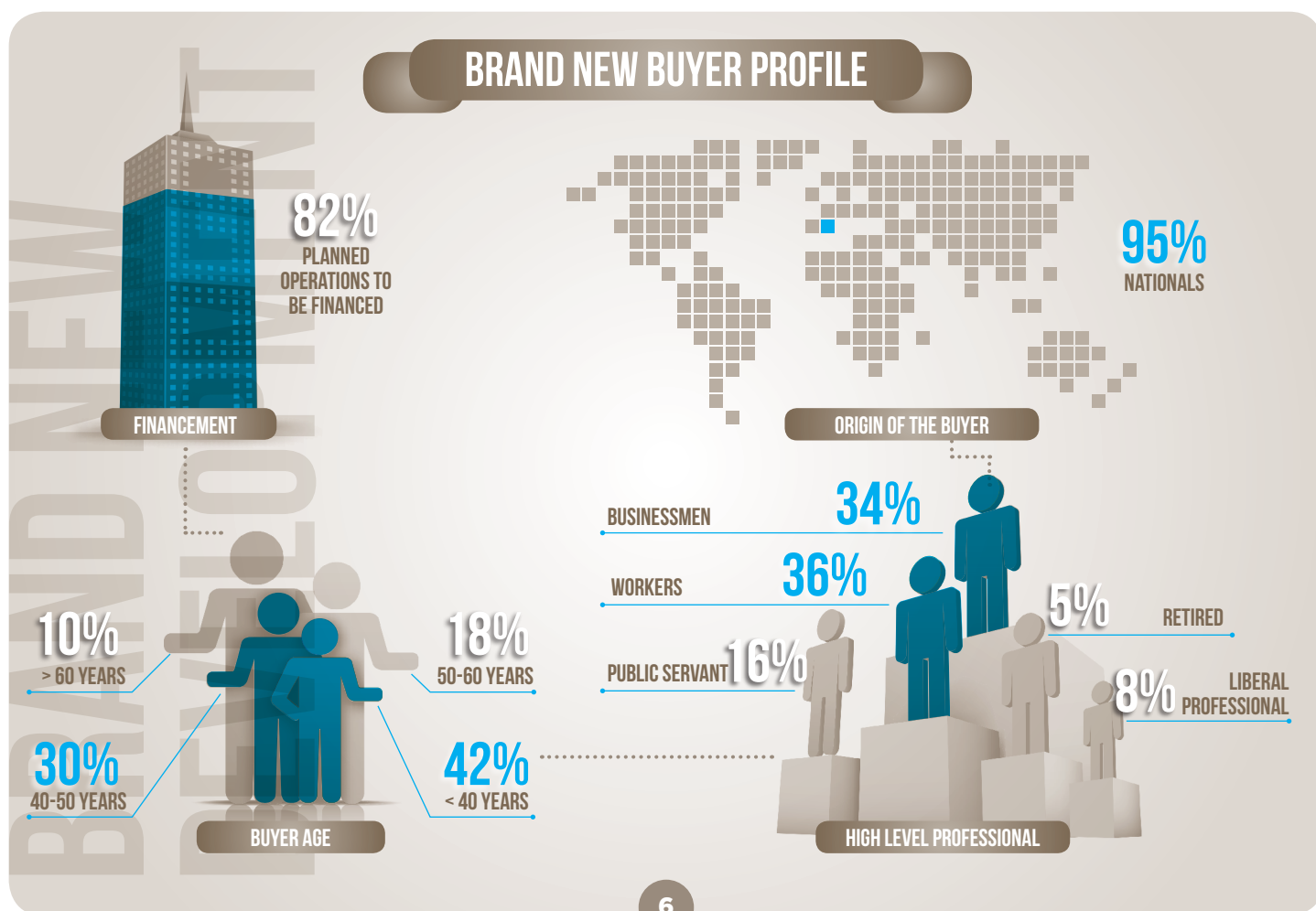
BRAND NEW DEVELOPMENT -

Who bought to us?

Amat Immobiliaris data

In the following infographic the profile of the purchaser of New Development is shown in detail. If we had to highlight some differences between these three locations would be the following:

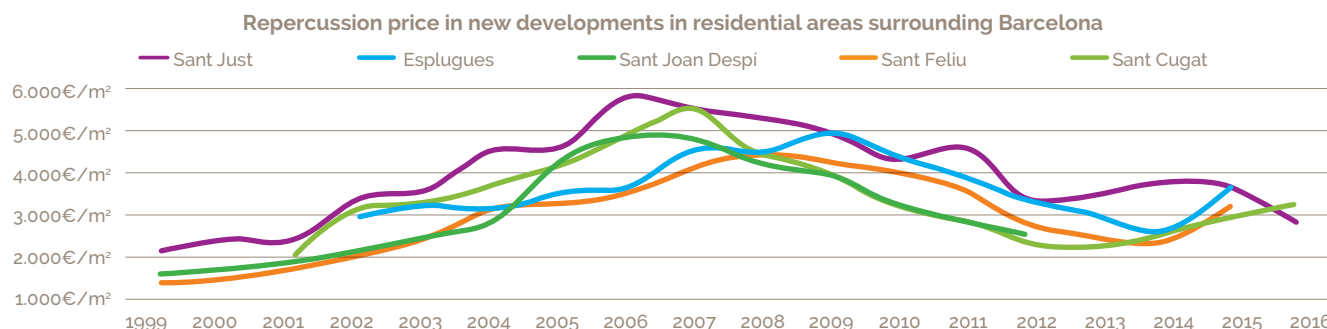
- The age profile of buyers varies between locations. In Badalona and Sant Just Desvern dominates the segment under 40 years, while in Sant Cugat del Vallés the dominant buyer is between 40 and 50 years.
- The professional level in Sant Cugat is dominated by entrepreneurs and liberal professionals, while in Just Desvern and Badalona there are more employees.
- There is a certain flow of buyers moving from Barcelona to Sant Cugat del Vallés and to Sant Just Desvern. While in Badalona the buyer is 100% badasses or with roots in Badalona.



BRAND NEW DEVELOPMENT - Prices

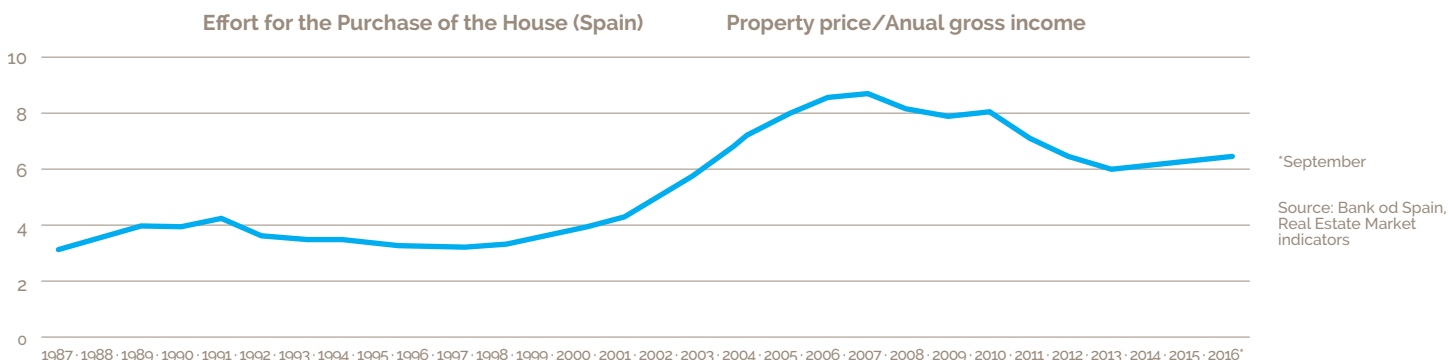
Amat Immobiliaris data

Talking about price and price trends is complicated. In some places we come from a long period of years in which there has not been built New Developments. We enclose a historical series of selling prices of Amat Immobiliaris in the areas where we have worked historically and that give a very clear vision of what has happened. We hope that by the end of 2017 we can draw conclusions from trends in the current cycle.



We continue to insist that the key to success is the moderation in the price of these projects. In these locations where the buyer is national, the sensitivity in the price is very high and only working on the right segment will have good results. All three projects have experienced a price increase since their market entry.

If we analyze the data of the Effort for the Purchase of the House, which measures the ratio between the price of the house and the annual gross income per household, we see that we are still at a relatively high level and the drop in housing prices there has been during the crisis. Data indicate that we need 6.63 years of gross income in order to buy a home. This figure is within the parameters of recent years, according to the Bank of Spain, but above those that should be between 3 and 4.5 years. This should alert us that we have an income problem that makes the sensitivity of the price of housing very high.



AMAT LUXURY

Amat Immobiliaris data

The luxury Real Market continues to improve. The city of Barcelona continues to be a point of attraction for international buyers, especially focusing on areas such as Diagonal Mar, the most I part of the Eixample and some areas of Ciutat Vella. As we said, **the improvement of foreign buyers, but also noticed some return of some domestic buyers**, mainly in the upper area of the city.

In our case, the majority of foreign buyers in the city of Barcelona has opted for New Development projects - although they prefer finished new development - but more often they buy off-plan, if it is an interesting project.

Outside of the city is where there may have been a more clear recovery of the market, mainly in the area of Sant Cugat del Vallés. Sales have been dominated by domestic buyers. Generally, foreign buyers who buy in these areas have some type of link, either for work or for family.

The luxury rental market has recovered very clearly, mainly in the area of Sant Just Desvern and surroundings. Also here tenants have been mainly foreigners, more than 62%. Mainly they are foreigners who work in the area of the city of Barcelona.



Amat.
Immobiliaris des de 1948

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