



Catella: Positive outlook for Spain's real estate markets in 2016

The Spanish economy is currently displaying stronger growth than most of its peers in Western Europe. The country has left the doldrums of its post-2008 economic misery, and its property sector has kept pace with the more general recovery. International core investors are once again turning their attention to Iberia.

“Looking back, 2014 was the year that marked the turning point, with investment volumes reaching three times what they had been during the crisis years from 2009 to 2013. This assertion, expressed in simple figures, is nothing other than a reflection of investors’ risk assessment, most of whom come from outside of Spain. So, the ambitious package of reforms implemented over the past few years has had a positive impact on Spain’s economy,” say Catella’s analysts in the latest Market Tracker.

Investors are clearly taking their cue from the general recovery. Initially, interest was largely confined to domestic family offices, but these were soon followed by opportunity-minded investors from Europe and further afield. “Right now, we are seeing many international core investors turn their attention to Iberia again,” says Dr. Thomas Beyerle, Head of Group Research at Catella.

However, this trend is already exacting a price, as evidenced by yield trends. The figures for Madrid and Barcelona are 4.25% and 4.75%, respectively, revealing the rise in value of buildings in attractive locations.

Analysing property yields, and comparing the results with ten-year government bonds, Catella predicts that the current spread of 200 basis points will decrease to some 150 by 2018. This is one reason why the analysts expect investment to pick up in cities such as Seville, Malaga, Bilbao and Valencia in 2016.

The Catella Market Tracker – Spain, March 2016 is available at www.catella.com/research.

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