

# CATELLA RESIDENTIAL SNAPSHOT

CATELLA

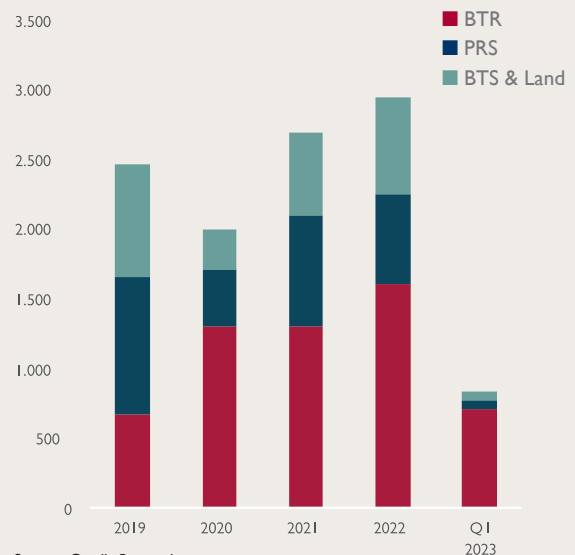
SPAIN 04/2023



RESIDENTIAL IS CROWNED AS ONE OF THE MOST ATTRACTIVE ASSET CLASSES, REACHING A RECORD INVESTMENT OF **€2,250 M** IN BTR AND PRS IN 2022

During 2022, the positive trend in residential investment continued with €2,250 million invested in BTR and PRS, demonstrating that, despite the current uncertainty, residential and, in general, everything related to the living segment, continues to attract investor appetite. Although most of the residential investment in 2022 was concentrated in Q1 and Q2, in Q1 2023 we are reaching similar investment figures to those of the same period last year, confirming the position of residential as safe-haven investment. On the other hand, investment in BTS and land remains stable both in terms of investment volume and prices. Due to the scarcity of large plots of urban land, there are hardly any price adjustments on the transactions of large plots.

RESIDENTIAL INVESTMENT IN SPAIN (M€) – EXCL. SHARE DEALS



**€1,600 M**  
OF INVESTMENT  
IN BTR

**€650 M**  
OF INVESTMENT  
IN PRS

**€690 M**  
OF INVESTMENT  
IN BTS AND LAND



## BTR & PRS INVESTMENT

The living segment occupies a high percentage of Real Estate investment in Spain since 2019, reaching 30%, 28% and 32% of total Real Estate investment in 2020, 2021 and 2022 respectively. In Q1 2023, living investment is 35% of total Real Estate investment, due to the extraordinary investment figures in BTR. Within the living segment, investment in residential, and especially BTR, has also maintained a positive trend over these years, rising from €1,650 million invested in BTR and PRS in 2019 to €2,250 million invested in 2022.

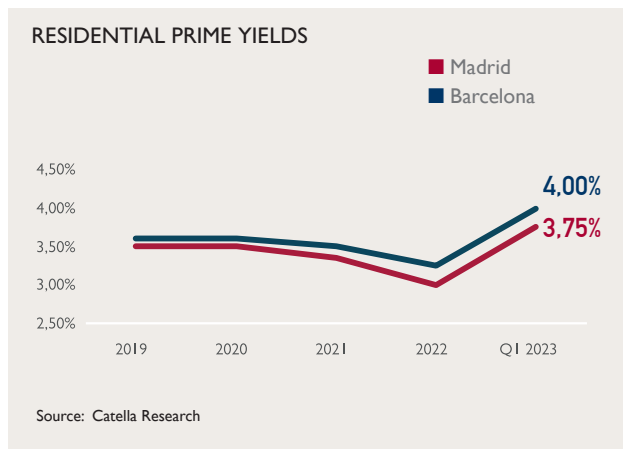
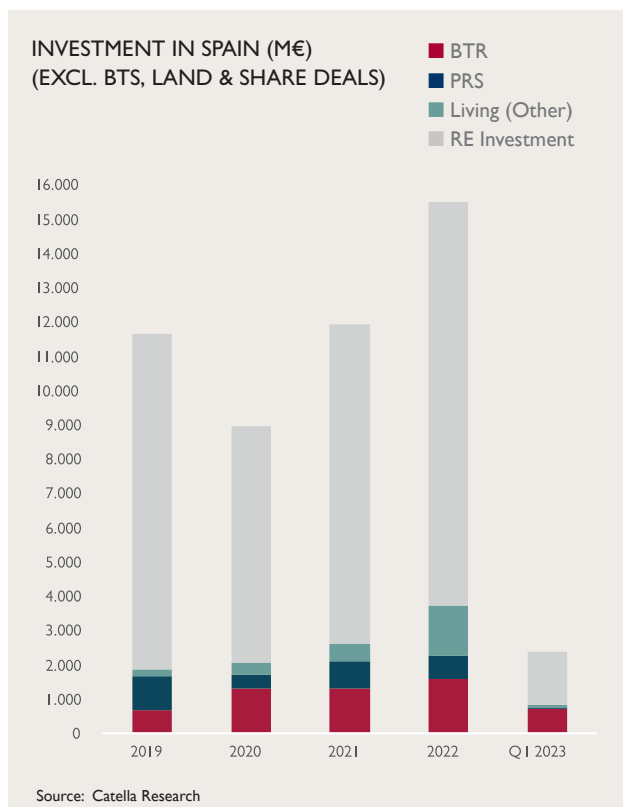
Investment in BTR in 2022 reached €1,600 million, surpassing the good figures of 2020 and 2021 and consolidating the positive trend of this asset class. Almost 75% of BTR investment corresponds to portfolio transactions, with a total of €1,175 million transacted.

In terms of geographic distribution, ever more BTR assets are being transacted outside Madrid and Barcelona, although these two cities continue to account for 75% of investment. In 2022, for example, investment in BTR in Andalusia was notable, with €200 million and 12.5% of the total.

In 2022, national investment in PRS totalled €650 million. As with BTR investment, portfolios account for almost 75% of investment, with some €480 million invested in PRS portfolios. Investment in PRS was mainly concentrated in Madrid, with €520 million invested (80% of the total).

**LIVING INVESTMENT ACCOUNTS FOR ALMOST A THIRD OF THE TOTAL BY 2022**

The most important transactions carried out in 2022 were portfolios, mostly BTR, and concentrated in the first half of the year. The largest transaction was a portfolio of 10 BTR developments (1,469 units) in the province of Barcelona, acquired by Patrizia for €600 million. The most important PRS transaction was the purchase by AXA of a portfolio of 6 developments (736 units) in the Madrid region for €285 million.



### MAIN BTR & PRS OPERATIONS IN SPAIN – 2022 & Q1 2023

Asset	Segment	Region	Volume (M€)	Buyer	Units	Period
BeCorp BTR Portfolio 2022	BTR	Barcelona	600.0	Patrizia	1,469	Q1 2022
Via Celere BTR Portfolio 2023	BTR	Various	400.0	Greystar	2,425	Q1 2023
King Street Serviced Apartments Portfolio	BTR	Madrid	310.0	Greystar	2,500	Q2 2022
Blackstone PRS Portfolio 2022	PRS	Madrid	285.0	AXA	736	Q2 2022
Culmia BTR Portfolio 2023	BTR	Madrid	250.0	DW	1,736	Q1 2023

Source: Catella Research



There are huge differences on investment levels between the first and second semester of 2022, as a result of the slowdown in the global economy in the second half of the year due to the interest rate hikes by central banks.

In contrast to the end of 2022, BTR has started 2023 with a strong level of investment, with €700M invested in the first quarter, very similar to the record figures of Q1 2022. BTR is therefore consolidated as one of the most attractive segments to invest in the current context.

On the other hand, the trend in PRS investment remains similar to the end of 2022, with a reduced investment volume of only €65M.

## BTR CONSOLIDATES ITS POSITION AS A SAFE-HAVEN ASSET

### INVESTOR PROFILE

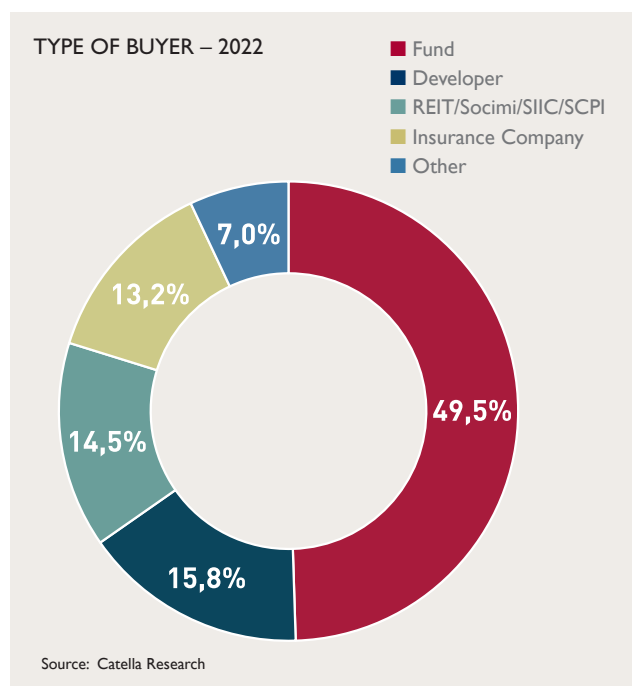
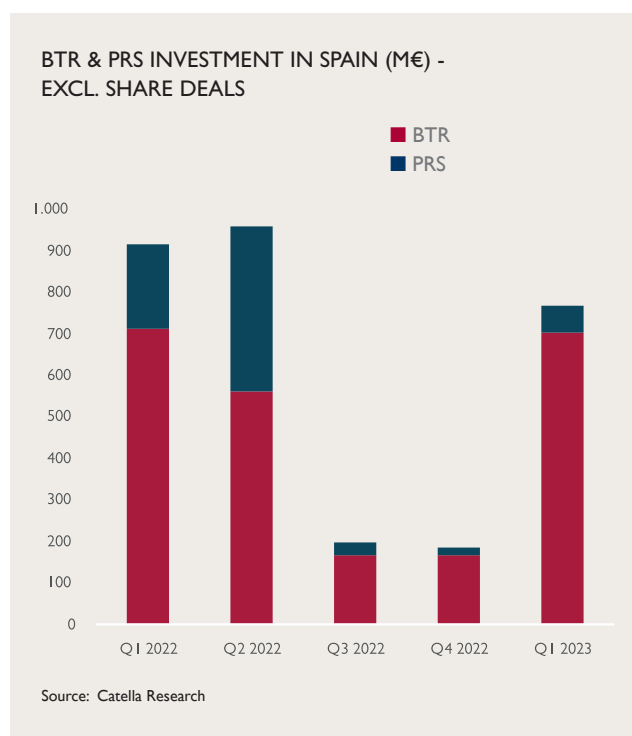
Residential investment in 2022 was mainly carried out by funds, which undertook almost half of total investment, followed by developers, SOCIMIS and insurance companies which have similar investment levels

Regarding the origin of the investor, national investors lead, accounting for 39% of the total, although a lower figure compared to the 45% in 2021. German and North American investors also stand out, representing 23.5% and 21%, respectively. And, to a lesser extent, French investment with 12.5% of the total.

### BTS & LAND

The combined land and BTS investment has reached 690 M€ in 2022, representing a volume of €490M and €200M, respectively. In terms of land, although the figure does not reach pre-pandemic investment levels, 2022 investment remains stable compared to the previous year. In BTS, the investment volume has doubled compared to 2021; however, it is still well below the volume of investment in land.

The most significant transactions were Acciona's purchase of a 200,000 sqm plot of land in La Solana de Valdebebas for €80M and Azora's acquisition of 1.1 million sqm in Valdecarros.



MAIN LAND DEALS IN SPAIN – 2022 & Q1 2023					
Asset	Region	GLA (m2)	Volume (M€)	Buyer	Period
200,000 m2 of land at La Solana de Valdebebas	Madrid	215,000.00	80,0	Acciona Inmobiliaria	Q3 2022
1,1 million m2 of land at Valdecarros	Madrid	1,100,000.00	Confidential	Azora	Q3 2022
Plot for future residential development in Bilbao - Zorrotzaurre	Vizcaya	5,632.95	52,2	Pryconsa	Q4 2022

Source: Catella Research



## HOUSING SUPPLY AND DEMAND

Housing supply in 2022 has decreased compared to 2021, breaking the upward trend that the market had been experiencing since 2017 with a total of 89,156 housing completions, caused to a greater extent by the increase in production costs since the second quarter of the year.

Demand for housing has experienced its highest level since 2007, with 649,494 transactions recorded throughout 2022. While higher figures were recorded during the first half of the year, they declined during the second half of the year, largely due to higher mortgage rates and economic uncertainty.

In recent years, the number of housing transactions has been strongly influenced by the low volume of housing completions, leading to higher prices and an increasing interest in second-hand purchases.

**HOUSING DEMAND AT ITS HIGHEST LEVEL SINCE 2007**

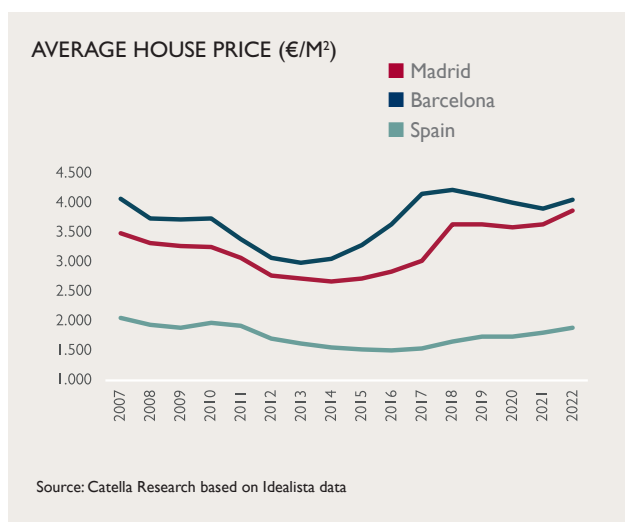
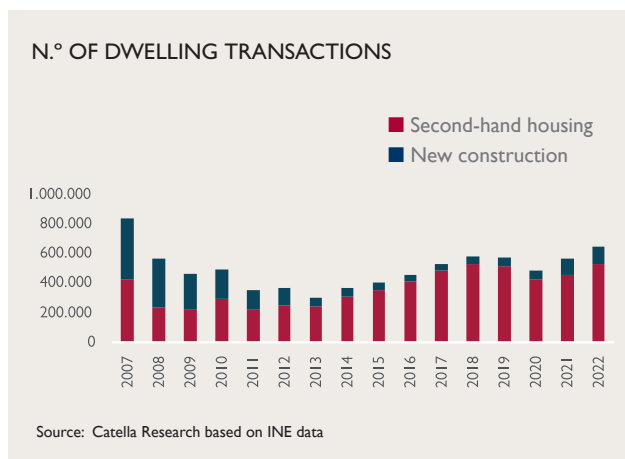
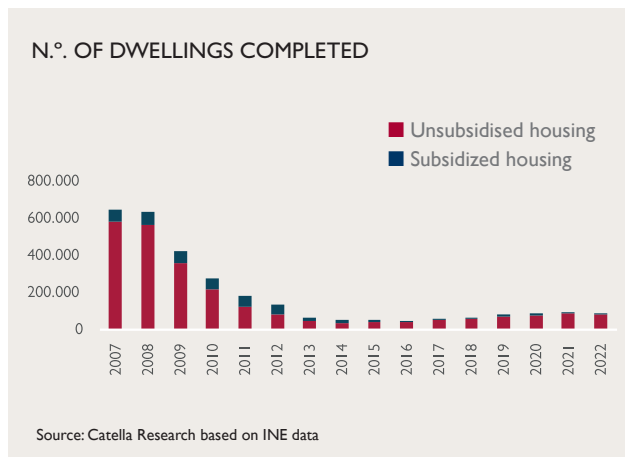
**PRICE ADJUSTMENTS IN THE HOUSING MARKET EXPECTED DURING 2023**

## HOUSING PRICE

In 2022, average house prices have increased across the country, reaching an average of 1,888 €/m<sup>2</sup>, the highest value since 2011.

Madrid and Barcelona, the most important markets in the country, had notable growth rates, closing 2022 with an average price of 3,881 €/m<sup>2</sup> in Madrid, the highest figure in the historical series, while in Barcelona, with 4,063 €/m<sup>2</sup>, pre-pandemic prices have been recovered.

As at end of 2022, the most expensive districts in Madrid were Salamanca (6,422 €/m<sup>2</sup>), Chamberí (5,818 €/m<sup>2</sup>) and Chamartín (5,577 €/m<sup>2</sup>), while in Barcelona were Sarrià-Sant Gervasi (5,462 €/m<sup>2</sup>), Les Corts (4,936 €/m<sup>2</sup>) and Eixample (4,887 €/m<sup>2</sup>).



Economic uncertainty and rising mortgage prices mean that house prices are expected to adjust over the course of 2023. This adjustment will affect more affordable housing, and locations with a higher supply.



## TRENDS

The shortage of supply, regulatory uncertainty and excess liquidity have led investors to focus on other types of product, such as *'Flex Living'* and *'Branded Residences'*.

Firstly, *'Flex Living'*, which encompasses under the concept of flexibility the new temporary housing solutions managed in a professional manner with the addition of services included. In this sense, it groups 2 main types of assets such as Coliving y el Corporate Living. Today in Spain, we are observing an increasing number of relevant transactions such as those carried out by *Greystar, Node/Momentum, Elix, Livensa and Argis*.

Secondly, the *'Branded Residences'*, residential buildings that are operated by a hotel operator, thus combining private housing with all the luxuries offered by a hotel in the form of a wide range of services common to all tenants. This is another asset class that is still underdeveloped in Spain, which is why it offers attractive returns for investors and a great dynamism that is leading to an ever-increasing interest from end buyers (national and foreign). In the coming months, several Branded Residences are scheduled to open in addition to the existing successful projects of *Four Seasons and Mandarin* (Madrid and Barcelona).



“ Investors continue to support the Living sector, being Spain one of the most attractive destinations with solid fundamentals. In fact, Living will continue to be the main focus of investment in 2023. ”

**GONZALO ZULUETA**  
Partner - Head of Residential & Land

## ABOUT

Catella is a leading specialist in property investments and fund management, with operations in 13 countries. The group has over EUR 13 billion in assets under management. Catella is listed on Nasdaq Stockholm in the Mid Cap segment.

Read more at [catella.com](http://catella.com)

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