

Something in common



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Online banking
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170 HolaBank
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CaixaBankProtect®
service

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experience with
international clients



Familiarity with the
portfolio of products for
non-residents



Mature analysis
of clients' financial position

ECONOMIC OUTLOOK & REAL ESTATE SECTOR:

Where are we in the cycle?

Judit Montoriol
Senior economist
February 2020

A sluggish recovery is underway



GDP growth (%)	2019	2020	2021
Global	2.9	3.2	3.4
Developed economies	1.7	1.5	1.6
United States	2.3	1.8	1.8
Euro Zone	1.1	1.1	1.3
Germany	0.6	0.7	1.5
France	1.3	1.4	1.5
Italy	0.2	0.5	0.7
Portugal	1.9	1.7	1.6
Spain	2.4	2.0	1.6
United Kingdom	1.3	1.2	1.4
Emerging economies	3.8	4.4	4.5
China	6.1	5.9	5.7

Note: CaixaBank Research forecasts for 2020 and 2021.

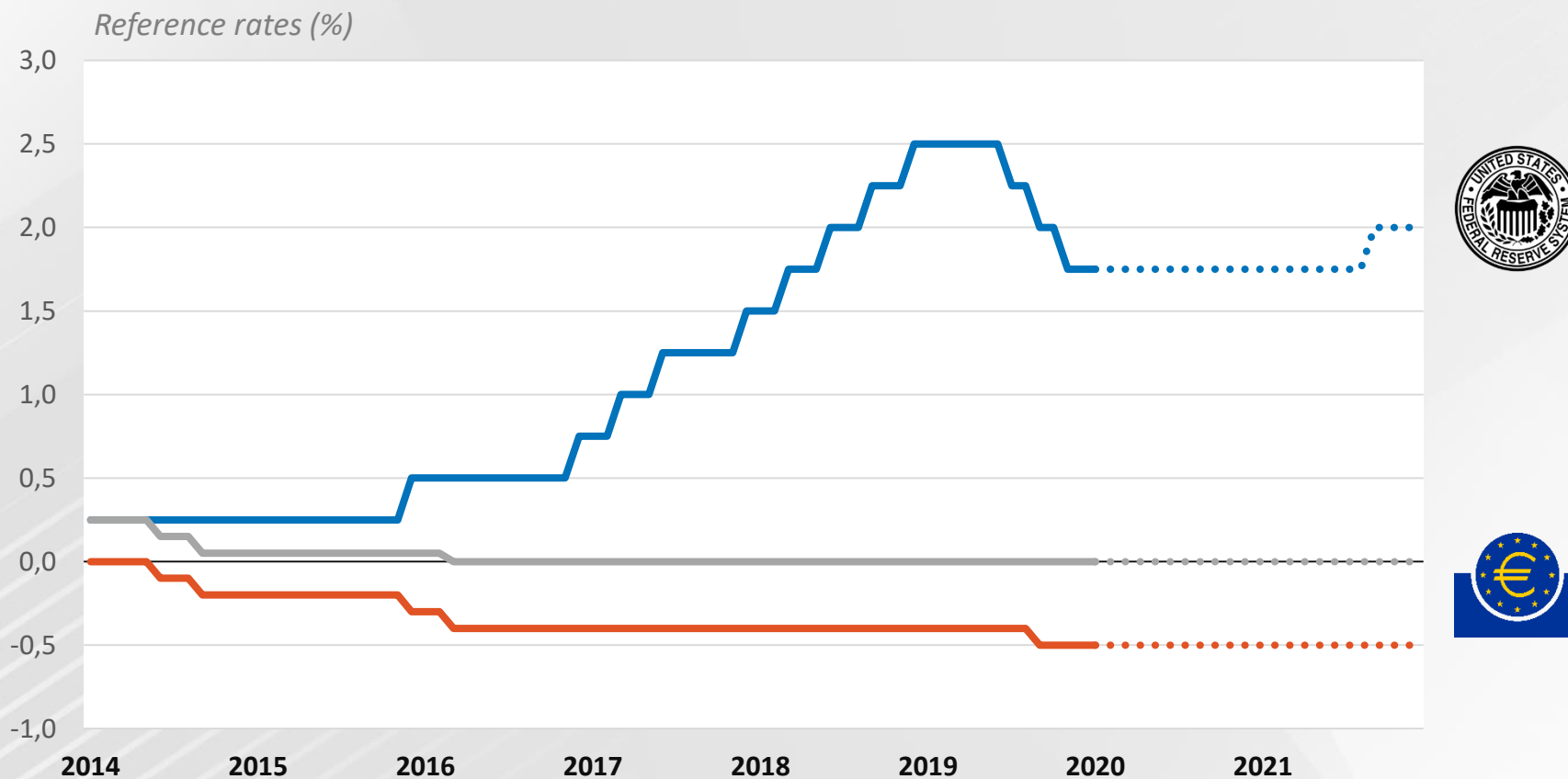
Support factors

- ▶ Gradual decrease of uncertainty (*brexit, trade war*)
- ▶ Monetary policy
- ▶ Fiscal policy in some countries

Downside risks

MONETARY POLICY

Fed & ECB: *dovish bias*



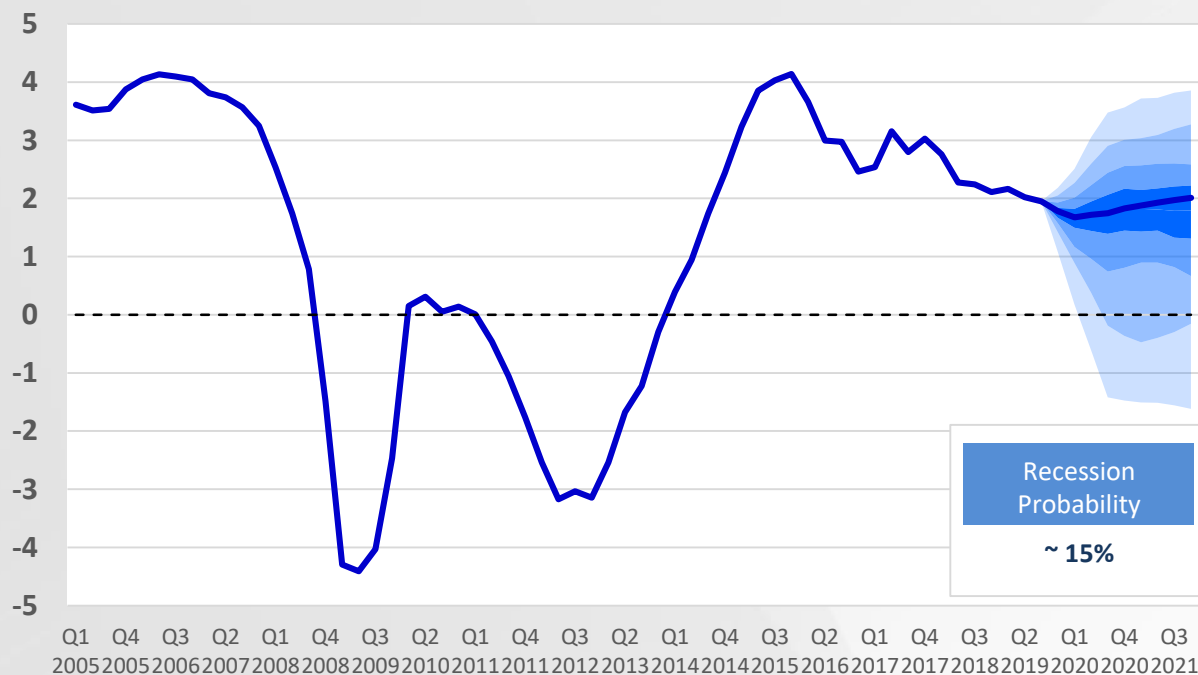
Note: CaixaBank Research forecasts for 2020 and 2021.

SPANISH ECONOMY

Spain's economy: slowdown, not recession



Spanish GDP, Year-on-year change (%)



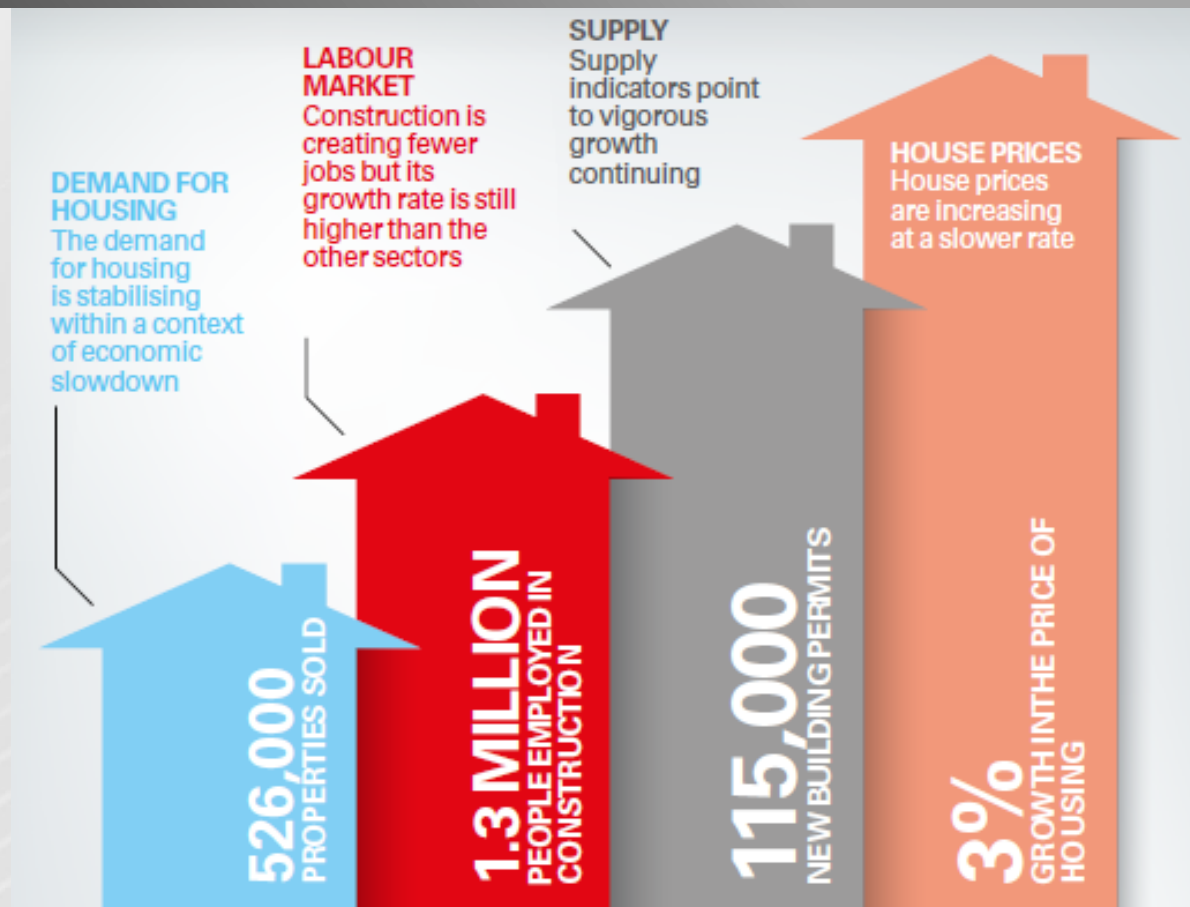
Recession
Probability
~ 15%

The bands show the 90%, 80%, 70% and 60% confidence intervals .

Note: CaixaBank Research forecasts for 2020.

SPANISH REAL ESTATE MARKET ANALYSIS

Spain's real estate sector: a controlled slowdown

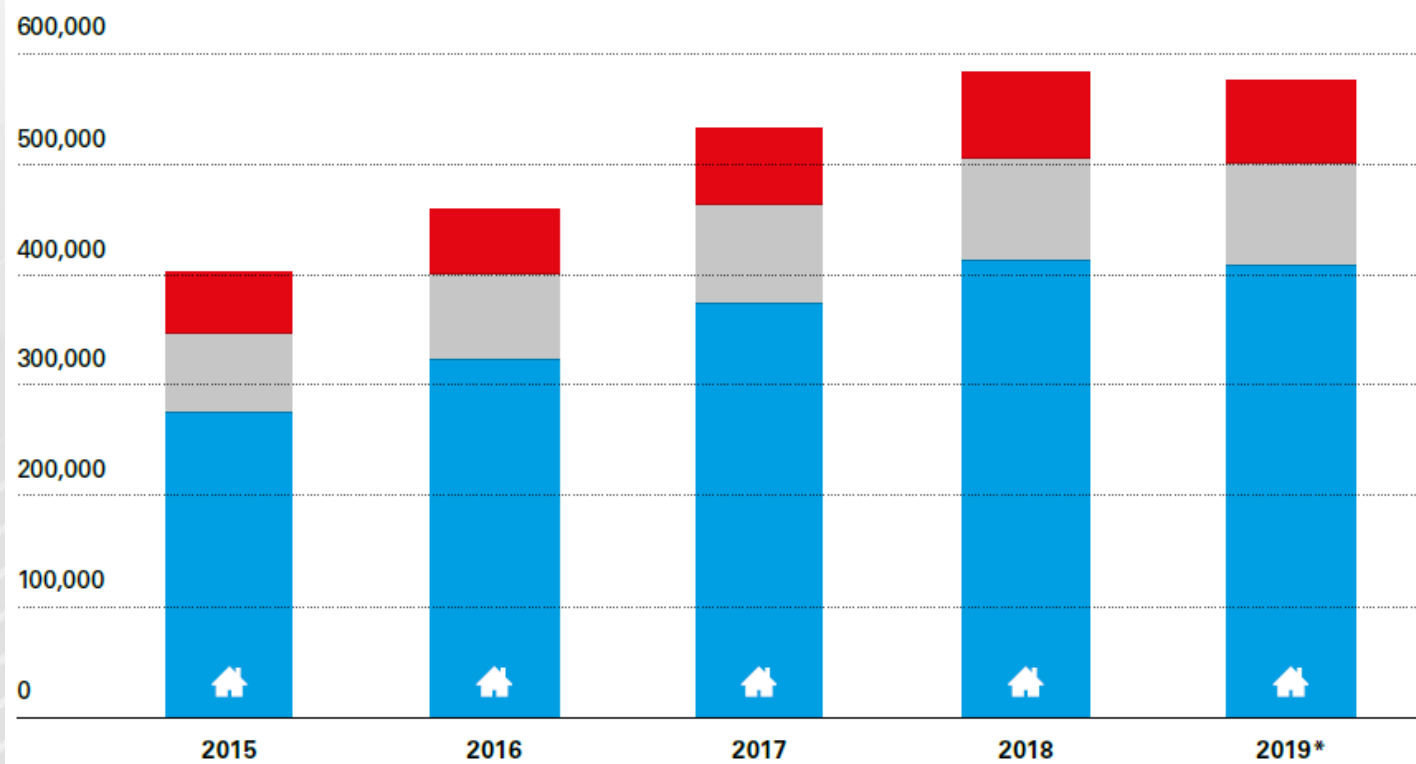


Note: CaixaBank Research forecasts for 2020.

SPANISH REAL ESTATE MARKET ANALYSIS

Demand indicators: slowdown in part due to the new mortgage law

Number of housing sales



Year-on-Year change
(Q1 2019 – Q3 2019)

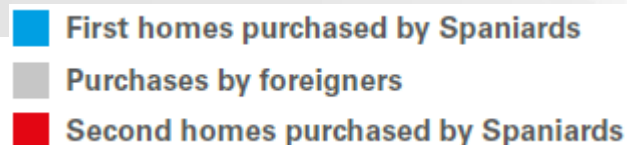
-4.1% (total sales)

-5.7%

+0.6%

-4.8%

Note: CaixaBank Research based on Ministry of Public Works.



SPANISH REAL ESTATE MARKET ANALYSIS

Supply indicators for the real estate sector



RESIDENTIAL INVESTMENT

5.5% of GDP in 2019
vs. 4.1% of GDP in 2013 (min.)
vs. 11.6% of GDP in 2006 (max.)



CONSTRUCTION EMPLOYMENT

6.5% in 2019
5.7% in 2014 (min.)
13.3% in 2007 (max.)

Source: CaixaBank Research, based on data from the Spanish Statistics Institute.

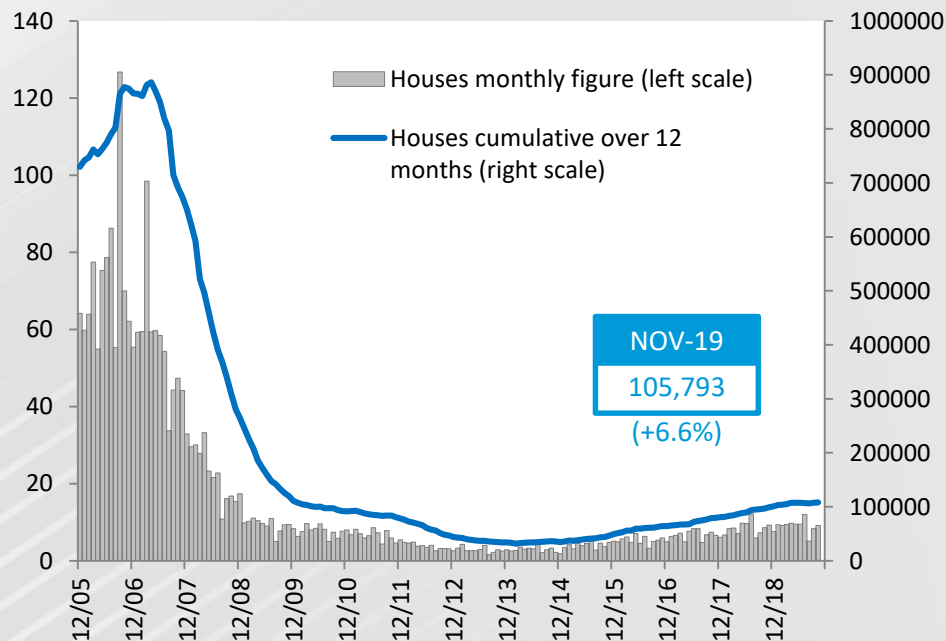
SPANISH REAL ESTATE MARKET ANALYSIS

No signs of over-supply

New building permits

(Thousands of permits)

Thousands of residences, cum. 12 months



Net household creation in 2019:

122,000

Forecasts mean 2020-2025 (INE):

135,000

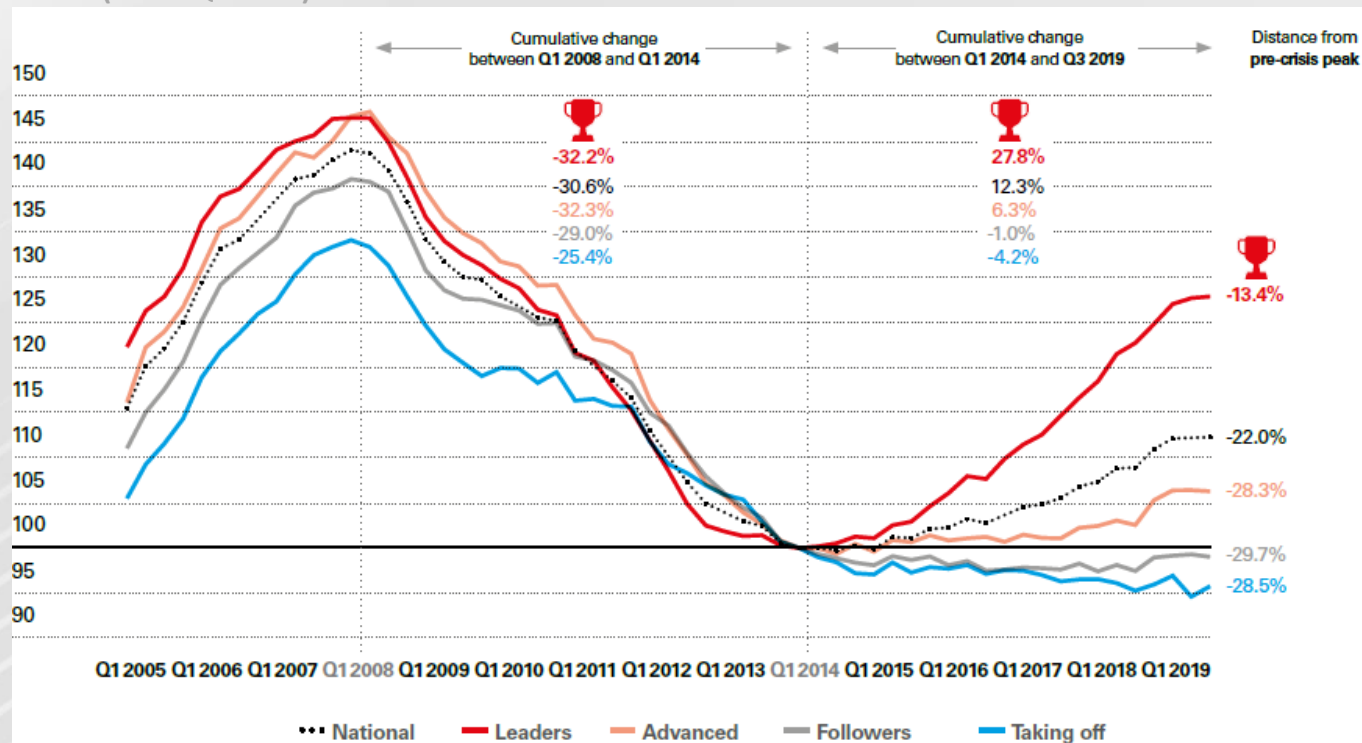
Source: Caixabank Research, based on data from the Ministry of Public Works.

SPANISH REAL ESTATE MARKET ANALYSIS

Housing prices: recovery at different speeds

Housing prices

Index (100 = Q1 2014)



LEADERS

Madrid, Barcelona, Balearic Islands, Las Palmas, Santa Cruz de Tenerife and Malaga.



ADVANCED

Cadiz, Granada, Seville, Zaragoza, Valladolid, Guadalajara, Girona, Tarragona, Alicante, Valencia, Caceres, La Coruña and Navarra.



FOLLOWERS

Almeria, Cordoba, Huelva, Huesca, Asturias, Cantabria, Burgos, Palencia, Salamanca, Albacete, Toledo, Lleida, Castellón, Badajoz, Lugo, Orense, Pontevedra, Murcia, Alava, Guipúzcoa and La Rioja.



TAKING OFF

Jaen, Teruel, Avila, Leon, Segovia, Soria, Zamora, Ciudad Real, Cuenca and Vizcaya.

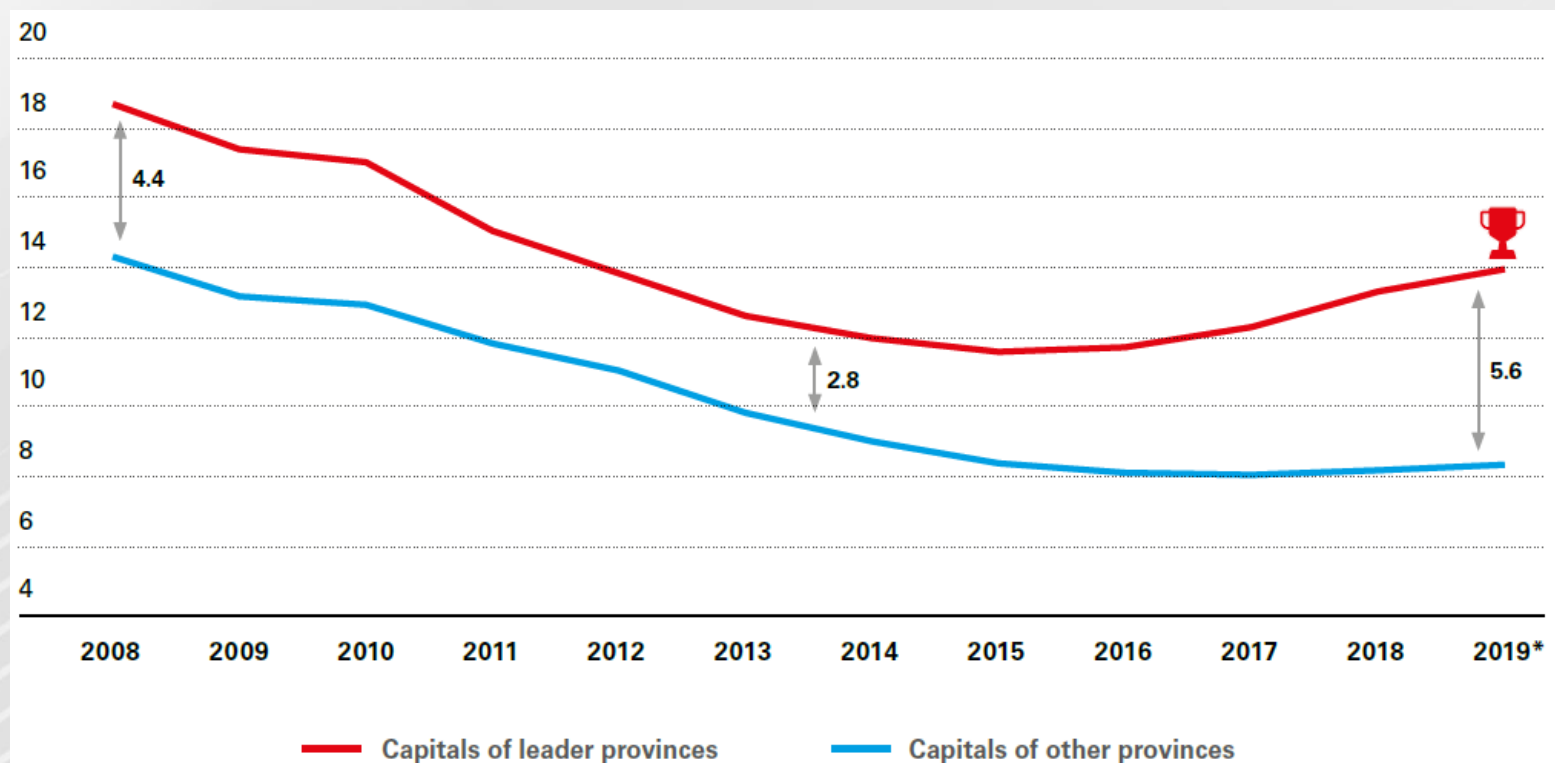
Note: CaixaBank Research based on Ministry of Public Works.

SPANISH REAL ESTATE MARKET ANALYSIS

Slowdown in prices will support affordability, specially in hot areas

Affordability ratio in provincial capitals

(years of median household income)

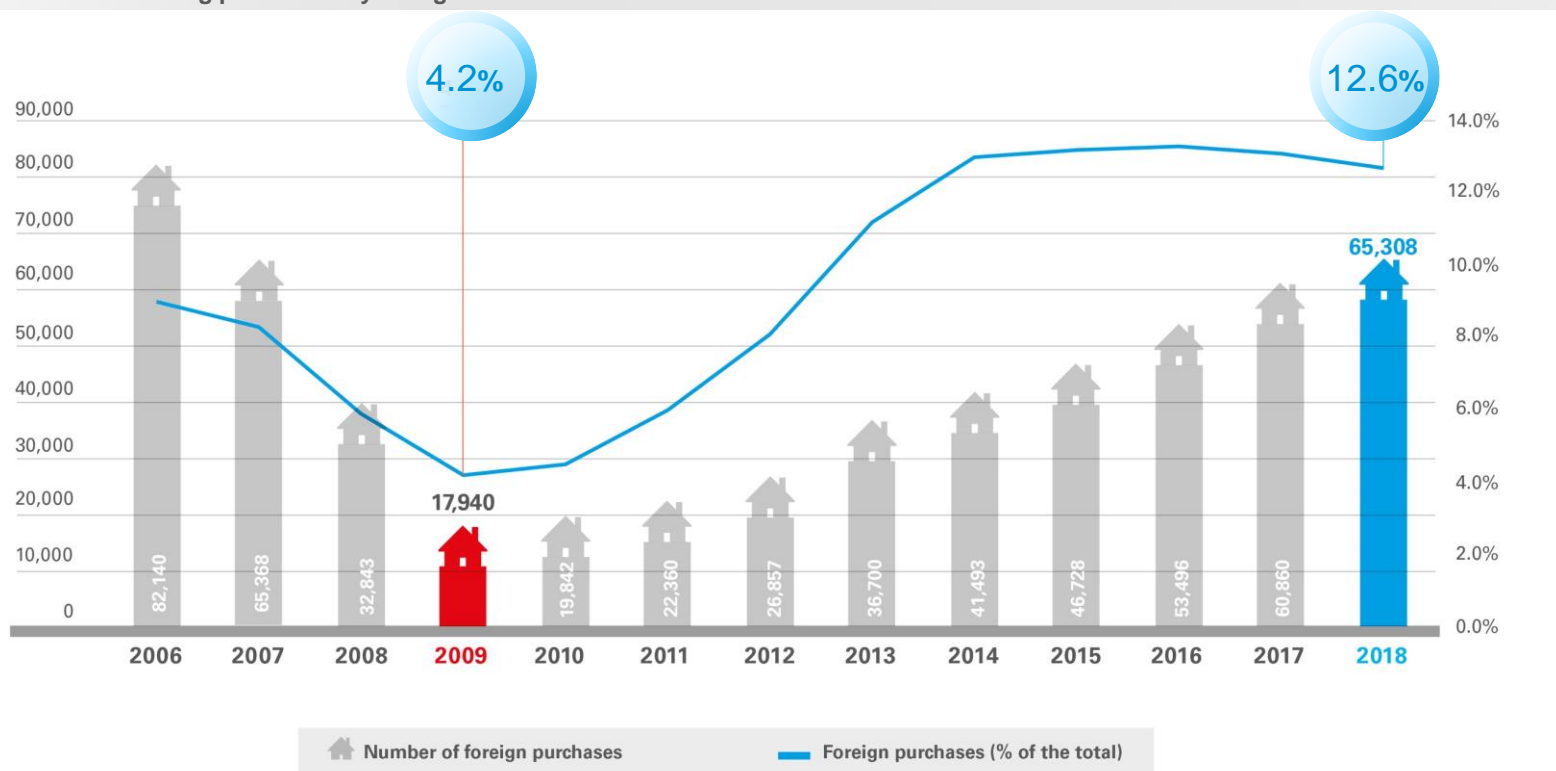


Note: CaixaBank Research based on Ministry of Public Works.

THE RISE IN HOUSING SALES TO FOREIGNERS

Property purchases by foreigners have grown non-stop since 2009

Number of housing purchases by foreigners



3T 2019

63,136

12.5%

Source: CaixaBank Research, based on data from the Spanish Statistics Institute (ECH).

SPANISH REAL ESTATE MARKET ANALYSIS

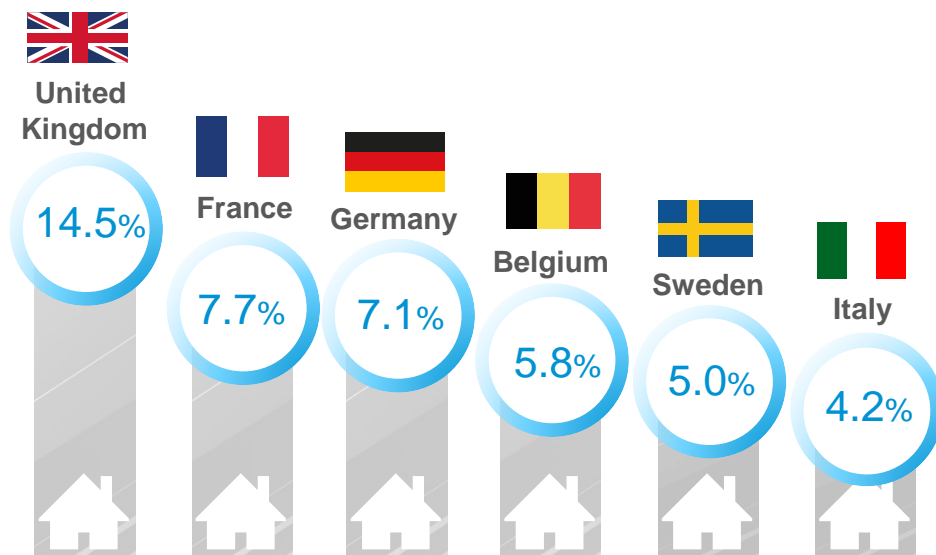
The rise in housing sales to foreigners

Housing demand by foreigners has increased non-stop since 2009

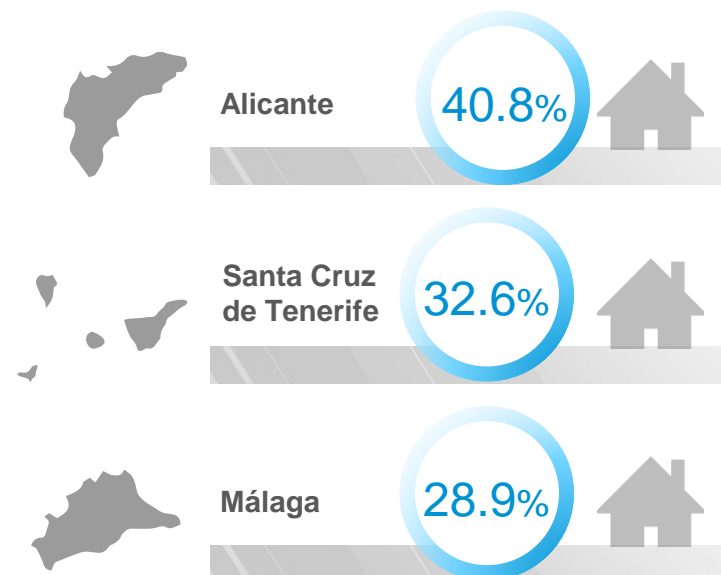
12.5%

House purchases by foreigners as share of total

Which nationalities buy the most?



Which zones have the greatest presence?



WHY DO FOREIGNERS CHOOSE SPAIN?



**CLIMATE, CULTURE
AND GASTRONOMY**



**COST
OF LIVING**



SAFETY



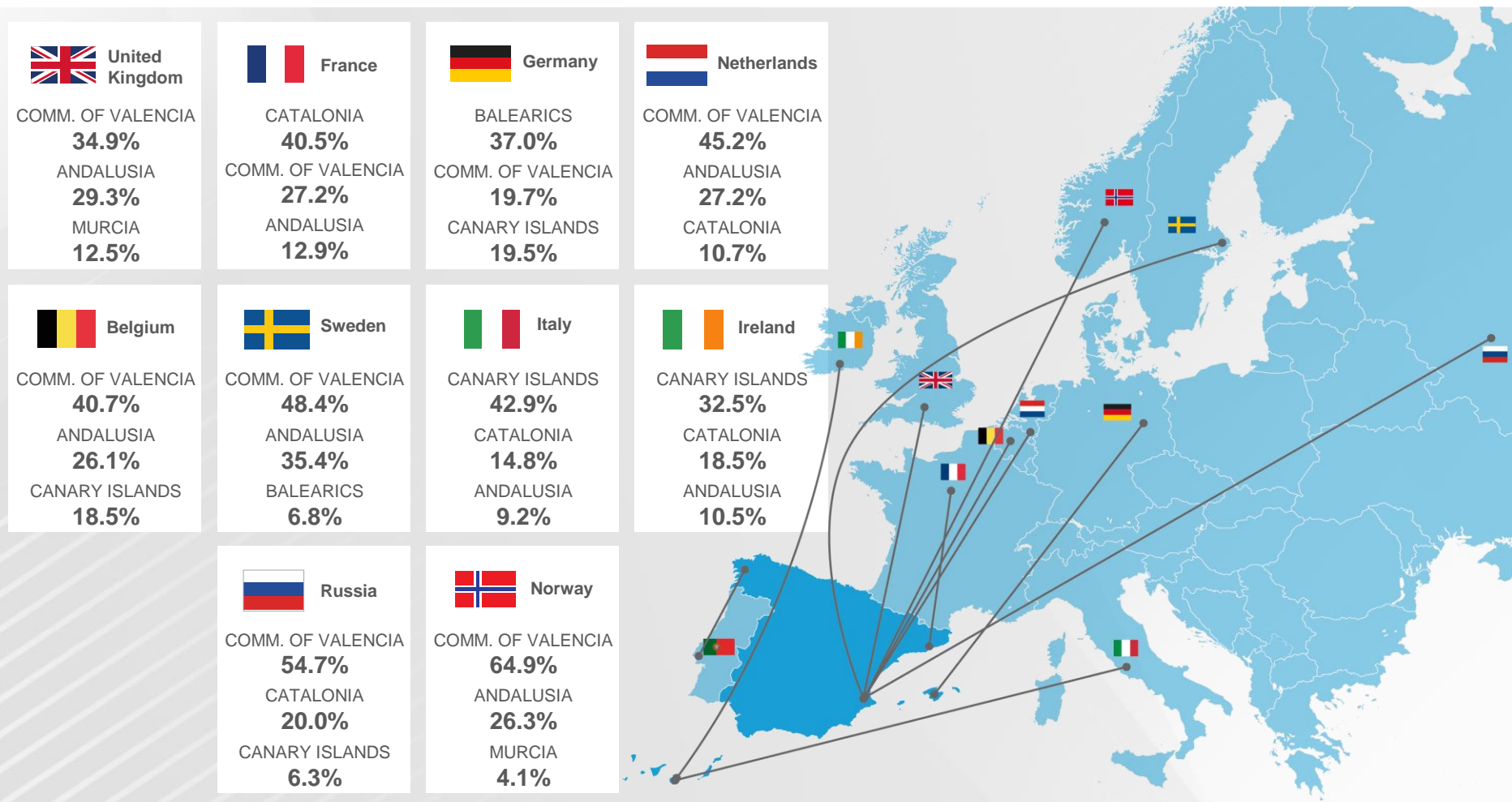
COMMUNICATIONS



**ATTRACTIVE
INVESTMENT**



WHAT IS THE FAVOURITE DESTINATION OF FOREIGNERS BY NATIONALITY?



Example: 34.9% of British citizens buying property in Spain bought a home in the Community of Valencia.

Source: CaixaBank Research, based on data from the Spanish College of Registrars. Note: Data from 2018.

POPULARITY OF SEARCHES FOR "BUY APARTMENT IN SPAIN" ACCORDING TO GOOGLE TRENDS

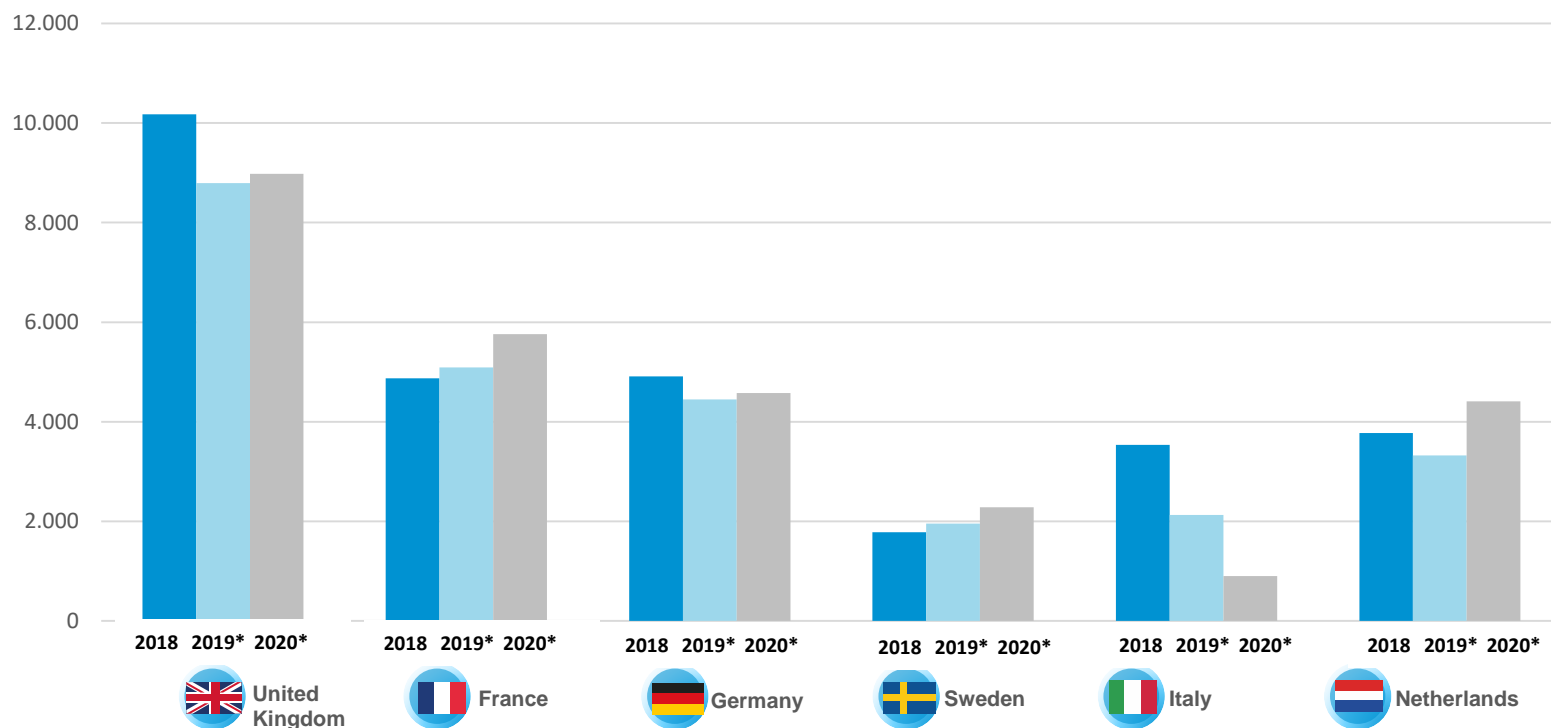


Example: Sweden is the country where the Google Trends index was highest in 2019, indicating that buying an apartment in Spain is a very popular search in Sweden (horizontal axis). However, the Google Trends index is lower compared with 2018, suggesting it has become slightly less popular (vertical axis).

Note: Data from 2018 and 2019. Source: CaixaBank Research, based on data from Google Trends.

WHICH NATIONALITIES BUY THE MOST HOUSING IN SPAIN?

Number of housing sales

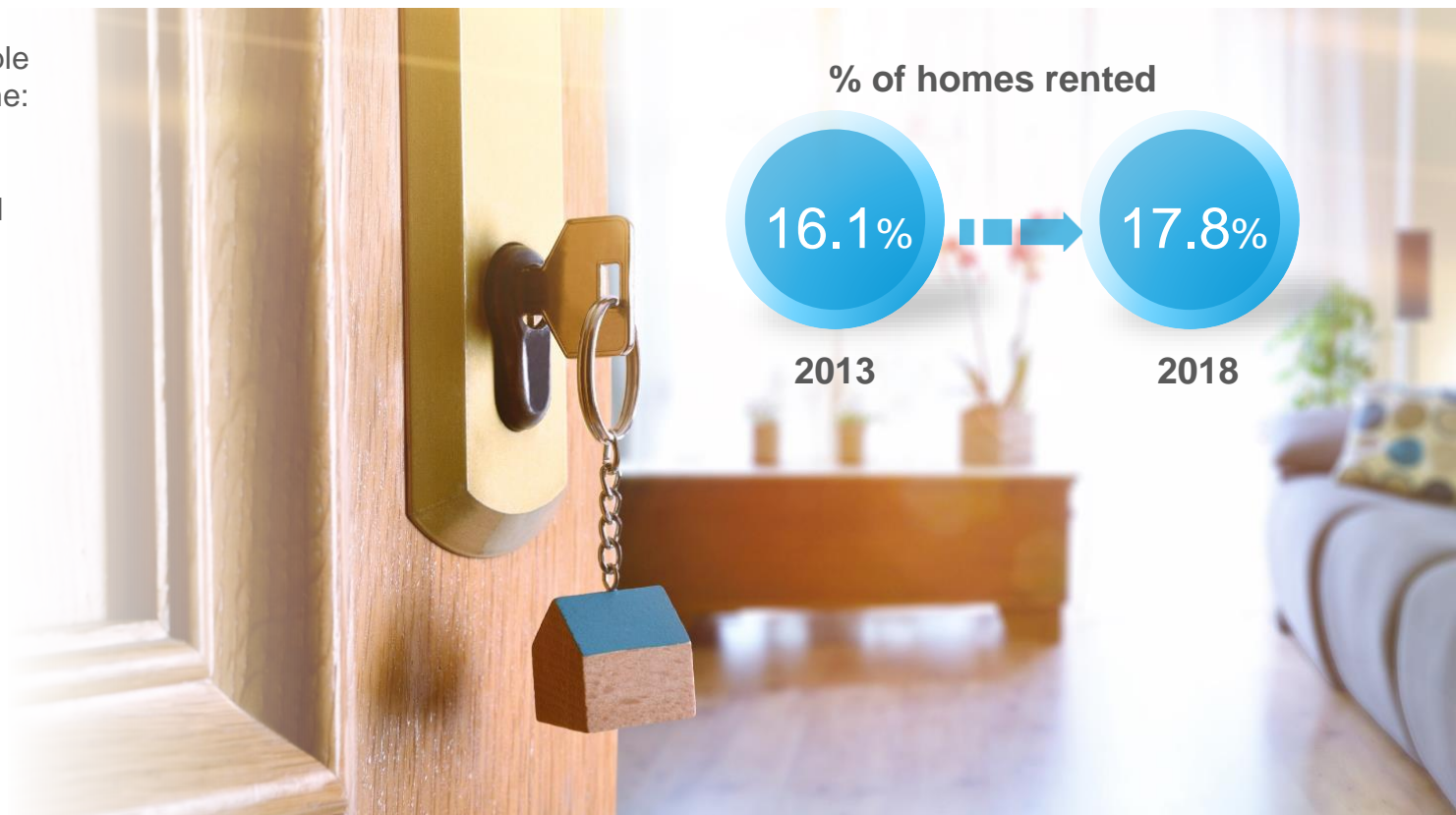


Note: (*) Forecast.

Source: CaixaBank Research, based on data from the Spanish College of Registrars.

THE RENTAL MARKET

More and more people are renting their home: supply will have to increase in line with this growing demand to avoid greater pressure on prices.



FACTORS SUPPORTING THE DEMAND IN RENTED ACCOMMODATION



Main messages



Global Economy:

Deceleration, no recession... but with downside risks



Spanish Economy:

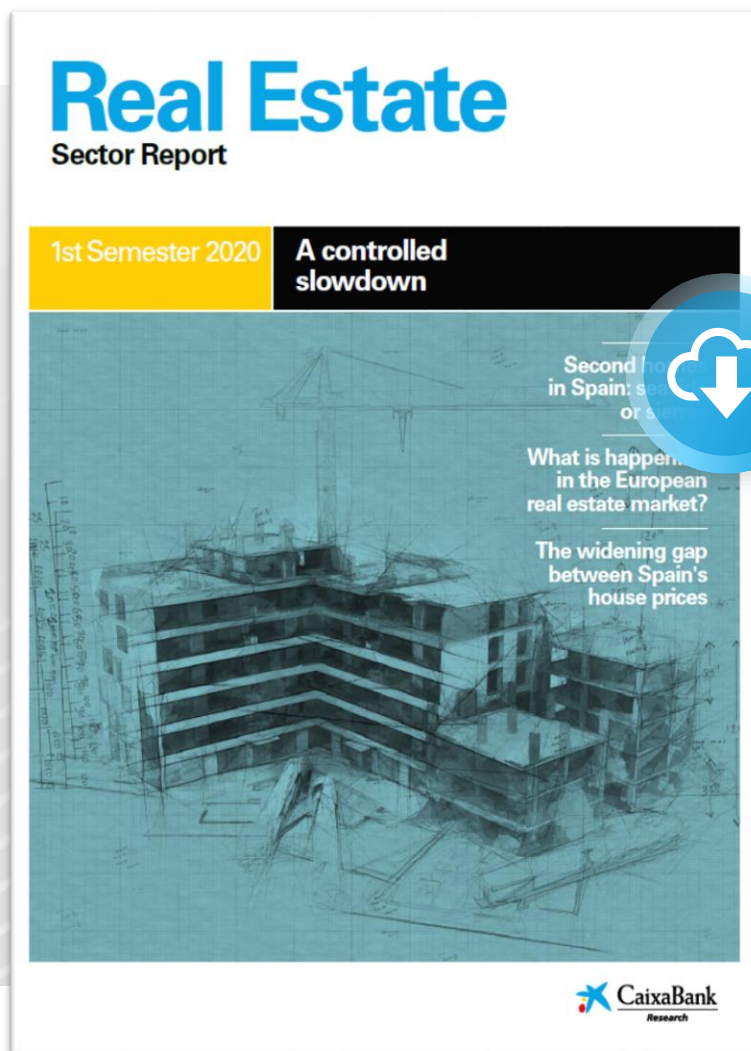
Growth converging to its potential level... but with important challenges



Real Estate:

Controlled slowdown... with high geographical heterogeneity

SPANISH REAL ESTATE MARKET ANALYSIS



The report can be downloaded from
CaixaBank Research

www.caixabankresearch.com/en/sector-report

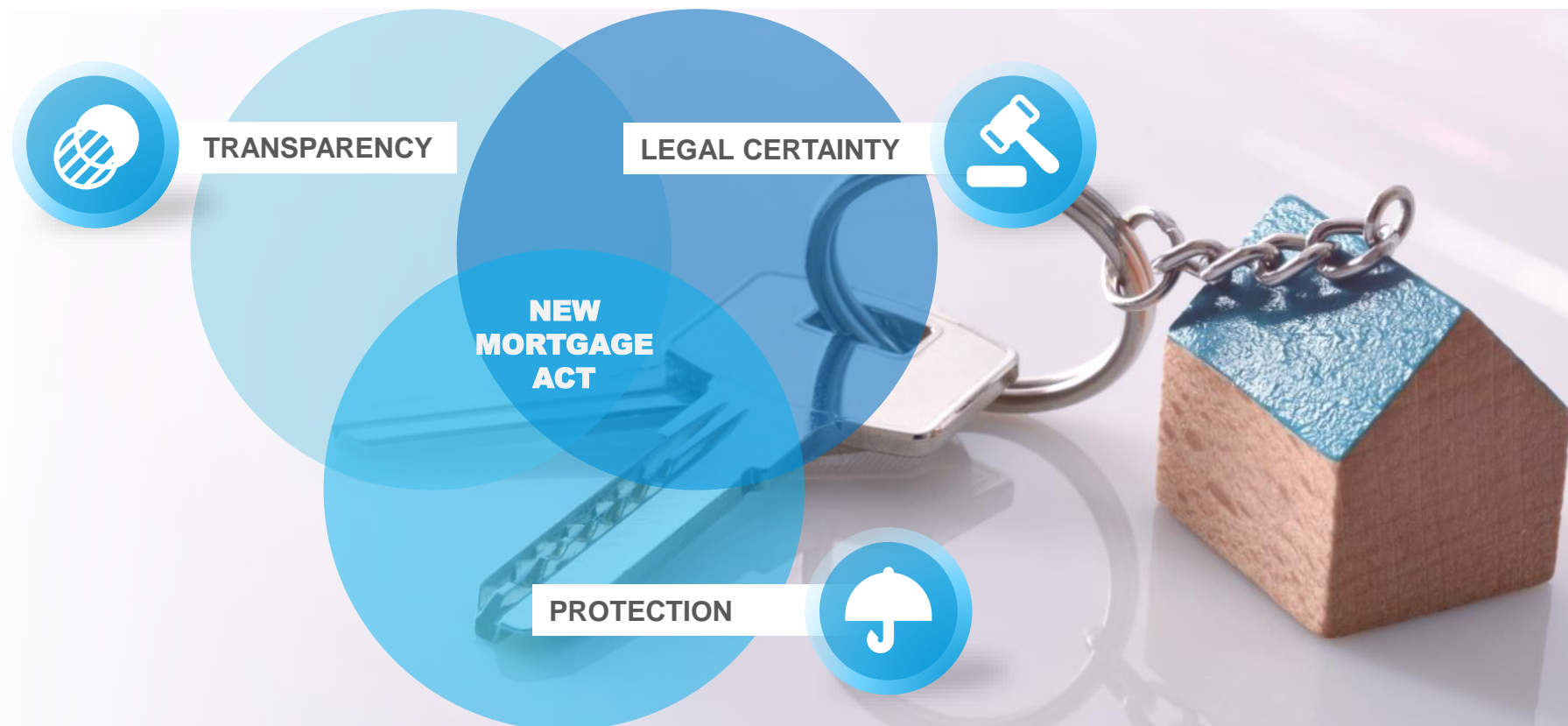
Thank you!

CaixaBank Research on Twitter



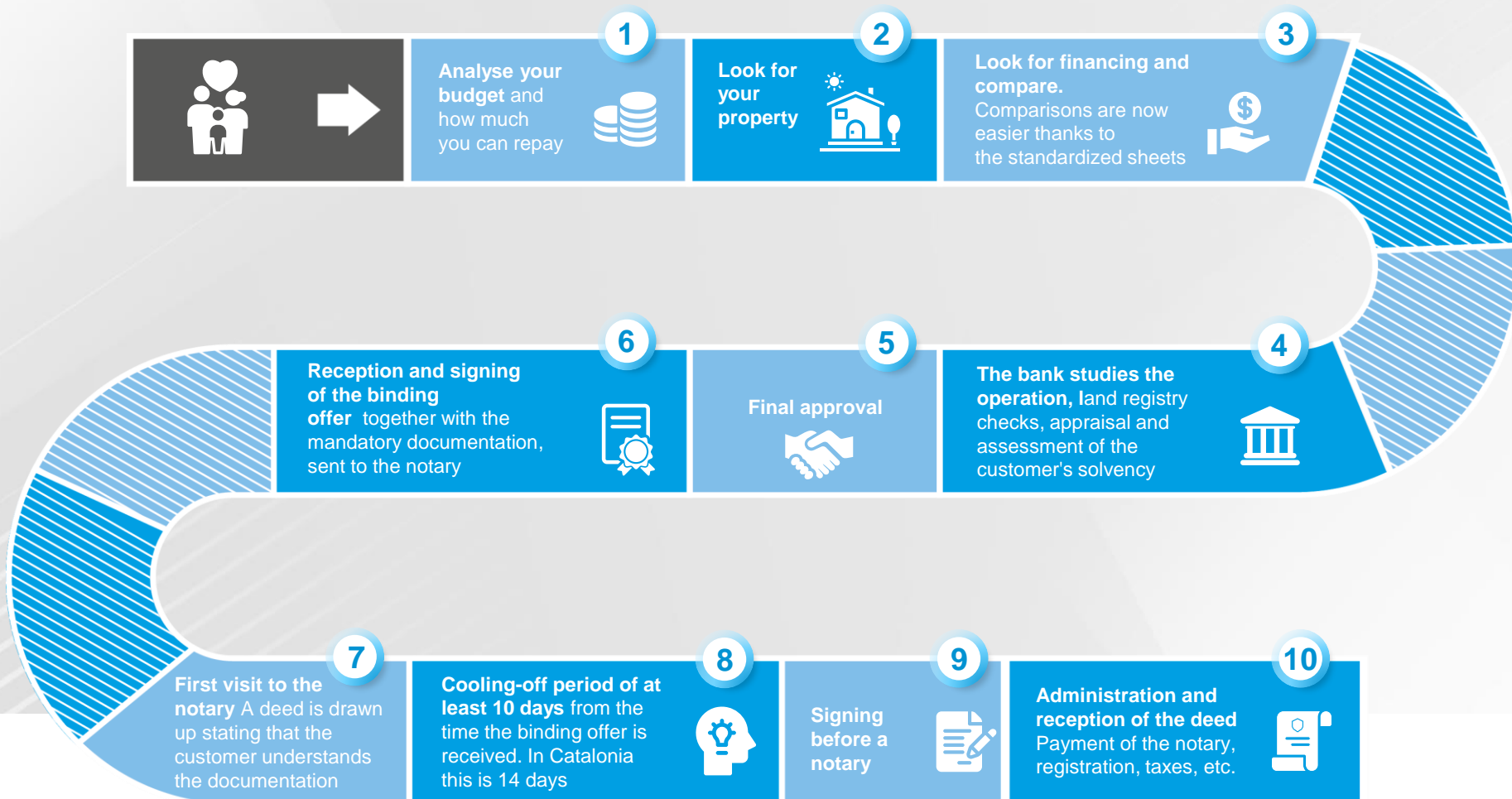
@CABK_Research

KEY ASPECTS OF THE NEW MORTGAGE ACT



HOW TO BUY A HOME

The steps for taking out a mortgage



Something in common

