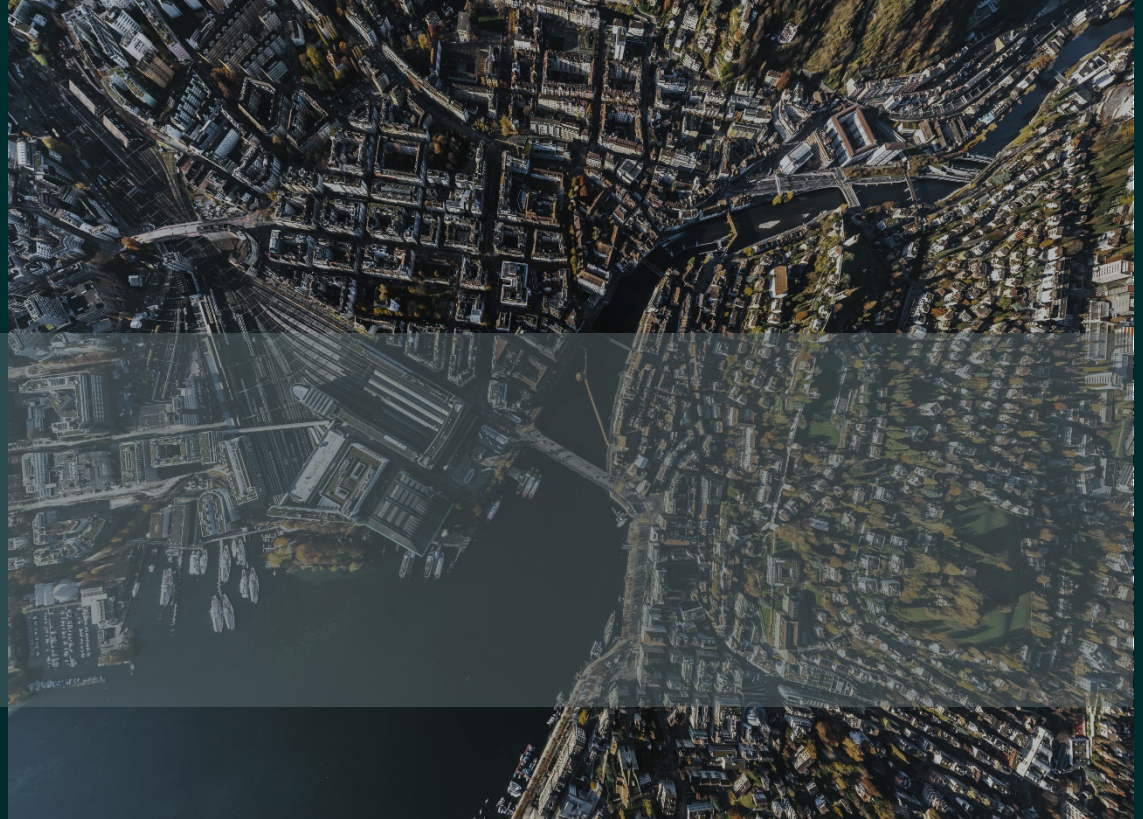


2023

CBRE

Iberian Real Estate Market



Iberian Real Estate Market



Carlos García Redondo

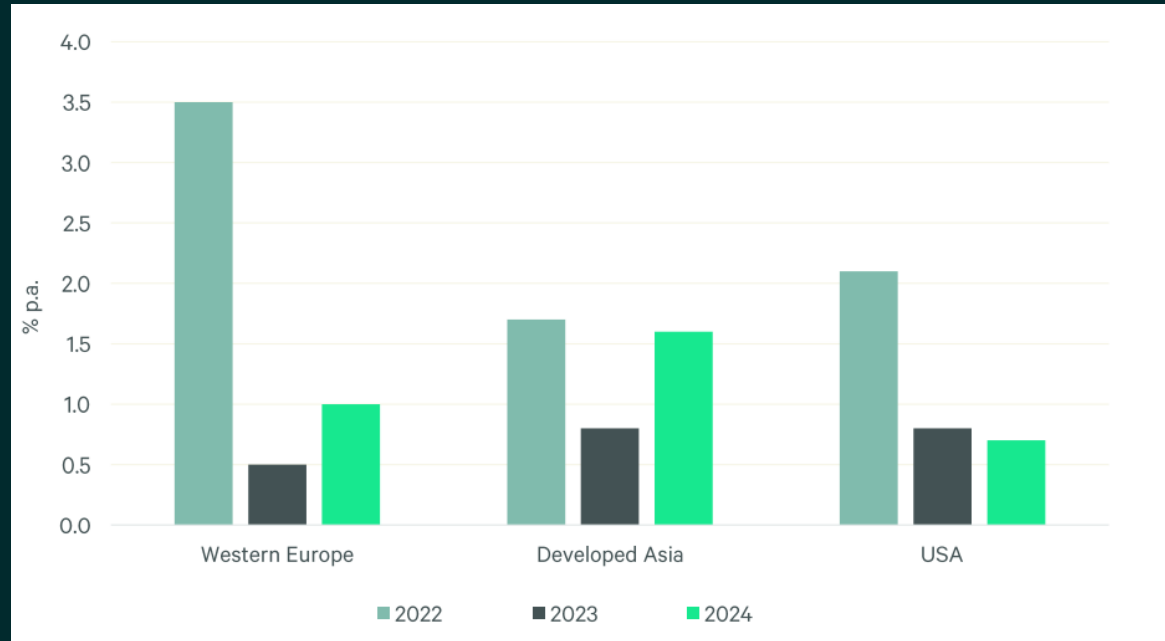
Senior Director Investment Properties I&L,
CBRE Spain

Nuno Nunes

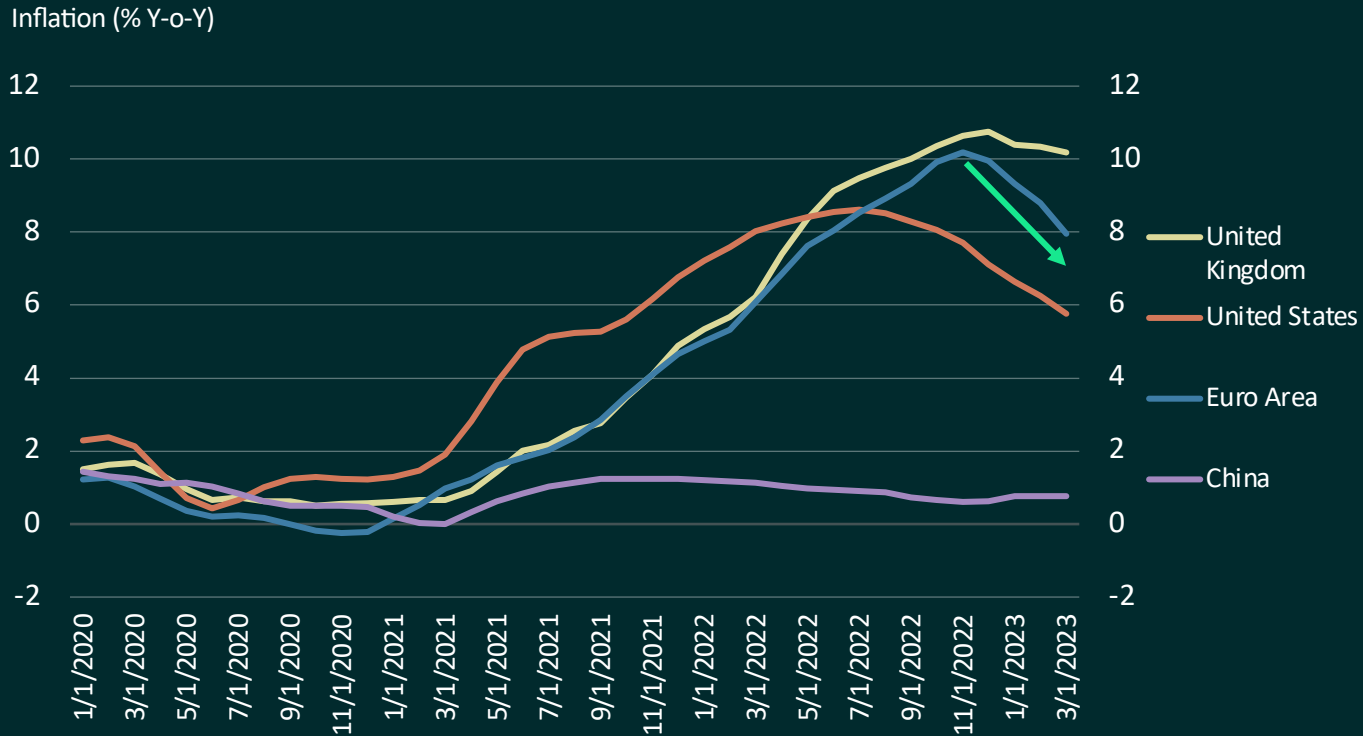
Senior Director – Head of Capital Markets,
CBRE Portugal

Flirting with recession

GDP growth comparisons
(€annual averages)



Headline inflation is falling



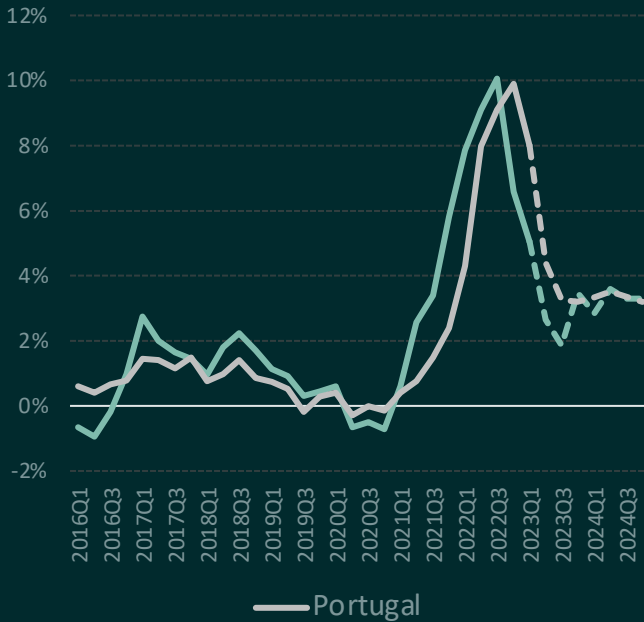
Source: CBRE Research

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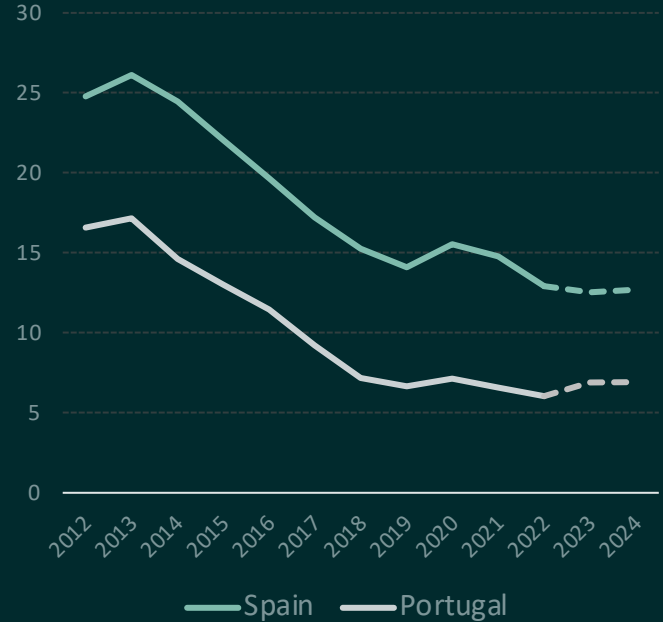
The macroeconomic context is marked by high inflation and the response of central banks.

Slight slowdown in employment in 2023, but still significantly below pre-pandemic levels

Inflation (%)



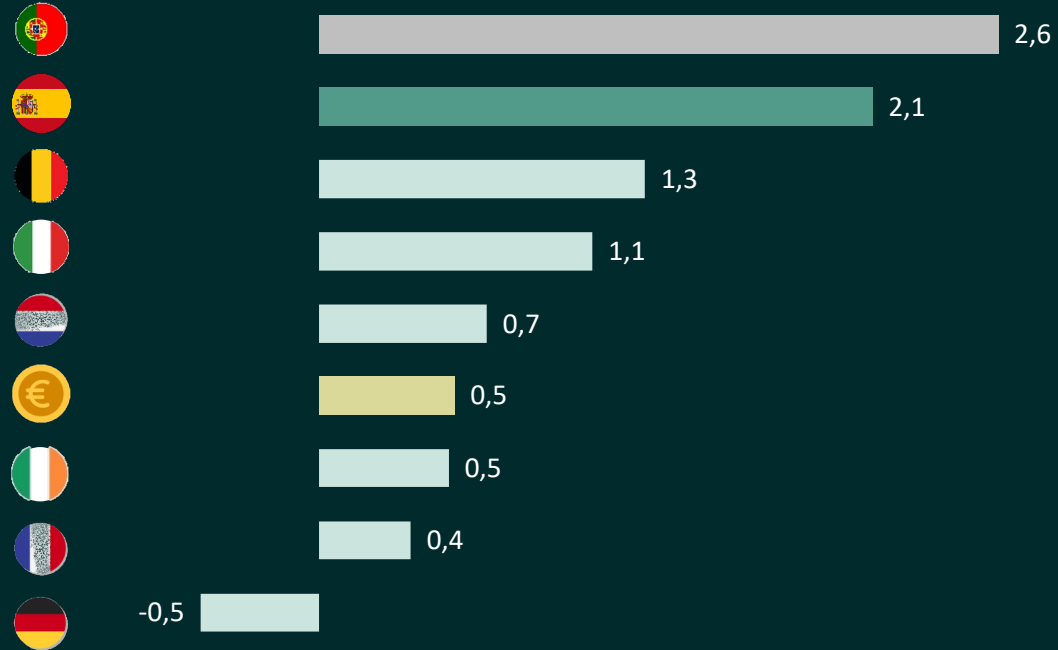
Evolution of unemployment rate



Source: CBRE House View (June 2023)

Spain and Portugal have good growth forecasts, outperforming the main European economies

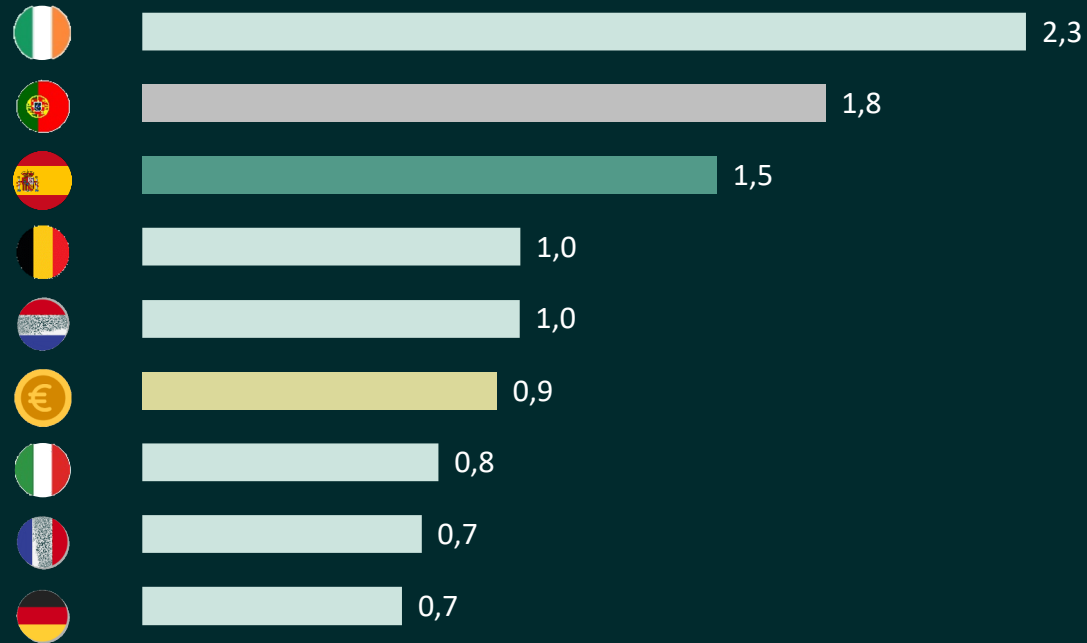
GDP growth (2023)
(%)



Source: CBRE Data Science based on House View (June-23)

Spain and Portugal have good growth forecasts, outperforming the main European economies

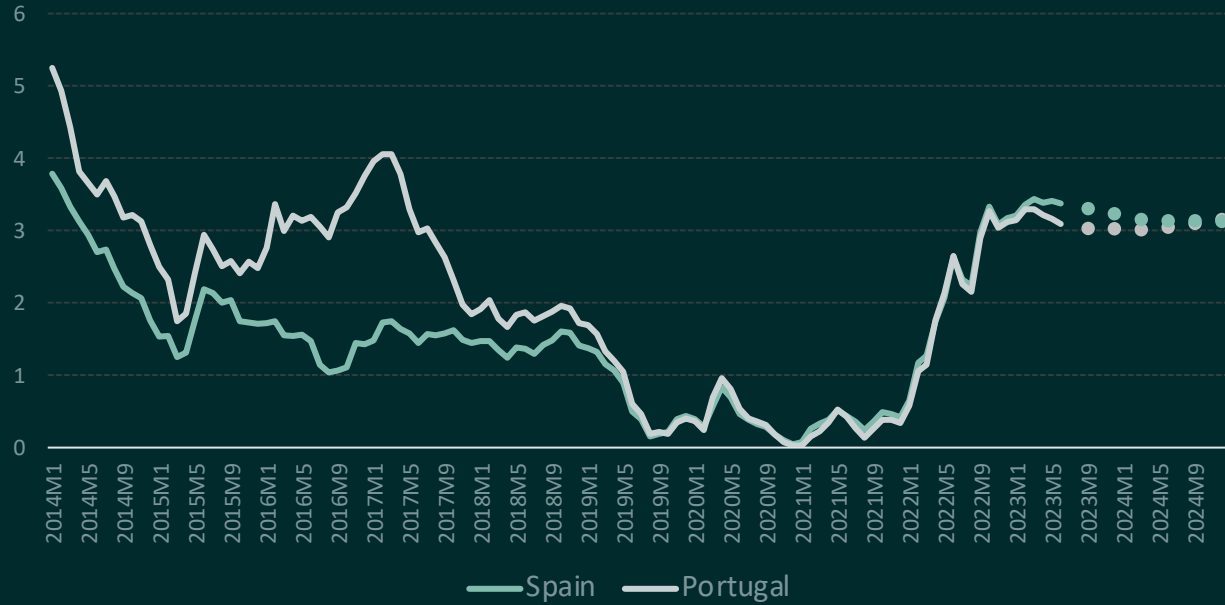
GDP growth (2023 - 2025)
(%; CAGR)



Source: CBRE Data Science based on House View (June-23)

Sovereign Bond Yields have already peaked

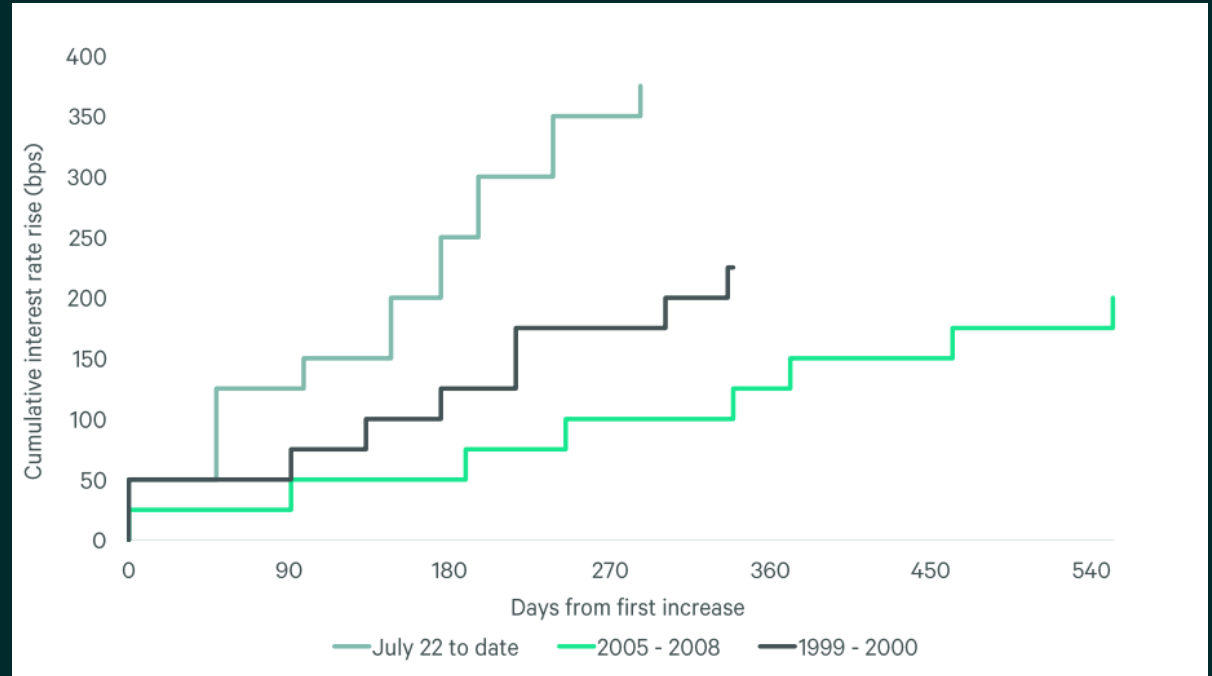
Inflation (%)



Source: CBRE House View (June 2023)

The ECB is implementing the fastest increase in rates in its history

Increase in the European Central Bank reference rate (1999 to current)

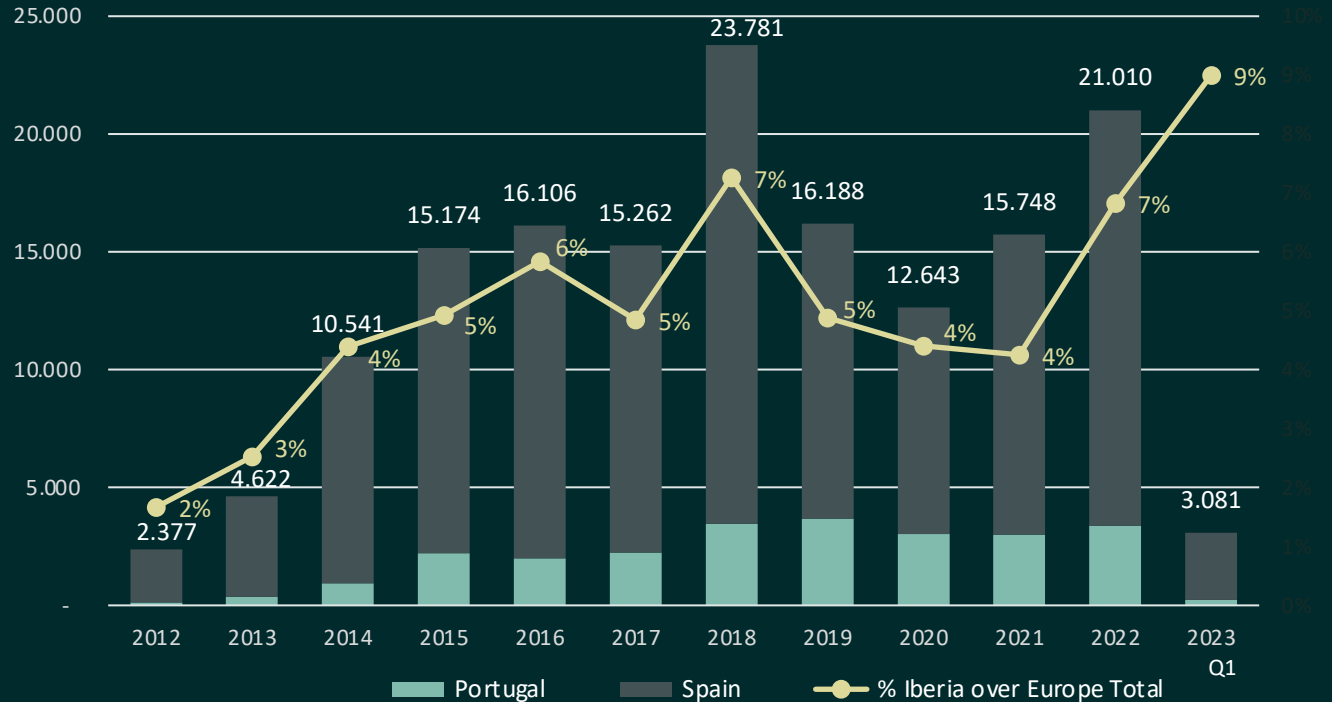


A photograph of a modern architectural complex. In the foreground, a curved building with a white, ribbed facade and a glass railing curves from the left towards the center. In the background, two tall, rectangular glass skyscrapers stand prominently against a clear, light blue sky. To the right, another building with a dark, overhanging roof and glass panels is visible. The ground is a paved plaza with some benches and a metal railing. The overall scene is clean, modern, and well-lit.

INVESTMENT MARKET

Record of Iberian contribution to Europe

Total investment volume in Spain & Portugal & Iberian contribution to Europe



Source: CBRE Research

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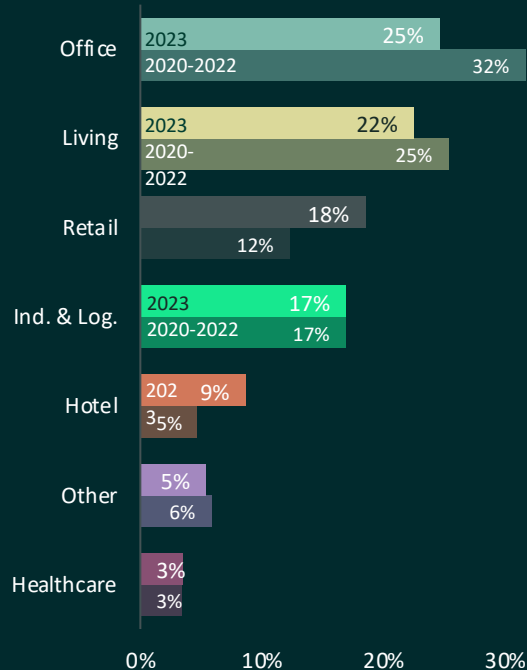
EUROPE vs IBERIA

Different trend also when it comes to leading sectors

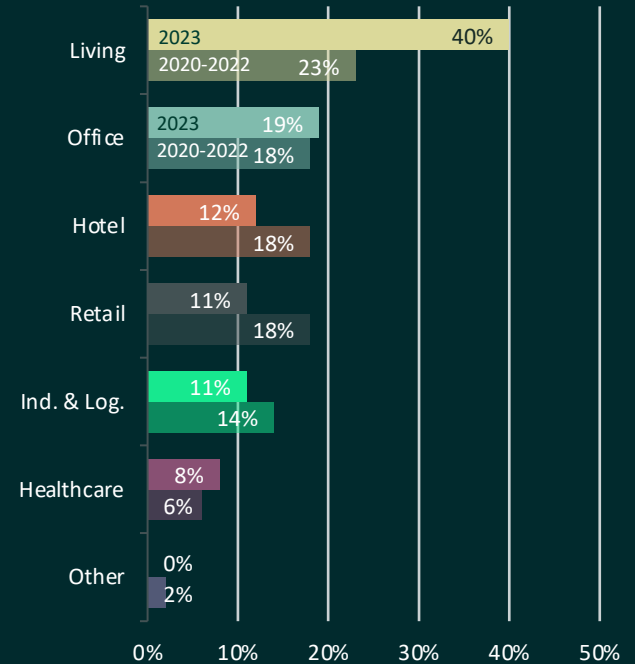
- Office
- Retail
- Industrial & Logistics
- Living
- Hotel
- Healthcare
- Other

Total investment volume in Europe & Iberian contribution by semester (€ Million; %)

Europe Investment Volume Q1 2023 by sector (%)



Iberia Investment Volume Q1 2023 by sector (%)

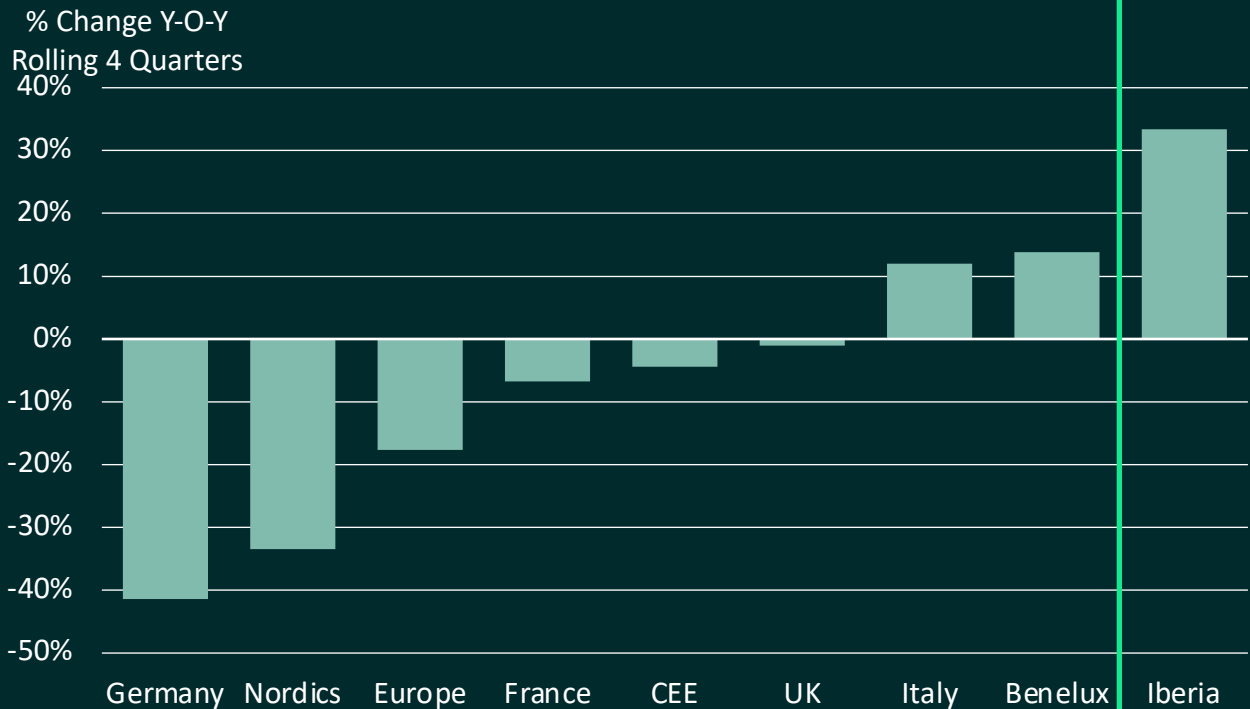


Source: CBRE Research, Real Capital Analytics, Q1 2023.

Bright spots include Southern Europe

- Germany and the Nordics led the regional decline in investment volume in 2022, logging a drop of 18% Y-o-Y. The fall was partly due to higher financing costs curtailing the flow of large residential portfolio deals.
- The UK saw only a -1% Y-o-Y decrease in investment volume as H1 2022 saw several prime office assets change hands.
- Southern Europe** registered strong deal flow during the first three quarters of 2022, partly due to the area lagging the regional resurgence in investment volume in 2021.

European investment by region 2022 vs 2021

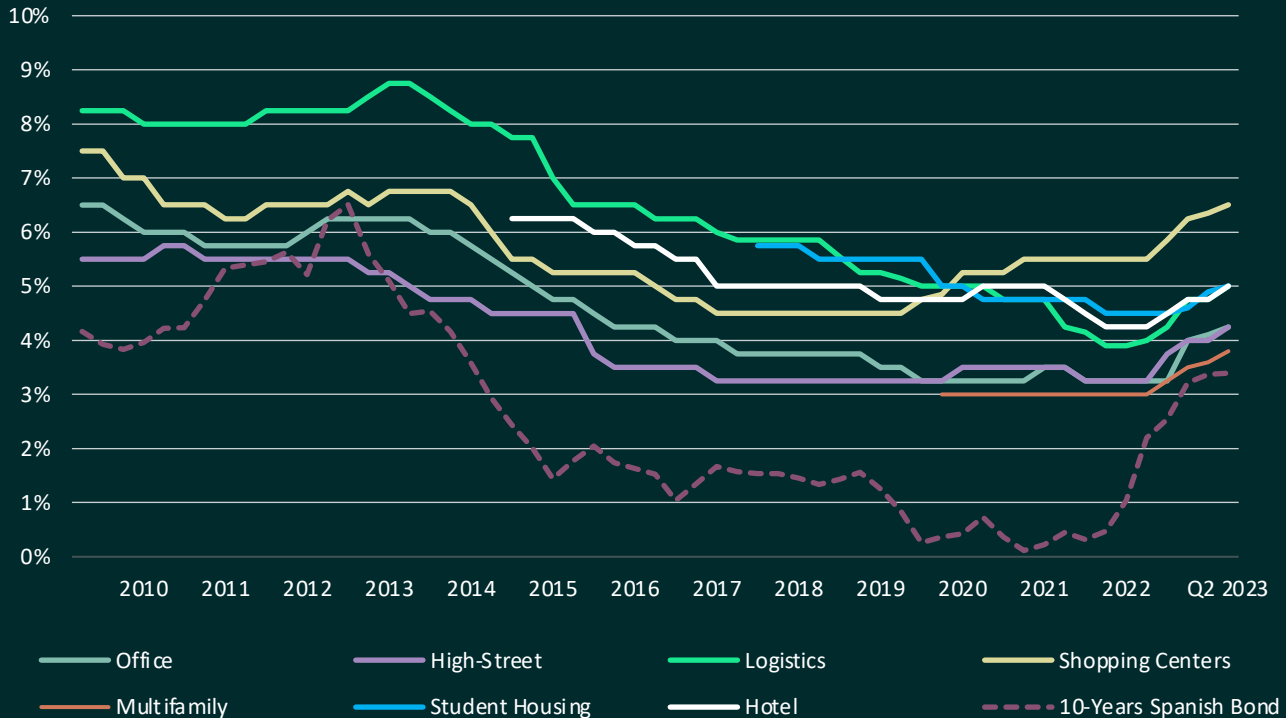


Source: CBRE Research, Q4 2022.

Macro-economic situation has led to adjustments in every other product

▼	Offices	4.25%	(+15 bp)
▼	I&L	5.00%	(+25 bp)
▼	High Street	4.25%	(+25 bp)
▬	Shopping Centres	6.50%	(+25 bp)
▼	Multifamily	3.80%	(+30 bp)
▼	Student Housing	5.00%	(+40 pb)
▼	Hotels	5.00%	(+25 bp)

Yields evolution in 2023 – Spain by product (pb)



Prime yield data as of Q2 2023
(and variation vs. Q4 2022)

Trend:

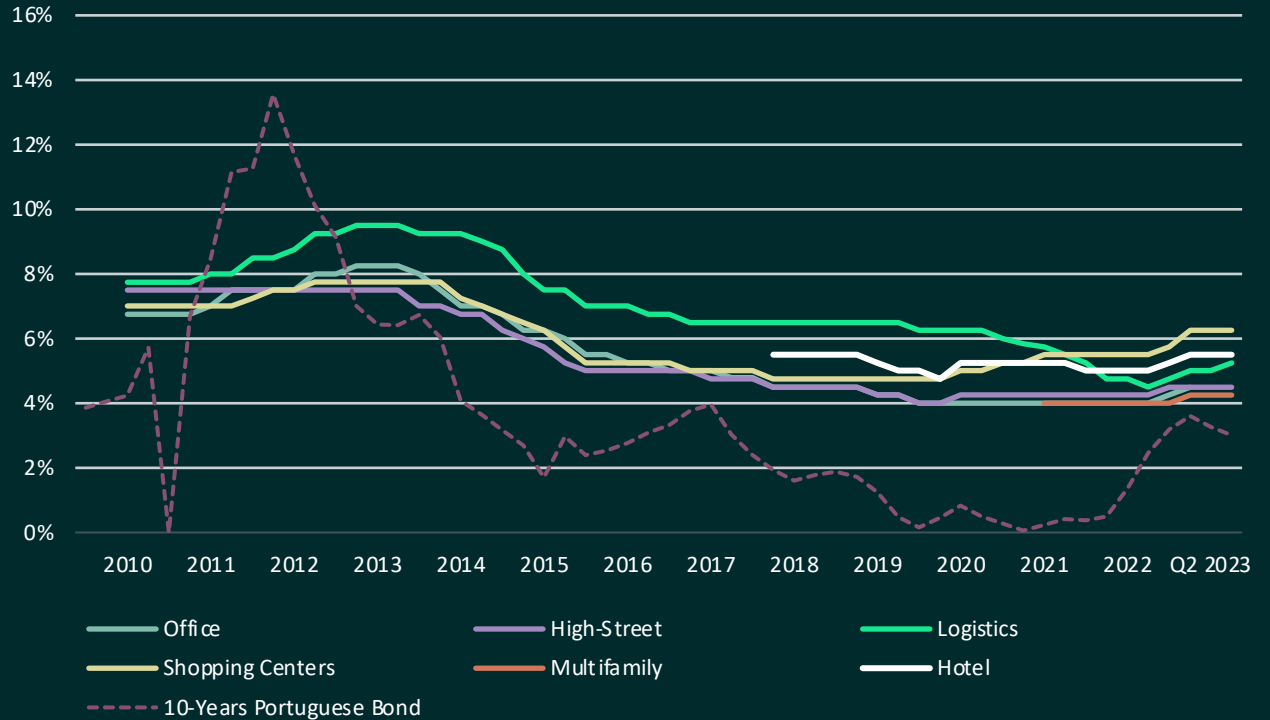
▲ Stronger ▼ Weaker ▬ Stable

Source: CBRE Research

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Yields evolution in 2023 – Portugal by product (pb)

▼	Offices	4.75%	(+25 bp)
▼	I&L	5.25%	(+25 bp)
▬	High Street	4.50%	(- bp)
▬	Shopping Centres	6.25%	(- bp)
▬	Multifamily	4.25%	(- bp)
▬	Hotels	5.50%	(- bp)



Prime yield data as of Q2 2023
(and variation vs. Q4 2022)

Trend:

▲ Stronger ▼ Weaker ▬ Stable

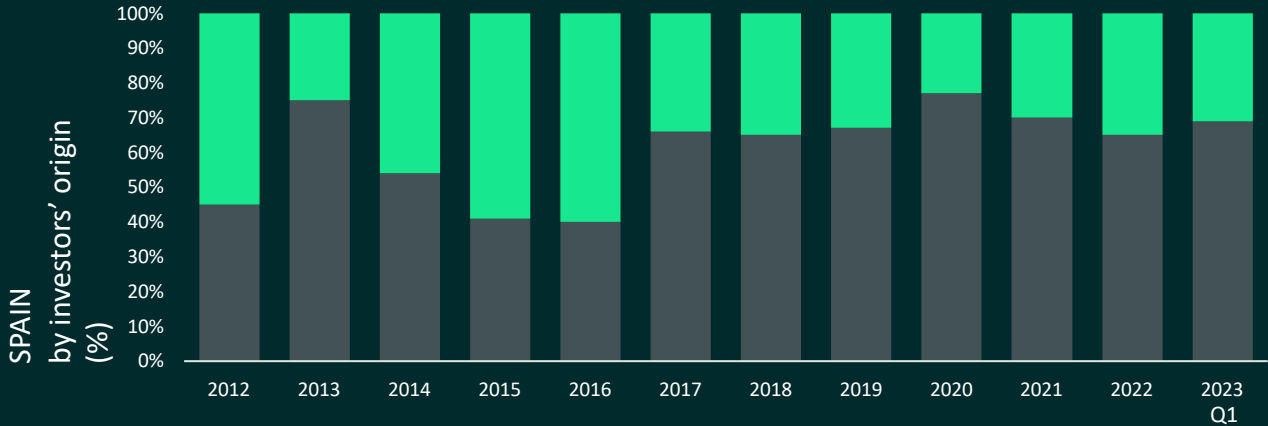
Source: CBRE Research & Oxford Economics

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Investment volume per investors' origin

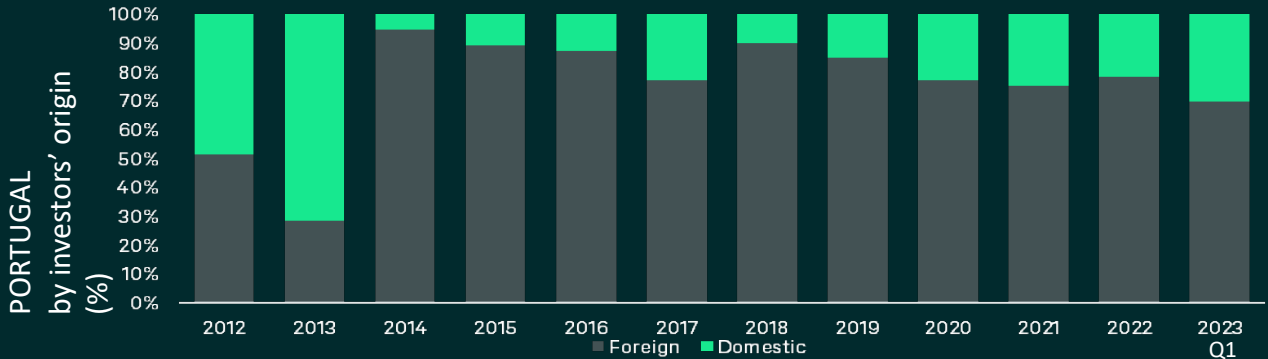
60%

Foreign investment in Spain



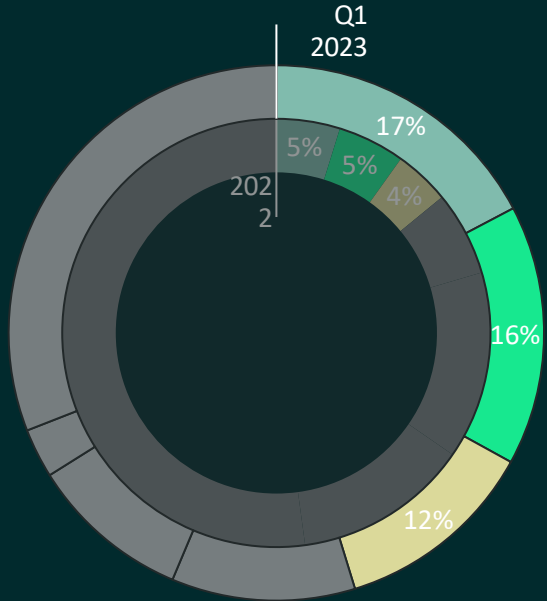
82%

Foreign investment in Portugal

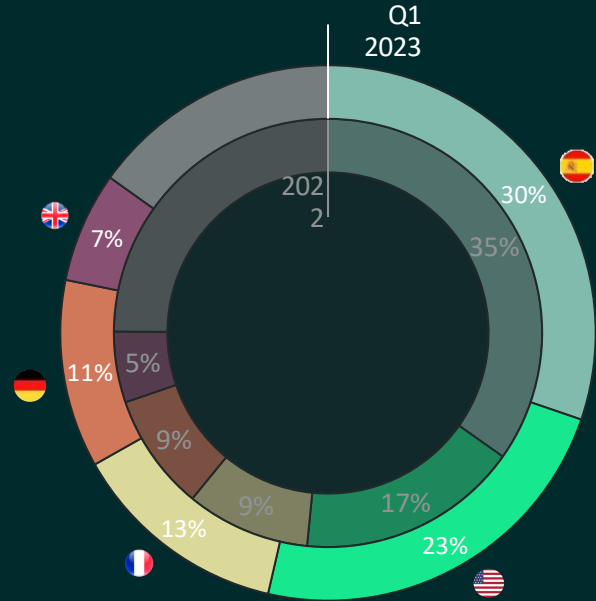


Change in investor's profile

Investor by profile
Q1 2023 vs 2022



Investor by origin
Q1 2023 vs 2022



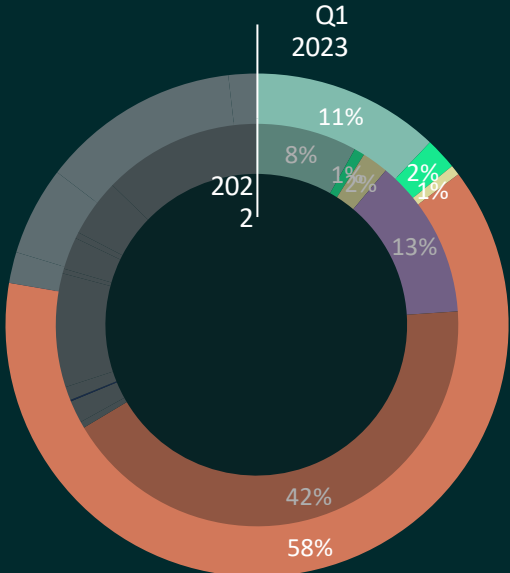
Private Investor Developer Asset Manager Rest

Spain USA France Germany UK Rest

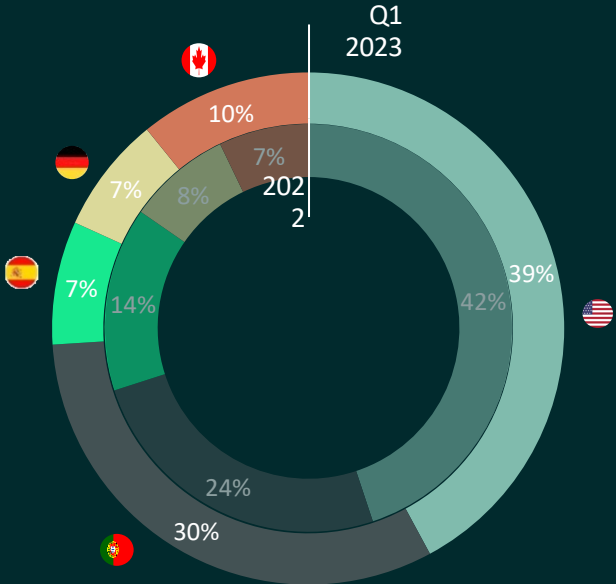
Portugal

Change in investor's profile

Investor by profile
Q1 2023 vs 2022



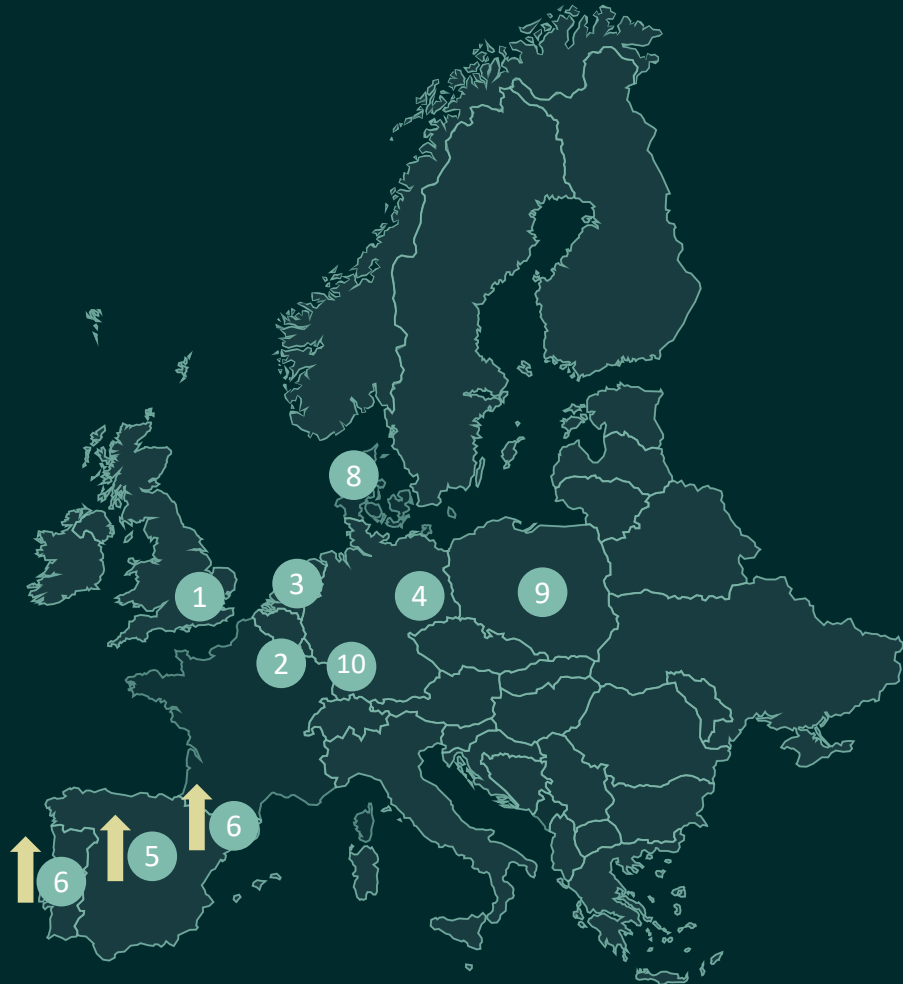
Investor by origin
Q1 2023 vs 2022



- Private Investor
- Developer
- Asset Manager
- Investment Fund
- USA
- Portugal
- Spain
- Germany
- Canada
- Institutional Fund
- Rest

Source: CBRE Research & CBRE Data Science
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Top 10 attractive cities for investors








MAIN MARKET TRENDS

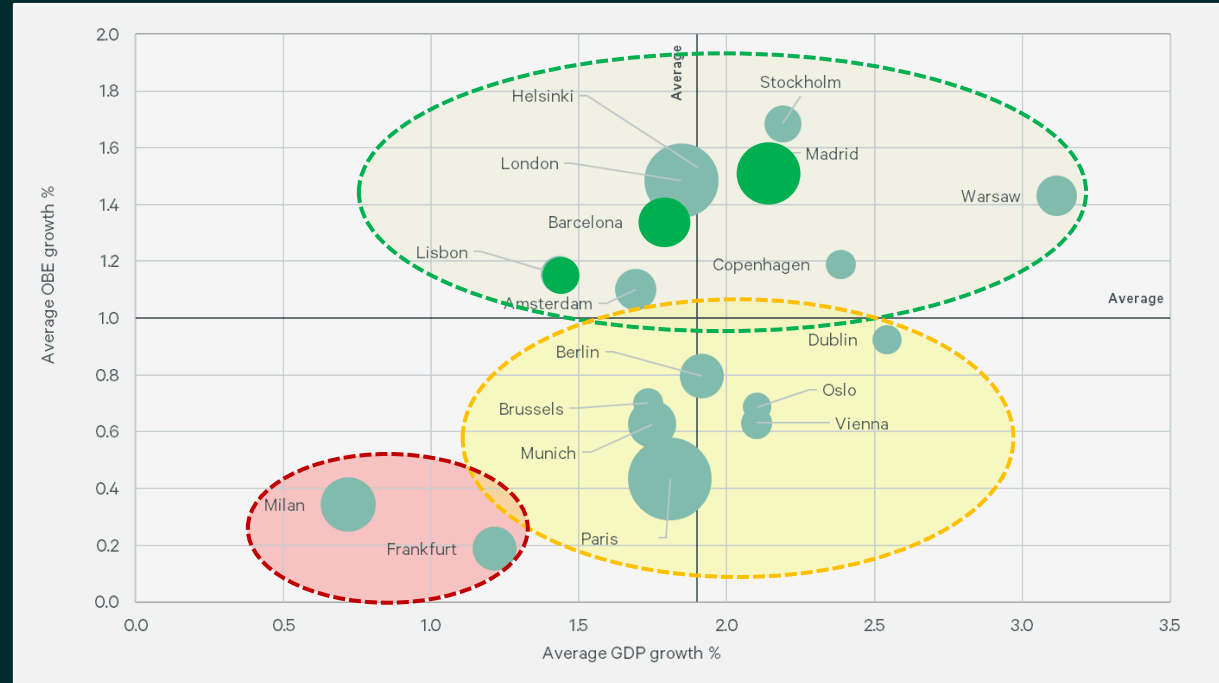
OFFICE

GDP and OBE growth across the next 5 years

Annual average GDP and office-based employment growth (2023–2027)

Size of bubble represents office based employment in 2027

- Strong expected Growth. 
- Moderate expected Growth 
- Low expected Growth. 



RETAIL

In 2023 sales have exceeded pre-pandemic levels, although footfall is still behind

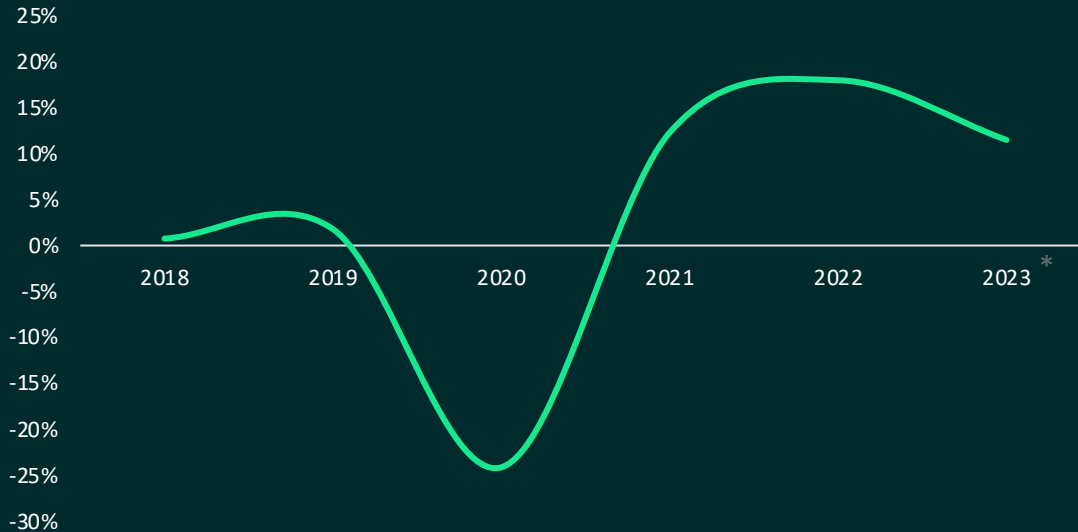
Sales Spain:

+2,7% vs 2019

Sales Portugal:

+26% vs 2019

Sales Iberia



* 2023 year to date May

Source: CBRE portfolio under management - 60 assets

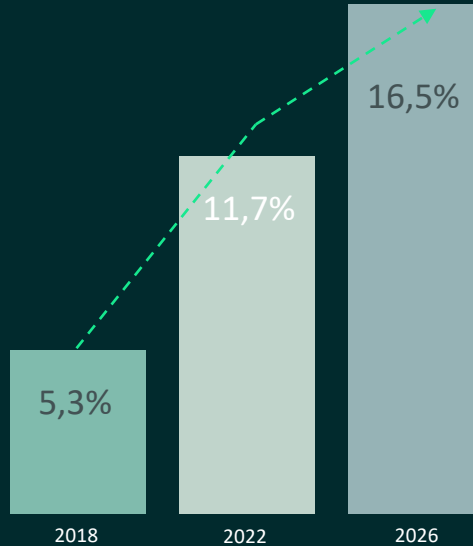
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RETAIL & LOGISTICS

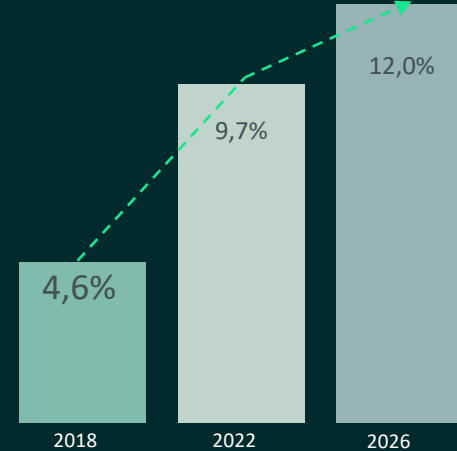
E-commerce

After a period of high increase of e-commerce, it has consolidated, and growth is expected to slow down in coming years

Spain e-commerce penetration rate above total sales evolution



Portugal e-commerce penetration rate above total sales evolution



LOGISTICS

Take-Up

Spain:

+ 1.5 %

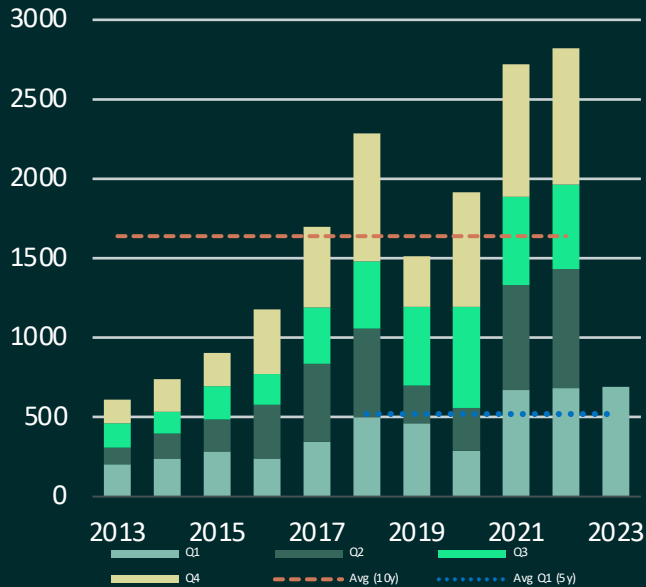
with more than 690,752 sqm

Portugal:

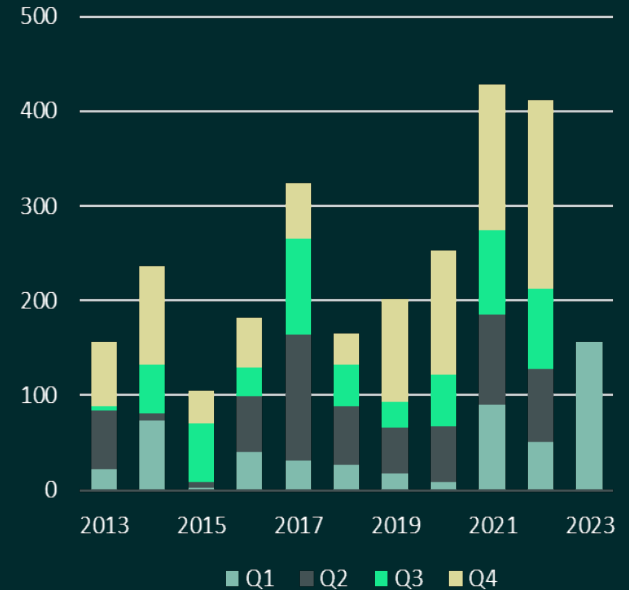
+ 205 %

with more than 160,000 sqm

Spain
by quarter (thousand sqm)



Portugal
by quarter (thousand sqm)



LOGISTICS

Sustainability

Spain:

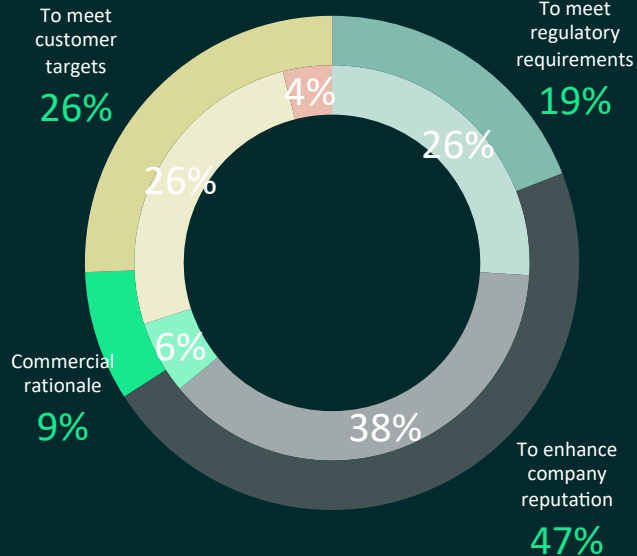
86%

will invest in a sustainable logistics project in the next 12 months

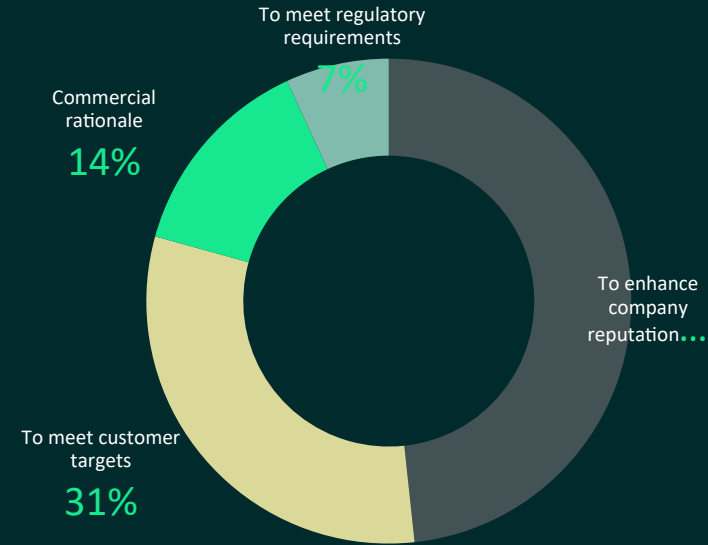
Portugal:

80%

Spain



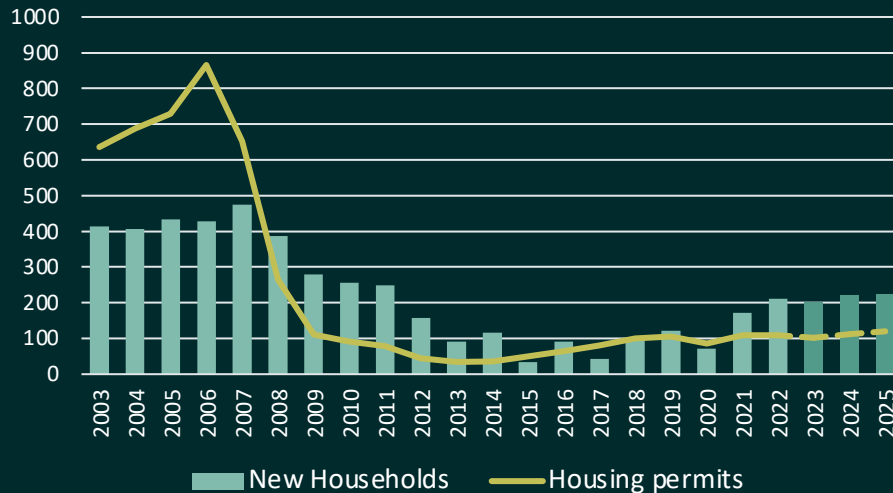
Portugal



LIVING

Current housing permits remains below households' annual growth in Spain

Household creation and housing permits (thousands) – Spain



215
Average
Households
Creation 2023 –
2025
110
Average Building
Permits 2023 –
2025

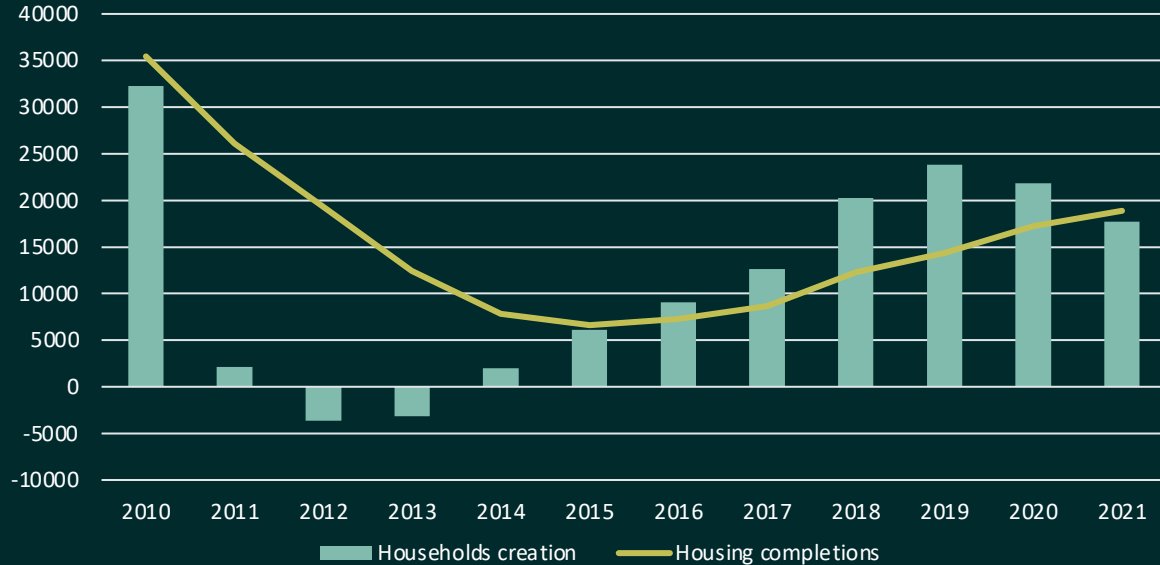
Source: CBRE Data Science from National Statistics institute (INE)

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LIVING

Also in Portugal until 2020, but the trend seems to change

Household creation and housing permits (thousands) – Portugal



Source: CBRE Data Science from National Statistics institute (INE)

CBRE