



**WIRE**

WORLDWIDE INVESTMENT IN REAL ESTATE

# VALENCIA REAL ESTATE MARKET

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## **SPAIN MACROECONOMIC VARIABLES:**

- **GDP 2017 +3,1%**
- **Unemployment rate 16,7% (-11,6% on annual basis), improving but still high when compared to the European mean (7,7%)**
- **Tourism inflow +10%**
- **Real Estate prices increase +6,26%**

**Nowadays Valencia is one of the most active cities in Europe.**

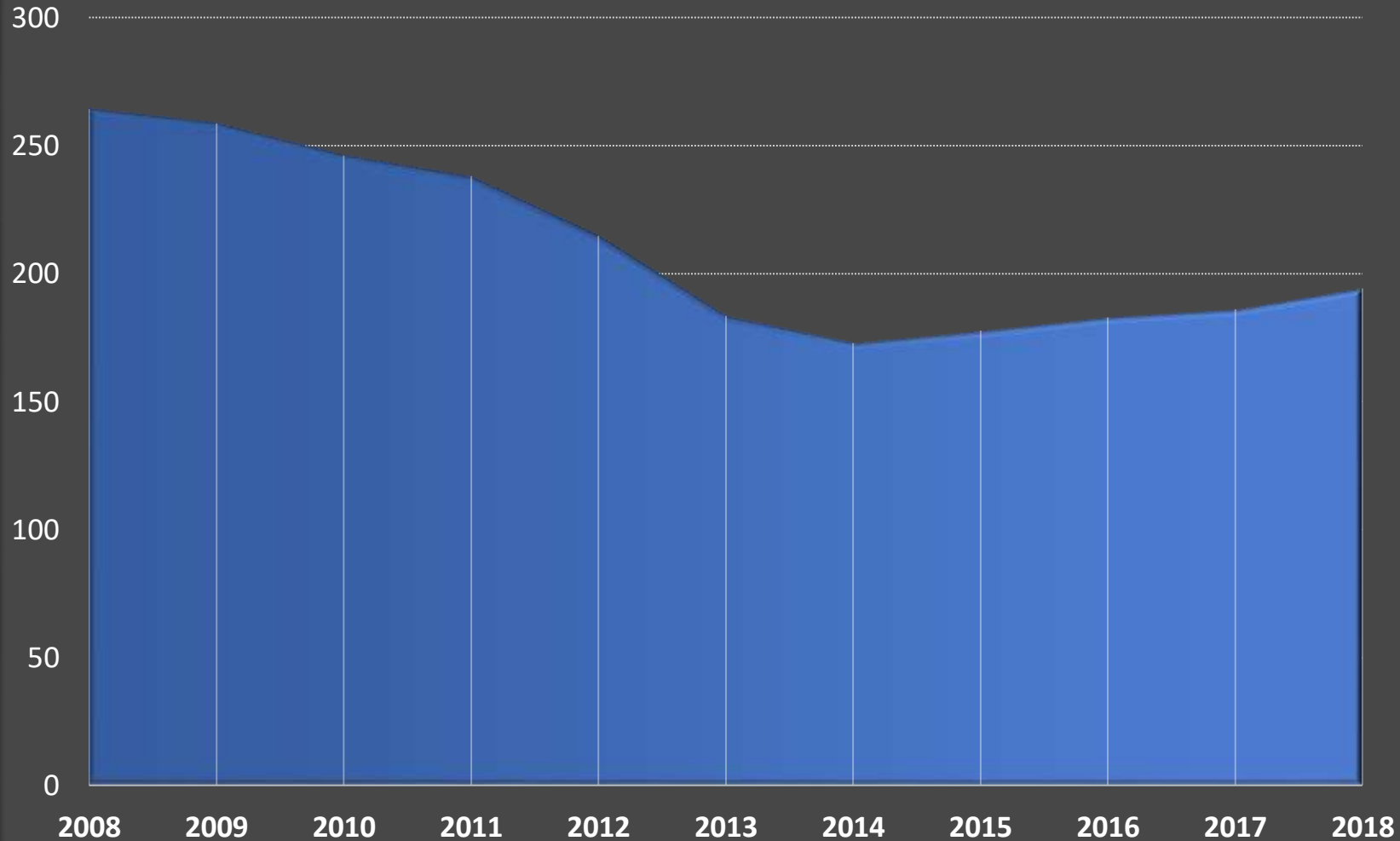
**The mild climate and the strong economic fundamentals make the city an appealing target for both investors and people looking for an holiday home.**

**The average temperature during the whole year is about 18°. There is a wonderful access to the Mediterranean sea and nearby there are many cities of historic and cultural interest.**

# **VALENCIA – REASONS TO BUY:**

- **One of the fastest growing cities in Spain and Europe (+13% y-o-y)**
- **Has not yet recovered to pre-crisis levels (-21,9%), but is doing it fast**
- **Thanks to relevant capital inflows huge infrastructural projects are under development**
- **The percentage of foreign investors on overall real estate transactions in central areas is more than 30%**
- **The city has an appeal level comparable to the one of Madrid and Barcellona but prices are about the half of the ones of the two main cities.**
- **Transactions up 18,2% year over year**

# Average Price \$/Sqft Valencia



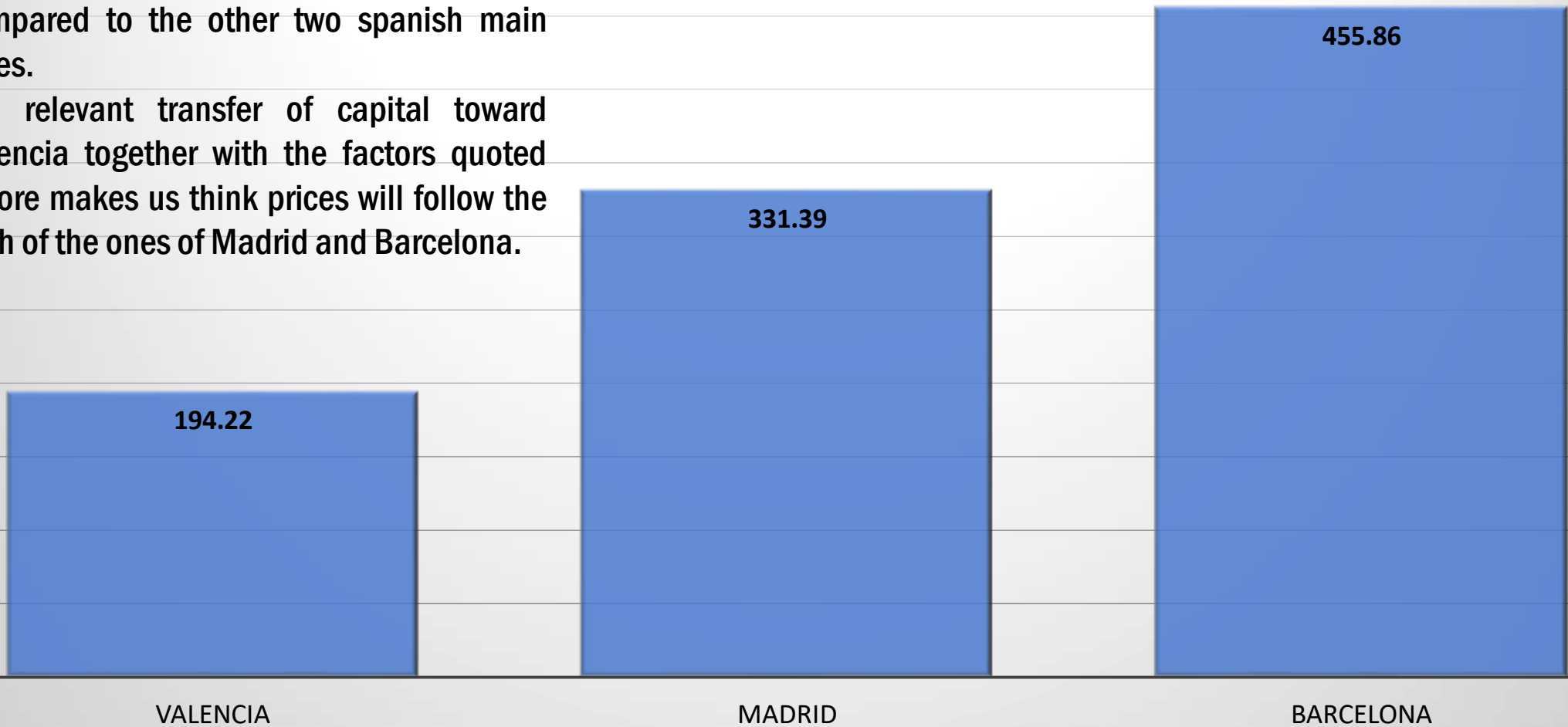
**Valencia's house prices suffered from the crisis more than the Spanish average, reaching their minimum in 2014.**

**Since then the market started to regain territory, both due to the local market recovery and due to the increasing presence of foreign buyers.**

## Average Price \$/Sqft Central Neighborhoods

Valencia is priced at a big discount compared to the other two spanish main cities.

The relevant transfer of capital toward Valencia together with the factors quoted before makes us think prices will follow the path of the ones of Madrid and Barcelona.

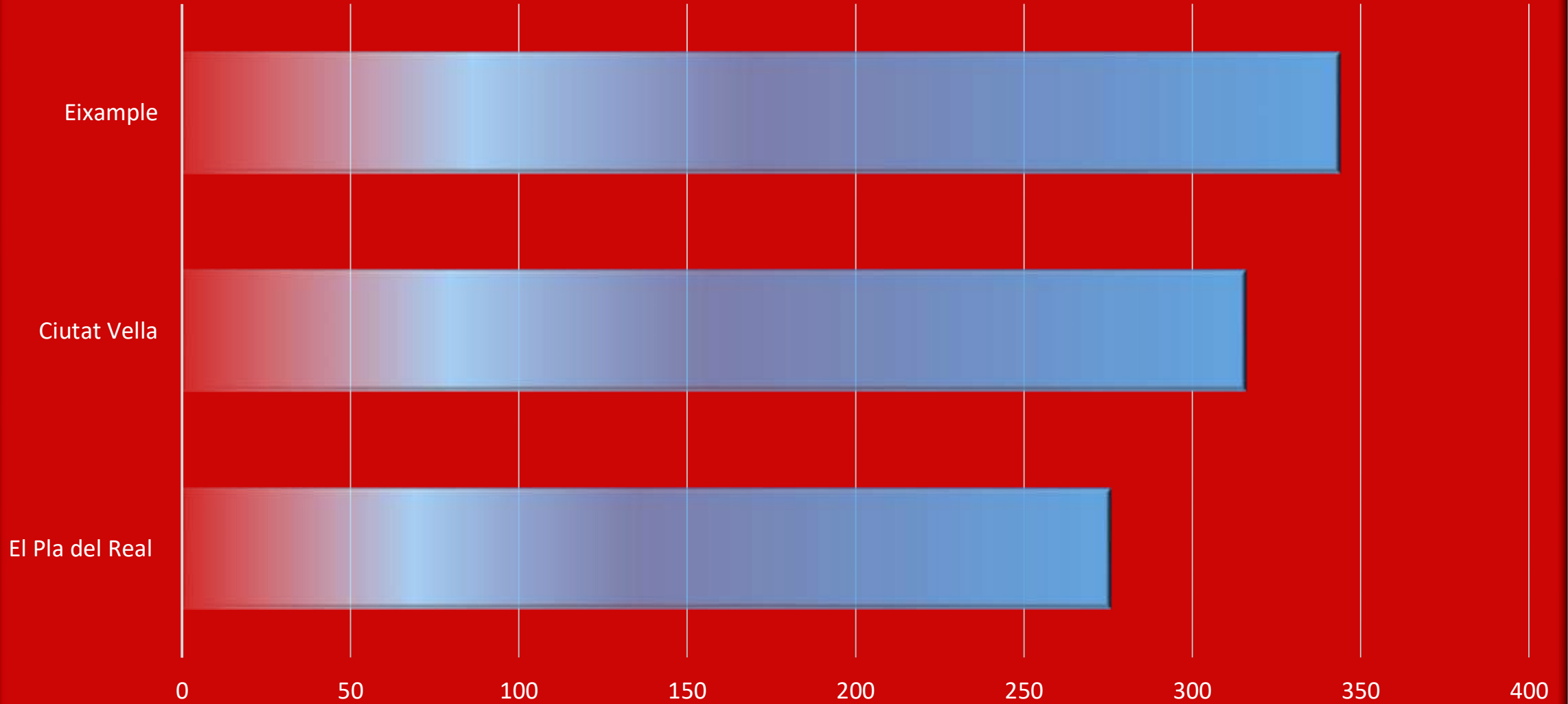


**Properties prices in Valencia may vary a lot within single neighborhoods. They are higher in central neighborhoods and decrease going towards the suburbs. Prime zones' luxury properties are valued about 2,3 times the average.**

**Prime neighborhoods are the ones of L'Eixample (+14% y-o-y), Ciutat Vella (+11% y-o-y) and El Pla del Real (+13% y-o-y). Here relevant historic and luxury properties can be found. Those areas are at the center of the active social life of the city, too.**

# COST \$/SQFT PRIME CENTRAL ZONES

WIRE Consulting Research Center





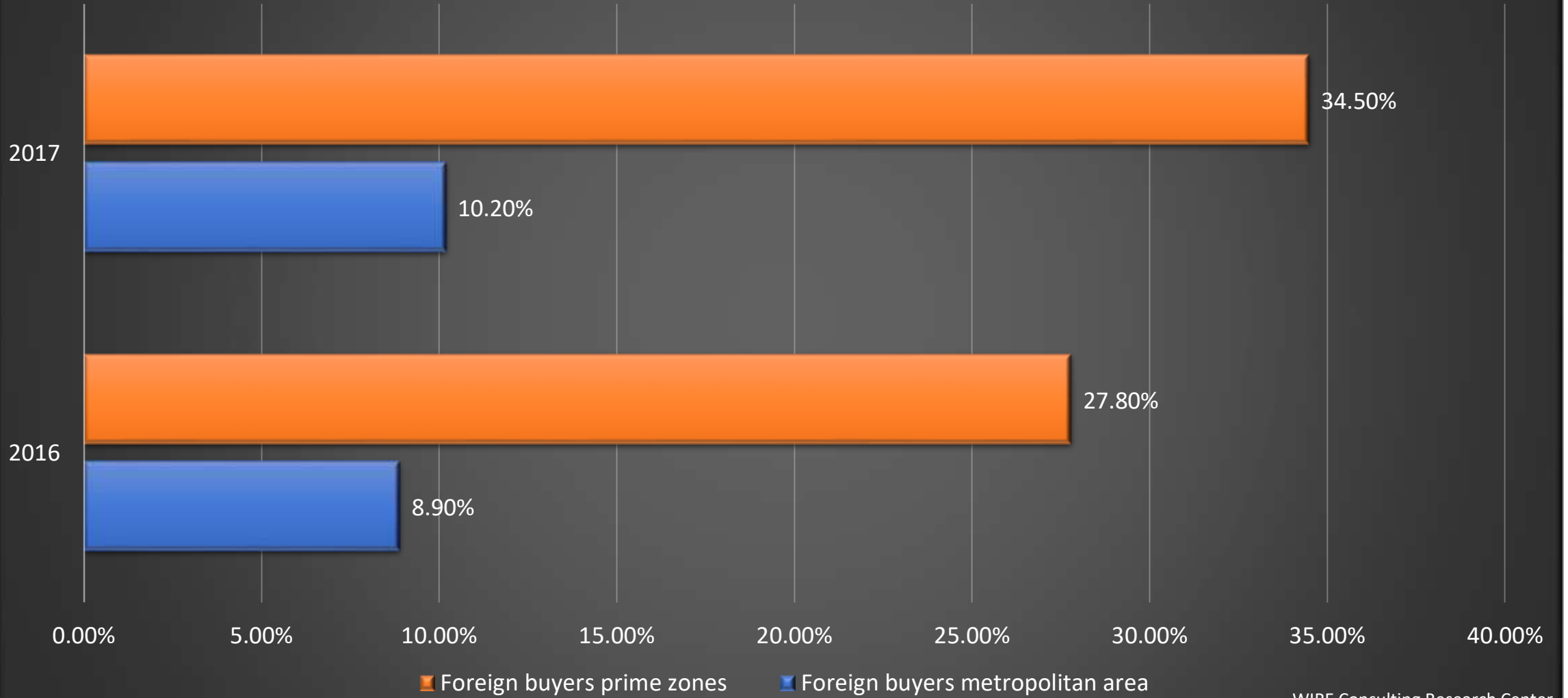
# Price \$/Sqft Luxury vs Market - Valencia



**Even before the financial crisis, with prices at a pick, international buyers represented a small share of the total, amounting to less than 20%.**

**However today they are the 34,5% of the total and are increasing at an exponential rate (+24,1% y-o-y). The data points out that prices will probably quickly recover to pre-crisis levels. Furthermore the market is more solid and will recover way more quickly than before in the case of a downturn.**

## Percentage of Foreign Buyers on Total Closed Deals - Valencia



## **2018 FORECAST:**

**Valencia's central areas market will most likely maintain its trend of strong growth for the year coming. The share of international investors will probably reach 40%.**

**However, with the Catalan issue cooling down, the pressure on the demand side will be a slightly less than the one of 2017.**

**We forecast a big increase in prices but bit lower than 2017 one. Approximately we can put it in the 8%-11% range.**

**About a 7% increase will take place on rents, due to the rising interest for the city's cultural and historic nature by the international public.**

# 2018 Forecasts- Valencia

