Investment funds corner the lion's share of interest in the Spanish property market in 2016

- 2016 closed with total investment of 10.4 billion Euro and 14.12 billion if we include the Merlin and Metrovacesa transaction
- During 2016, SOCIIMls reduced their investment to 1.4 billion Euro compared with the 4.16 billion invested in 2015, due to their increased focus on management rather than investment

Property investment in 2016 reached a total of 10.4 billion Euro, making it the second strongest year for real estate investment, exceeded only by 2015 (11.9 billion), according to the latest Property investment in Spain report produced by BNP Paribas Real Estate. If the transaction between Merlin and Metrovacesa is added to this, the sum total reaches 14.12 billion Euro. Strong volume amounting to 2.45 billion Euro was recorded for the final quarter of the year.

Investment funds represented the main investors last year. Abundant liquidity in capital markets and low yields on German and Spanish bonds have led investors to focus on the property market. The strong demand for properties over the last two years is causing reductions in the yields of real estate assets in all segments, reaching 4% in 2016 in the case of offices. This level is close to that of 2007 - the moment of maximum intensity in the Spanish market.

For their part, the SOCIIMls (Spanish REITs), which proved to be the most active investors in 2015 with a volume of 4.16 billion Euro, saw this fall to 1.4 billion Euro in 2016. “These investment vehicles are currently in an asset management phase. Although their appetite will continue in 2017, they will be somewhat more selective in their acquisitions”, comments Daniel Caprarin, head economist of BNP Paribas Real Estate.

BNP Paribas Real Estate estimates for 2017 that the appetite on the part of national and international investors will remain strong and considers that yields will continue to fall, although more gently.
In terms of segments, 2016 was the year for offices, followed by retail and the hotel sector. Offices cornered the largest share of investment with almost 3.4 billion Euro, thanks to an improvement in the outlook for the Spanish economy and the belief that unemployment figures will improve.

Retail comes a close second, with 3.245 billion Euro investment in 2016. The continued improvement in retail sales, with 27 consecutive months of positive figures and 31 months improvement in employment in this sector, have favoured this outcome.

The 1.75 billion Euro for the hotel market make it the third greatest recipient of investment and, undoubtedly, the record figures for tourism seen in 2016, with the entry of 71.6 million foreign tourists in Spain, proved decisive. The logistics market cornered a total of almost 1 billion Euro, setting an investment record for this sector.

About BNP Paribas Real Estate
One of the principal international property service consultancies, BNP Paribas Real Estate offers a full range of services covering the entire real estate life cycle: Development, Transactions, Consultancy, Valuation, Property Management and Investment Management.

BNP Paribas Real Estate has local expertise on a global scale through its presence in 36 countries with approximately 180 offices and 3,800 employees (16 wholly owned and 20 by its alliance network that represents today more than 3,200 people). BNP Paribas Real Estate is a company belonging to the BNP Paribas Group.

Follow us on:

For further information: www.realestate.bnpparibas.es

Press contacts:
Marta ORDOVÁS - Tel: +34 91 702 68 05 mordovas@eurocofin.com arnaud.fraboul@bnpparibas.com
Gemma CANO - Tel: +34 91 702 68 05 gcano@eurocofin.com
amira.tahirovic-hallilovic@bnpparibas.com