

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Extended abstract

Spanish Real Estate Market Analysis

Author: Yulia Melnikova

Supervisor: Ing. Petr Procházka, MSc, Ph.D.

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1. Introduction

At the beginning of 2000-ies the real estate market of residential property in Spain considered to be one the most popular and fast-growing real estate market in Europe, which attracted a great number of investment into the country and thus contributed greatly to the development of the national economy of Spain. However, because of the economic crisis in the country, residential real estate market collapsed significantly. At the present time, the Spanish real estate market of residential property market is recovering from the recession to the pre-crisis level as the prices for residential real estate property has started increasing due to the high demand for it. All this factors positively affect the national economy of Spain.

In order to obtain the major aim of the thesis, it is crucial to conduct a retrospective overview of the residential real estate market of Spain before the crisis and provide a beneficial real estate market analysis of the current situation on the market of residential property.

Keywords: Real estate, property market, recreational property, market segment, property valuation, analysis, residential property, Spain, housing market, crisis, mortgage credits.

2. Objectives of the thesis

The main aim of the diploma thesis is to evaluate real estate market of residential property in Spain using a proper methodology. It is important to conduct a retrospective overview of the Spanish real estate market of residential property before the world financial crisis and provide a beneficial real estate market analysis of the current situation in Spain. The final objective of the diploma thesis is to determine major prospects of the selected real estate market segments in Spain in order to evaluate the factor influencing these market segments the most.

3. Main methodological tools of the diploma thesis

The major tool used for the theoretical part of the thesis is the qualitative research which is based on the literature review using methods of synthesis and analysis. Primary information is collected from books, publications, official statistical data of Spain, real

estate reports. For the analytical part of the research comparison analysis was used for identification and comparison of largest real estate market segments in Spain. Sector analysis is used for evaluation of the distinctive features of the Spanish residential property market, its development, current situation and main impacts influencing this market the most. Regression analysis is used to evaluate the largest real estate market segments of residential property in Spain and determine the factors which have the significant impact on the residential property market through the construction of regression models and its estimation.

4. Main findings

- 1) Real estate market of residential property in Spain has been affected by the economic crisis;
- 2) Real estate prices for residential property differ among the selected real estate market segments of Spain significantly;
- 3) Spanish real estate market of residential property has recovered to the pre-crisis level.

Table 1: Comparative analysis of the selected real estate market segments of residential property in Spain

Indicator	Barcelona	Mallorca	Madrid	Valencia	Costa Brava
Average price, Euro	687 686	506 869, 6	501 016	217 712, 2	250 727
Median	450 000	262 500	382 500	119 500	201 200
Mode	900 000	725 000	330 000	65 000	140 000
Average size, Sq. m.	112, 36	105, 8	116, 52	113, 9	87, 42
Factors	Size, sq.m., terrace, furniture	Size, sq.m. terrace,	Size, sq.m. Number of rooms	Size, sq.m. Primary/ Secondary	Size, sq.m. Number of bathrooms

Source: author's computation

According to experts, the most profitable investment will be apartments in Spain, located in the resort areas and at the seaside. Barcelona is considered to be the most popular real estate market segment for buying residential property in Spain. What is more, based on the customer analysis, it is possible to say that the demand for residential property in Barcelona keeps on growing by both local and foreign buyers. At the present time

Barcelona is both commercial and cultural center of Spain and the most intensively developing region, which exceeds the rate of economic growth of Madrid.

5. Conclusion

Based on the analysis of the current situation of Spanish real estate market of residential property, it can be concluded that at the present time it is recovering from the crisis. Prices for residential real estate property in Spain have started increasing. In addition, number of real estate transactions in Spain has also increased considerably. It is worth mentioning that a significant share of deals with residential property has been made with foreign buyers. And at the present this proportion keeps on increasing.

The Spanish residential property market is among the five most attractive for foreign investors, and Spain has all the chances to become the leader in this ranking due to the economic policies of the Spanish government aimed at attracting foreign investments in the real estate market of residential property.

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