

Quick Note 25/05/2018

Spain · Housing prices rise at a moderate pace

Data

- Appraisal prices for open market housing were up 0.5% QoQ in Q1 2018.
- In YoY terms, housing prices rose 2.7% in Q1 2018.

Assessment

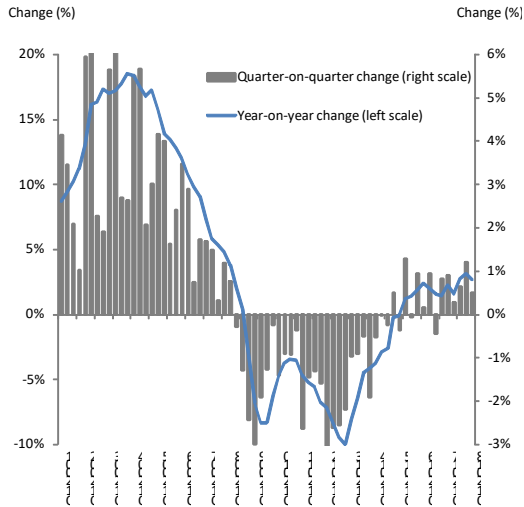
- The growth in appraisal prices for housing in the first quarter of the year, which was slightly short of anticipated levels, consolidates the **rising trend for housing prices** that began in 2015.
- The **buoyancy of housing purchases**, which climbed 12.1% in the first quarter, combined with housing supply levels that remain historically low, had indicated that housing prices would remain on the rise. It is worth pointing out that new housing permits showed a significant uptick of 17% YoY in January and February.
- **Prospects for the industry remain upbeat for the rest of the year.** In particular, a good labour market trend, sustained accommodative monetary conditions and support from foreign demand are all set to drive housing purchases, which should post significant growth, albeit somewhat less robust than that recorded last year. In turn, upside pressure on housing prices is set to remain unchanged, amid a shortage of housing available for sale in certain prime zones (for example large cities).
- In the light of this data, **the risks in terms of our forecast for the full year 2018, of 4.0% YoY, look to be on the downside.**

Spain: housing prices

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	
					Data	Forecast
YoY change (%)	2.2	1.6	2.7	3.1	2.7	3.2
QoQ change (%)	0.9	0.3	0.7	1.2	0.5	1.0

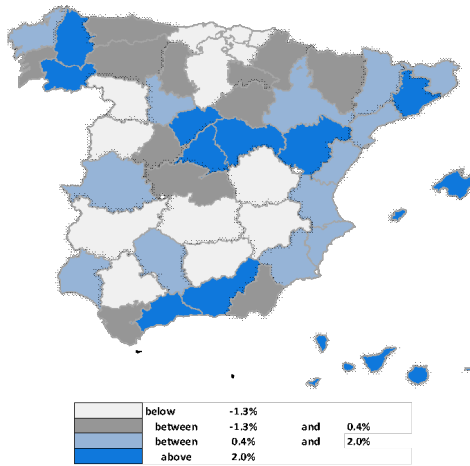
Source: CaixaBank Research, based on Ministry of Public Works and Transport data

Spain: Housing price



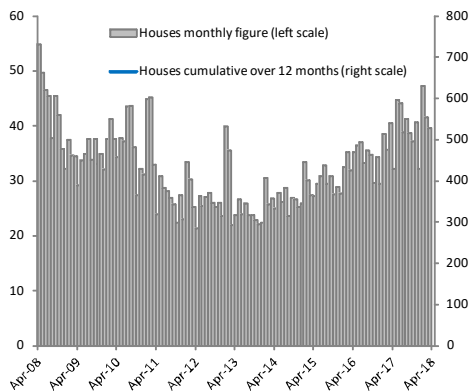
Source: CaixaBank Research, based on data from the Ministry of Public Works.

Spain: Housing price
Change (%)



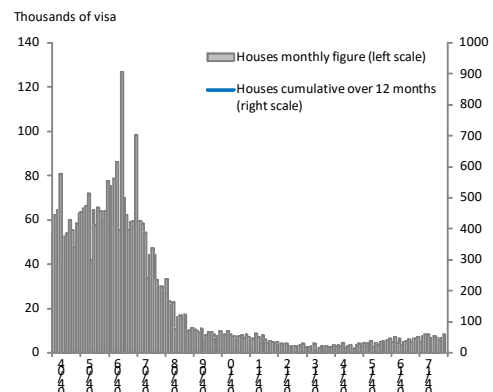
Note: Data from Q4 2017.
Source: CaixaBank Research, based on data from the Ministry of Public Works.

Spain: housing sales



Source: CaixaBank Research, based on data from the INE.

Spain: start of work visa



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

Anna Campos, Economist, CaixaBank Research, e-mail: research@caixabank.com

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