

Flash Note 21/09/2018

Spain · The rise in housing prices gains traction

Data

- Appraisal prices for open market housing were up 1.4% QoQ in 2Q 2018.
- In YoY terms, housing prices rose 3.8% in 2Q 2018.

Assessment

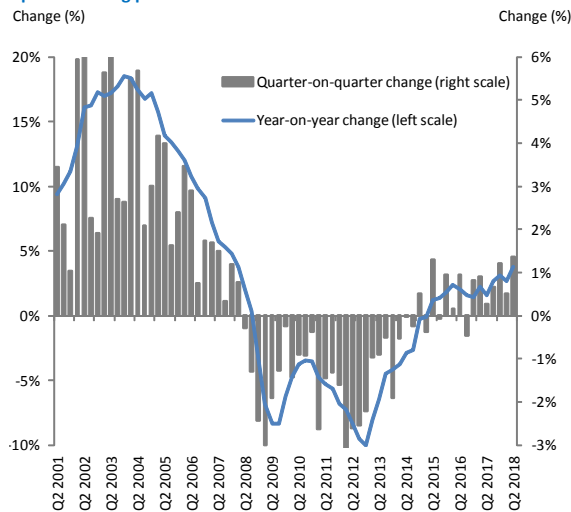
- Appraisal prices for housing climbed powerfully in the second quarter of the year, in line with expectations, consolidating the **rising trend for housing prices** that began in 2015.
- The **buoyancy of property purchases**, which climbed 10.3% YoY in the second quarter, combined with historically low housing supply levels, had indicated that home prices would remain on the rise. It is worth pointing out that new housing permits showed a significant uptick of 24% YoY in the year up to May.
- **Industry prospects remain upbeat for the coming quarters.** In particular, good labour market trends, sustained accommodative monetary conditions and support from foreign demand will boost housing purchases, albeit somewhat less robust than that recorded last year. In turn, upside pressure on housing prices is set to remain strongest in certain prime zones (major cities for example).
- In the light of this data, **the risks in terms of our full-year forecast for 2018, of 3.5% YoY, look balanced.**

Spain: housing prices

		2Q	3Q	4Q	1Q	2Q 2018	
		2017	2017	2017	2018	Data	Forecast
YoY change	(%)	1.6	2.7	3.1	2.7	3.8	3.6
QoQ change	(%)	0.3	0.7	1.2	0.5	1.4	1.2

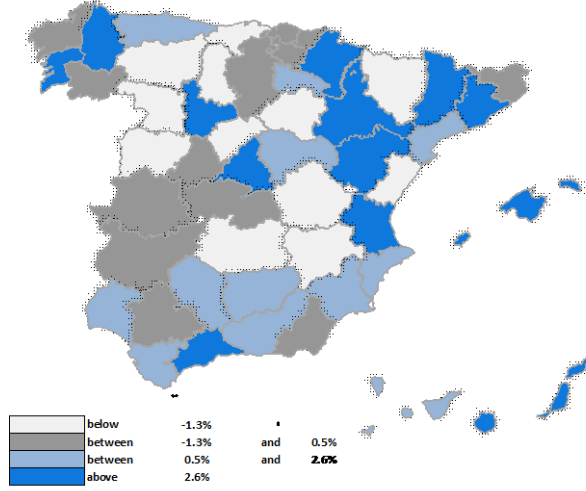
Source: CaixaBank Research, based on Ministry of Public Works and Transport data

Spain: Housing price
Change (%)



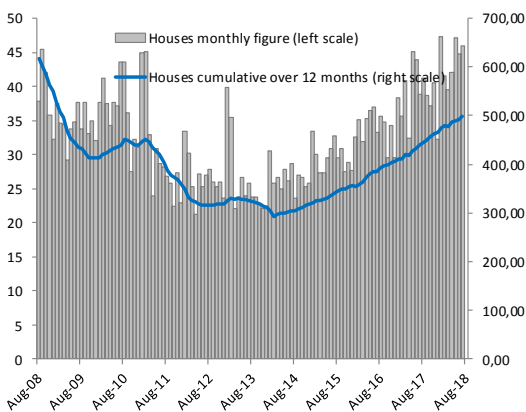
Source: CaixaBank Research, based on data from the Ministry of Public Works.

Spain: Housing price
Change (%)



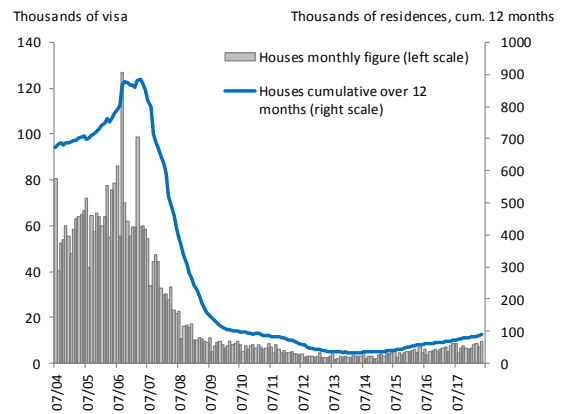
Note: Data from Q2 2018
Source: CaixaBank Research, based on data from the Ministry of Public Works.

Spain: housing sales
Thousands of houses



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.

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