



MARKET
REPORTS
Q3 & Q4 2015



LUCAS FOX
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**MARKET
REPORTS**
Q3 & Q4 2015

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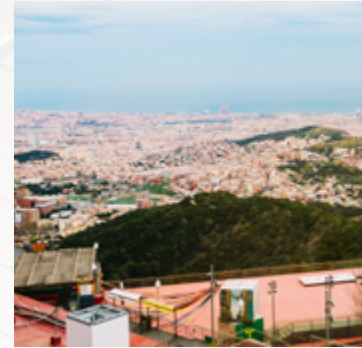
BARCELONA • COSTA BRAVA • GIRONA
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MARBELLA-COSTA DEL SOL • MARESME COAST
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A white-bordered rectangular box containing the text 'EXECUTIVE SUMMARY' in a bold, white, sans-serif font, set against a background of a multi-story building facade with balconies.

EXECUTIVE SUMMARY

- 2015 was a signature year for the Spanish economy, with increased signs of recovery and the greater emergence of a robust economic and housing market. A study by the International Monetary Fund (IMF) forecasts Spain to have the fastest growing economy amongst its European peers of Germany, France and Italy. The IMF calculates that Spain's economy grew by 3.2% in 2015 and will continue to grow by another 2.5% in 2016.

- In 2015, the US Dollar averaged close to parity with the Euro, when traditionally the US Dollar has varied between around 70% in worth against the Euro. In 2015, the British Pound was similarly strong, worth on average €1.37 for every 1 British Pound. Traditionally, the GBP has been worth around 120% against the Euro.

- In 2015, Spain experienced a spectacular year for tourism with the number of visitors increasing by almost as much as 5% year-on-year. From January to the end of November 2015, a total of 64.6 million people visited Spain, an increase of 3 million additional visitors over 2014 figures.

SPAIN

SPAIN

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**ECONOMIC
AND PROPERTY
INDICATORS
2015**



THE SPANISH PROPERTY MARKET

2015 was a signature year for the Spanish economy, with increased signs of recovery and the greater emergence of a robust economic and housing market. A study by the International Monetary Fund (IMF) forecasts Spain to have the fastest growing economy amongst its European peers of Germany, France and Italy. The IMF calculates that Spain's economy grew by 3.2% in 2015 and will continue to grow by another 2.5% in 2016.

GDP

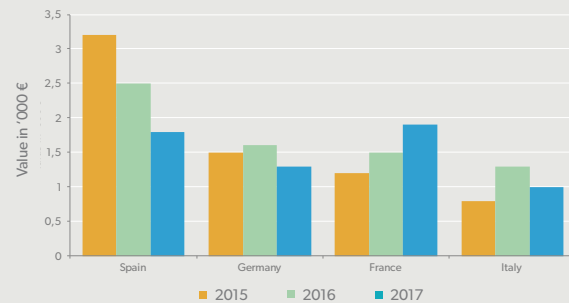
The European Commission's Economic and Financial Affairs analysis of the Spanish national economy paints a similar picture. After negative GDP growth in 2012 and 2013, the European Commission calculates that the Spanish economy moved into a growth stage from 2014, accelerating in 2015 and forecasts that this growth will steady in the two years ahead.

EURIBOR

The Euribor is a European-wide economic metric that calculates the average interest rate that banks in the Eurozone offer to lend unsecured funds to other banks in Europe. Since June 2014, banks have lowered their interest rates, indicating they have much greater trust in their customers to repay loans, which in turn can affect interest rates charged on property mortgages and lead to a greater rate of property trading, as more investors feel secure that they repay property purchases.

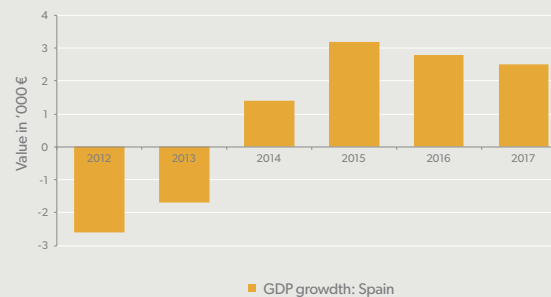
ECONOMIC GROWTH FORECASTS FOR SPAIN COMPARED WITH GERMANY, FRANCE AND ITALY 2015 - 2017

Source: IMF



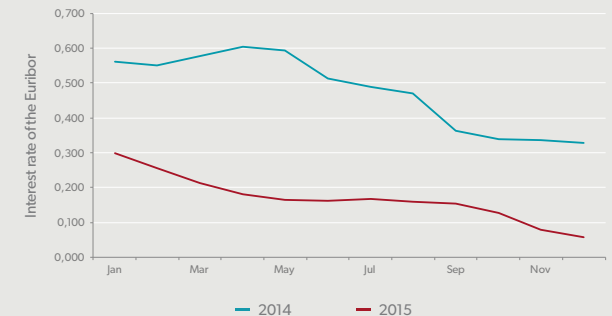
CURRENT GDP GROWTH AND FORECASTS FOR SPAIN 2012 - 2017

Source: ec.europa.eu



EURIBOR AVERAGE INTEREST RATES 2014 - 2015

Source: Hipotecasyeuribor.com





EXCHANGE RATES

Exchange rates, particularly between the Euro and the British Pound and the US Dollar also impact on the Spanish property market. The greater buying power of both foreign currencies draw investors to the Spanish market, as property deals become even more enticing against a strong British Pound or US Dollar.

In 2015, the US Dollar averaged close to parity with the Euro (average €0.90 for every 1 US Dollar), when traditionally the US Dollar has varied between around 70% in worth against the Euro. In 2015, the British Pound was similarly strong, worth on average €1.37 for every 1 British Pound. Traditionally, the GBP has been worth around 120% against the Euro. In the start of 2016, the pound has weakened against the Euro as the referendum over the potential exit of the UK out of Europe looms.

PROPERTY MARKET INDICATORS

In addition to economic indicators that are demonstrating the value and opportunity of investment in Spanish property, there are a number of indicators from within the property market itself that are pointing to a growing robustness of the market.

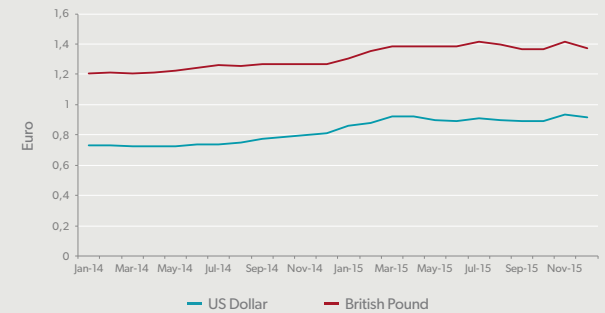
In particular, external factors like a higher Stamp Duty in the United Kingdom means that many British property investors are looking more closely at Spanish opportunities. Data from the Organisation for Economic Co-Operation and Development (OECD) regularly assesses European property markets to determine whether current pricing is overvaluing the market. In their latest assessments, Spanish property is undervalued by 26%. Where property value is measured as equal between price and income, Spain comes below property markets across Europe, the United States and the United Kingdom.

The Economist has predicted that property prices across Spain will rise by 6% until the year 2017, just behind Malta and Ireland, two other major victims of the Property crash.

The assessment adds to other analyses, including an Emerging Trends in Real Estate report by PwC and the Urban Land Institute, which found that Madrid ranks as the 4th best European city for investment potential, with Barcelona ranked 12th.

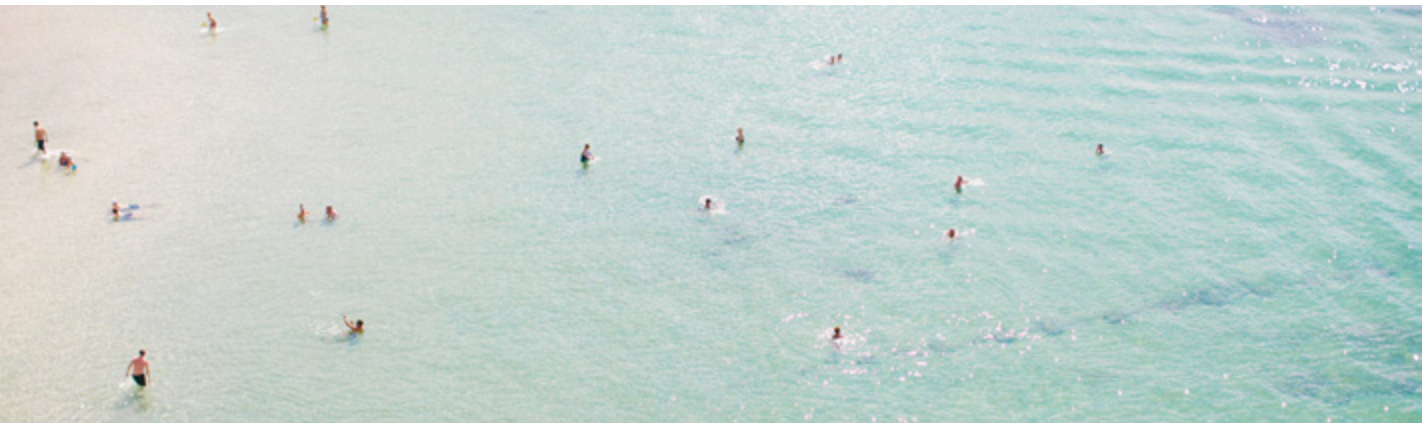
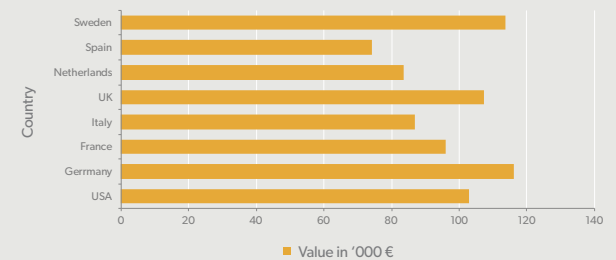
US DOLLAR AND BRITISH POUND CURRENCY RATES AGAINST THE EURO 2015

Source: X-rates.com



PRICE: INCOME RATIO AS AN INDICATOR OF PROPERTY UNDERVALUATION 2015

Source: OECD





TOURISM

Tourism across Spain is a useful indicator of level of interest in the country as a lifestyle opportunity, as well as an indicator of the potential for property investment. In 2015, Spain experienced a spectacular year for tourism with the number of visitors increasing by almost 5% year-on-year. From January to the end of November 2015 (for which data is available), a total of 64.6 million people visited Spain, an increase of 3 million additional visitors over 2014 figures (an increase of 4.8%).

The largest overseas market for the tourism sector in Spain remains the United Kingdom, representing 20.7% of all visitors in November (demonstrating a 12.6% year-on-year increase). The second largest contingent of visitors (representing 16.2%) was France, with just under a third of French visitors heading for Catalunya, whilst the Balearics proved most popular among German visitors (representing 65% of all foreign visitors and 13.2% of the national total).

Catalunya welcomed 16.52 million visitors from January to November 2015 and the Balearics (which includes Ibiza) attracted 11.55 million, signifying substantial increases on the same period the year before.

The biggest increase within Spain's autonomous regions was Madrid, experiencing 13% growth in the tourism sector. This was followed by Andalucía, where popular tourist hotspots Puerto Banús and Marbella attracted a 9% increase in visitors.

FOREIGN PROPERTY BUYERS

Foreign property interest in Spain is also increasing year-on-year, seeing increases every year since 2009, with 2015 seeing the highest levels of investment by foreigners in the past ten years.

FOREIGN BUYERS AS A PROPORTION OF THE SPANISH PROPERTY MARKET 2006 - 2015

Source: Registradores.com



LUCAS FOX REGIONS

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MARESME

SITGES

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IBIZA





BARCELONA OVERVIEW

- 2015 has been a significant year of recovery for the Barcelona property market, mainly due to the re-activation of the local market as well as greater demand from overseas buyers. Prices levelled out during 2015 and, in prime areas of the city, are starting to slowly rise again.
- Sales prices for Barcelona city averaged €3,392 per square metre by the end of 2015, up €204 over the average at the end of 2014, a 6.4% annual growth rate in average property prices. The districts of Eixample, and Zona Alta ended the year with the highest average sales prices, at €3,861 and €4,303 per square metre respectively.
- Prime property sales prices for all of Barcelona city averaged €4,612.65 per square metre, their highest level since the start of 2013 and representing a compound annual growth rate of 26.45% over two years.



MARESME OVERVIEW

- The local market emerged as the most active sector in 2015, both in terms of the number of sales enquiries and closed transactions. Spanish buyers accounted for as much as 43% of Lucas Fox's completed sales in the Maresme coast region during 2015 – all investing in primary residences.
- The British were the second most active segment of the market, accounting for just under 19% of Lucas Fox's sales in the Maresme. The buying motive amongst British clients was evenly split between primary residence/relocation, holiday homes and investment. Other nationalities that purchased in Maresme included Dutch, Russian, French and Middle Eastern.
- The average age profile of property buyers in Maresme has been approximately 40 – 55 years.



SITGES OVERVIEW

- In 2015, Sitges buyers were mainly from overseas although there was increase in enquiries from local buyers recently, including a couple of closed deals. They tend to be young families or couples in their 40s-50s looking for an investment with the view to settling there for early retirement.
- Sitges average sales prices ended 2015 on an average of €3,581 per square metre, up €82 per square metre over the first half of 2014 averages, and representing eight consecutive quarters of increases in average property prices for the town. At the end of 2015, Sitges average property prices were €189 per square metre higher than the Barcelona average.
- Sea-view properties are always in demand. Detached villas with private pool and views are also popular with families looking to relocate or looking for a holiday home. Apartments in the centre and close to the beach are popular with all ages.



MADRID OVERVIEW

- Along with international buyer interest, the national market has come back with force, thanks to financial institutions opening their doors again and offering mortgages at historically-low interest rates. With the sharp rise in demand, property prices in Madrid increased at a rate of 5.6% in the last quarter of 2015. Following several years of inactivity in the construction sector, there is a significant shortage of quality product available on the market.
- Prices for Madrid districts overall started to rise slightly this year, ending the downward trend observed up until the final quarter of 2014 and suggesting the market bottom has been reached. The city's average price ended the year on €2,820 per square metre, an annual growth rate of 4.68%.
- Amongst prime and midmarket property buyers in Madrid, two-thirds of purchases are made by buyers looking for a primary residence due to relocation to the Spanish capital. A smaller number of buyers were seeking properties for long-term investment or to access the Golden Visa scheme, where non-EU residents can purchase prime market property to receive residency rights.



VALENCIA OVERVIEW

- 2015 was the year of stabilization in the Valencia property market. Finally, after several years, the price of homes in Valencia has stopped falling and, as a general rule, prices are remaining stable, with some subtle increases in a handful of locations. The number of transactions increased as the year went on, indicating a definite upturn in the housing market. The surge in demand has been met with a significant increase in supply, adding greater momentum to the market.
- While significantly down from the market's peak in Q1 2007, Valencia average sales prices have steadied since mid-2013 with average prices in the Old Town (Ciutat Vella) maintaining at €4,358 per square metre by the end of the half year for 2015. For the region as a whole, average prices ended 2015 at €1,438 per square metre, which has been maintained as the average price for the last eight quarters since the first quarter of 2014.
- The majority of Valencia property buyers are seeking a primary residence, which may involve relocation from other parts of Spain or internationally, for relocation or retirement. Continuing the same trends observed in 2014, one-third of buyers were seeking a holiday home for their own use, while a small proportion of buyers are choosing property solely for long-term investment.



COSTA BRAVA OVERVIEW

- The most active buyers in the Costa Brava residential market in 2015 have been northern European, in particular the British and French, although there has been a significant rise in the number of American and Spanish clients. The greatest volume of Lucas Fox sales activity has focused on the central area of the Costa Brava, predominantly around the Begur/Palafrugell area of the coast, including Begur town, Aiguablava, Llafranc, Tamariu and Calella de Palafrugell.
- Costa Brava average sales prices varied from €1,140 per square metre in Cadaqués in the region's far north to €1,997 per square metre for properties in the districts of Palafrugell, Tamariu and Llafranc.
- In 2015, the majority of prime market buyers were looking at Costa Brava as a second/holiday home, with a smaller number of buyers seeking a primary residence or relocating permanently to the region. This is consistent with buyer motivations in 2014.



MARBELLA-COSTA DEL SOL OVERVIEW

- Most buyers in Marbella are foreign and the nationality mix is varied with a high percentage coming from countries such as Scandinavia, UK, Holland, Germany, Belgium, Switzerland, and increasingly France. However there is also a large proportion of buyers coming from the Middle East, USA and Asia. Most of these buyers are buying second homes, although there are also a significant number of families, particularly from Northern Europe, who are choosing to relocate. The age range of buyers is coming down from previous years to around 40 – 50 years old.

- All three key luxury districts across the Marbella region increased average property prices by the end of 2015 over the end of 2014. The exclusive zone of Benahavís reached €1,911 per square metre at the end of the year. Marbella rose in average prices, increasing over the end of 2014 to €2,382 per square metre, up 3.25% from the end of 2014. Estepona performed best in terms of increases, rising to €1,563 per square metre, up €125 per square metre since the end of 2014 (an 8.69% annual growth rate).



IBIZA OVERVIEW

- Due to the continued strength of Sterling against the Euro for most of the back half of 2015, there was a huge surge in interest from UK buyers, in all corners of the market, assisted by a strengthening UK economy, and overall confidence in Spain returning. London has been providing a constant stream of high-end enquiries for Ibiza, and there have been many more long-term investors in addition to those looking for second homes and lifestyle purchases.

- Ibiza has seen continued and growing average price increases since the start of 2013. Average prices show the island's capital of Ibiza reached €3,594 per square metre by the end of 2015, up from €2,909 per square metre at the end of 2014, a significant annual growth rate of 23.6%.



NEW DEVELOPMENTS

Barcelona, Madrid, Marbella and Ibiza are seeing increasing numbers of New Development projects coming onto the market, a scenario which has not been prevalent for nearly 10 years.

The average price of prime property across these regions is currently being driven up by sales of New Developments, which often sell for 20% more per square metre than resale homes in the same micro-area. Currently demand is outstripping supply, with waiting lists for this kind of product.

In all areas, a significant proportion of these New Developments are being sold off-plan, almost always at asking price, showing that confidence in the market is returning.

New developments are being purchased for investment (with an eye on capital growth and rental returns) and increasingly by lifestyle buyers who are either relocating or buying holiday homes in Spain's most desirable second-home locations.

Demographically, the age of the average investor is between 40 and 50 years old, tend to be business owners, professionals, entrepreneurs or work in the finance, marketing, entertainment or sports industry.

The main tranche of buyers is still from Northern Europe, with increasing interest from the Middle East and US.

BARCELONA

SPAIN

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BARCELONA

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SITGES

MADRID

VALENCIA

COSTA BRAVA

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IBIZA



**MARKET
OVERVIEW
AND FORECAST
FOR 2016**





BARCELONA: MARKET OVERVIEW AND FORECAST FOR 2016

As the capital city of Catalonia and cradled in between the hills of Montjuïc and the Mediterranean Sea, Barcelona has become one of Europe's most exciting cities and an excellent place to buy property either as a second home, long-term rental investment or for permanent living. In few other parts of the world will you find such a laid-back, down-to-earth, welcoming atmosphere in a place of such beauty and cultural importance. Lucas Fox offers a large and growing portfolio of properties in neighbourhoods such as Eixample, Diagonal Mar, Gracia, Sarria and the Old Town, each with its own charm and personality. Barcelona continues to attract buyers from all over the world and is increasingly appealing to growing numbers of lifestyle property investors, attracted by good long-term prospects and an unparalleled quality of life. 2016 will see numerous New Development projects emerge in the city, a sure sign that the property market recovery is well underway.

"2015 WAS A SIGNIFICANT YEAR OF RECOVERY FOR THE BARCELONA PROPERTY MARKET, MAINLY DUE TO THE RE-ACTIVATION OF THE LOCAL MARKET AS WELL AS GREATER DEMAND FROM OVERSEAS BUYERS"

"FOREIGN BUYERS ARE STILL DOMINATING THE LUXURY END OF THE MARKET WITH THE BRITISH LEADING THE WAY, THANKS TO THE STRONG POUND AGAINST THE EURO IN 2015..."



Karen Storms

Sales Manager, Lucas Fox Barcelona

"2015 was a significant year of recovery for the Barcelona property market, mainly due to the re-activation of the local market as well as greater demand from overseas buyers" explains Karen Storms, Sales Manager at Lucas Fox Barcelona. *"Prices have levelled out and, in prime areas of the city, are starting to creep up again."*

Lucas Fox saw sales activity by local buyers increase by 50% during 2015, a definitive sign that the property market is recovering well. Local buyers tend to focus on buying in the residential areas of Eixample and the Zona Alta (Galvany and Turó Park, for example). Foreign buyers are still dominating the luxury end of the market with the British leading the way, thanks to the strong pound against the Euro in 2015 as well as a healthy UK economy. Most are looking for investment opportunities or second homes in prime areas of the city such as the Old Town which also offer a good (long-term) rental return. We're also seeing increased interest from the French, Dutch and Belgians.

New developments are by far the most popular product, thanks to the 'no hassle' factor. Clients have a 'ready-to-move-into' product, normally centrally located, offering high-quality finishes and a good rental return. The demand for this kind of property is currently outstripping supply so they normally sell at asking price. Lucas Fox Barcelona has plans for several New Development projects in 2016 and beyond in sought-after areas of the city with great investment potential."



PROPERTY TRANSACTIONS

The peak trading of properties in Barcelona was at the start of 2007, when over 8,000 sales transactions were registered in the opening month of the year. However, since then, sales figures both in Barcelona and across Spain have been significantly muted, although a slight and steady increase has been observed every year since Q2 2013.

Property sales transactions in Barcelona follow a similar trend to Spanish national sales trading. Following the distorted bump that can be seen in the second quarter of 2013, where increased sales completions were rushed through before changes to the Spanish transfer tax took effect, property transactions have shown a steady increase year-on-year. In 2015, total sales in Barcelona averaged 2,667 transactions per month, a 19.8% growth rate in levels of transactions over 2014 averages.

TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

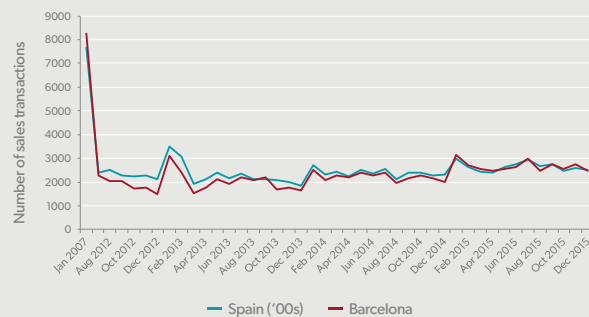
Amongst foreign buyers resident in Spain, transaction value of purchases of second-hand properties was higher in the first three quarters of 2015 than compared to the same period in 2014 (€845,769,900 in Q1-Q3 2015 compared with €701,950,400 in Q1-Q3 2014). Despite a low level of new builds and newly-renovated properties entering the market, the value of sales of new housing purchased by foreigners in Barcelona has increased each year for the past three years, with foreigners spending €67,406,500 on new build and reformed properties in the first three quarters of 2015. Total transaction value of Barcelona property purchases by foreigners in Spain in the first three quarters of 2015 grew by 15.6% over the amount of trading for the same time period in 2014.

BARCELONA PROPERTY SALES PRICES

Sales prices for Barcelona city averaged €3,392 per square metre by the end of 2015, up €204 over the average at the end of 2014, a 6.4% annual growth rate in average property prices. The districts of Eixample, and the Zona Alta (Les Corts and Sarrià-Sant Gervasi) ended the year with the highest average sales prices, at €3,861 and €4,303 per square metre, respectively. For the first time in the past four years, every district of Barcelona saw an increase in average prices between Q2 2015 and Q3 2015, however, some of these increases were reversed slightly in Barcelona's outer neighbourhoods of Sant Martí, Sant Andreu and Nou Barris in the final quarter of 2015.

BARCELONA FREE HOUSING PROPERTY SALES TRANSACTIONS PEAK (Q1 2007) AND Q3 2012 - Q4 2015

Source: Ine.es



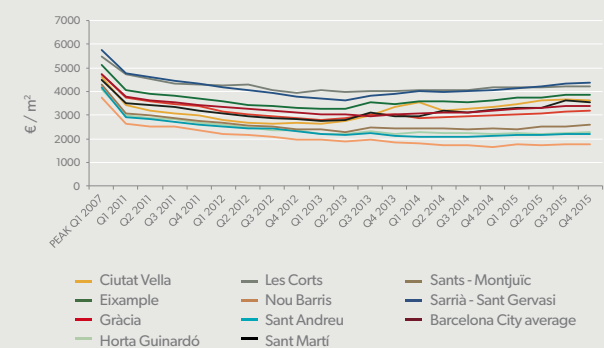
BARCELONA NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS 2013 - Q3 2015

Source: Spanish Department of Development



BARCELONA CITY AVERAGE PROPERTY SALES PRICES PEAK (Q1 2007) AND Q3 2010 - Q4 2015

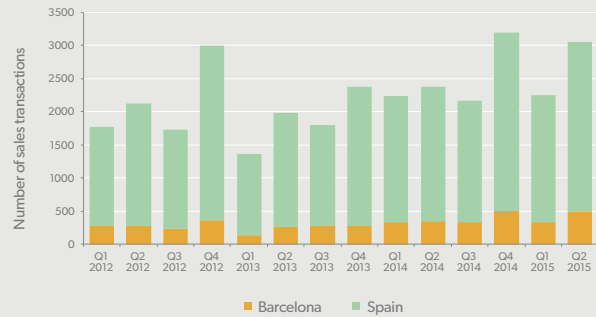
Source: Idealista.com





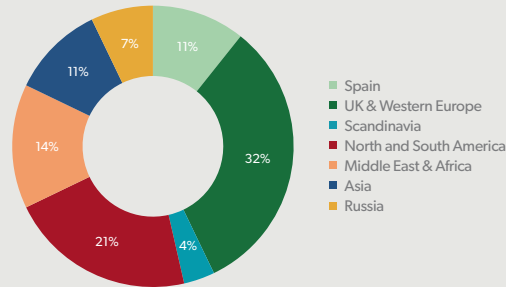
BARCELONA PROPERTY TRANSACTIONS OVER PROPERTIES SOLD BETWEEN €450,00 AND €900,000, Q1 2012 - Q2 2015

Source: Spanish Department of Development



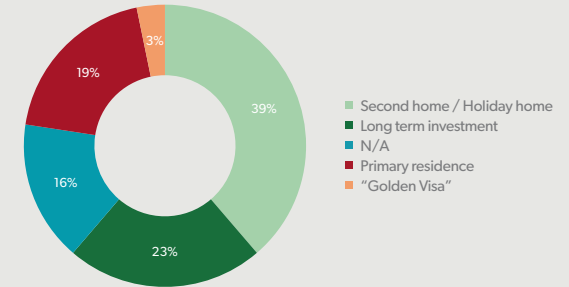
MID-MARKET PROPERTY BUYERS IN BARCELONA CITY: COUNTRY OF ORIGIN, 2015

Source: Lucas Fox sales data



MID-MARKET PROPERTY BUYERS IN BARCELONA CITY: MOTIVATION FOR PURCHASE, 2015

Source: Lucas Fox sales data



BARCELONA MID-MARKET PROPERTY TRANSACTIONS

Barcelona trading of mid-market properties (i.e., those selling for between €450,000 and €900,000) have increased every quarter over their corresponding quarter in the previous year since the start of 2013. In the first half of 2015, 830 mid-market properties were sold in Barcelona, representing 19% of the total Spanish mid-priced property market (up from 17.5% of the market for the same period in 2014), and an overall growth rate of 21% over sales transactions for the corresponding period in 2014.

BUYER COUNTRY OF ORIGIN AND MOTIVATIONS FOR MID-MARKET PROPERTIES

There have been some changes in Lucas Fox buyer trends of mid-market properties in Barcelona in 2015 compared to 2014. Spanish buyers now make up a significant proportion of the market, emerging as a separate group to buyers from UK and Western Europe, who maintained their market representation in 2015. 2015 also saw a reduction in Russian buyers from the mid-level market. North and South American buyers and Middle East buyers are increasing incrementally over previous year sales demographics.

Holiday homes dominate purchasing decisions (38.7% of buyer motivations) in the mid-level property market (with property prices between €450,000 and €900,000) with a fairly even share of buyers seeking an investment (22.6% of buyers) or primary residence (frequently as part of a relocation to Barcelona, 19.4% of buyers).





BARCELONA CITY PRIME PROPERTY MARKET

Interest in prime property in Barcelona continues to grow, with transactions particularly strong in the past three years.

It is difficult to calculate average prices for prime residential property in Barcelona city, as the stock sold varies widely, from un-renovated apartments with no terrace in key luxury districts to newer penthouses in beachfront apartment complexes. However, some trends can be identified in sales data from Lucas Fox prime residential sales transactions over the past three years. In general, prime market average property prices have grown from 2013 to 2015, with beachfront average prices for luxury property increasing most. While fluctuating due to a broader cross-section of properties being sold during the summer months, overall trends show average prices increasing in Eixample since 2013. All districts recorded average price increases of €200 per square metre or more for luxury properties between the end of 2014 and the end of 2015.

Prime property sales prices for all of Barcelona city averaged €4,612.65 per square metre, their highest level since the start of 2013 and representing a compound annual growth rate of 26.45%.

PROPERTY TRANSACTIONS FOR PRIME PROPERTIES

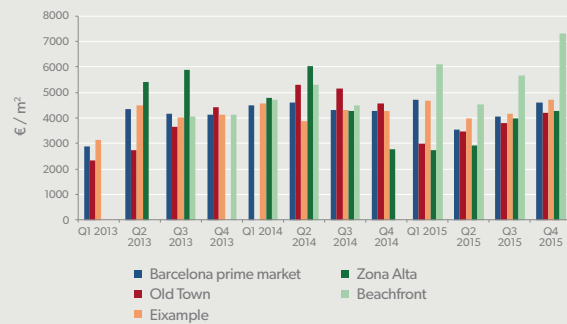
Sales of prime market properties in Barcelona have shown a similar but steadier growth trend than is observable across all of Spain. While high-end property transactions have increased from mid-2013, trading has grown substantially since the middle of 2014, a trend that is also observable across Spain, but more sustained in Barcelona in the first half of 2015.

In the first half of 2015 (for which there is data), 161 properties valued at over €900,000 were sold across Barcelona province, the majority in Barcelona city. This represents 20.2% of the Spanish prime property market overall, around the same proportion of the market as in 2014.



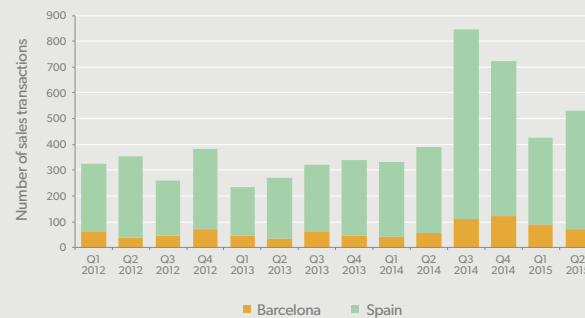
BARCELONA CITY PRIME MARKET AVERAGE SALES PRICES Q1 2013 - Q4 2015

Source: Lucas Fox sales data



NUMBER OF PROPERTY SALES TRANSACTIONS FOR BARCELONA PROPERTIES SOLD WITH PRICE OF OVER €900,000, Q1 2012 - Q2 2015

Source: Spanish Department of Development





BUYER COUNTRY OF ORIGIN AND MOTIVATIONS FOR PRIME MARKET PROPERTIES

Following trends from 2014, buyers of prime property (those properties valued at €900,000 and higher) in Barcelona were split between Europe & UK, Middle East, and China. In 2015, more buyers came from Spain, and Russian buyers disappeared from the prime market completely.

In 2015, the motivation for purchasing prime properties in Barcelona changed somewhat. Increasingly, buyers are looking for properties for their own use first (50% of buyers, up from 19% in 2014), often as part of a relocation to the city. Other buyers are split between holiday homes (25% of buyers) and long-term investors (16.7% of buyers), and just over 8% of buyers purchasing to obtain a Golden Visa.

BARCELONA CITY RENTAL MARKET

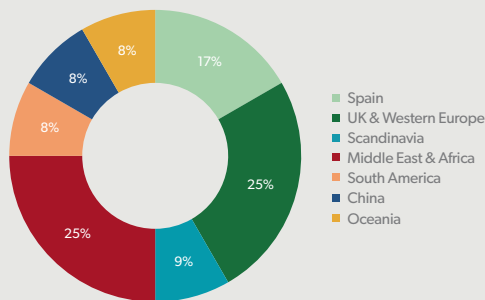
The average rental prices for Barcelona city and for each individual district have risen substantially in all neighbourhoods, since the second quarter of 2013.

Overall, average rental prices for Barcelona city ended the year on €15.30 per square metre, up €3.20 over end of 2014 averages, an increase of 15.91%. The city centre neighbourhood of Ciutat Vella and the inner-city modernist neighbourhood of Eixample ended 2015 on the highest rental prices, with Ciutat Vella now averaging €17.60 per square metre (up €3.20 from the end of 2014), and Eixample ending 2015 on €15.70 per square metre, up from €13.10 at the end of 2014 (a 19.85% increase in rental prices in the past year). Amongst properties rented by Lucas Fox during 2015, the average rental price was €16.64 per square metre.



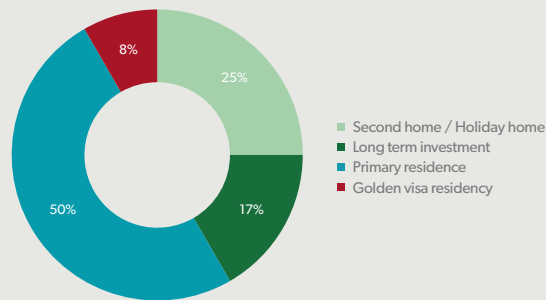
BARCELONA CITY PRIME MARKET PROPERTY BUYERS: COUNTRY OF ORIGIN, 2015

Source: Lucas Fox sales data



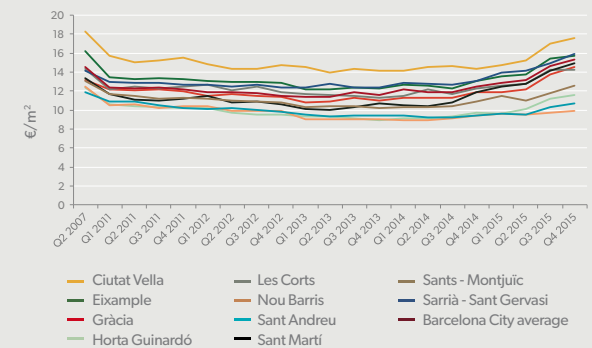
PRIME PROPERTY BUYERS IN BARCELONA CITY: MOTIVATION FOR PURCHASE, 2015

Source: Lucas Fox sales data



BARCELONA CITY AVERAGE PROPERTY RENTAL PRICES PEAK (Q1 2007) AND Q1 2011 - Q3 2015

Source: Idealista.com





SHORT-TERM RENTAL DEMAND

Barcelona airport arrivals and the number of travellers staying in holiday apartments are good indicators of both the demand for short-term rental accommodations and for the potential benefit of purchasing property for investment as tourist accommodation or for use as a holiday home with some income generation during periods when the property is not in personal use, although short term rental licences are no longer available in Barcelona Old Town.

Despite a slightly slower start to the year than in 2014, holiday apartment accommodations again outperformed the previous

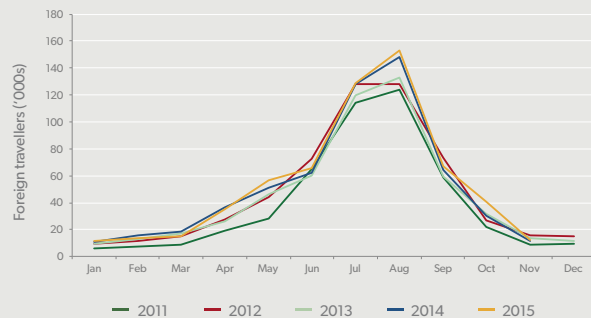
year, with May to August in particular surpassing corresponding months in 2014. 599,984 foreigners stayed in holiday apartments up to November 2015 (for which data is available), and up from 577,440 for the same period in 2014. The number of foreigners staying in holiday apartments in Barcelona continues to grow year-on-year, increasing 3.9% in 2015.

Airport arrival data shows an even clearer trend. Monthly passenger arrivals at Barcelona's El Prat airport have been higher for every month of this year over 2014 figures, which in turn were higher than in 2013. 2015 saw an increase of 5.7% over passenger arrivals in 2014, with a total of over 39 million passenger arrivals in 2015.

Foreign travellers with Catalonia as a primary destination—the majority coming to Barcelona—rose again in the first three quarters of 2015 (for which data is available), maintaining its consistent proportion of hosting 25% of all international tourists visiting Spain, as it had in 2014. By the end of the third quarter of 2015, international tourism increased 3.2% over the same period in 2014, with almost 14 million foreign travellers visiting Catalonia, and Barcelona in particular.

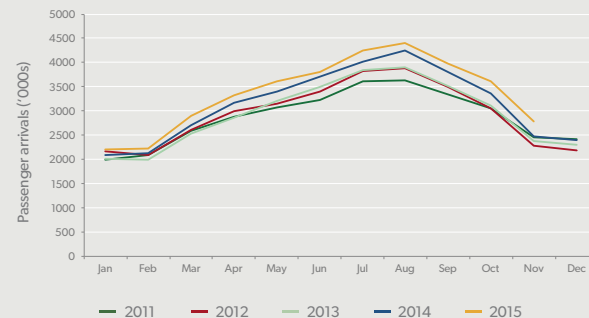
FOREIGN TRAVELLERS STAYING IN HOLIDAY APARTMENT ACCOMMODATION 2011 - Q2 2015

Source: Ine.es



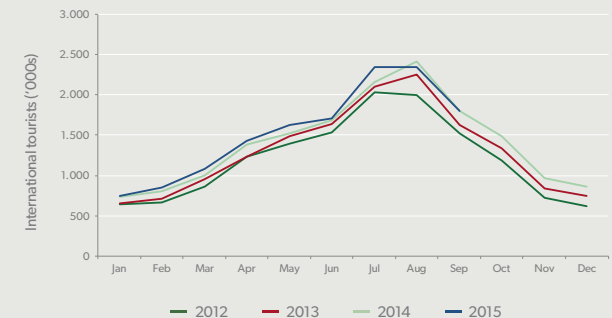
PASSENGER ARRIVALS AT BARCELONA AIRPORT 2011 - Q4 2015

Source: Aena-aeropuertos.es



FOREIGN TOURISTS WITH A PRIMARY TRAVEL DESTINATION IN CATALONIA (INCLUDING BARCELONA) 2011 - Q3 2015

Source: Frontur.iet.tourspain.es



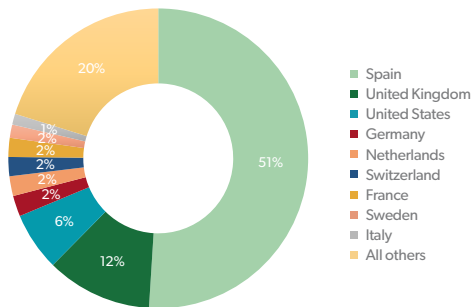


WEBSITE INTEREST

Across all of Lucas Fox's Barcelona City luxury residential market property sales in 2015, the countries of origin of international buyers have evolved over the past three years. Spanish interest has grown incrementally from about 44% of website visitors to its current level of 51% of all visitors. While UK and Northern European buyers from Germany, France and, increasingly The Netherlands, continue to purchase prime properties and visit the website in corresponding proportions, Russian purchases have slowed considerably, with website visits dropping out of the highest ranked in 2015. US buyer interest has increased substantially.

INTEREST IN BARCELONA PROPERTY: COUNTRY OF ORIGIN, 2015

Source: Lucas Fox sales data





LUCAS FOX PREDICTS

"Prime micro-areas are continuing to perform extremely well with particularly strong results for New Developments sales. Although official data shows price increases in Barcelona of around 6%, Lucas Fox data suggests that prices are still stable. Asking prices are finally coming down in line with buyers expectations and the margin between the asking and sales price has decreased from around 10% to 3% -4% in the last couple of years. We are seeing steady numbers of local buyers return to the market but not in the huge numbers which had been forecast. With the local economy continuing to perform strongly and bank lending becoming increasingly more competitive, however, we expect to see significant movement over the next 12 months as international and national investors make the most of a unique combination of factors in Europe's most desirable property hotspots."

Karen Storms, Lucas Fox Barcelona

PREDICTIVE TREE MODEL

by BigML Software

Based on trends emerging over the past three years, if current growth rates in sales transaction levels and average property prices continue throughout 2016, property sales in Barcelona may climb to an average of 3,227 transactions per month by the end of 2016, up from 2,667 transactions in 2015 - an increase of 17%. Average Barcelona property prices potentially could reach 3,690€/m² up from 3,392€/m² - an increase of 6%.

Predictive modelling of the Barcelona mid-level and prime property market suggests that if the Euribor remains at its low level, demand for centrally-located properties for use as a secondary/holiday home amongst European buyers will increase, driving up average prices. Non-Spanish buyers from across Europe, the United States and the United Kingdom looking for primary residence properties, particularly in Eixample, will also help drive up prices as demand increases. Overall, if current growth rates continue, mid-level and prime market properties in Barcelona could increase to €5,832.70 per square metre although, given the predictive modelling, Eixample properties in particular are expected to grow at a faster rate than this year's current growth trend.

MARESME COAST



**MARKET
OVERVIEW
AND FORECAST
FOR 2016**

SPAIN

OVERVIEW

BARCELONA

MARESME

SITGES

MADRID

VALENCIA

COSTA BRAVA

MARBELLA-
COSTA DEL SOL

IBIZA



MARESME: MARKET OVERVIEW AND FORECAST FOR 2016

The Maresme coast, starting just 15km north of Barcelona city, has seen a 350% increase in the number of international buyers over the past decade – attracted predominantly by the region’s superb access to the Catalan capital and its unique quality of life. There are few locations on the Mediterranean that can boast the extraordinary diversity of lifestyle opportunities on offer in the Maresme – with over 30km of sandy beaches, numerous marinas, sports clubs, golf clubs, 4,000 hectares of protected natural park, a unique microclimate, countless high quality restaurants, its own wine denomination and easy access to one of Europe’s most celebrated, cosmopolitan cities. Lucas Fox Maresme offers an exceptional range of real estate for sale and rent, including beachfront properties, sea view villas, townhouses, and traditional stone properties. Lucas Fox Maresme also offers a broad selection of luxury properties in some of the region’s most exclusive residential developments, including Can Teixidó in Alella, Sant Beger in Teià and Supermaresme and Rocaferrera in Sant Andreu de Llanerers.

“YEAR-ON-YEAR SALES VOLUME HAS INCREASED, AS HAS THE LEVEL OF INTEREST FROM PROSPECTIVE BUYERS IN GENERAL.”

“THE LOCAL MARKET HAS EMERGED AS THE MOST ACTIVE SECTOR IN 2015.”



Tom Maidment
Partner, Lucas Fox Maresme

“It has been a good year for the real estate market in the Maresme region,” says Tom Maidment, Partner at Lucas Fox Maresme. *“Year-on-year sales volume has increased, as has the level of interest from prospective buyers in general. Perhaps the biggest change has been in the increase in demand from local buyers – now the most active segment of the Maresme market. More than 50% of the enquiries received by the Maresme office are from national buyers and just under 40% of Lucas Fox’s completed sales have been to Spanish clients.”*

The local market has emerged as the most active sector in 2015, both in terms of the number of sales enquiries and closed transactions. The British were the second most active segment

of the market. The buying motive amongst British clients was evenly split between primary residence/relocation, holiday homes purchases and pure investment. Other nationalities that purchased in Maresme included Dutch, Russian, French and Middle Eastern buyers. The average age profile of property buyers in Maresme has been approximately 40 – 55 years.

Detached family houses with sea views continue to be the most sought-after properties amongst buyers in the Maresme region, although semi-detached and terraced homes in residential developments offering communal facilities – particularly those in town-centre locations in Alella, El Masnou and Premià de Dalt – have also seen strong demand. The price level that has seen the most movement in 2015 has been between €450,000 and €1,100,000, and the average enquiry received by Lucas Fox was around €600,000. The top end of the market has seen relatively little movement in 2015 – partly due to the continued absence of Russian buyers.

The key driver for many local and international buyers in Maresme is proximity to Barcelona city and, for the majority of international buyers, proximity to international schools.

There is very limited new construction in the Maresme region, so the supply has been more or less limited to re-sale property. That being said, a new off-plan development of 50 apartments close to the town centre of Alella was recently launched to market and close to 80% of the units were sold within the first few days of trading, demonstrating that there is significant demand for new-build property in prime locations of the Maresme.

The key trend has been the return of the national market. Many local buyers have been holding off, waiting for market conditions to turn in their favour and that moment appears to have arrived – stimulated by increased bank lending, falling prices and the dramatic recovery of Spanish economy. The number of British buyers has also been a significant trend – attracted by low property prices and favourable exchange rates.”



MARESME PRIME PROPERTY MARKET

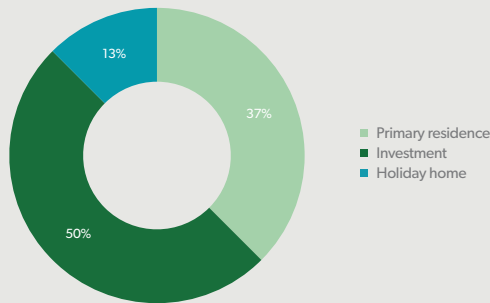
The majority of prime market property buyers on the Maresme Coast have been purchasing properties for their private use, predominantly as a primary residence (37.5%). 2015 has seen some significant changes over 2014 motivations. This year, a much higher number of buyers are clearly stating that they are taking up properties as a long-term investment opportunity.

2015 saw some demographic changes in the country of origin of buyers of prime market properties on the Maresme Coast. In particular, Spanish buyers entered the market aggressively, accounting for almost two-fifths of all buyers in 2015, whereas they were not a prime market demographic in 2014. Russian and Middle East buyers reduced in 2015, while UK and Northern Europe buyers increased.

Interest in Maresme properties on the Lucas Fox website generally matched patterns in 2014, with Spanish and UK buyers dominating. Unlike in 2014, however, when Russian interest was still strong despite the weakening of the Rouble, interest dropped significantly during 2015.

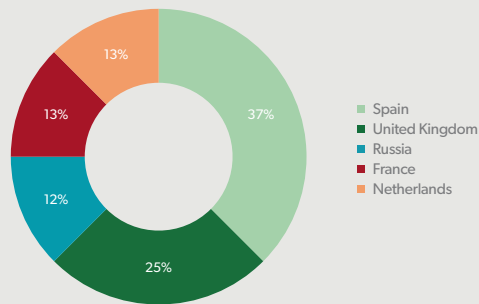
MARESME PRIME MARKET BUYER MOTIVATIONS 2015

Source: Lucas Fox sales data



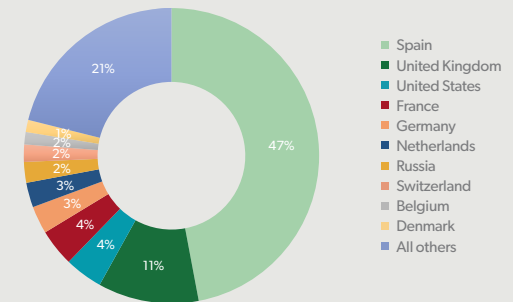
MARESME COAST PRIME MARKET PROPERTY BUYERS: COUNTRY OF ORIGIN 2015

Source: Lucas Fox sales data



INTEREST IN MARESME COAST PROPERTY: COUNTRY OF ORIGIN 2015

Source: Lucas Fox website data





LUCAS FOX PREDICTS

"The outlook is looking good. Property prices have dropped by around 40% since the peak of the market and there are some interesting opportunities for buyers looking to invest in the region. It is now possible, for example, to acquire re-sale properties requiring renovation in Can Teixidó – Alella's most sought-after residential estate – for around 1m Euros. This would have been unthinkable just a few years ago.

If the local market continues its resurgence at the same pace as we have seen throughout 2015, then we expect to see sales volumes rise once again in the Maresme in 2016. Well-priced properties in prime locations in the €500,000 – €800,000 price bracket should sell quickly as demand increases and as competition amongst local and international buyers further stimulates market activity."

Tom Maidment, Lucas Fox Maresme

SITGES

SPAIN

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**MARKET
OVERVIEW
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SITGES: MARKET OVERVIEW AND FORECAST FOR 2016

This cosmopolitan vibrant seaside town, just 40km south west of Barcelona, is perfectly situated between the Garraf Natural Park and the Mediterranean Sea. Lucas Fox Sitges offers a diverse selection of real estate for sale including luxury villas with sea views in the residential area of Can Girona, Vallpineda and La Levantina, high-end city apartments in Parc del Mar as well as seafront homes in the areas of Terramar and Vinyet. Sitges continues to be a popular investment hub for European buyers thanks to the plethora of international schools and its cosmopolitan crowd, and in recent months the town has also seen a significant increase in numbers of local buyers.

"WE ARE SEEING A CHANGE IN THE ATTITUDE OF OUR CLIENTS WITH A GREATER URGENCY TO FIND A PROPERTY WHICH SUITS THEIR NEEDS..."

"SEA-VIEW PROPERTIES ARE ALWAYS IN DEMAND. DETACHED VILLAS WITH A PRIVATE POOL AND VIEWS ARE ALSO POPULAR WITH FAMILIES LOOKING TO RELOCATE OR FOR A HOLIDAY HOME"



Rachel Haslam
Director of Lucas Fox Sitges

"2015 was a great year for the Sitges office of Lucas Fox," says Rachel Haslam, Director of Lucas Fox Sitges. "We expanded our team to meet the increasing demand. We are seeing a change in the attitude of our clients with a greater urgency to find a property which suits their needs and, when they do see something they like, they are keen to move quickly rather than risk the property being snapped up by somebody else. Our most desirable properties don't stay on the market for long!"

Our key buyers are mainly foreigners although we have seen an increase in enquiries from local buyers recently. They tend to be young families or couples in their 40s/50s looking for an investment with the view to settling there for early retirement.

Sea-view properties are always in demand. Detached villas with a private pool and views are also popular with families looking to relocate or for a holiday home. Apartments in the centre and close to the beach are popular with couples of all ages.

In 2015, there appeared to have been an increase in Belgian and German buyers. They are looking for a holiday home in a sunnier climate, so they either choose France or Spain. British clients remain our largest group of buyers."



SITGES PROPERTY SALES PRICES

Sitges average prices ended 2015 with an average of €3,581 per square metre, up €82 per square metre over the first half of 2014 averages, and representing eight consecutive quarters of increases in average property prices for the town. At the end of 2015, Sitges average property prices were €189 per square metre higher than the Barcelona average. 2015 saw average sales prices increase in Casteldefells (to €2,672 per square metre, a 3.6% annual growth rate) and drop slightly in Gavà, where average sales prices ended the year on €2,400 per square metre, down just €5 per square metre over mid-year prices, and wiping out the €100 per square metre increase seen in the third quarter.

Sitges leads an emerging pattern evident since the third quarter of 2013, where prices in Sitges, Casteldefells and Barcelona have risen steadily. Sitges average sales prices have grown by 8.65% in the last 12 months.

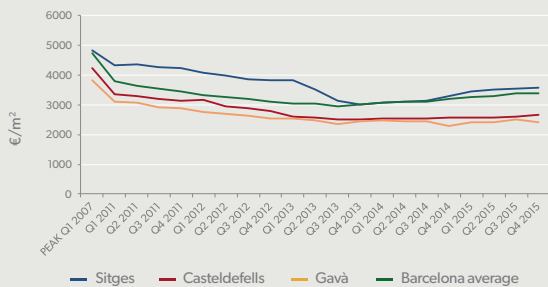
SITGES RENTAL MARKET

Sitges average rental prices saw a pronounced jump in 2015, reaching €13.30 per square metre by the end of the year, an increase of 15.7% over end of 2014 averages. Rental average prices in Gavà and Casteldefells both rose over €2.00 per square metre over 2014, ending the year on €12.60 and €13.50 per square metre, respectively. Average rental prices have seen a consistent increase in the area since the second quarter of 2014.

The short-term rental market is particularly buoyant in and around Sitges. A family house in the hills with a pool 10 minutes from Sitges that can be bought for 400,000 to 500,000 Euros, for example, can achieve €2,500 to €3,000 a week in high season. Equally, an attractive 2-bedroom seafront apartment would achieve about the same rate and would also rent out better in the quieter months of the year.

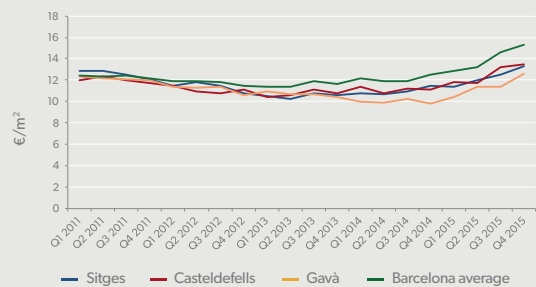
**SITGES AVERAGE SALES PRICES
PEAK (Q1 2007) AND Q1 2011 - Q4 2015**

Source: Idealista.com



**SITGES AVERAGE RENTAL PRICES
Q1 2011 - Q4 2015**

Source: Idealista.com





SITGES PRIME AND MIDMARKET PROPERTY

Sitges prime market sales saw strong activity in 2015. The transaction volume for Sitges properties totalled €9.79 million, almost triple the total sales volume of 2014 of €3.93 million.

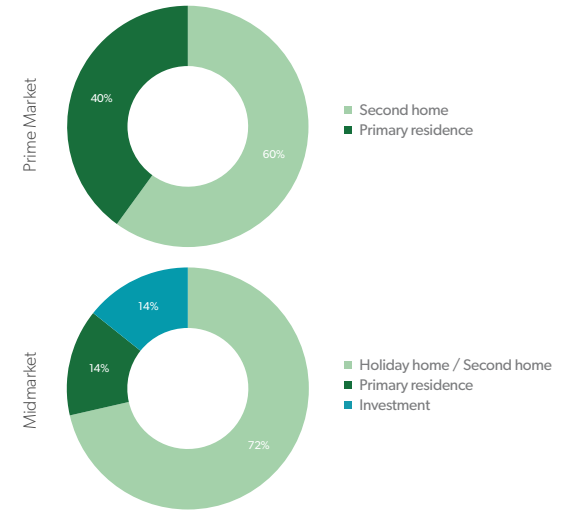
The majority of prime market buyers are looking at Sitges as a holiday home site (66.7%), with a quarter (25%) planning to use properties as their primary residence. Overall, buyer motivations are the same for both prime and midmarket purchases, with some opportunistic investors seeking midmarket properties to purchase as vacant plots on which to construct new homes as an investment. Buyer motivations for Sitges have not changed much in the past several years, as the area's access to beaches, recreation facilities and Barcelona's city amenities, along with the natural beauty of the area and charm of the old town continues to attract holiday home buyers and primary residents looking for a better quality of life.

2015 saw a consistency in the demographic amongst buyers of prime and midmarket properties in Sitges. UK buyers continue to dominate the market, with the majority of the remaining buyers coming from across Northern Europe and the Scandinavian countries. Unlike some areas along the Catalan coastline. Spanish buyers are not increasing in this market at the moment. The area still predominantly is of interest to international buyers looking for a higher quality of life or a regular and accessible holiday home.

At Lucas Fox, clientele interested in buying in the Sitges area are more likely to be foreigners, with just over a third of all interest generated from within Spain, and the rest from the UK and Western Europe, 5.5% from the United States, and a large diversity in international interest, with 18.9% of all other website visitors coming from over 125 countries globally. This matches the previous year's trends.

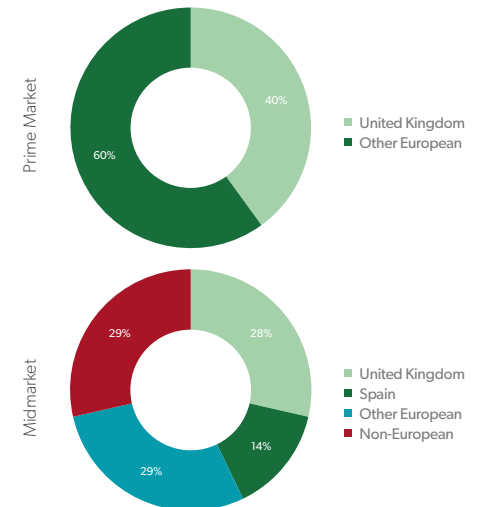
SITGES PRIME AND MIDMARKET BUYER MOTIVATIONS 2015

Source: Lucas Fox sales data



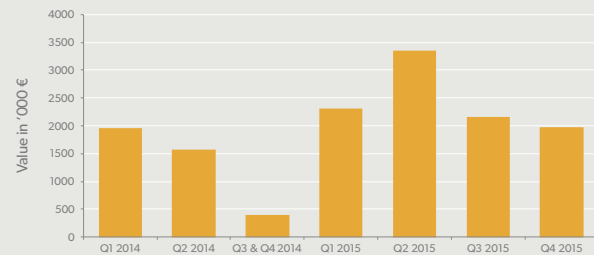
SITGES PRIME AND MIDMARKET PROPERTY BUYERS: COUNTRY OF ORIGIN 2015

Source: Lucas Fox sales data



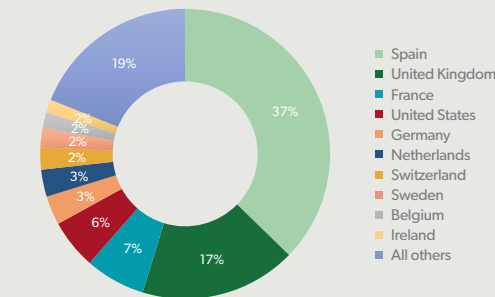
SITGES PRIME MARKET SALES VOLUME Q1 2014 - Q4 2015Q1 - Q2 2015

Source: Lucas Fox sales data



INTEREST IN SITGES PROPERTY: COUNTRY OF ORIGIN 2015

Source: Lucas Fox website data





LUCAS FOX PREDICTS

"2015 saw a positive move out of the crisis and buyer confidence is growing. There is quite a bit of development currently in Sitges which is always a positive sign. The outlook for the rest of 2016 is promising. The year started really well and we have been inundated with enquiries and, consequently, viewings from buyers of all nationalities with a notable increase in national buyers. These buyers are looking at properties from all range of budgets. Our current buyers tend to have their finances already in place and are ready to move quickly once they find that special property which matches their requirements. As far as investment is concerned, Sitges is increasingly attractive to buyers. The short-term rental market is thriving! In fact now there is a real shortage of long term lets as owners have cottoned on to the fact that they can make more money letting out their property in the short term and also with the added advantage of that they can also use the property themselves in the quieter times of the year."

Rachel Haslam, Lucas Fox Sitges

PREDICTIVE TREE MODEL

by BigML Software

Based on trends emerging over the past three years, if current growth rates for average property prices continue throughout 2016, average property prices in Sitges are expected to grow to €3,891 per square metre by year's end.

MADRID



**MARKET
OVERVIEW
AND FORECAST
FOR 2016**

SPAIN

OVERVIEW

BARCELONA

MARESME

SITGES

MADRID

VALENCIA

COSTA BRAVA

**MARBELLA-
COSTA DEL SOL**

IBIZA



MADRID: MARKET OVERVIEW AND FORECAST FOR 2016

Europe's third largest city and a key international business hub, Madrid boasts Spain's most important cultural heritage landmarks, a growing gastronomic scene and an aspirational standard of living. This vibrant Capital city offers diverse range of property, from traditional and contemporary city apartments in districts such as Salamanca and Chamberí to spacious family homes in the suburbs of the city. Lucas Fox Madrid's portfolio also includes properties in the exclusive neighbourhoods of Aravaca, La Moraleja and Las Rozas. The past year has seen increasing numbers of local buyers return to the market as well as growing numbers of investors from Northern Europe, the Americas and the Middle East. Property prices continue to be attractive compared to 8 years ago, and in some prime areas of the capital, prices are once again steadily beginning to rise.

"The property market in Madrid became increasingly active during 2015," explains Lucas Fox Madrid Director Rod Jamieson. *"While 2014 saw the beginning of foreign investor interest, who were mainly just investigating the market at that time, 2015 proved to be the year to make transactions. Along with international buyer interest, the national market has come back with force, thanks to financial institutions opening their doors again and offering mortgages at historically-low interest rates. With the sharp rise in demand, property prices in Madrid increased at a rate of 5.6% in the last quarter. Following several years of inactivity in the construction sector, we find ourselves today in a situation where there is a definite shortage*

*"LUCAS FOX HAD THEIR BEST
QUARTER EVER AND THE TEAM IS
GROWING RAPIDLY TO MEET THE
NEEDS OF THE INCREASED ACTIVITY."*



Rod Jamieson
Director, Lucas Fox Madrid

of quality product available on the market. Lucas Fox Madrid had their best quarter ever and the team is growing rapidly to meet the needs of the increased activity.

There are several profiles that make up the main buyers looking to purchase property in Madrid, including both national and international buyers. We have seen buyers from all over Spain who want to invest in a property in the Capital whether it be purely for investment reasons or to use as a second home. International buyers can be divided into two groups, those whom are looking for permanent residency under the Golden Visa scheme typically from Middle East and Asia, and those seeking a luxury second residence most often from Latin America, UK and France. The majority of the demand is for key central locations of the city such as the Salamanca, Chamberi, Justicia and Cortes districts. For the buyers who prefer the suburbs, mainly families with children, look to be in and around the areas of La Moraleja, Pozuelo and Aravaca, where there is a wide choice of international schools. The type of property with the highest demand is typically an

apartment with 2 bedrooms and 2 bathrooms measuring between 80 m²-100m², situated in a renovated classical building in a sought-after central location in Madrid and priced between €500k – €1m.

This property type is ideal for rental investment and second homes, as it suits a wide range of people, whether it be for single young professionals, higher education students, couples, young families or retired people. Based on rental prices in Madrid, it is possible to achieve an annual yield between 4%-5% on such properties.

At the upper end of the market, there is also high demand for larger luxurious apartments of 150m² – 250m² with 3 and 4 bedrooms, in renovated historic buildings with services such as concierge, gym and spa. They are most sought-after in prime locations of the Salamanca and Chamberi districts. These are lifestyle purchases mainly for second homes, located in the vicinity of the highest-quality fashion boutiques and gastronomic restaurants that the Capital has to offer.

The year 2015 saw a large number of investors coming from London, Miami and Dubai. The devaluation of the Euro in recent months has created an influx of clients who hold liquidity in Sterling and US dollars and wish to take advantage of the currency exchange opportunities. London being one of the most cosmopolitan business centres in the world, we have seen a wide range of nationalities originating from all the continents of the world. Miami is the place where many of the wealthy from Latin America reside. Clients from Venezuela, Mexico and Colombia have been very active in the Madrid market. Finally, as Dubai is the city in the Middle East that holds much capital from wealthy people from all round the region, the escalation of conflict in the area has prompted interest from clients from Syria, Kuwait and Saudi Arabia."



MADRID PROPERTY SALES TRANSACTIONS

The Comunidad region of Madrid closely matches national sales transactions patterns, and has done so for the past two years. Sales transactions in Madrid in 2015 averaged 3,750 per month, increasing the levels of trading over the average of 3,276 monthly transactions observed in 2014. This represents an average growth in levels of property transactions of 14.5% growth in levels of trading in the past year.

TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

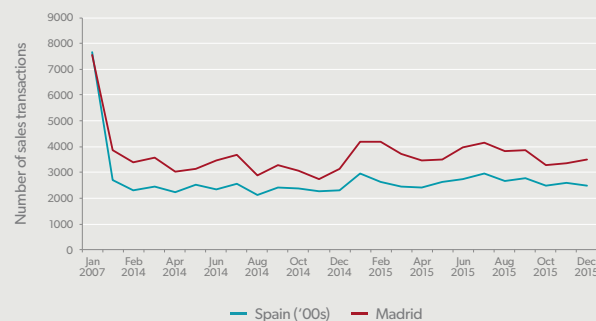
Amongst foreign buyers resident in Spain, transaction value of purchases increased each quarter in 2015 over 2014 levels, which in turn has continued a trend in increasing quarterly transactional values since the start of 2013. Total transaction value in the Madrid region by international investors for the first three quarters of 2015 exceeded 543 million Euros, a growth rate of 29.46% in total transactions spent by foreign property buyers over the same period in 2014.

MADRID PROPERTY SALES PRICES

Key luxury districts in Madrid continue to show rising average prices in 2015, as greater demand for properties influences asking sales prices. By the end of 2015, Madrid centre saw average prices rise for five consecutive quarters, ending the year on €3,568 per square metre. The affluent districts of Chamberi, Chamartin and Salamanca continue to rise each quarter as well, reaching €3,760, €3,790 and €4,370 per square metre, respectively. Prices for Madrid districts overall started to rise slightly this year, ending the downward trend observed up until the final quarter of 2014 and suggesting the market bottom has been reached. The city's average price ended the year on €2,820 per square metre, an annual growth rate of 4.68%.

COMUNIDAD DE MADRID FREE HOUSING PROPERTY SALES TRANSACTIONS PEAK (Q1 2007) AND 2014 - Q4 2015

Source: Ine.es



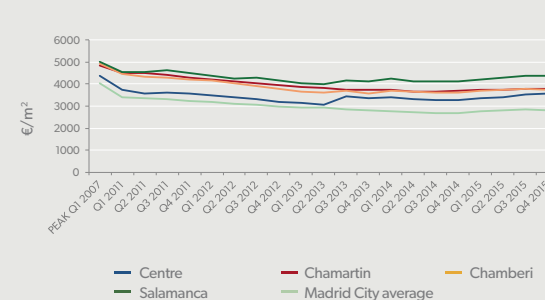
MADRID NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS 2013 - Q3 2015

Source: Spanish Department of Development



MADRID KEY LUXURY DISTRICTS AVERAGE PROPERTY SALES PRICES PEAK 2007 AND Q1 2011 - Q4 2015

Source: Idealista.com





MADRID TRANSACTIONS OF MID-RANGE PROPERTIES

Madrid midmarket property sales (where properties sell for prices between €450,000 - €900,000) follow similar trends to sales across all of Spain, with Madrid sales making up a third (34.6%) of the total Spanish mid-level property market. In the first half of 2015, there were 1,549 properties sold in Madrid for between €450,000 and €900,000, 163 properties more than the same period in the previous year, representing an annual growth rate of 11.76%.

MADRID PRIME PROPERTY MARKET

In the first half of 2015, 242 properties valued at over €900,000 were sold in Madrid, representing 30.4% of the Spanish prime property market. The number of prime property sales transactions grew by 38.29% in the first half of 2015 over the level of sales transactions for the first two quarters of 2014.

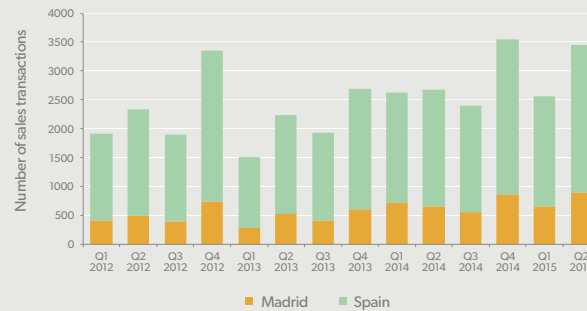
MADRID PRIME AND MIDMARKET PROPERTY BUYERS

Amongst prime and midmarket property buyers in Madrid, two-thirds of purchases are made by buyers looking for a primary residence, often following relocation to the Spanish capital. A smaller number of buyers were seeking properties for long-term investment or for access to the Golden Visa scheme, where non-EU residents can purchase prime market property to receive residency rights.

Reflecting the motivations for purchase, it can be seen that the majority of buyers of Madrid's prime and midmarket properties are from outside of Spain, explaining some of the relocation motivation. Buyer demographics follow trends from 2014, where European buyers outside of Spain make up half of the market.

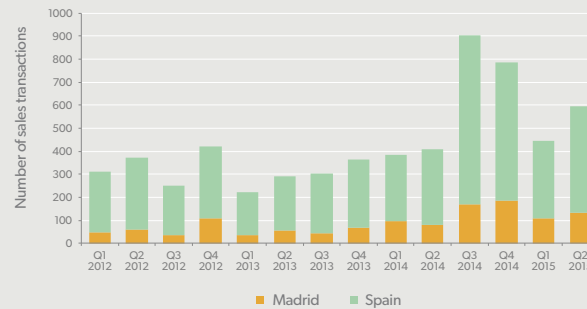
NUMBER OF SALES TRANSACTIONS FOR MADRID PROPERTIES SOLD FOR BETWEEN €450,000 - €900,000 Q1 2012 - Q2 2015

Source: Spanish Department of Development



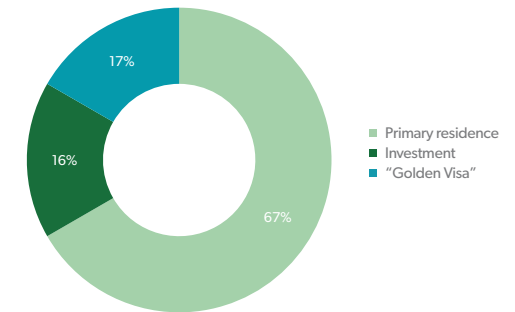
NUMBER OF PROPERTY SALES TRANSACTIONS FOR MADRID PROPERTIES SOLD FOR OVER €900,000 Q1 2012 - Q2 2015

Source: Spanish Department of Development



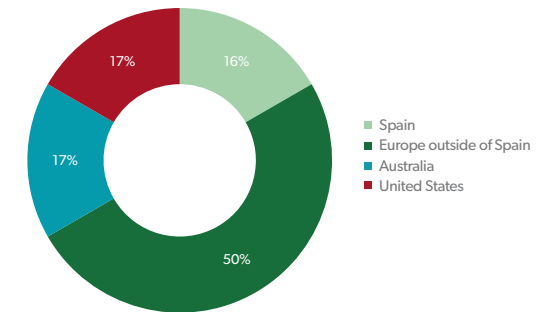
PRIME MARKET PROPERTY BUYERS: MOTIVATIONS FOR PURCHASING IN MADRID, 2015

Source: Lucas Fox sales data



PRIME MARKET PROPERTY BUYERS: COUNTRY OF ORIGIN, 2015

Source: Lucas Fox sales data





MADRID RENTAL MARKET

Madrid's luxury districts and the city's average saw strong growth throughout 2015, in contrast with the 2014 trend, when average rental prices held steady all year. Average rental prices increased in all luxury districts and across Madrid as a whole.

Madrid's city centre rose the highest, ending the year on an average rental price of €15.30 per square metre, an increase of 11.68% over 2014 figures. The prestigious district of Salamanca increased to an average price of €15.00 per square metre by the end of 2015, an increase of 8.7% over 2014 end-of-year averages. Chamartin and Chamberi also increased their averages to €13.20 and €14.60 per square metre respectively.

TOURISM

Airport arrival data is a strong indicator of international demand for properties for the Madrid region. Passengers arriving at Madrid Barajas airport in 2015 rose by 11.9% over the previous twelve-month period, a greater growth rate than experienced in 2014. 46.8 million passengers passed through Madrid's Barajas airport in 2015.

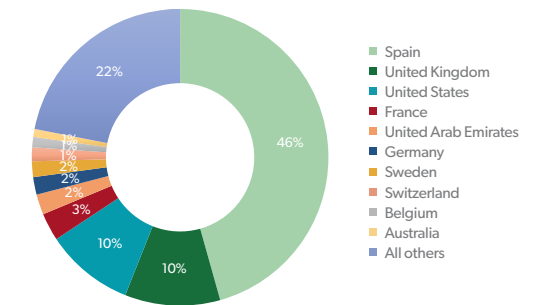
International tourism to the Spanish capital also grew in 2015, recording a 10.8% increase over the previous twelve-month levels (measured from the fourth quarter of 2014 until the end of the third quarter of 2015, the period for which latest data is available). While international travellers fell sharply during the summer months, the accumulated number of international visitors for the first three quarters of 2015 was higher than for the same period in 2014. Unlike other Spanish key touristic areas, international travellers tend to visit Madrid in spring and autumn rather than in summer. In the first three quarters of 2015, 3.8 million international tourists visited the city, representing 7% of the total Spanish international tourism market.

WEBSITE INTEREST

International interest in the prime market property in Madrid is fairly evenly split amongst global buyers. While Spanish investors make up close to half (45.6%) of all website visitors, buyers from UK and Europe (18%) continue to be attracted to property in the Spanish capital. There is also regular interest from Australia, the US, and the Middle East, and Argentina. Visitor demographics match previous year trends, with an increase in Spanish visitors reducing the proportion of international visitors slightly.

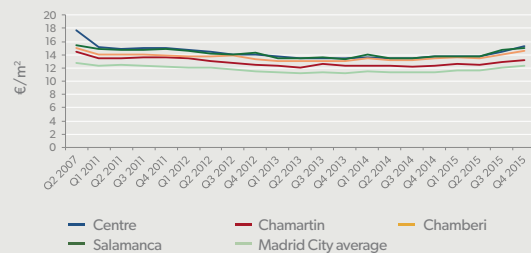
INTEREST IN MADRID PROPERTY: COUNTRY OF ORIGIN, 2015

Source: Lucas Fox sales data



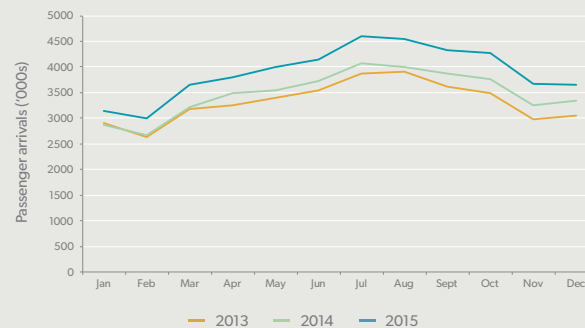
MADRID AVERAGE PROPERTY RENTAL PRICES 2007 PEAK AND Q1 2011 - Q4 2015

Source: Idealista.com



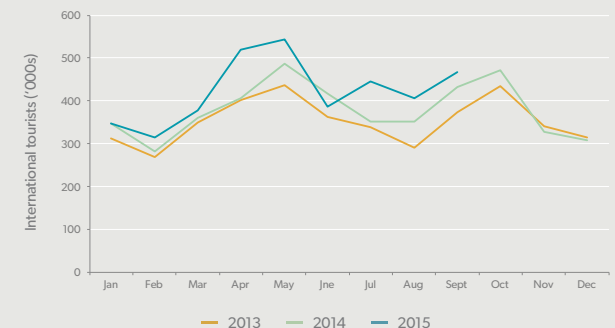
PASSENGER ARRIVALS AT MADRID AIRPORT 2013 - Q2 2015

Source: Aena-aeropuertos.es



INTERNATIONAL TOURISM TO MADRID 2013 - Q3 2015

Source: Frontur.es





LUCAS FOX PREDICTS

"I think the prospects for the property market in Madrid are very optimistic for 2016. Madrid is an underdeveloped market that has only had international exposure in the last couple of years. Madrid can be compared to a hidden gem still to be discovered and as time is progressing, more and more people are learning about the wonders the city has to offer. It is rare to find a place in the world that has the combination of opportunistic economic indicators along with exceptional lifestyle conditions. To maintain growth and satisfy the demand, we hope to see more new development/renovation projects become available on the market in the upcoming months. Providing the upcoming national elections do not result in radical changes in policy, I think Madrid will continue to be an attractive place to invest for both the national and international investors for the years to come."

Rod Jamieson, Lucas Fox Madrid

PREDICTIVE TREE MODEL

by BigML Software

Based on trends emerging over the past three years, if current growth rates in sales transaction levels and average property prices continue throughout 2016, property sales transactions in Madrid will increase to 4,294 transactions per month by the end of 2016, with average property prices in the Spanish capital potentially increasing to €2,952 per square metre by the end of 2016.

VALENCIA

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**MARKET
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VALENCIA: MARKET OVERVIEW AND FORECAST FOR 2016

As well as being Spain's third largest city, Valencia is packed with modern and globally recognized attractions and in recent years has hosted prestigious events such as the America's Cup and the European F1 Grand Prix. Lucas Fox Valencia's portfolio of property in this vibrant, roman heritage city is growing rapidly. Areas such as the Eixample district, Ademuz, Alfinach and Monasterios Puzol as well as coastal areas such as Patacona and El Perellonet are attracting increasing numbers of local buyers, as well as investors from Europe and America. Prices in the last 18 months have remained fairly stable following significant falls since the start of the crisis and the region is currently attracting increasing numbers of both local and overseas investors.

"...AFTER SEVERAL YEARS, THE PRICE OF HOMES IN VALENCIA HAS STOPPED FALLING AND, AS A GENERAL RULE, PRICES ARE REMAINING STABLE..."

"...THERE WAS MOVEMENT AT OPPOSITE ENDS OF THE PROPERTY SPECTRUM – IT WAS EITHER EXTREMELY HIGH-END LUXURY PROPERTY OR THE MOST AFFORDABLE PROPERTY THAT WAS SELLING."



Juan Luis Herrero
Partner, Lucas Fox Valencia

"I would define 2015 as the year of stabilization in the property market. Finally, after several years, the price of homes in Valencia has stopped falling and, as a general rule, prices are remaining stable, with some subtle increases in a handful of locations. The number of transactions has increased as the year has gone on, indicating a definite upturn in the housing market. The surge in demand has been met with a significant increase in supply, adding greater momentum to the market," explains Juan Luis Herrero, Partner of Lucas Fox Valencia.

"Throughout the economic downturn, there was movement at opposite ends of the property spectrum – it was either extremely high-end luxury property or the most affordable property that was selling. At the moment, it is the mid-priced homes that are selling well. The most in-demand areas are currently the central districts like the Eixample, as well as coastal areas such as La Patacona.

The most coveted properties are currently spacious Modernista apartments, ideally with a terrace in the city centre. Contemporary apartments with communal amenities by the beach are also drawing a great deal of interest.

In Valencia there are a wide range of nationalities. At the moment, one is equally likely to come across a buyer from Georgia, as much as a Lebanese or American buyer. The city is fast becoming a magnet for those seeking Valencia's numerous lifestyle benefits. In general, the greatest influx of buyers comes from European nations such as France and Italy."



VALENCIA PROPERTY SALES TRANSACTIONS

The city and surrounding area of Valencia has closely matched the prevailing national trend in property sales transactions for the past two years. Valencia averaged 1,345 sales per month in 2015, around 164 more sales per month than the average in 2014, representing a 13.9% annual growth rate.

TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

Amongst foreign buyers resident in Spain, the transaction value of purchases in the Valencia city region increased each quarter in 2015 over 2014 levels, which in turn were higher than each of their equivalent quarters in 2013. While Q4 2014 saw the strongest level of trading for one quarter in the past two years, Q2 and Q3 2015 (where the latest data is available) show a sustained increase in total transaction value for properties in Valencia purchased by foreigners. As with other Spanish markets, the transactional value of purchases of new properties makes up only a small amount of overall trading, predominantly due to the absence of new stock. Total purchase value of property transactions in Valencia

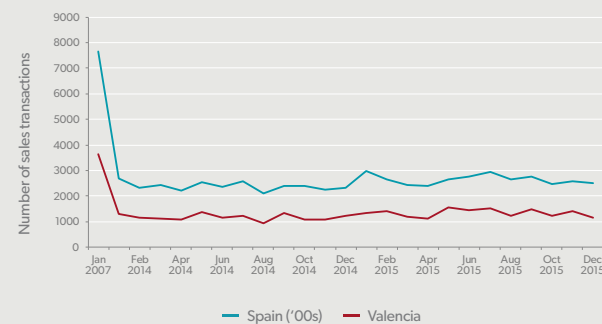
amongst foreign investors for the first three quarters of 2015 totalled over 170 million Euros, a compound annual growth rate of 25.1% over two years.

VALENCIA PROPERTY SALES PRICES

While significantly down from the market's peak in Q1 2007, Valencia average sales prices have steadied since mid-2013, with average prices in the Old Town (Ciutat Vella) maintaining at €2,198 per square metre by the end of the half year for 2015. For the region as a whole, average prices ended 2015 at €1,438 per square metre, which has been maintained as the average price for the last eight quarters since the first quarter of 2014.

VALENCIA CITY FREE HOUSING PROPERTY SALES TRANSACTIONS PEAK (Q1 2007) AND 2014 - Q2 2015

Source: Ine.es



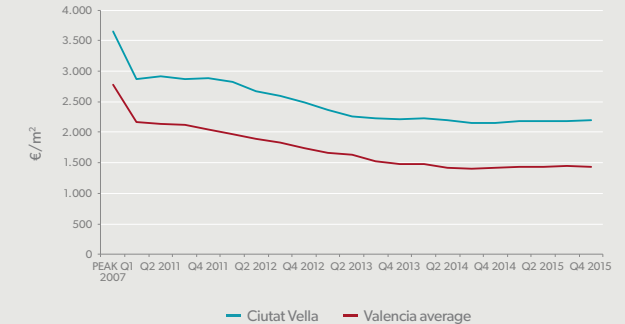
VALENCIA NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS 2013 - Q3 2015

Source: Spanish Department of Development



VALENCIA AVERAGE PROPERTY SALES PRICES FOR THE REGION AND OLD TOWN (CIUTAT VELLA), PEAK 2007 AND Q1 2011 - Q2 2015

Source: Idealista.com





MIDMARKET PROPERTY TRANSACTIONS

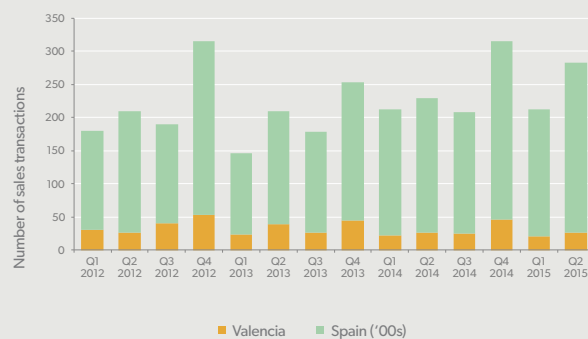
Sales transactions for mid-market properties (valued at between €450,000 and 900,000) in Valencia largely followed national trends, with Valencia accounting for about 1.8% of all property sales transactions in the first two quarters of 2015 (for which data is available), down from being 2.4% of the Spanish mid-level property market for the first two quarters of 2014.

PRIME MARKET PROPERTY TRANSACTIONS

The first half of 2015 saw the same number of prime Valencia properties sold as for the whole of 2014. The Valencia prime property market traditionally represents about 1% of the entire Spanish prime property market, but the high level of trading in the first half of 2015 has seen that increase to 3.7% of the prime market.

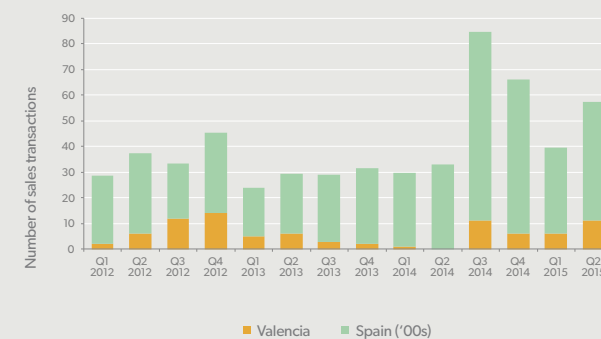
SALES TRANSACTIONS FOR PROPERTIES IN VALENCIA SOLD FOR BETWEEN €450,000 AND €900,000 Q1 2012 - Q2 2015

Source: Spanish Department of Development



NUMBER OF SALES TRANSACTIONS FOR PROPERTIES IN VALENCIA OVER €900,000 AS A PROPORTION OF ALL SPANISH PROPERTY SALES Q1 2012 - Q2 2015

Source: Spanish Department of Development



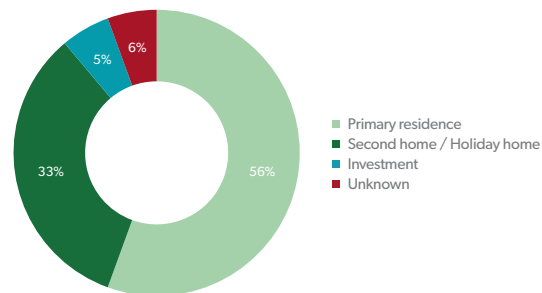


PRIME AND MIDMARKET PROPERTY BUYER MOTIVATIONS

The majority of Valencia property buyers are seeking a primary residence, which may involve relocation from other parts of Spain or internationally, and as part of a retirement sea change. Continuing the same trends observed in 2014, one-third of buyers were seeking a secondary holiday home for their own use, while a small proportion of buyers are choosing property solely for long-term investment.

VALENCIA PRIME AND MIDMARKET PROPERTY BUYERS: MOTIVATION FOR PURCHASE, 2015

Source: Lucas Fox sales data

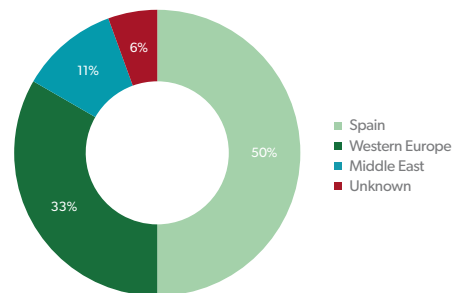


PRIME AND MIDMARKET PROPERTY BUYER COUNTRY OF ORIGIN

Continuing buyer trends from 2014, Valencia sees half of the buyer market come from Spanish investors seeking high-quality properties. Western European buyers from France, Germany, Portugal and other countries are increasingly turning to the area, while 1 in 10 buyers are from the Middle East.

VALENCIA PRIME AND MIDMARKET PROPERTY BUYERS: COUNTRY OF ORIGIN, 2015

Source: Lucas Fox sales data

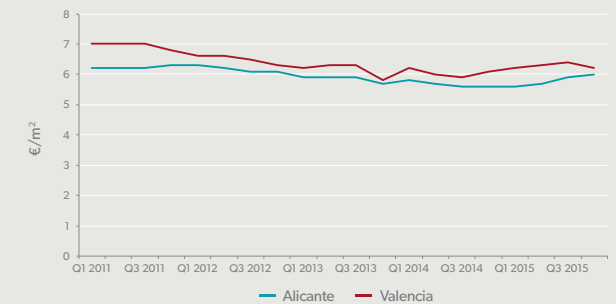


VALENCIA RENTAL MARKET

Average rental prices in the Valencia city area continue to rise but see some fluctuations across the year. 2015 saw an increase of €0.30 per square metre over the end of 2014, ending the year on an average of €6.20 per square metre, but this was only after a readjustment in the second half of 2015, where increases in the first half were reversed. By comparison, average rental prices in the nearby southern regional area of Alicante rose more consistently in 2015, ending the year on €6.00 per square metre.

VALENCIA AVERAGE RENTAL PROPERTY PRICES Q1 2011 - Q2 2015

Source: Idealisata.com





TOURISM

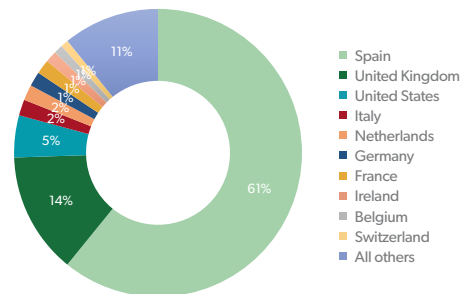
2015 was a strong year for passengers arriving at Valencia airport, with Valencia seeing an annual increase of 9.9% over passenger arrivals in 2014. Over 5 million passengers arrived at the Valencia airport in 2015.

International tourism continued to increase in 2015, growing by 4.2% over international visitor numbers for the previous twelve-month period (that is, from the fourth quarter of 2014 to the end of the third quarter in 2015). The Valencia region hosted 5.2 million international tourists in the first three quarters of 2015 (for which data is available).

Reflecting Valencia as primarily a domestic property market, almost two-thirds of all property interest comes from buyers within Spain. UK & Western European buyers are showing increasingly more interest in the area, and there is some interest amongst US buyers. Demographics remain consistent with 2014 data.

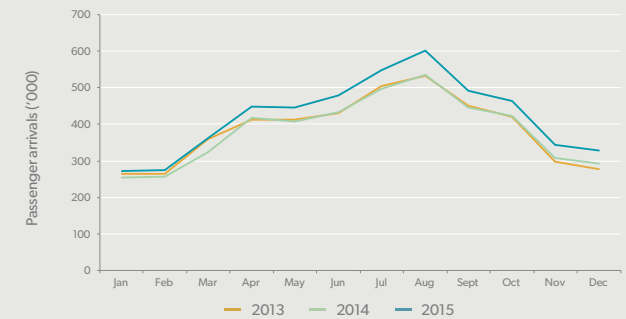
INTEREST IN VALENCIA PROPERTY: COUNTRY OF ORIGIN, 2015

Source: Lucas Fox website data



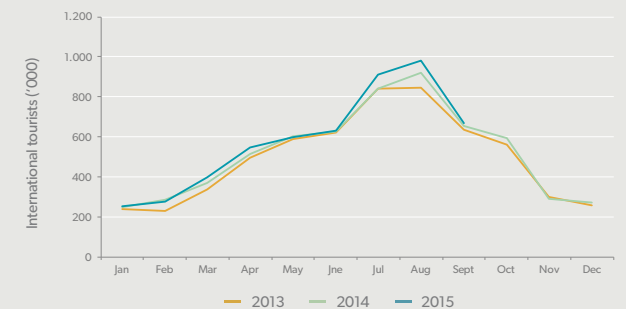
PASSENGER ARRIVALS AT VALENCIA AIRPORT 2013 - 2015

Source: Aena-aeropuertos.es



INTERNATIONAL TOURISM TO THE COMUNIDAD VALENCIANA 2013 - 2015

Source: Fronter.es





LUCAS FOX PREDICTS

"As the real estate sector is sensitive to economic confidence and the evolution of economic data, all indicators point to a positive year ahead. 2016 is set to be a very good year for the real estate sector in general, continuing the upward trends we have seen in the growing number of sales transactions and even a small upturn in prices by around 3-4%. It is also expected that for the first time since 2008, construction of new homes will recommence in the city."

Juan Luis Herrero, Lucas Fox Valencia

PREDICTIVE TREE MODEL

by BigML Software

Based on trends emerging over the past three years, if current growth rates in sales transaction levels and average property prices continue throughout 2016, property sales transactions in Valencia will increase to 1,532 transactions per month by the end of 2016, with average property prices in the region remaining steady.

COSTA BRAVA



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COSTA BRAVA: MARKET OVERVIEW AND FORECAST FOR 2016

The Costa Brava is one of the most beautiful and unspoilt stretches of Spain's vast Mediterranean coastline. Known as the "Wild Coast" for its dramatic coastal scenery the Costa Brava has, for many years, attracted the most discerning local and international property buyers. The region has a rich cultural heritage dating back to the Greek and Roman settlers and has inspired some of the world's greatest artists including Dalí, Picasso and Miro. Lucas Fox boasts one of the Costa Brava's most comprehensive portfolios of desirable properties in some of the region's most sought-after coastal areas. The company also specializes in country properties in the stunning "Empordà" region and around the historic city of Girona. The Lucas Fox property portfolio ranges from luxury, detached sea view villas, to country estates, golf properties, apartments, stone country houses and building plots.

*"...IN 2015 WE SAW SOME OF THE
LARGEST RESIDENTIAL SALES
TRANSACTIONS COMPLETED IN THE
REGION FOR MANY YEARS."*

*"FOR INTERNATIONAL BUYERS,
DETACHED SEA VIEW VILLAS WITH
PRIVATE POOL REMAINED THE MOST
SOUGHT-AFTER PROPERTIES. FOR
NATIONAL BUYERS, TOWNHOUSES
AND APARTMENTS IN COMMUNAL
DEVELOPMENTS TENDED TO BE
THOSE IN GREATEST DEMAND."*



Tom Maidment
Partner, Lucas Fox Costa Brava

"2015 was a good year for the Costa Brava real estate market," says Tom Maidment, Partner of Lucas Fox Costa Brava. "With property prices at a 7/8 year low, a weak Euro attracting buyers from outside the Eurozone and increased activity from national buyers, we saw a good level of sales activity in the region. The market didn't perhaps pick up quite to the level that people had predicted towards the back end of 2014, but in general sales trading increased substantially on previous years. Furthermore, in 2015 we saw some of the largest residential sales transactions completed in the region for many years. The overall upturn in sales activity and demand prompted us to open an office in Begur in the Spring and this has had a very positive effect on the business.

The most active buyers in the Costa Brava residential market in 2015 were Northern European, in particular the British and French, although we saw a significant rise in the number of American and Spanish clients as well. The greatest volume of Lucas Fox sales activity focused on the central areas of the Costa Brava, predominantly around the Begur/Palafrugell area of the coast, including Begur town, Aiguablava, Llafranc, Tamariu and Calella de Palafrugell.

For international buyers, detached sea view villas with private pool remained the most sought-after properties. For national buyers, townhouses and apartments in communal developments tended to be those in greatest demand. National buyers tend to be much more specific about where they are looking to buy whilst international buyers are less sensitive to any particular location.

I think the most noticeable difference in the second half of 2015 was the increase in demand from national buyers, most of whom were looking to enter the lower end of the market (with budgets of between from 400k – 600k). Demand from American buyers was also substantially up on previous years."



COSTA BRAVA PROPERTY SALES TRANSACTIONS

The Costa Brava follows national trends in levels of property trading, but is perhaps a little more muted against the increasing levels of transactions for all of Spain. Property transactions across the Girona region, including the Costa Brava, have remained steady at an average of 610 property sales every quarter of 2015. This is just slightly higher than in 2014, when average quarterly sale transactions were around 600 properties per quarter.

TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

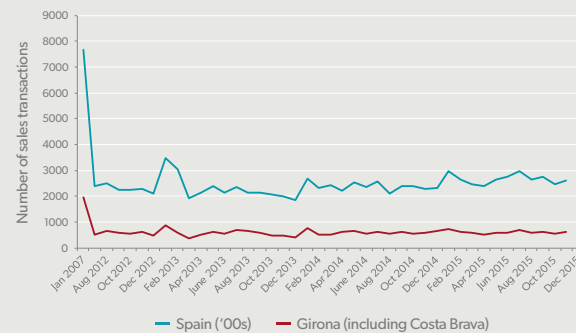
While total sales value amongst foreign residents for Girona property purchases (which includes the Costa Brava) was less in the first quarter of 2015 than for the corresponding period in 2014, the second and third quarter saw increases over 2014 figures. In the first three quarters of 2015, €347.9 million worth of property was purchased by foreigners, compared with €336.1 million in the first three quarters of 2014. This shows a steady increasing trend in total transaction value for the past three years. In the first three quarters of 2013, foreigners purchased €311.2 million worth of property in the Girona and Costa Brava area. This represents a compound annual growth rate of 5.73%.

COSTA BRAVA PROPERTY SALES PRICES

Costa Brava average sales prices varied from €1,140 per square metre in Cadaques in the region's far north to €1,997 per square metre for properties in Palamós (which includes the districts of Palafrugell, Tamariu and Llafranc). While properties in and around Cadaques saw price drops, properties in the Roses and Palamós areas of the Costa Brava region have been seeing a leveling out of average prices for the past six quarters. Overall, average prices for properties reached €1,823 per square metre.

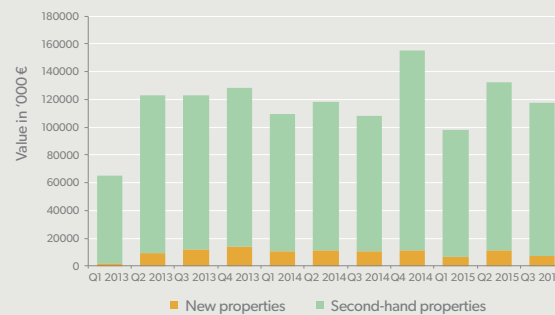
PROPERTY TRANSACTIONS OF FREE HOUSING FOR GIRONA INCLUDING COSTA BRAVA PEAK (Q1 2007) AND Q3 2012 - Q4 2015

Source: Ine.es



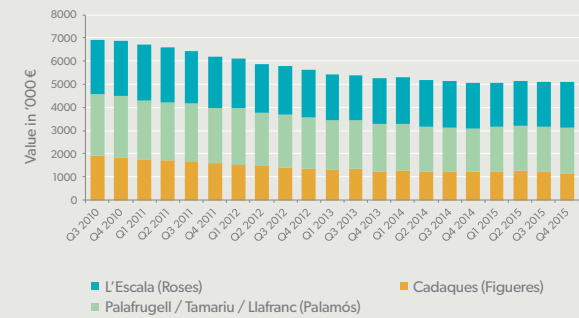
GIRONA (INCLUDING COSTA BRAVA) NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS 2013 - Q3 2015

Source: Spanish Department of Development



COSTA BRAVA AVERAGE SALES PRICES Q3 2010 - Q4 2015

Source: Idealista.com



MIDMARKET PROPERTY

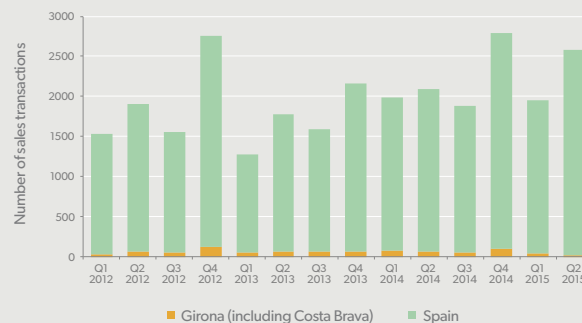
The Girona (and Costa Brava) mid-level property market is a small part of the overall Spanish market, representing less than 2% of the overall market.

COSTA BRAVA PRIME MARKET PROPERTY

In the first two quarters of 2015, prime market property transactions in Girona (including along the Costa Brava), also represented 2% of the Spanish prime property market.

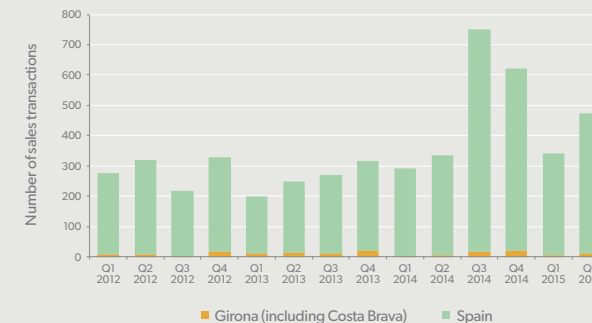
NUMBER OF SALES TRANSACTIONS OF PROPERTIES SOLD BETWEEN €450,000 AND €900,000, Q1 2012 - Q2 2015

Source: Spanish Department of Development



NUMBER OF SALES TRANSACTIONS OF PROPERTIES SOLD AT OVER €900,000, Q1 2012 - Q2 2015

Source: Spanish Department of Development





PRIME MARKET AVERAGE PRICES

Due to the nature of the coastal property market, where prime market properties may come with quite diverse sizes and as either reformed luxury builds or as properties requiring some updating, it is difficult to calculate averages for the region.

However, in 2015, properties in the Begur/Palafrugell area of the coast ranged from €338 to €3,387 per square metre, with an average of €1,613 per square metre for all properties in this central part of the Costa Brava. Prime market properties in the Blanes and Lloret de Mar area averaged €1,996 per square metre in 2015.

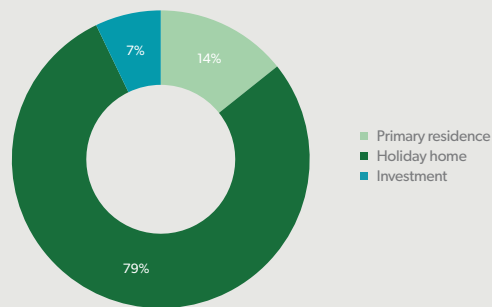
The majority of prime market buyers are looking at the Costa Brava as a second/holiday home, with a smaller number of buyers seeking a primary residence or relocating permanently to the region. This is consistent with buyer's motivations in 2014.

Country of origin of prime market buyers has held steady over the past three years with the market split fairly evenly between buyers from UK, Russia, Northern Europe and the Middle East.

Apart from half of website visitors originating from Spain, interest in Costa Brava properties on the Lucas Fox website mirrors the majority of trends seen in sales figures in 2015, with an expected upturn in US buyers in 2016 following an increase in interest in property searches during 2015. As is apparent from data on prime market buyers, website visitors from Russia fell out of the top ten countries of origin of Lucas Fox's website visitors for the first time in three years.

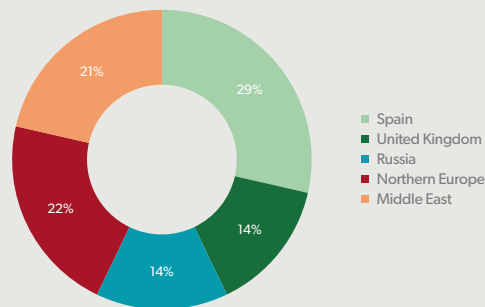
COSTA BRAVA PRIME MARKET BUYER MOTIVATIONS 2015

Source: Lucas Fox Sales Data



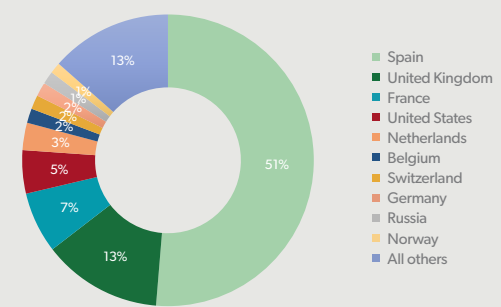
COSTA BRAVA PRIME MARKET BUYER: COUNTRY OF ORIGIN 2015

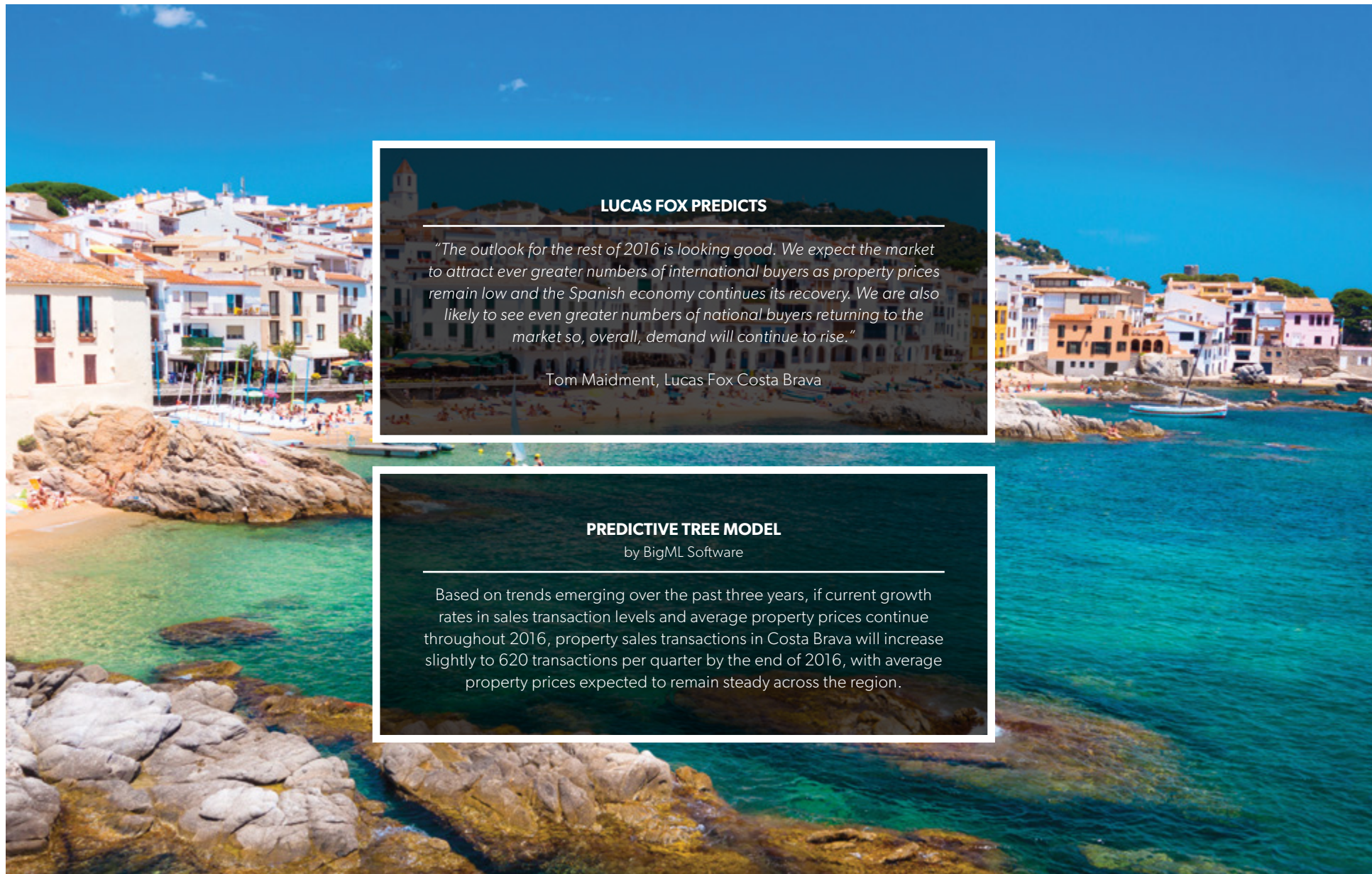
Source: Lucas Fox sales data



INTEREST IN COSTA BRAVA PROPERTY: COUNTRY OF ORIGIN 2015

Source: Lucas Fox website data





LUCAS FOX PREDICTS

"The outlook for the rest of 2016 is looking good. We expect the market to attract ever greater numbers of international buyers as property prices remain low and the Spanish economy continues its recovery. We are also likely to see even greater numbers of national buyers returning to the market so, overall, demand will continue to rise."

Tom Maidment, Lucas Fox Costa Brava

PREDICTIVE TREE MODEL

by BigML Software

Based on trends emerging over the past three years, if current growth rates in sales transaction levels and average property prices continue throughout 2016, property sales transactions in Costa Brava will increase slightly to 620 transactions per quarter by the end of 2016, with average property prices expected to remain steady across the region.

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MARBELLA: MARKET OVERVIEW AND FORECAST FOR 2016

Often described as the ‘California of Europe’, the Costa del Sol attracts both the cosmopolitan tourist and a discerning residential population from all over the world. Its excellent year-round climate, international restaurant scene and exclusive summer lifestyle makes this sought-after region of Spain the ideal destination for those looking for a holiday home, investment or permanent residence. Lucas Fox Marbella-Costa del Sol offers a wide variety of residential real estate for sale in and around the surrounding areas of Marbella, including Nueva Andalucia, Sierra Blanca, and the famous Golden Mile as well as in Europe’s most prestigious urbanization, La Zagaleta, in Benahavis. The Lucas Fox Marbella-Costa del Sol property portfolio includes off-plan and existing new-build properties, apartments and villas. 2016 is expected to see numerous New Development projects emerging, a sure sign that the property market recovery is well and truly underway.

“...THERE HAS BEEN A SIGNIFICANT INCREASE IN THE NUMBER OF NEW PROJECTS THAT HAVE BEEN LAUNCHED TO MEET THE INCREASING DEMAND OF BUYERS LOOKING FOR CUSTOMIZED AND TURNKEY HOMES.”

“...THE MAIN DRIVER FOR ALL BUYERS COMING TO THE REGION CONTINUES TO BE THE FANTASTIC YEAR-ROUND CLIMATE, EXCELLENT FACILITIES AND UNRIVALLED QUALITY OF LIFE.”



Stephen Lahiri
Partner, Lucas Fox Marbella

“2015 was another good year in Marbella and the Costa del Sol for Lucas Fox,” says Stephen Lahiri, Partner of Lucas Fox Marbella-Costa del Sol. “We are a fast-growing team in order to meet the increasing numbers of buyers in the region. In particular there has been a significant increase in the number of new projects that have been launched to meet the increasing

demand of buyers looking for customized and turnkey homes. The trend has continued with most interest in prime locations (close to facilities and with views) and with greater emphasis on quality and design. Such is the demand now, that most good projects do not hang around for long and many are selling out, off-plan, in a matter of months.

Most buyers in Marbella are foreign and, as always, the nationality mix is varied with a highest percentage coming from Northern Europe from countries such as Scandinavia, UK, Holland, Germany, Belgium, Switzerland, and increasingly France. However, there is also a large proportion of buyers coming from further afield such as the Middle East, USA and Asia. Most of these buyers are buying second homes, although there are also a significant number of families, particularly from Northern Europe, who are choosing to relocate there. We are continuing to see the age range of buyers coming down from previous years to around 40 – 50 years old.

Contemporary villas, apartments and townhouses are all popular with the focus very much on good quality design. Accessible locations with sea views and close to facilities continue to be important factors. As Marbella commands an increasing premium, however, buyers are looking to the surrounding areas of Benahavis, Estepona and Mijas Costa more and more. Estepona, in particular, is having somewhat of a revival and fast becoming very fashionable.

Whilst the British market is still statistically the biggest, we are seeing large numbers of Scandinavian buyers, particularly Swedish, relocating to areas such as Nueva Andalucía and San Pedro de Alcántara. We are also seeing a significant increase in numbers of Belgian and French clients buying second homes, particularly in the areas outside of Marbella such as Benahavis, Estepona and Mijas Costa. Without a doubt, the main driver for all buyers coming to the region continues to be the fantastic year-round climate, excellent facilities and unrivalled quality of life.”



MARBELLA PROPERTY SALES TRANSACTIONS

The province of Malaga has seen a more dynamic property trading atmosphere than was reflected in the broader Spanish market, with 2015 seeing an average of 1,944 property sales transactions of free housing each month. This represents a 15.43% compound annual growth rate since the start of 2013.

TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

After a year of increasing quarterly sales volume throughout 2014 (over corresponding periods in 2013), amongst foreign buyers resident in Spain, the transaction value of purchases made across the Malaga region (which includes Marbella) was lower in the first quarter of 2015 than in the first quarter of 2014, but saw much higher transactions in Q2 and Q3 2015. Purchases of new properties make up only a small amount of overall trading, due to the absence of available new stock in the market but demand continues to be very high. Total purchase value of property transactions

made by foreign buyers in Malaga for the first three quarters of 2015 surpassed 1.3 billion Euros, a 14.76% increase over the same period in 2014.

There is significant demand for high-end homes, although newly-built properties in prime locations are currently the most sought-after, with many selling out just a few months after release. Until now, the volume of new-build sales represented a much slower percentage due to a lack of supply of newly-built properties available on the market. The statistics represent a slightly distorted impression, as new-builds are increasingly popular and sell much faster than re-sale properties. In 2013, there were only a handful of developers building in Marbella, whereas now there are over 20. According to the College of Architects in Malaga, 492 building licences were issued in Marbella during 2015, compared to 143 in 2014, and just 80 in 2013, a sign that the market is gathering pace.

There can also be a delay of around two years from a developer buying a plot to when the property can be made available for sale. As the number of new projects

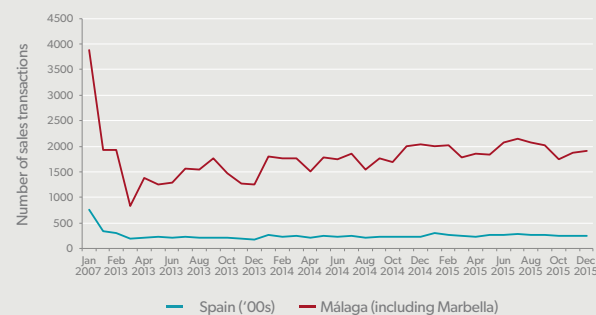
increases, the volume of new sales properties is increasing as a percentage of overall sales in the region. Subsequently, there are many investors (primarily from the USA, Russia and Northern Europe) pouring funds into the area to develop new projects and the proportion of sales of new builds over the coming years is expected to rise significantly.

MARBELLA PROPERTY SALES PRICES

All three key luxury districts across the Marbella region increased average property prices by the end of 2015 over the end of 2014. The exclusive zone of Benahavis reached €1,911 per square metre at the end of the year. Marbella rose in average prices, increasing over the end of 2014 to €2,382 per square metre, up 3.25% from the end of 2014. Estepona performed best in terms of increases, rising to €1,563 per square metre, up €125 per square metre since the end of 2014 (an 8.69% annual growth rate).

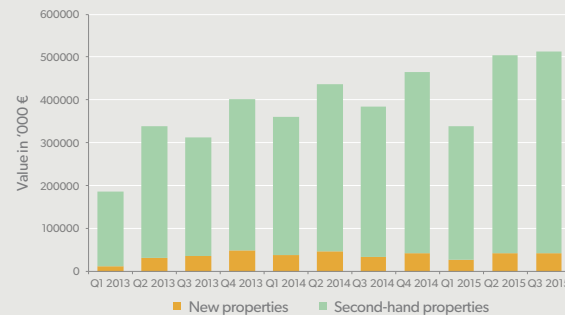
MALAGA FREE HOUSING PROPERTY SALES TRANSACTIONS (INCLUDING MARBELLA), PEAK (Q1 2007) AND Q1 2013 - Q4 2015

Source: Ine.es



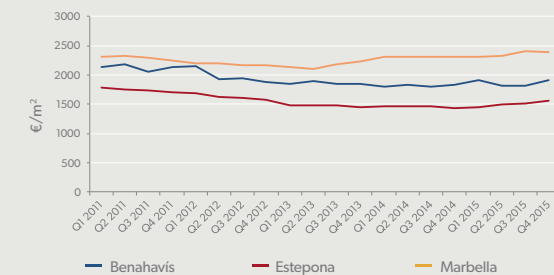
MARBELLA NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS 2013 - Q3 2015

Source: Spanish Department of Development



MARBELLA AND KEY DISTRICTS AVERAGE PROPERTY SALES PRICES Q3 2010 - Q4 2015

Source: Idealista.com





MIDMARKET PROPERTY TRANSACTIONS

Sales transactions for mid-market properties (valued at between €450,000 and €900,000) in Marbella largely followed national trends, with the region that includes Marbella accounting for about 10% of all sales transactions in 2015, about the same proportion as in 2014.

PRIME MARKET PROPERTY TRANSACTIONS

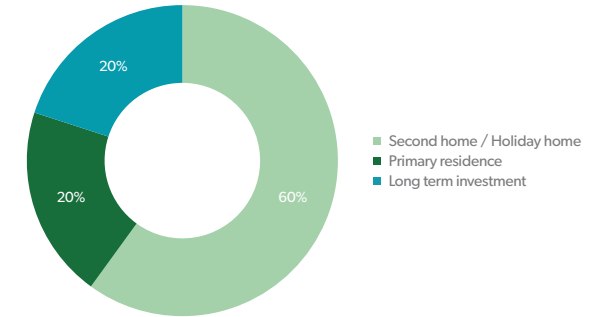
In the first half of 2015, trading of prime market properties in Malaga (which includes Marbella) grew by 58% over the number of prime property sales transactions sales for the first half of 2014. In the first two quarters of 2015 (for which data is available), 98 properties valued at more than €900,000 were sold, representing 12.3% of all sales of prime market properties in Spain in the first half of 2015, a slightly higher proportion of the market than in 2014.

MOTIVATIONS FOR PURCHASE AMONGST PRIME MARKET PROPERTY BUYERS

Continuing trends from the previous years, the majority of midmarket and prime property buyers in the Marbella region are looking for a secondary/holiday home, with remaining buyers evenly split amongst primary residence buyers and those looking for a long-term investment. Over the last few years, buyers have become more focused on quality and design.

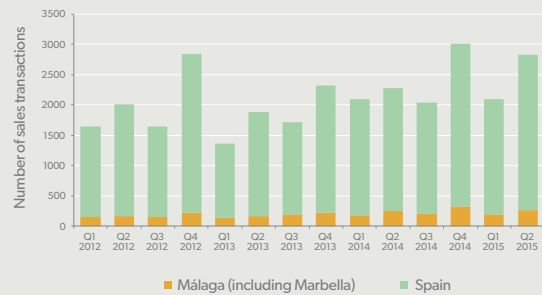
MALAGA PRIME MARKET BUYERS: MOTIVATION FOR PURCHASE, 2015

Source: Lucas Fox sales data



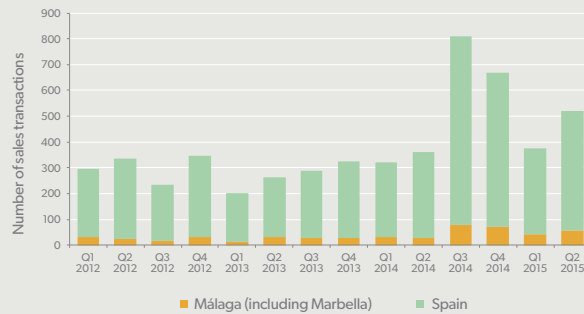
SALES TRANSACTIONS FOR PROPERTIES SOLD FOR BETWEEN €450,000 AND €900,000 Q1 2012 - Q2 2015

Source: Spanish Department of Development



NUMBER OF MALAGA SALES TRANSACTIONS FOR PROPERTIES OVER €900,000 AS A PROPORTION OF ALL SPANISH PROPERTY SALES Q1 2012 - Q2 2015

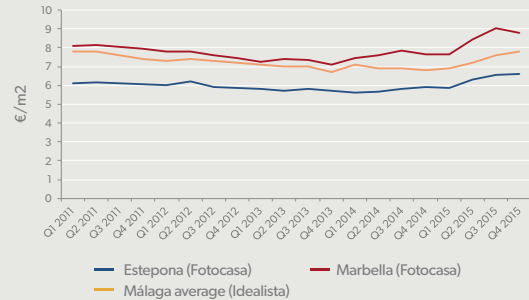
Source: Spanish Department of Development





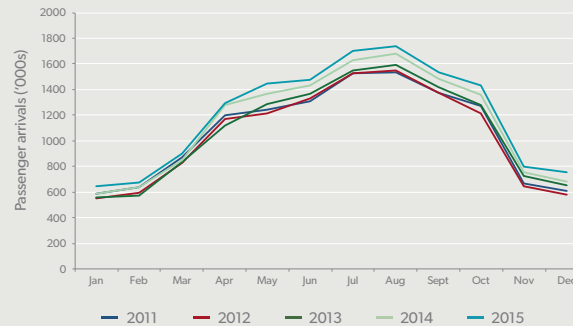
**MARBELLA AVERAGE PROPERTY RENTAL PRICES
Q1 2011 – Q4 2015**

Source: Idealista.com, Fotocasa.es



**PASSENGER ARRIVALS AT COSTA DEL SOL-MALAGA AIRPORT
2011 - Q4 2015**

Source: Aena-aeropuertos.es



MARBELLA RENTAL MARKET

Average rental prices in Estepona and Marbella rose substantially in 2015, reflecting a similar trend across all of the Malaga region.

Marbella ended the year on €8.81 per square metre, up by 15% over end of 2014 average prices. Average rental prices in Estepona were €6.59 by the end of the 2015. Across the Malaga coastal region, average rental prices commanded €7.80 per square metre by the end of the year, up from the end of 2014 average price of €6.80. Average rental prices in Marbella, Estepona and across the Malaga region have been growing fairly consistently since the third quarter of 2013.

A new rental law similar to that in Barcelona is set to be passed in Andalucia by the end of 2016, imposing greater regulations on the market. This is likely to have a significant impact on the rental market, particularly on price and the number of rental properties available.

TOURISM

Airport arrival data is a strong indicator of international demand for properties in the Marbella region. Passengers arriving at Costa del Sol-Malaga airport in 2015 rose by 4.8% over 2014, making 2015 another record-breaking year after a consistent increase every year in airport arrivals since 2011.

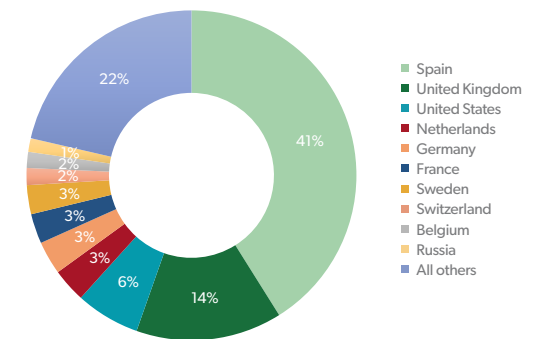
In 2015, passenger arrivals to Malaga airport reached over 14.4 million.

WEBSITE INTEREST

This year, interest in Marbella property has been split between a growing domestic market and the continued strong UK, Central and Northern European interest, with an increase in US interest and a drop in the number of Russian visitors.

**INTEREST IN MALAGA PROPERTY:
COUNTRY OF ORIGIN, 2015**

Source: Lucas Fox website data





LUCAS FOX PREDICTS

"The outlook for the rest of 2016 continues to be very promising for Marbella and, with the increasing shortage of quality properties, we expect prices to continue to slowly increase. We predict that the biggest growth will be in the surrounding areas close to Marbella, such as Estepona and Mijas Costa, where the new projects offer greater value for money."

Stephen Lahiri, Lucas Fox Marbella

PREDICTIVE TREE MODEL

by BigML Software

Based on trends emerging over the past three years, if current growth rates in sales transaction levels and average property prices continue throughout 2016, property sales transactions in Marbella will increase to 2,244 transactions per month by the end of 2016, with average property prices across Marbella potentially increasing to €2,459 per square metre by the end of 2016.

IBIZA

SPAIN

OVERVIEW

BARCELONA

MARESME

SITGES

MADRID

VALENCIA

COSTA BRAVA

MARBELLA-
COSTA DEL SOL

IBIZA



**MARKET
OVERVIEW
AND FORECAST
FOR 2016**





IBIZA: MARKET OVERVIEW AND FORECAST FOR 2016

The island's idyllic combination of untouched countryside, jutting cliffs and sandy beaches with turquoise waters continues to attract more buyers year after year, securing Ibiza as an ever-popular investment and lifestyle destination. Lucas Fox Ibiza offers an unrivalled property portfolio on the island, from contemporary villas and chic seafront apartments to classic Ibicenco houses set in their own land. Discovering the untouched parts of Ibiza away from the crowds has become Lucas Fox Ibiza's priority providing exclusive properties in areas such as Els Cubells, Porroig, Cap Martinet, Talamanca and the more rustic north of the island including San Carlos, Sana Gertrudis and Santa Inés. The island continues to be popular with buyers from Northern Europe, particularly from the UK, Germany and Scandinavia and has also seen significant growth in interest from US investors in recent years.

*"THE ISLAND WAS BUSIER THAN
EVER DURING THE SUMMER, SEEING
UNPRECEDENTED LEVELS OF
INTEREST FROM AROUND THE GLOBE"*

*"...THERE HAS BEEN A HUGE SURGE IN
INTEREST FROM UK BUYERS IN ALL
CORNERS OF THE MARKET, ASSISTED
BY A STRENGTHENING UK ECONOMY."*



Jason Ham
Lucas Fox Ibiza

"2015 was a very positive year for both Lucas Fox and the property market on Ibiza as a whole, with the number of serious enquiries from overseas buyers, and consequently sales of all types of properties, breaking all records. The island was busier than ever during the summer, seeing unprecedented levels of interest from around the globe," explains Jason Ham of Lucas Fox Ibiza.

"Due to the continued strength of Sterling against the Euro for most of the back half of 2015, there was a huge surge in interest from UK buyers in all corners of the market, assisted by a strengthening UK economy, and confidence in Spain itself returning. London appears to be providing a constant train of high-end enquiries for Ibiza, and there have been many more long-term investors hunting around in addition to those looking for second home and lifestyle purchases."

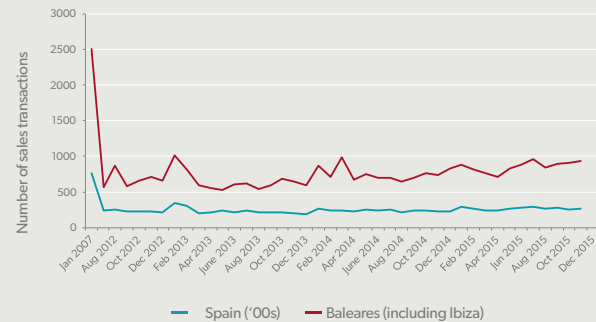
One of the biggest areas of demand has been for plots with licences to build villas or apartments, and older properties or ruins in need of renovation, even though these are now few and far between on Ibiza, especially as investors have quickly realised the almost complete lack of distressed or bank-repossessed properties on the market. Ibiza owners rarely need to sell, as the rental market is so strong and getting stronger year-on-year."

The British market (virtually 1 in every 3 or 4 enquiries), along with the Dutch, continue to dominate, but there is a real increase in serious enquiries and purchases from Americans, Scandinavians, Belgian and French clients, as well as the return of the Germans to the Ibiza market."



PROPERTY SALES TRANSACTIONS ACROSS THE BALEARIC ISLANDS, INCLUDING IBIZA, PEAK 2007 & Q3 2012 - Q4 2015

Source: Ine.es



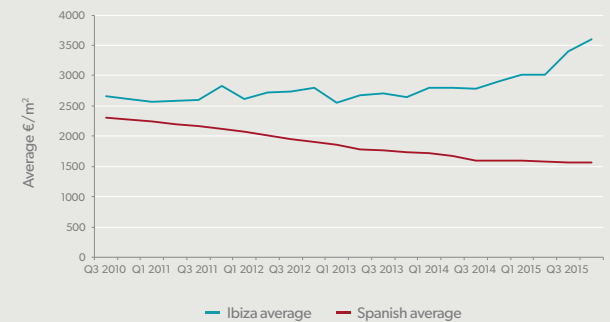
BALEARIC ISLANDS (INCLUDING IBIZA) NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS 2013 - Q3 2015

Source: Spanish Department of Development



IBIZA AVERAGE SALES PRICES Q3 2010 - Q4 2015

Source: Idealista.com



IBIZA PROPERTY TRANSACTIONS

While the Balearic property market (made up principally of Ibiza property transactions) has followed national sales trends in terms of numbers of transactions and level of property trading since 2007, from August 2014, the Balearic/Ibiza property market has seen a sharpening move away from national trends to represent its own, unique property market. Since the third quarter of 2014, the Balearic and Ibiza property market has seen a much faster growth in levels of property trading, with greater demand and sales levels on average than is visible for Spain as a whole.

In the 11 months of 2015 for which data is available, property trading across the Balearic Islands averaged 856 sales per month, the majority in Ibiza, up over 100 sales per month from an average of 746 for the same time period in 2014.

TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

Transaction value of purchases in the Balearic Islands (predominantly in Ibiza) have been at their highest levels of the past three years and in the first three quarters of 2015 property purchases made by foreigners increased by 49% compared to the same period in the previous year. Total transaction value of new and second hand properties purchased by foreign residents in the first three quarters of 2015 totalled €9.33 million (€3.06 million higher than for the first three quarters of 2014).

IBIZA PROPERTY SALES PRICES

National average property prices began to level off in 2015, with average prices declining by less than €8 per square meter each quarter throughout 2015. By contrast, Ibiza has seen continued and growing average price increases since the start of 2013. Average prices show the island's capital of Ibiza reached €3,594 per square metre by the end of 2015, up from €2,909 per square metre at the end of 2014, an annual growth rate of 23.6%. This doubled the growth rate of the previous year, which had an annual variation of 9.73% between end of 2013 and end of 2014. Average prices in Ibiza are currently €2,031 per square metre above the national average.



BALEARIC MIDMARKET PROPERTY TRANSACTIONS

While sales transactions for mid-market properties (valued at between €450,000 and €900,000) in Ibiza follow national trends, the Balearic Island makes up a substantial proportion of national sales. In the first half of 2015, for which data is currently available, 11% of all midmarket property transactions in Spain occurred in the Balearic Islands, predominantly Ibiza. This is up from the Balearic Islands making up 9.6% of the mid-level property market in all of 2014.

IBIZA PRIME PROPERTY MARKET

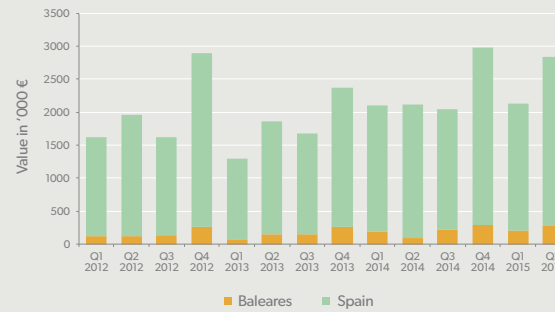
Trading of prime market properties continues to increase across the Balearic Islands, with the majority of sales occurring in Ibiza. In the first half of 2015, there were 125 properties sold valued at more than €900,000, 33 more property sales than in the corresponding period in 2014, now representing 16% of all sales of prime market properties in Spain in the first half of 2015.

Continuing a trend first observed in 2014, some Ibiza buyers are entering the market to purchase properties as their primary residence. Prior to 2014, Lucas Fox data showed that the market was made up solely of investment and holiday home buyers. However, while this new market of buyers has entered, the majority (83.3%) of buyers are still seeking to purchase a holiday home on the island.

2015 continued to see the bulk of prime market buyers coming from the United Kingdom, with Western European buyers in the Netherlands, France and Italy also purchasing properties. This is consistent with the demographics of buyers in previous years.

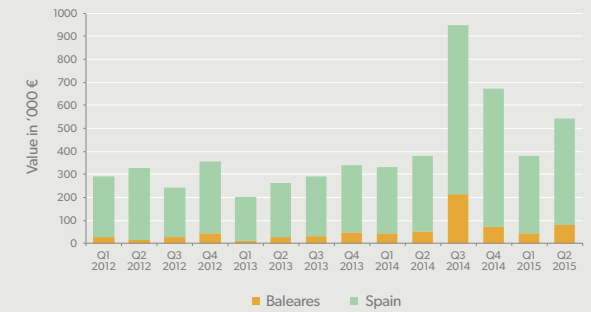
SALES TRANSACTIONS FOR PROPERTIES SOLD FOR BETWEEN €450,000 AND €900,000, Q1 2012 - Q2 2015

Source: Spanish Department of Development



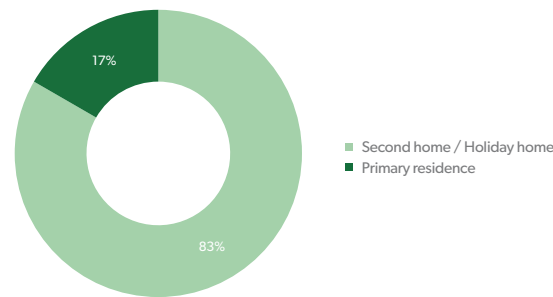
NUMBER OF SALES TRANSACTIONS FOR PROPERTIES OVER €900,000 AS A PROPORTION OF ALL SPANISH PROPERTY SALES Q1 2012 - Q2 2015

Source: Spanish Department of Development



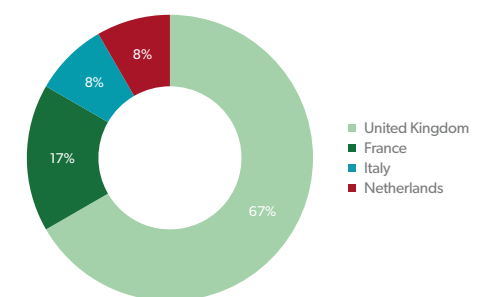
IBIZA PRIME MARKET BUYER MOTIVATIONS 2015

Source: Lucas Fox sales data



IBIZA PRIME MARKET PROPERTY BUYERS: COUNTRY OF ORIGIN 2015

Source: Lucas Fox sales data





WEBSITE INTEREST

Interest in Ibiza properties on the Lucas Fox website has remained fairly consistent over the past three years, and, for the most part, mirrors buyer demographics, although in the last two years, a substantial level of interest from Spanish visitors has emerged. Apart from this, the majority of interest in Ibiza properties matches the prime market buyer countries of origin. A third of all interest in Ibiza properties comes from UK and Western Europe, with 4.2% of global interest coming from the US, a small proportion from Scandinavian countries and 14.6% from the rest of the world.

IBIZA RENTAL MARKET PRICES

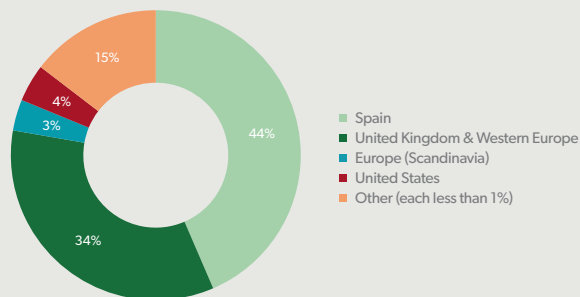
Ibiza rental averages continue to follow an annual summer trend, where demand increases across the middle of the year, driving up averages in Q2 and Q3. However, peak rental averages across the summer months continue to increase each season. In 2015, average rental prices were at their highest in Q2, when properties were being rented for an average of €15.14 per square meter, an 8.92% increase over 2014 summer average rentals.

TOURISM

Airport passenger arrivals data is a strong indication of international interest in Ibiza, as almost all airplane travellers to the island arrive from international destinations. This year again saw an increase in airport passenger arrivals, with a 4.3% increase over 2014 airport arrivals. Passenger arrivals were higher every month this year over the corresponding months in 2014, which in turn were higher every month of the year over 2013 figures.

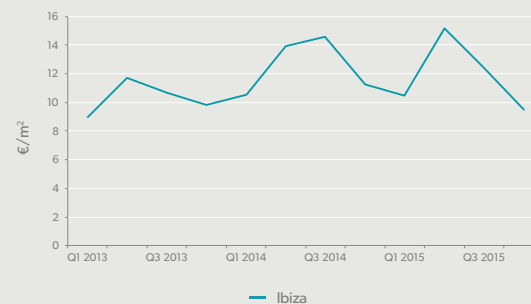
INTEREST IN IBIZA PROPERTY: COUNTRY OF ORIGIN 2015

Source: Lucas Fox website data



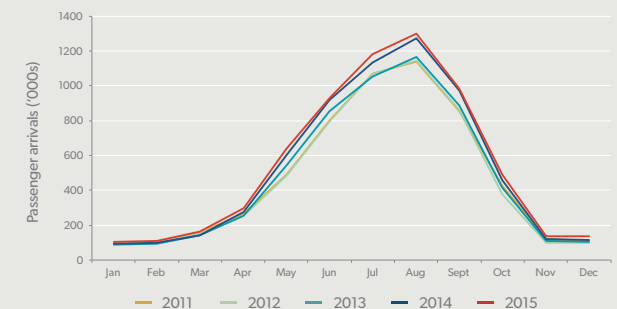
IBIZA AVERAGE RENTAL PRICES Q1 2013 - Q4 2015

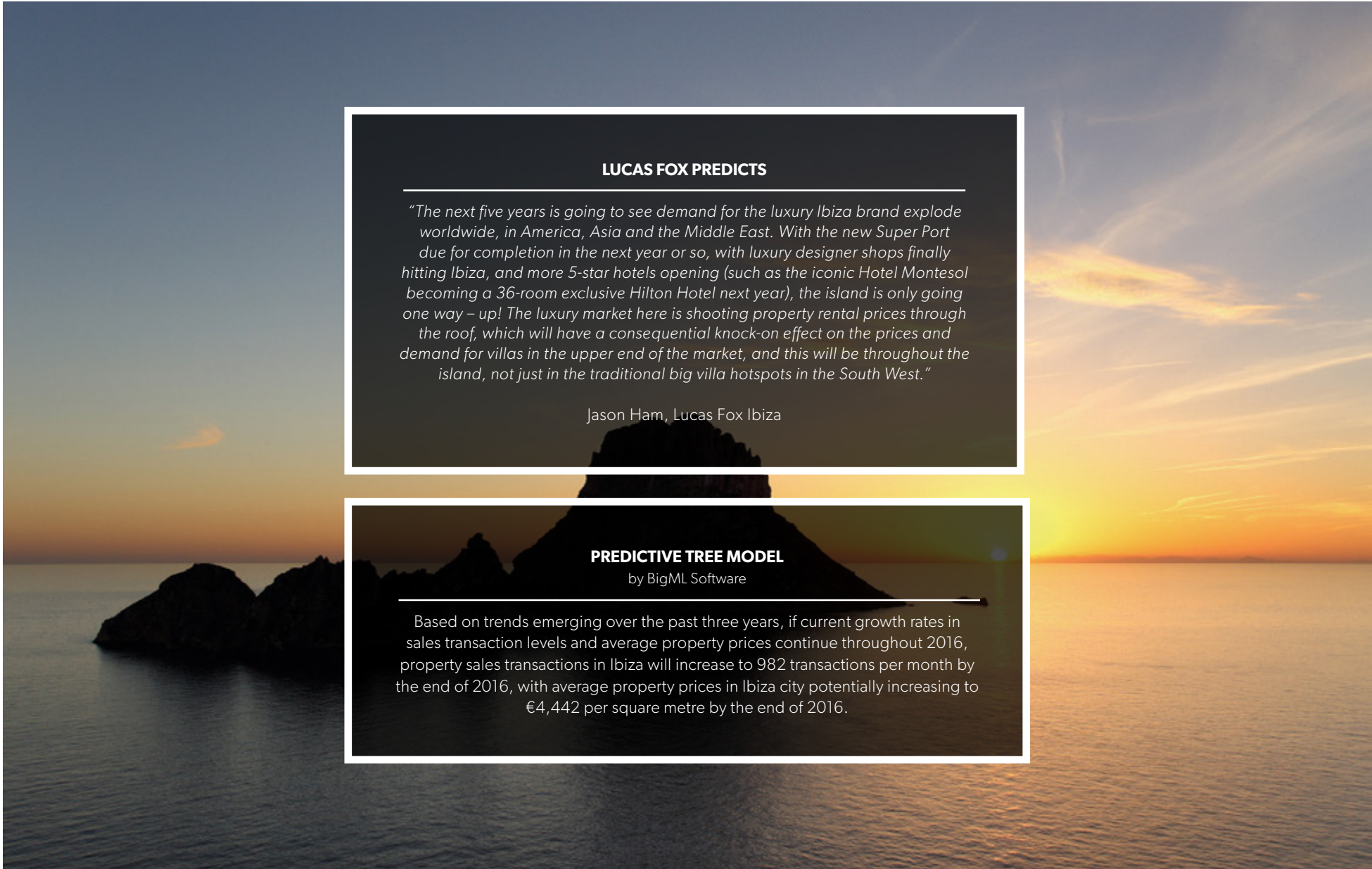
Source: Fotocasa.es



IBIZA AIRPORT PASSENGER ARRIVALS 2011 - Q2 2015

Source: Aena-aeropuertos.es





LUCAS FOX PREDICTS

“The next five years is going to see demand for the luxury Ibiza brand explode worldwide, in America, Asia and the Middle East. With the new Super Port due for completion in the next year or so, with luxury designer shops finally hitting Ibiza, and more 5-star hotels opening (such as the iconic Hotel Montesol becoming a 36-room exclusive Hilton Hotel next year), the island is only going one way – up! The luxury market here is shooting property rental prices through the roof, which will have a consequential knock-on effect on the prices and demand for villas in the upper end of the market, and this will be throughout the island, not just in the traditional big villa hotspots in the South West.”

Jason Ham, Lucas Fox Ibiza

PREDICTIVE TREE MODEL

by BigML Software

Based on trends emerging over the past three years, if current growth rates in sales transaction levels and average property prices continue throughout 2016, property sales transactions in Ibiza will increase to 982 transactions per month by the end of 2016, with average property prices in Ibiza city potentially increasing to €4,442 per square metre by the end of 2016.



BARCELONA

COSTA BRAVA

GIRONA

IBIZA

MADRID

MALLORCA

MARBELLA-COSTA DEL SOL

MARESME COAST

SEVILLE

SITGES

VALENCIA

ANDORRA

PORTUGAL

LUCAS FOX HEAD OFFICE

Pau Claris, 108. Principal. 08009 Barcelona, Spain · CIF: B64125438

T (+34) 933 562 989 · F (+34) 933 041 848 · E info@lucasfox.com

WWW.LUCASFOX.COM

