



MARKET
REPORTS
Q3 & Q4 2014



LUCAS FOX
INTERNATIONAL PROPERTIES

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LUCAS FOX
INTERNATIONAL PROPERTIES

**MARKET
REPORTS
Q3 & Q4 2014**

EXCEPTIONAL PROPERTIES
IN EXCLUSIVE LOCATIONS

BARCELONA • COSTA BRAVA • GIRONA
IBIZA • MADRID • MALLORCA • MARBELLA
MARESME COAST • SEVILLE • SITGES
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EXECUTIVE SUMMARY

OVERVIEW OF SPANISH PROPERTY MARKET

- While the property market has seen prices drop 40% in most regions since 2007, a slow recovery is evident, with trading incrementally picking up and prices in Spain's prime residential property markets beginning to stabilise.
- International currency exchange rates are helping with the sale of Spanish property to international buyers. The Euro has reached a seven-year low against the British pound and an eleven-year low against the US dollar. The unpegging of the Swiss franc against the Euro also saw the Swiss franc rise substantially in 2014. These three financial drivers are expected to bring more UK, US and Swiss buyers to the market in 2015.
- 2014 saw Spain's best economic growth since 2007, with GDP rising 0.7% in the final quarter of the year and national consumer prices falling 1.4% in the past twelve months.
- Construction of new residential property remains minimal in most regions, meaning that new properties and high quality refurbished works are in the highest demand. The better new developments that are coming to market are once again starting to be purchased off plan at asking prices.



BARCELONA OVERVIEW

- 2015 is expected to be the most significant year of recovery for the prime residential property market in Barcelona in the past seven years. Prices have stabilised in the past twelve months, and growing international interest and the return of national buyers is impacting on demand.
- Sales prices for all of Barcelona averaged €3,188 per square metre by end of 2014. The more prestigious, luxury districts of Eixample and Zona Alta ended the half-year with the highest average sales prices at €3,640 and €4,119 per square metre respectively.
- Prime residential property sales prices for all of Barcelona city averaged €4,268 per square metre at the end of 2014.
- The number of transactions in 2014 increased over 2013, with more properties above €1 million selling than in the previous year.
- Demand for new build property in Barcelona currently outstrips supply and there is no or very little margin for negotiation



COSTA BRAVA OVERVIEW

- Foreign investment in residential property has grown significantly. In 2010, foreign investment in new housing properties accounted for 9% of the market. In 2014, foreign investment represented 26% of the market.
- Price movement in the prime residential property market for the Costa Brava region is not expected in 2015. However, sales volume is predicted to increase particularly in the coastal areas around Begur including Aiguablava, Tamariu, Calella and Llafranc – traditionally a very popular area for mid to high-end British and northern European buyers.
- Costa Brava average sales prices varied from €1,248 per square metre in Cadaques in the region's far north to €2,474 per square metre for properties in the desirable Platja d'Aro region. Overall, average prices for Costa Brava properties are slowing in their rate of decrease.



MARESME OVERVIEW

- While Russian buyers of prime residential property on the Maresme Coast are not expected in 2015, an increase in interest from Northern European buyers, especially from the UK and Scandinavian countries, is expected.
- The majority of prime residential market property buyers on the Maresme Coast were purchasing properties for their private use, either as a primary (40%) or secondary residence (60%).
- Greater numbers of enquiries from local buyers are expected during 2015 as the Spanish economy continues its revival and banks start approving increased numbers of mortgages.



SITGES OVERVIEW

- Sitges prime residential market property prices are expected to remain stable through 2015 as most owners have already readjusted prices to sellers' expectations.
- Sitges average sales prices ended 2014 at €3,296 per square metre. By the final quarter of 2014, Sitges average property prices had risen again compared with the Barcelona average, ending the year €108 per square metre higher than the Barcelona average. The final two quarters of 2014 saw average sales prices rise in Casteldefells and Sitges and drop slightly in Gava.
- The Sitges prime residential property market saw increased activity in 2014, with most transactions occurring in the lead-up to the summer months so that buyers can enjoy their new property in the middle of the year.



IBIZA OVERVIEW

- Along with slight price increases, Ibiza also saw a 10% increase in prime residential property buyer interest, a trend that is expected to continue in 2015.
- Sales trading in the Balearic islands (which includes Ibiza) has shown a more robust incremental increase in sales activity for the past year than is evident in the Spanish overall property market.
- While national averages of property prices continued to decline slightly throughout 2014, average prices in Ibiza rose slightly. Average prices show the island's capital of Eivissa reached €2,909 per square metre by the end of 2014, up from €2,651 per square metre at the end of 2013.
- Ibiza saw the majority of sales activity in the second quarter of 2014, transacting close to 10 million Euros (9.35 million) in the quarter. While the majority of prime market buyers sought a holiday home property, close to a third (28.6%) of purchases were for use as an investment property.
- Foreign investment in residential property has grown steadily. In 2010, foreign investment in new housing properties accounted for 18% of the market. In 2014, foreign investment represented 32% of the market.



MARBELLA OVERVIEW

- Marbella residential property has seen strong growth in foreign property ownership. In 2010, foreign investment in new housing properties accounted for 12% of the market. In 2014, foreign investment represented 35% of the market.
- One of the primary changes in Marbella's 2014 prime residential property market buyers is the profile of buyers, which has evolved from predominantly retirees to a much more dynamic, younger buyer. The average age of buyers has dropped to the late 40s to 50s, whose focus is on quality, style, accessibility, services, security and privacy.
- Amongst foreign buyers resident in Spain, transaction value of purchases made across the Malaga region (which includes Marbella) increased for each quarter in 2014 over 2013 levels.
- Key luxury districts across the Marbella region remained steady in average property prices between the end of 2013 and the end of 2014. The exclusive zone of Benahavis ended 2014 on €1,830 per square metre. Marbella rose in average prices to €2,307 per square metre.



VALENCIA OVERVIEW

- It is expected that during 2015 prices across the residential property market in Valencia will remain stable as they have done over the last 6 months. In the most sought-after areas of the city, a slight rise in prices ranging between 1% and 3%, is expected.
- Although the number sales transactions of second-hand properties in Valencia has dropped significantly since 2007, sales trading has seen increases each year since 2012 with a 31% increase in the number of sales of second-hand properties trading in 2014 over 2013 levels.
- Valencia average sales prices have been steady in 2014, with average prices in the Old Town (Ciutat Vella) maintaining at €2,158 per square metre by the end of 2014.



MADRID OVERVIEW

- 2014 was a year of stability and growth for the prime residential property market in Madrid, with prices expected to have bottomed out.
- Total sales value of transactions in the first three quarters of 2014 was higher than the corresponding quarters of 2013. The total transaction value of sales of new property in Madrid, totalled €787.1 million (compared with €496.5 million for the corresponding period in 2013).
- Amongst foreign buyers resident in Spain, transaction value of purchases increased each quarter in 2014 over 2013 levels. Total purchase value of property transactions in the Madrid region by international investors exceeded 419 million Euros in the first three quarters of 2014.
- Madrid centre saw some price corrections in the third quarter of 2013, and has since steadied in price, maintaining an average price of €3,285 per square metre by the end of 2014. The affluent districts of Chamberi and Salamanca both saw slight price increases over the end of 2013 levels, at €3,260 per square metre and €4,138 respectively.



BARCELONA

OVERVIEW

BARCELONA

COSTA BRAVA

MARESME

SITGES

IBIZA

MARBELLA

VALENCIA

MADRID



**MARKET
OVERVIEW
AND FORECAST
FOR 2015**





BARCELONA: MARKET OVERVIEW AND FORECAST FOR 2015

Following an active year of trading in Barcelona’s luxury prime residential property market in 2014, expectations are high that 2015 will continue to see growing international interest and returning national interest in this popular cosmopolitan city. Already lauded as one of the most-beloved international cities, with its mild Mediterranean climate, excellent public infrastructure, an ever-growing international airport gateway and a growing commercial centre, Barcelona is continuing to attract overseas buyers who see the long-term potential of investing in the city.

The Euro reaching a 7 year low against the pound and an 11-year low against the dollar is expected to be a catalyst for a spending spree from UK and US buyers over the next few months, as well as increasing numbers from The Middle and Far East. Due to the Rouble crisis, the number of Russian buyers is expected to dwindle.

Lucas Fox co-founder Alexander Vaughan comments : “Prices have fallen by up to 40% in some areas of the city but, in the last 12 months, these prices have stabilised. Some recent figures suggest that, in some of the most desirable areas of the city such as Eixample and the beachfront, prices for the best properties are starting to creep up again. The key change in the Barcelona Residential market during 2015 will be the return of quality new build residential developments which have not been seen on the market for several years and where demand currently outstrips supply.”

“...THE KEY CHANGE IN HOMES AVAILABLE IN BARCELONA DURING 2015 WILL BE THE RETURN OF QUALITY NEW DEVELOPMENTS WHICH HAVE NOT BEEN SEEN ON THE MARKET FOR SEVERAL YEARS AND WHERE DEMAND CURRENTLY OUTSTRIPS SUPPLY.”

“WE SEE 2015 AS THE RECOVERY YEAR FOR THE SPANISH PRIME RESIDENTIAL PROPERTY MARKET, DRIVEN MAINLY BY INCREASING NUMBERS OF OVERSEAS BUYERS. WE EXPECT THAT THOSE WHO WERE DETERRED BY FALLING PRICES DURING THE PAST 7 YEARS OR SO, WILL ENTER THE MARKET, ENTICED BY SOME REAL OPPORTUNITIES.”

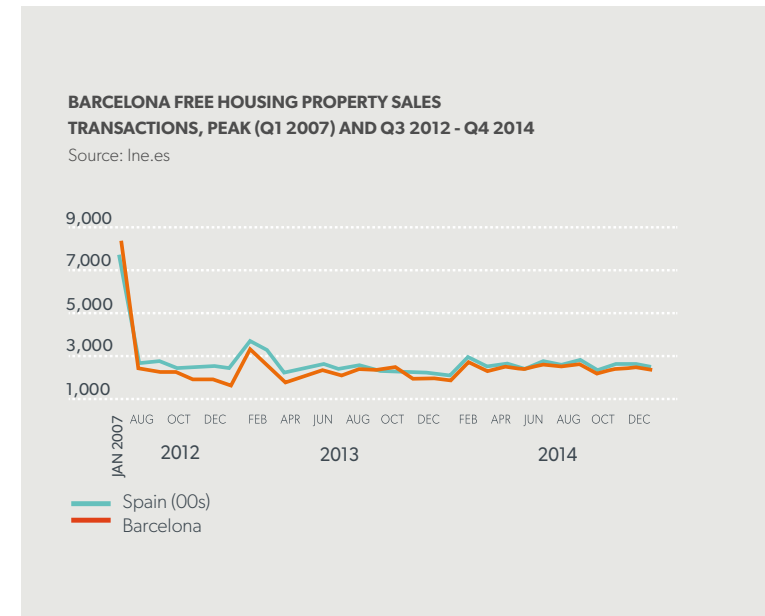


Alexander Vaughan
Lucas Fox Co-Founder and Director of Barcelona Sales

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 Spain have decreased significantly, although a steady increase is observable throughout 2014 over 2013 and 2012 transaction levels.

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 2014, total sales in Barcelona averaged 2,246 transactions per month, with May 2014 showing particularly strong trading.



TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

Amongst foreign buyers resident in Spain, transaction value of purchases overall increased in 2014 over 2013 levels. While data is not yet available for the final quarter of the year, it appears that 2014 will follow a continued pattern of increasing levels of the value of overall property transactions, with purchases of new properties making up only a small amount of overall trading, due to the absence of available new stock. Total purchase value of property transactions for the first three quarters of 2014 exceeded 700 million Euros.

Total sales value of transactions in the first three quarters of 2014 was higher than corresponding quarters in 2013. In the three quarters of 2014 (for which data is available), total transaction value of sales of new property in Barcelona, totalled €498.2 million (compared with €444.1 million for the corresponding period in 2013).

BARCELONA PROPERTY SALES PRICES

Sales prices for all of Barcelona averaged €3,188 per square metre by end of 2014. The districts of Eixample, and Zona Alta (Les Corts and Sarrià-Sant Gervasi) ended the half-year with the highest average sales prices, at €3,640 and €4,119 per square metre respectively. In the majority of cases in Barcelona's districts, data shows that the market has bottomed out and in some prime residential areas, prices are showing a slight increase.

BARCELONA PRIME RESIDENTIAL PROPERTY MARKET

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

While the number of annual sales of prime market properties is often stifled by the lack of available stock, the number of transactions in 2014 increased over 2013, with more properties

above €1.05 million selling than in the previous year. Figures for the full 2014 are expected to be even higher as current data represents the first three quarters of the year only.

Foreign investment in residential property has also grown significantly. In 2010, foreign investment in new housing properties in Barcelona accounted for just 3.35% of the market. In 2014, foreign investment represented 12% of the market.

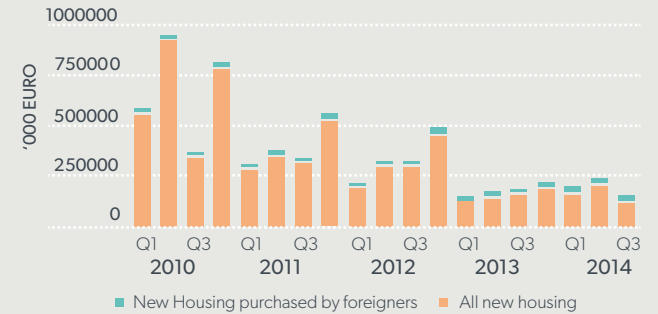
It is difficult to calculate average prices for prime residential property in Barcelona, as the stock sold varies widely, from un-renovated apartments with no terrace in key luxury districts to newer penthouses in beachfront apartment complexes.

However, some trends can be identified in sales data from Lucas Fox prime residential sales transactions over the past two years. In general, prime market average property prices grew for the eighteen months from Q1 2013 to Q2 2014, with the last two quarters showing some price corrections as average property prices steadied in the second half of 2014. Overall, prime market average property prices grew for the eighteen months from Q1 2013 to Q2 2014, with the last two quarters showing some price corrections as average property prices steadied the gap between asking and sales price narrowed.

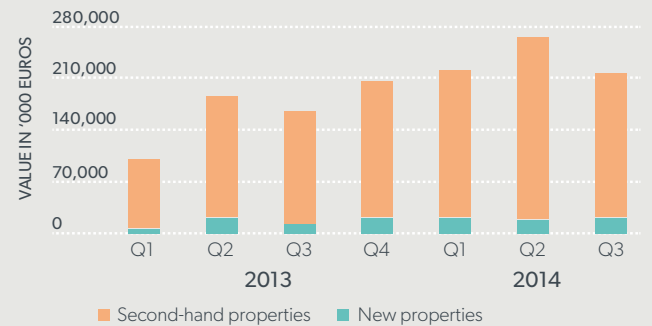
Prime property sales prices for all of Barcelona city averaged €4,268 per square metre at the end of 2014.

In 2014, the bulk of prime market property purchases in Barcelona were for investment use (38.9% or 2 in 5 purchases). We should clarify that in the main part these clients are "lifestyle investors", who want to use the property transactions at some stage but are looking to either buy a property to which they can add value, achieve a rental income or looking at the potential of medium term capital growth. This should be contrasted against 2013 where the bulk of property purchases were for private use as a primary or secondary residence.

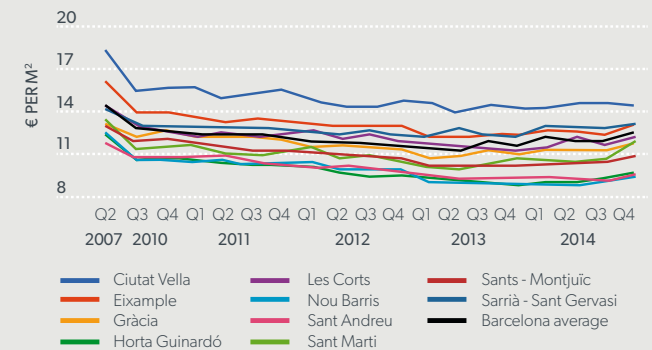
VALUE OF SALES TRANSACTIONS FOR NEW RESIDENTIAL PROPERTIES IN BARCELONA, Q1 2010 - Q3 2014 / Source: Spanish Department of Development



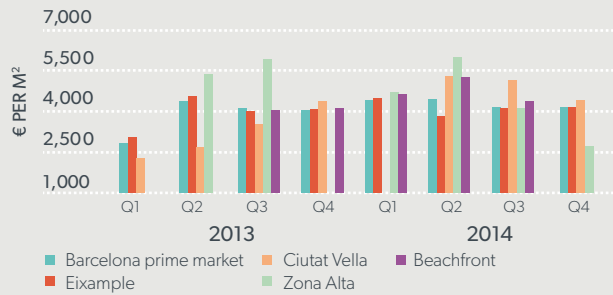
BARCELONA NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS, Q1 2013 - Q3 2014 / Source: Spanish Department of Development



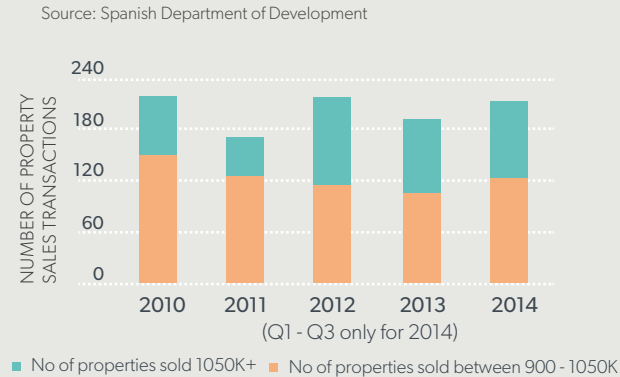
BARCELONA AVERAGE PROPERTY SALES PRICES, PEAK (Q1 2007) AND Q3 2010 - Q4 2014 / Source: Idealista.com



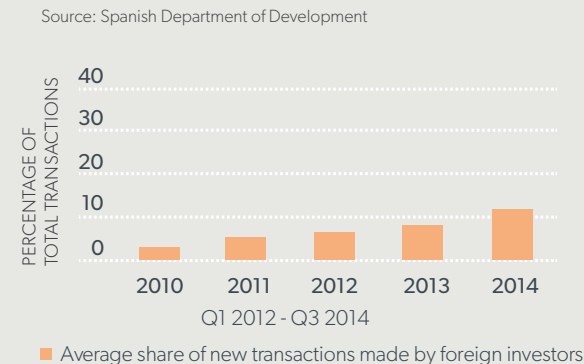
BARCELONA PRIME MARKET AVERAGE SALES PRICES, Q1 2013 - Q4 2014 / Source: Lucas Fox sales data



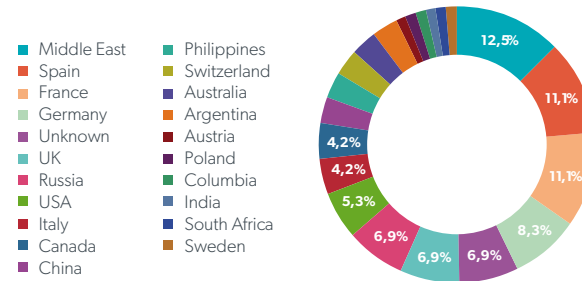
NUMBER OF SALES TRANSACTIONS FOR RESIDENTIAL PROPERTIES SELLING FOR MORE THAN €900,000 IN BARCELONA, 2010 - Q3 2014 / Source: Spanish Department of Development



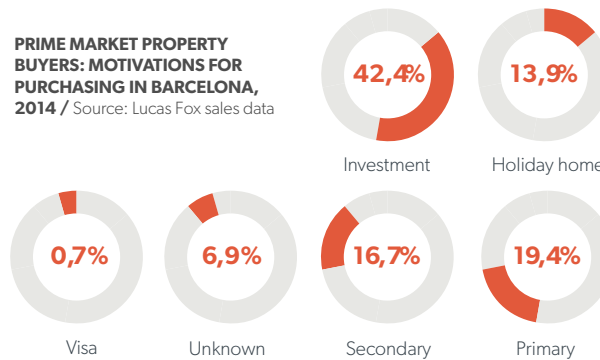
PERCENTAGE OF BARCELONA NEW PROPERTIES BEING BOUGHT BY FOREIGNERS, 2010 - Q3 2014 / Source: Spanish Department of Development



BARCELONA PRIME MARKET INTERNATIONAL BUYERS 2014, COUNTRY OF ORIGIN / Source: Lucas Fox sales data



PRIME MARKET PROPERTY BUYERS: MOTIVATIONS FOR PURCHASING IN BARCELONA, 2014 / Source: Lucas Fox sales data



TOURISM AND FOREIGN INVESTMENT

The countries of origin of international buyers of Barcelona prime residential properties have been evolving over the past two years. While UK and Northern European buyers from Germany and France continue to purchase prime properties, interest from other key non European markets has fluctuated each quarter in 2014. The number of purchases by Russian clients has slowed, while the number of transactions with Middle East, Asian and US clients have increased again. The Middle East, China, Australia and Switzerland remain particularly strong new growth markets, with Middle East buyers accounting for 12.5% of all purchases in 2014.

NEW BUILD DEVELOPMENTS IN BARCELONA IN 2014

As in most areas of Spain, in the period 2007 to 2014 very few new developments came onto the market. Those properties that did come onto the market were either (1) those that had been completed and taken over by the banks, eg Illa del Mar in Diagonal Mar which sold out in 2013, or (2) developments that were finished in this period by solvent developers. In the case of (1) these properties were sold at a significant discount from original asking prices, in the case of (2) most solvent developers maintained the original asking prices that resulted in a very slow velocity of sale.

Since the start of 2014 there has been a huge amount of investment in residential property in Spain by institutional investors, largely US funds. These investors have either bought half finished development properties or land from the banks, or have increasingly teamed up with local developers to create their own new developments. There are a number of prime residential new developments in the pipeline that should come onto the market in 2015 but so far new build properties in Barcelona's prime property market remain elusive.

"We currently have a waiting list for certain classes of properties, especially city centre apartments of approx. 200m2 in the €800k to €1.5m range. Any good apartments that come onto the market and are priced correctly get snapped up within maximum 1 month" comments Alexander Vaughan, Lucas Fox Founding Partner.

"In 2014 most developers of new build property offered no margin to negotiate on asking prices" adds Vaughan. "There is a higher demand at present than there was at the same period of last year and there are even less new build properties in developments available. The main issue with Barcelona city new developments to date has been that few developers have not achieved the quality of finishes that most customers expect and we think this will be the defining factor that enables developers to increase sales velocity and unit prices."

What remains to be seen is the quantity of prime new build residential properties that the market can absorb and also the

premium that buyers are willing to pay for new development properties given that many of the developers are aiming for sale prices that are considerably in excess of current average sale prices. The situation should be clearer by the end of 2015.

Lucas Fox successfully sold units in several new developments through 2014:

BAILEN PROMOTION

Medium quality apartments with period features in prime location of the Eixample, sold for around 4.800-5.000 Eur/m². 5 sales were able to close in less than two months from signing the sales mandate.

GIRONA PROMOTION

Medium quality apartments in prime Location of the Eixample. With six Months, half of the promotion was sold. Sales prices ranged from 475,000 Eur to 850,000 Eur (Penthouse).

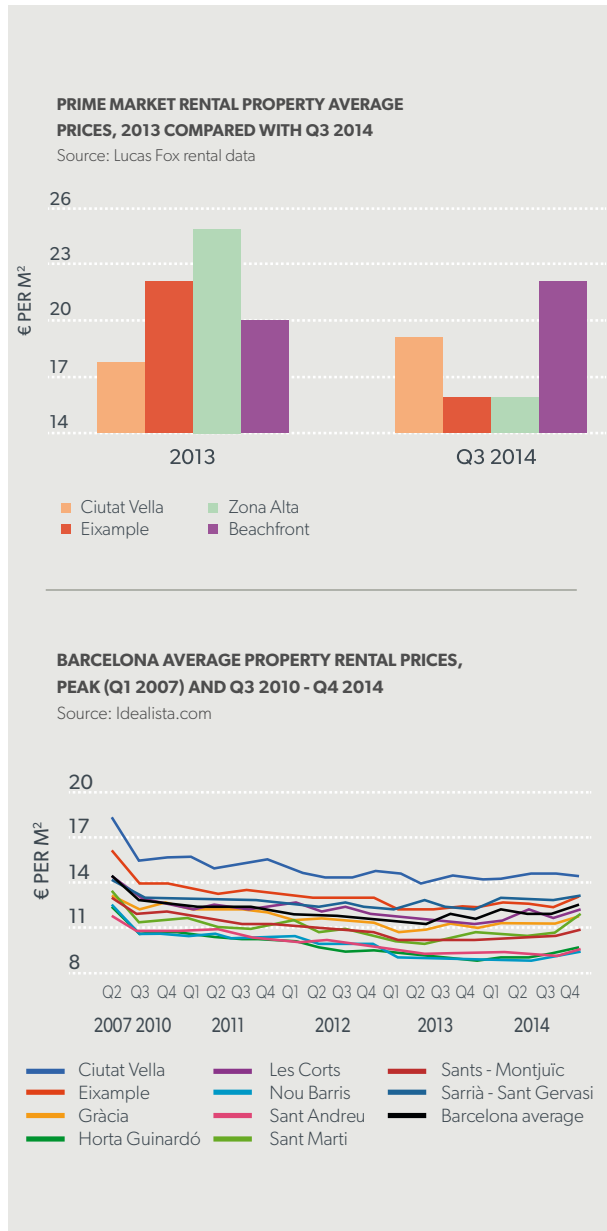
DIPUTACIÓN PROMOTION

Medium size apartments (100m² plus) with high end finishes in prime locations were well priced at 6,300 Eur/m² and all units were sold off plan prior to starting construction. There was a high demand for these properties due to their price, location and excellent finishes.

BARCELONA PRIME PROPERTY RENTAL MARKET

Beachfront rental properties saw the greatest climb in average rentals in 2014, ending the third quarter on €22 per square meter, up from €20 per square meter in 2013. Ciutat Vella also increased by €1 to end the third quarter on an average of €19 per square meter. Zona Alta and Eixample both fell significantly; both districts averaged €16 per square meter at the end of Q3 2014, which may be affected by reductions in demand following the summer months.

Calculations of gross rental yields for prime market properties were 4.32% in Ciutat Vella and 4.56% in Eixample.





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.

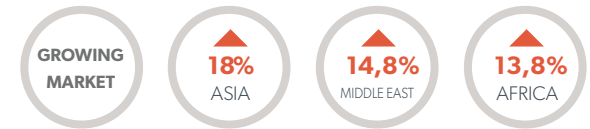
The number of foreigners staying in holiday apartments in Barcelona continues to grow year on year. The latest data available shows 577,440 foreign travelers stayed in holiday apartments in Catalonia, the vast majority in Barcelona, in 2014 (up until the end of November).

Airport arrivals data shows a similar trend. Monthly passenger arrivals at Barcelona's El Prat airport were higher for every month of the year over 2013 figures, an increase of 6.7% over passenger arrivals for 2013.

This means that for the first time ever, Barcelona's El Prat Airport handled over 37 million passengers in a year. This was mainly due to an increase in travellers from the European Union, which grew by 10.5%. Passengers from outside the EU grew by 6.6%, whilst domestic traffic rose 1%.

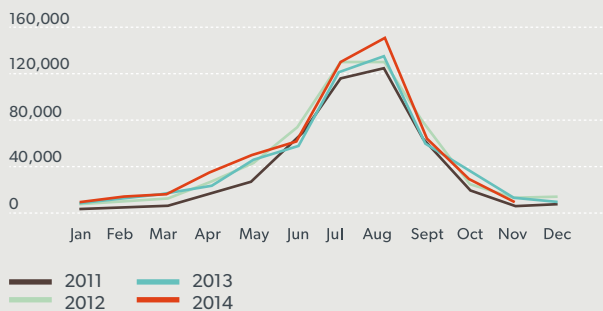
Growing markets included Asia (an increase of 18.4%), the Middle East (14.8%) and Africa (13.8%), while only the Russian market saw falls.

Foreign travellers with a primary destination in Catalonia - the majority coming to Barcelona - consistently accounted for 25% of all international tourists visiting Spain in each month of 2014. 2014 became another record-breaking year for foreign travel to Catalonia, with international tourism increasing by 7.6% over 2013.



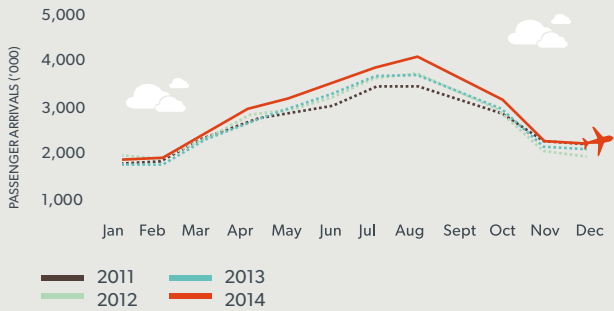
FOREIGN TRAVELLERS STAYING IN HOLIDAY APARTMENT ACCOMMODATION IN CATALONIA, 2011 - Q4 2014

Source: Ine.es



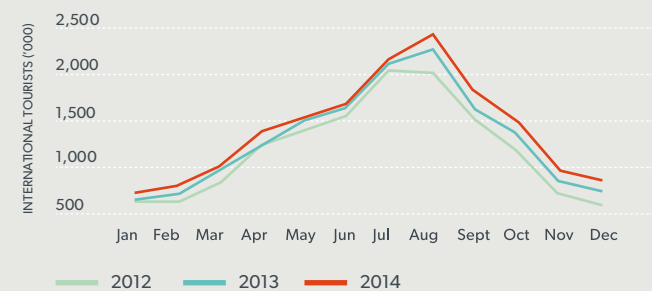
PASSENGER ARRIVALS AT BARCELONA AIRPORT, 2011 - 2014

Source: Aena-aeropuertos.es



FOREIGN TOURISTS WITH A PRIMARY TRAVEL DESTINATION IN CATALONIA (INCLUDING BARCELONA), 2012 - Q4 2014

Source: Lucas Fox sales data



COSTA BRAVA

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COSTA BRAVA

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**MARKET
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COSTA BRAVA: MARKET OVERVIEW AND FORECAST FOR 2015

With its access to Barcelona and northern Europe, its beautiful, unspoilt inland and coastal landscapes and its world renowned gastronomy, the Costa Brava continues to be a much sought-after destination for discerning international buyers seeking second homes in exclusive, tranquil and picturesque surroundings. The region boasts a superb transport infrastructure – including a high speed rail link, an international airport and an excellent road network, superb golf courses, numerous Michelin star restaurants and a wonderful year round climate, making it the chosen destination for buyers the world over. Northern European buyers have dominated the market for many years, and continued to do so in 2014, whilst parts of the coastline have also attracted investment from high end Russian investors in recent years.

“IT IS UNLIKELY THAT WE WILL SEE MUCH MOVEMENT IN PRICES IN THE COSTA BRAVA IN 2015 – THOUGH THE GAP BETWEEN ASKING PRICE AND SELLING PRICE SHOULD CLOSE FURTHER DURING THE COURSE OF THE YEAR”



Tom Maidment
Director of Lucas Fox
Costa Brava

Lucas Fox Costa Brava director Tom Maidment comments: *“Given the worsening economic situation in Russia and the Rouble’s continued struggles against the Euro, the number of Russian buyers will inevitably fall further. On the other hand, the strength of the GB Pound and the likelihood that it will strengthen further against the Euro should attract an ever greater number of British buyers to the market in 2015. Also, since the unpegging of the Swiss franc against the euro and its subsequent rise, we have already noticed an increase in the number of Swiss buyers coming into the market. Apart from this, more and more savvy purchasers are taking advantage of cheap mortgages to leverage their properties against a weakening euro. These factors should help make our market, in general, currently more attractive. Buyers will inevitably be looking for good deals in 2015, with a focus on reduced priced properties in prime locations, so we would expect some of the stock that has remained on the market for much of the property crash to finally sell this year as investors look to capitalise on the major price reductions.*

With the inevitable drop in Russian buyers and a greater number of British buyers, sales volume should increase in the coastal areas around Begur, including Aiguablava, Tamariu, Calella and Llafranc – traditionally a very popular area for mid- to high-end British and northern European buyers. The absence of Russian buyers may also result in a drop in prices of prime real estate in the southern areas of the Costa Brava, such as Blanes, Lloret de Mar and Tossa de Mar. The market in this area of the coast has been almost entirely driven by Russian investment over the past 2-3 years so the absence of Russian buyers in 2015 should have an impact on property prices in the prime coastal areas.

We may also begin to see the return of national buyers - and we have already seen signs of increased activity – though we don’t anticipate the domestic market to pick up in any kind of volume for at least another year.

The sale of inland properties and country estates in Girona province remains very slow with a limited number of transactions completed at the higher end of the market (€1,5m+). International buyers continue to drive the market with very little competition from local buyers. We have seen much less interest in recent years for large country properties and estates in the Girona region with buyers (particularly second home buyers) focusing more on coastal villas or small, more manageable sized inland properties with low overheads. This is a logical consequence of a market dominated by foreign, second home buyers so, until the national market returns in any volume, the inland sector is likely to continue to suffer with limited movement at the higher end of the market.”

COSTA BRAVA RESIDENTIAL PROPERTY SALES TRANSACTIONS

Costa Brava follows national trends in property trading, although for 2014, there is a greater uptick in sales transactions occurring in the region than is seen across the nation. This matches the experience at the Lucas Fox sales office, where properties on the Costa Brava gained more interest across the summer months amongst international buyers.

COSTA BRAVA PROPERTY SALES PRICES

Costa Brava average sales prices varied from €1,248 per square metre in Cadaques in the region's far north to €2,474 per square metre for properties in Platja d'Oro. Overall, average prices for Costa Brava properties are slowing in their rate of decrease, with Cadaques and L'Escala increasing in 2014 over end of 2013 prices.

PRIME RESIDENTIAL MARKET PROPERTY TRENDS IN COSTA BRAVA

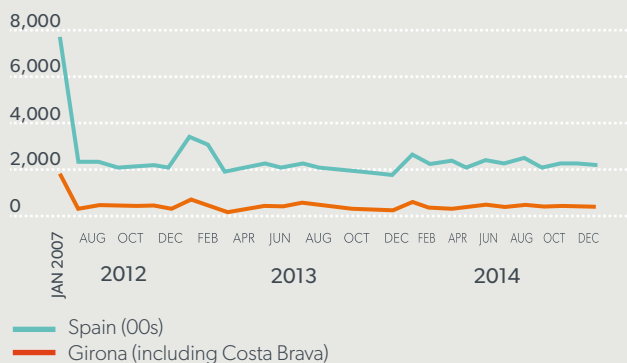
While prime residential market sales data for the Costa Brava region is not made widely available, sales of new housing and sales of new housing foreign investors are useful indicators of wider trends in the market.

COSTA BRAVA PROPERTY SALES PRICES

Costa Brava average sales prices varied from €1,248 per square metre in Cadaques in the region's far north to €2,474 per square metre for properties in Platja d'Oro. Overall, average prices for Costa Brava properties are slowing in their rate of decrease, with Cadaques and L'Escala increasing in 2014 over end of 2013 prices.

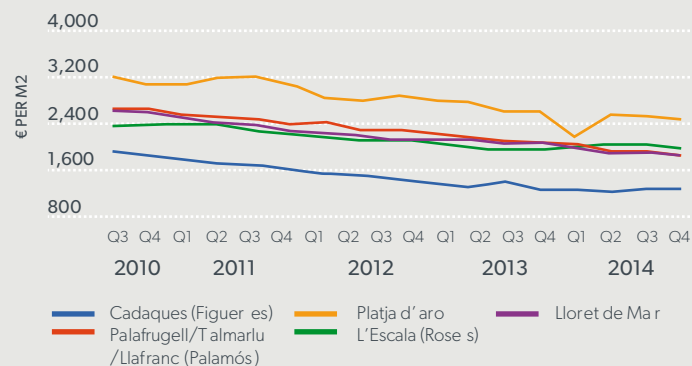
PROPERTY TRANSACTIONS OF FREE HOUSING FOR GIRONA INCLUDING COSTA BRAVA, PEAK (Q1 2007) AND Q3 2010 - Q4 2014

Source: Ine.es



COSTA BRAVA AVERAGE SALES PRICES, Q3 2010 - Q4 2014

Source: Idealista.com



PRIME RESIDENTIAL MARKET PROPERTY TRENDS IN COSTA BRAVA

While prime residential market sales data for the Costa Brava region is not made widely available, sales of new housing and sales of new housing foreign investors are useful indicators of wider trends in the market.

In the three quarters of 2014 (for which data is available), total transaction value of sales of new property in Girona (predominantly along the Costa Brava), totalled €124.7 million (compared with €158.7 million for the corresponding period in 2013).

The majority of prime residential property buyers are looking at Costa Brava as a second or holiday home, although 13.3% of buyers in 2014 purchased in the area for use as a primary residence. With a strong summer rental market and with property prices now stabilised but down by as much as 40% since the peak of the market in 2006/7, many buyers are looking at the region as a sound long term investment.

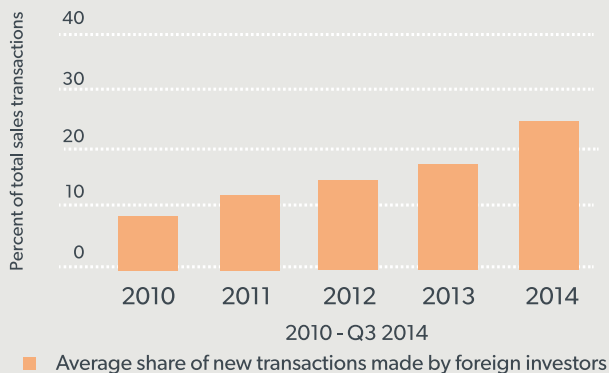
FOREIGN INVESTMENT

Foreign investment in residential property has grown significantly. In 2010, foreign investment in new housing properties accounted for 9% of the market. In 2014, foreign investment represented 26% of the market.

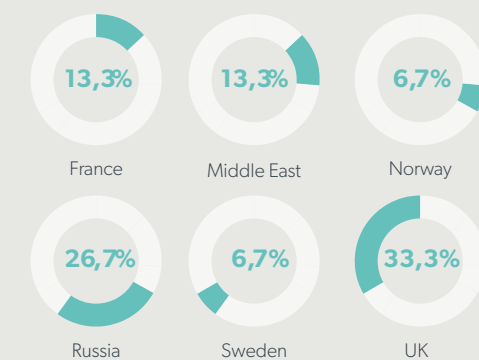
In 2014, the majority of Costa Brava prime residential property buyers were from the UK, France and Russia. Middle East buyers increased in 2014, while Russian buyers were strong in the first half of the year and less so in the final quarter of 2014.

SHARE OF SALES TRANSACTIONS FOR NEW RESIDENTIAL PROPERTIES IN GIRONA (INCLUDING COSTA BRAVA), Q1 2010 - Q3 2014

Source: Spanish Department of Development

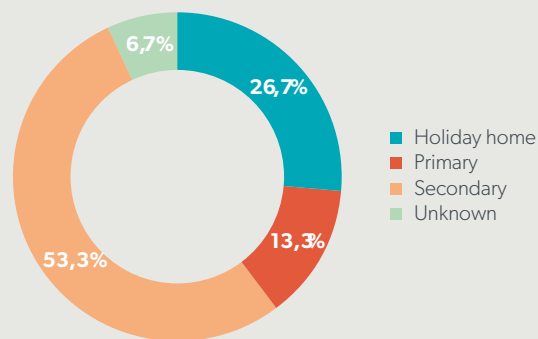


COSTA BRAVA PRIME MARKET INTERNATIONAL BUYERS: COUNTRY OF ORIGIN, 2014 / Source: Lucas Fox sales data



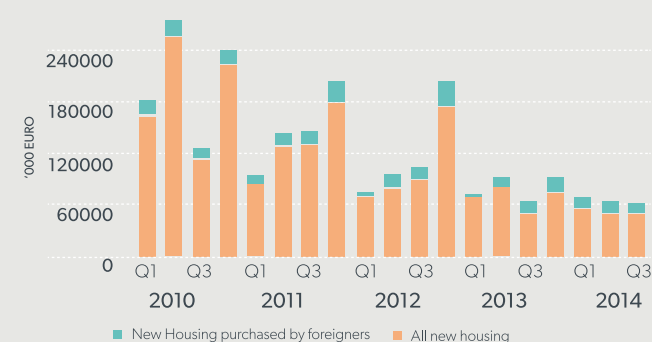
COSTA BRAVA PRIME MARKET BUYERS MOTIVATIONS, 2014

Source: Lucas Fox sales data



VALUE OF SALES TRANSACTIONS FOR NEW RESIDENTIAL PROPERTIES IN GIRONA (INCLUDING COSTA BRAVA), Q1 2010 - Q3 2014

Source: Spanish Department of Development



MARESME COAST

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BARCELONA

COSTA BRAVA

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MARESME: MARKET OVERVIEW AND FORECAST FOR 2015

The Maresme Coast, just north of Barcelona, continues to find a growing investor base amongst lifestyle buyers who want the best of coastal holiday properties with close city proximity to Barcelona. Access to international schools, golf courses, a growing boutique viticulture industry, 38km of beaches, several luxury urbanizations and superb access to Barcelona city continue to drive up international interest in the area. There are few locations on the Mediterranean that offer such a diverse lifestyle and the Maresme's exceptional quality of life is being increasingly recognised by international buyers. The number of ex-pats now living in some of the most desirable towns of the Maresme has increased by as much as 350% over the course of the past decade.

Lucas Fox Maresme director Tom Maidment comments: *"Below the range of €1.5m, we expect to see increased interest from Northern European buyers, especially from the UK and Scandinavian countries. The strength of the GB Pound and the unpegging of the Swiss franc is likely to attract ever greater numbers of British and Swiss buyers looking to take advantage of reduced property prices and favourable exchange rates. This is good news for properties priced between €400,000 and €1,300,000. We also expect to see greater numbers of enquiries from local buyers as the Spanish economy continues its revival and banks start approving increased numbers of mortgages."*

"IN 2014, 35% OF LUCAS FOX'S CLOSED TRANSACTIONS IN THE MARESME COAST WERE TO RUSSIAN BUYERS. CONSIDERING THE CURRENT ECONOMIC AND POLITICAL SITUATION IN RUSSIA AND UKRAINE, THE NUMBER OF BUYERS FROM THE REGION IS CERTAIN TO DECREASE IN 2015. WE HAVE ALREADY SEEN A SIGNIFICANT DROP IN THE LEVEL OF RUSSIAN ENQUIRIES AND VIEWINGS AND THIS COULD HAVE AN IMPACT ON PROPERTIES AT THE HIGH END OF THE MARKET (2M+)"



Rafael Rosendo
Director of Lucas Fox Maresme

MARESME PRIME RESIDENTIAL PROPERTY MARKET

The majority of prime residential property buyers on the Maresme Coast were purchasing properties for their private use, either as a primary (40%) or secondary residence (60%).

FOREIGN INVESTMENT

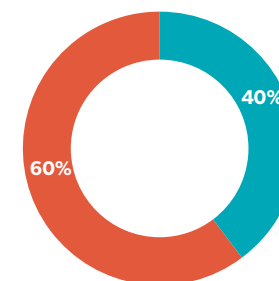
At Lucas Fox, clientele clients interested in buying in the Maresme area are predominantly foreign buyers.

In 2014, buyers were predominantly from Russia and the UK, with a small number of buyers from Europe and the Middle East.

MAIN MOTIVATION FOR BUYING PRIME MARKET PROPERTY: MARESME COAST, 2014

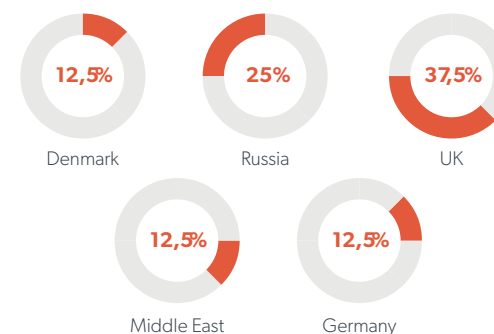
Source: Lucas Fox sales data

■ Primary residence
■ Secondary residence



COUNTRY OF ORIGIN: MARESME COAST PRIME MARKET BUYERS, 2014

Source: Lucas Fox sales data



SITGES



**MARKET
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SITGES: MARKET OVERVIEW AND FORECAST FOR 2015

With protected parklands, international schools, superb beaches, excellent infrastructure, a year-round cultural calendar and excellent communication with Barcelona city and airport, the cosmopolitan town of Sitges is gaining a major foothold as a key luxury property investment area in northern Spain.

SITGES RESIDENTIAL PROPERTY SALES PRICES

Sitges average sales prices ended 2014 at €3,296 per square metre. By the final quarter of 2014, Sitges average property prices had risen again compared with the Barcelona average, ending the year €108 per square metre higher than the Barcelona average. The final two quarters of 2014 have seen average sales prices rise in Castelfell and Sitges and drop slightly in Gava.

Gava average sales prices dropped to €2,299 per square metre by the end of 2014.

Castelfell average sales prices rose very slightly over end of 2013 prices, ending the year on €2,579 per square metre.

SITGES PRIME MARKET PROPERTY

The Sitges prime property market has seen increased activity in 2014, while remaining primarily a summer market where most transactions occur in the leadup to the summer months so that buyers can enjoy their new property in the middle of the year. Close to 4 million Euros in prime market properties was transacted by Lucas Fox in 2014.

"SITGES PRICES ARE EXPECTED TO REMAIN STABLE THROUGH 2015 AS MOST OWNERS HAVE ALREADY RE-ADJUSTED PRICES TO BUYERS' EXPECTATIONS. SINCE THE START OF THE CRISIS IN 2007, PROPERTY PRICES IN SITGES HAVE COME DOWN AS MUCH AS 40% IN SOME AREAS."

"RECENTLY, WE HAVE BEEN GETTING MORE ENQUIRIES FROM OVERSEAS BUYERS WITH HIGHER BUDGETS LOOKING FOR A RANGE OF PROPERTIES – FROM DETACHED VILLAS IN THE HILLS TO LUXURY SEAFRONT APARTMENTS. HOMES WITH SEA VIEWS OR CLOSE TO THE TOWN CENTRE REMAIN AT THE TOP OF THE WISH LIST. BUYERS TEND TO REQUEST EITHER CONTEMPORARY OR RUSTIC PROPERTIES BUT DEMAND IS CURRENTLY OUTSTRIPPING SUPPLY."

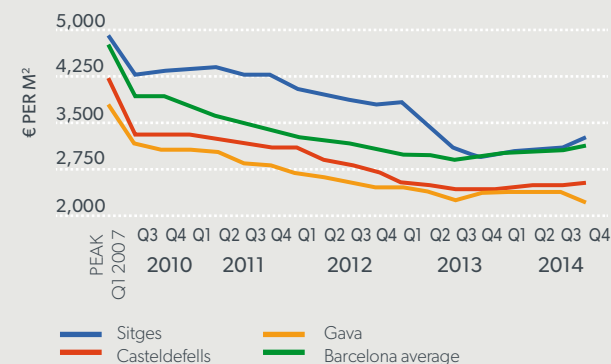


Rachel Haslam
Director of Lucas Fox Sitges

The majority of prime market buyers are looking at Sitges as a holiday home site (42.9%), with some (14.3%) buying as an investment. Properties are also being purchased as a primary residence by almost 1 in 3 buyers (28.6%).

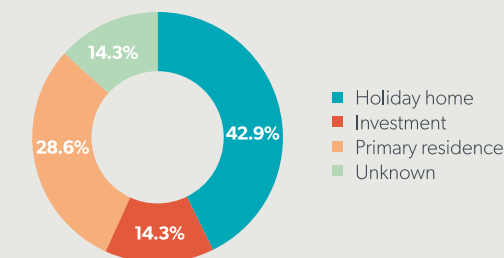
SITGES AVERAGE SALES PRICES, PEAK (Q1 2007) AND Q3 2010 - Q4 2014

Source: Idealista.com



SITGES PRIME RESIDENTIAL PROPERTY BUYER MOTIVATIONS, 2014

Source: Lucas Fox sales data





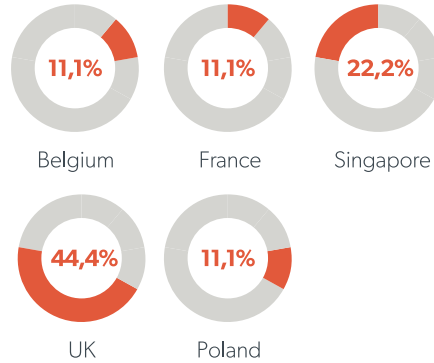
FOREIGN INVESTMENT

At Lucas Fox, clientele interested in buying in the Sitges area are almost all foreigners, with just under half (44.4%) from the UK, buyers from Central Europe, and from Asia, Belgium and France.

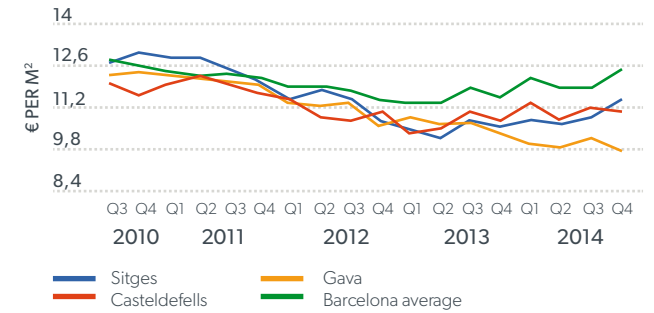
SITGES RENTAL MARKET

Sitges average rental prices rose € .90 in 2014, ending the year on €11.50 per square metre. Average rentals in Gava dropped slightly in 2014, ending the year on €9.80 per square metre while Casteldefells rose slightly over end-of-2013 levels, ending the year on €11.10 per square metre.

SITGES PRIME RESIDENTIAL PROPERTYBUYERS: COUNTRY/REGION OF ORIGIN 2014 / Source: Lucas Fox sales data



SITGES AVERAGE RENTAL PRICES, PEAK (Q1 2007) AND Q3 2010 - Q4 2014 Source: Idealista.com



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IBIZA: MARKET OVERVIEW AND FORECAST FOR 2015

Over the past few years, the Ibiza luxury property market has matured, extending interest amongst buyers who see the island's idyllic charm beyond its international nightlife reputation. As a result, areas outside of the Old Town are gaining in prominence, and lifestyle buyers from a wider international base and spanning a wider age range are taking serious interest in the island's unspoilt coastal and country areas.

Lucas Fox Ibiza director Maxim Rettich comments:

"The high season seems to be extending as increasing numbers decide to enjoy the island's lovely winter months. Therefore, we are seeing an increase in demand for long-term rentals this year. The vast majority of our clients come from the UK, Spain, France and Germany followed by the Dutch and Italians."

In terms of property hotspots, the south of the island remains the most popular region. The central area around Santa Gertrudis is also proving popular with overseas buyers, thanks to its highly respected international school and relaxed cosmopolitan vibe. Another prominent trend has been more clients looking to purchase land this year in comparison to last year."

IBIZA PROPERTY TRANSACTIONS

Sales trading in the Balearic islands (which includes Ibiza) has shown a more robust incremental increase in sales activity for the past year, rising modestly each month, with a more pronounced flurry of activity at the start of the year to match trading prior

"AS FAR AS PRICES ARE CONCERNED, WE ARE SEEING A SLIGHT RISE ONCE AGAIN. IBIZA REMAINS VERY MUCH THE PLACE TO BE AND IS A SECURE INVESTMENT DESTINATION, PARTICULARLY WITH REGARDS TO THE HIGH RETURN ON RENTALS DURING THE SUMMER MONTHS. THROUGHOUT 2014, WE HAVE SEEN AN INCREASE OF CLIENT NUMBERS BY 10%. AND EXPECT THIS UPWARD TREND TO CONTINUE."



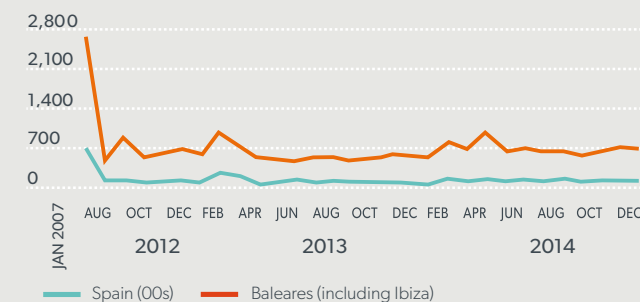
Maxim Rettich
Director of Lucas Fox Ibiza

to annual property tax charges. Sales have climbed since the summer months, showing a more active pattern of trading than is observable for the flatter, national market.

Throughout 2014 (to November), property trading across the Balearics averaged 746 sales per month, the majority in Ibiza, up from a monthly average of 654 for the same period in 2013.

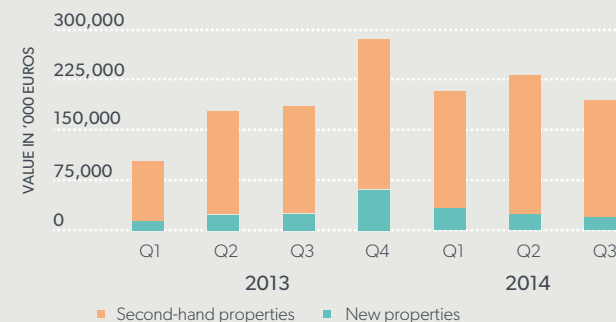
PROPERTY SALES TRANSACTIONS ACROSS THE BALEARES ISLANDS, INCLUDING IBIZA, PEAK 2007 & Q3 2012 - Q4 2014

Source: Ine.es



BALEARES (INCLUDING IBIZA) NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS, 2013 - Q3 2014

Source: Spanish Department of Development





TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

Amongst foreign buyers resident in Spain, transaction value of purchases increased in each of the first three quarters of 2014 over 2013 levels. Data is not yet available for the final quarter of the year and Q4 2013 was a particularly strong quarter in terms of the value of transactions of purchases being made of both new and second-hand stock.

Total purchase value of property transactions across the Balears - predominantly in Ibiza - for the first three quarters of 2014 reached 626.42 million Euros.

Foreign investment in residential property has grown steadily. In 2010, foreign investment in new housing properties accounted for 18% of the market. In 2014, foreign investment represented 32% of the market (average is for the first three quarters only).

IBIZA PROPERTY SALES PRICES

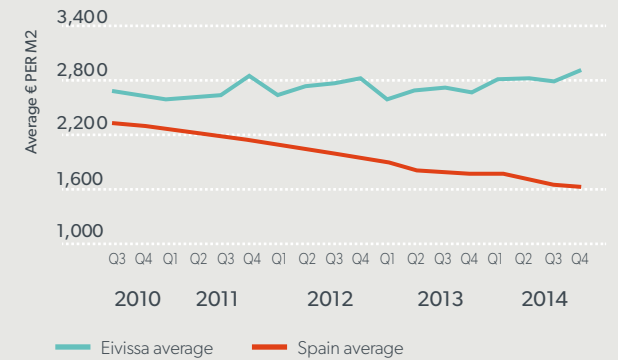
While national averages of property prices continued to decline slightly throughout 2014, average prices in Ibiza rose. Average prices show the island's capital of Eivissa reached €2,909 per square metre by the end of 2014, up from €2,651 per square metre at the end of 2013. By the end of the year, average prices in Ibiza were €1,315 per square metre above national averages.

PRIME RESIDENTIAL MARKET PROPERTY TRENDS IN IBIZA

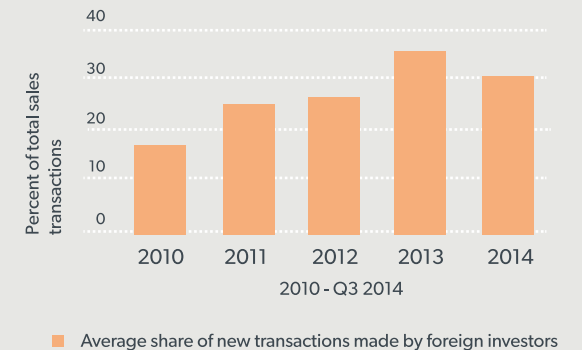
While prime residential market sales data for the Ibiza region is not made widely available, sales of new housing and sales of new housing foreign investors are useful indicators of wider trends in the market.

IBIZA AVERAGE SALES PRICES, Q3 2010 - Q4 2014

Source: Idealista.com and Fotocasa.es



SHARE OF VALUE OF SALES TRANSACTIONS FOR NEW RESIDENTIAL PROPERTIES MADE BY FOREIGNERS IN BALEARES (INCLUDING IBIZA), 2010 - Q3 2014 / Source: Spanish Department of Development



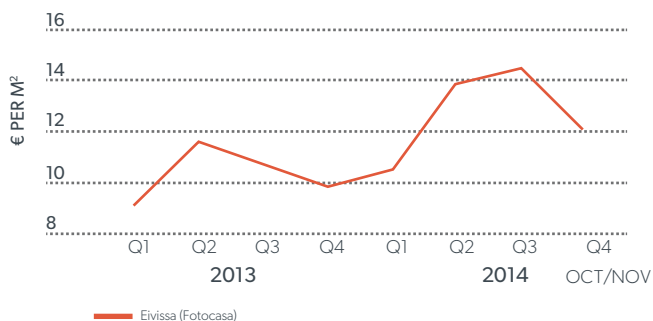
Total sales value of transactions in the first three quarters of 2014 was higher than corresponding quarters in 2013. In the three quarters of 2014 (for which data is available), total transaction value of sales of new property in the Balears (predominantly Ibiza), totalled €221.2 million (compared with €178.6 million for the corresponding period in 2013).

In 2014, the majority of prime market buyers sought a holiday home property. Close to a third (28.6%) of prime market purchases were for use as an investment property.

The majority of interest in prime market properties on Ibiza continues to come from the UK, where close to a quarter of all website visitors were residing. Traditional markets with an interest in Ibiza continued to dominate the top ten included from Northern Europe (France, The Netherlands, Germany) and from Scandinavian countries (Switzerland and Sweden). Interest amongst buyers from the United States has increased throughout 2014.

IBIZA AVERAGE RENTAL PRICES (FOR EIVISSA), Q3 2013 - Q4 (OCT & NOV DATA ONLY) 2014

Source: Fotocasa.es



IBIZA RENTAL MARKET PRICES

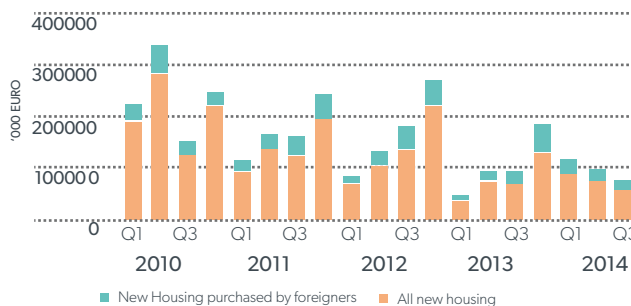
While data has only become available for rental averages in Eivissa since 2013, they point to a strong upsurge in interest over summer months, increasing over the previous year. Average rental prices in Eivissa reached €14.60 per square metre by the end of Q3 2014, dropping back down during the winter quarter (for which only October and November data has been made available) to €12.04 per square metre.

TOURISM

Airport passenger arrivals data is a strong indication of international interest in Ibiza, as almost all travellers to the island arrive from international destinations. This year again saw an increase in airport passenger arrivals, growing 8.5% over 2013 passenger numbers.

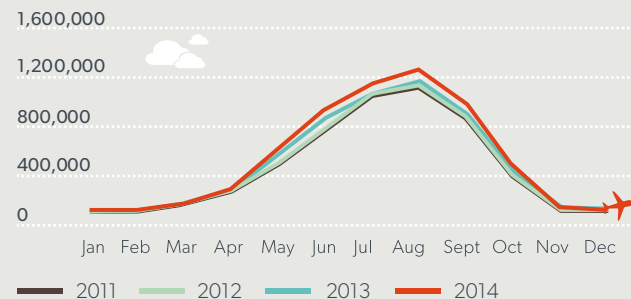
VALUE OF SALES TRANSACTIONS FOR NEW RESIDENTIAL PROPERTIES IN BALEARES (INCLUDING IBIZA), Q1 2010 - Q3 2014

Source: Spanish Department of Development



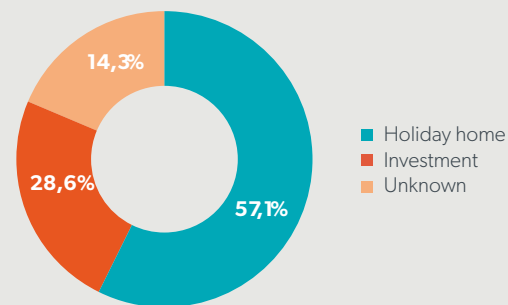
IBIZA AIRPORT PASSENGER ARRIVALS, 2011 - Q4 2014

Source: Aena-aeropuertos.es



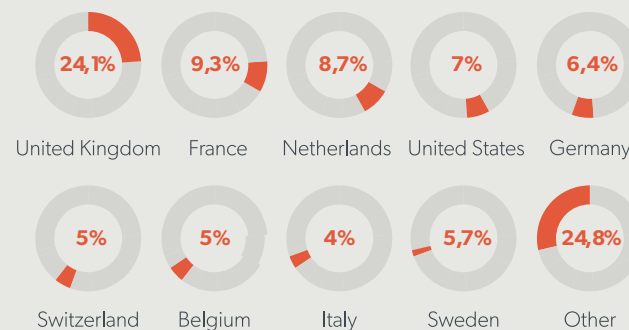
IBIZA PRIME MARKET PROPERTY BUYERS: MOTIVATIONS, 2014

Source: Lucas Fox sales data



INTERNATIONAL VISITORS LOOKING AT IBIZA PRIME MARKET PROPERTIES, Q3 - Q4 2014

Source: Lucas Fox website analytics



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MARBELLA: MARKET OVERVIEW AND FORECAST FOR 2015

Marbella is one of the most dynamic luxury property markets in Spain, attracting a solid base of UK and Northern European investors, and seeing a growing interest amongst Middle East royalty and affluent US and Chinese buyers.

Lucas Fox Marbella director Stephen Lahiri comments: *"This is proven by the significant numbers of reservations places on the few new off-plan projects that do exist that provide buyers with the product that they are looking for.*

There are a number of new projects being planned and expected to be carried out during 2015 which will undoubtedly continue to sell successfully.

On the other hand, the market remains less aggressive in secondary areas although the shortage of good properties in prime locations is encouraging buyers who are looking for the right property to look increasingly at locations set further back from the seafront. There is a much greater supply of newer properties in these areas and so prices remain very competitive and offers are still being considered.

Whilst the older and more traditional style properties are slower to sell, as the demand increases and since there is limited supply of new properties, buyers are increasingly looking at these options with a view to reforming them to a modern standards and qualities, particularly where they are in good locations or offer great views and the right orientation.

One of the primary changes that we have observed in 2014 is the profile of our buyers, which has evolved from the predominantly retirees to a much more dynamic, younger

"THE BUZZWORDS FOR 2015 IS ARE DEFINITELY LOCATION, DESIGN AND QUALITY. THE PRIME AREAS IN MARBELLA HAVE DEFINITELY PICKED UP,"

"THE MARKET FOR DESIGNER AND QUALITY PROPERTIES IN PRIME LOCATIONS TURNED AROUND 1 YEAR AGO, WITH BUYER INTEREST PICKING UP, AND A SIGNIFICANT INCREASE IN THE NUMBER OF TRANSACTIONS IN 2014. THIS HAS BEEN PARTICULARLY NOTICEABLE IN THE LUXURY SECTOR, RESULTING IN AN INCREASING SHORTAGE OF GOOD QUALITY, LUXURY PROPERTIES AVAILABLE TO BUY. THEREFORE, WE ARE SEEING SOME SIGNIFICANT PRICE INCREASES, WHICH IS LIKELY TO CONTINUE UNTIL THERE IS A GREATER SUPPLY OF GOOD QUALITY PROPERTIES IN PRIME LOCATIONS."



Stephen Lahiri
Director of Lucas Fox Marbella

buyer who is more quality and fashion orientated. Therefore, the average age of buyers has dropped to late 40s to 50s, whose focus is on quality, style, accessibility, services, security and privacy.

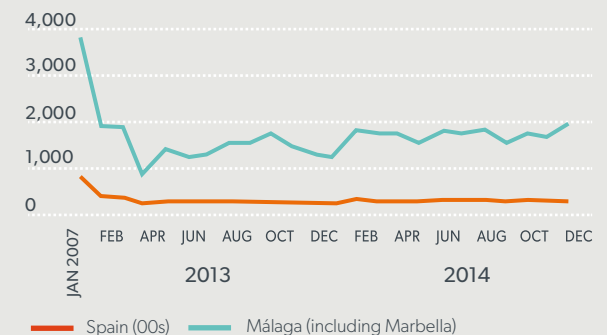
Key investment areas to watch are in San Pedro de Alcántara, anywhere on the Golden Mile, Nueva Andalucía, La Zagaleta and the Sierra Blanca. The most popular property types are now modern designer style properties, particularly small villas in gated communities. Luxury apartments in communities with full services and indoor heated pools are also in high demand. Luxury cars are a significant trend in Marbella and the higher level villa clients increasingly look for "designer" garages incorporated into their properties with glass walls which can be integrated into the living and party areas so that they can showcase their cars as a piece of art."

MARBELLA RESIDENTIAL PROPERTY SALES TRANSACTIONS

The broader Andalusian area of Malaga has seen a more dynamic property trading atmosphere than was reflected in the broader Spanish market, with 2014 seeing a total of 19,260 property sales transactions of free housing (to November 2014), compared with 16,257 for the same period in 2013.

MÁLAGA FREE HOUSING PROPERTY SALES TRANSACTIONS (INCLUDING MARBELLA), PEAK (Q1 2007) AND Q1 2013 - Q4 2014

Source: Ine.es





TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

Amongst foreign buyers resident in Spain, transaction value of purchases made across the Malaga region (which includes Marbella) increased for each quarter in 2014 over 2013 levels. While data is not yet available for the final quarter of the year, it appears that 2014 will show higher total levels of sales transactions made by foreign investors. Purchases of new properties make up only a small amount of overall trading, due to the absence of available new stock in the market. Total purchase value of property transactions in Malaga for the first three quarters of 2014 exceeded 1,180 million Euros.

PRIME RESIDENTIAL MARKET PROPERTY TRENDS IN MARBELLA

While prime residential market sales data for the Marbella region is not made widely available, sales of new housing and sales of new housing foreign investors are useful indicators of wider trends in the market.

Total sales value of transactions in the first three quarters of 2014 was higher than corresponding quarters in 2013. In the three quarters of 2014 (for which data is available), total transaction value of sales of new property in Malaga (including Marbella), totalled €347.5 million (compared with €336.5 million for the corresponding period in 2013).

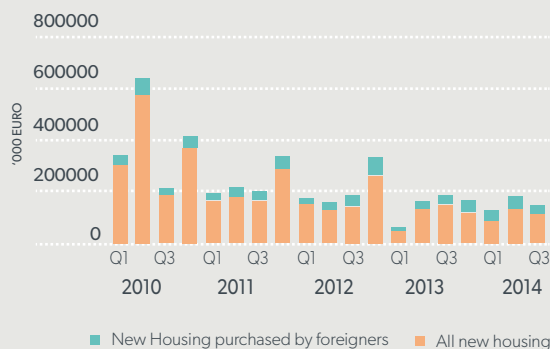
While always a stronger market for foreign investment, Marbella residential property has seen strong growth in foreign property ownership. In 2010, foreign investment in new housing properties accounted for 12% of the market. In 2014, foreign investment represented 35% of the market.

MARBELLA PROPERTY SALES PRICES

Key luxury districts across the Marbella region remained steady in average property prices between the end of 2013 and the end of 2014. The exclusive zone of Benahavis remained steady for most of the year, ending 2014 on €1,830 per square metre. Marbella rose in average prices, increasing over the end of 2013 to €2,307 per square metre, up from €2,225 at the end of 2013.

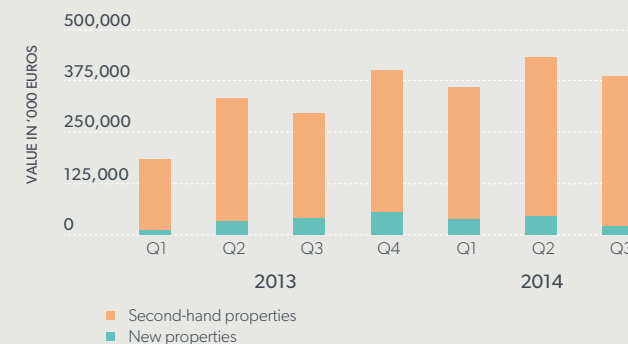
VALUE OF SALES TRANSACTIONS FOR NEW RESIDENTIAL PROPERTIES IN MALAGA (INCLUDING MARBELLA), Q1 2010 - Q3 2014

Source: Spanish Department of Development



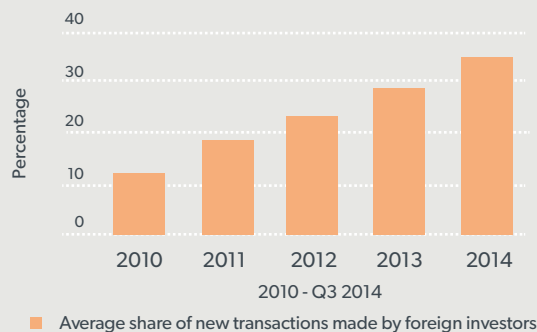
MARBELLA NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS, 2013 - Q3 2014

Source: Spanish Department of Development



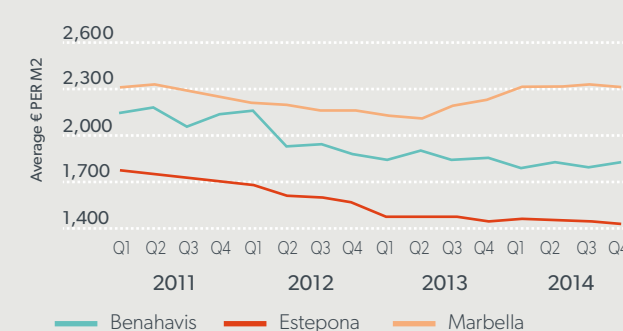
SHARE OF VALUE OF SALES TRANSACTIONS FOR NEW RESIDENTIAL PROPERTIES MADE BY FOREIGNERS IN MALAGA (INCLUDING MARBELLA), 2010 - Q3 2014

Source: Spanish Department of Development



MARBELLA AND KEY DISTRICTS AVERAGE PROPERTY SALES PRICES, Q3 2010 - Q4 2014

Source: Idealista.com and Fotocasa.es



NEW BUILD DEVELOPMENTS MARBELLA

Whilst the market has been picking up significantly over the last 2 years, sales are still not back up to 2007 levels. Although sales have increased year on year, total 2014 figures are expected to be around 300 sales short of the 2007 levels for Marbella, due to the current shortage of quality new build developments and properties of high quality.

Whilst prices have stabilized for prime residential properties in prime locations, sellers with properties in secondary locations or with older properties in need of refurbishment still need to bring prices down in line with market conditions. Buyers are increasingly quality and design-orientated and many do not have the appetite to go through the added stress of refurbishing or even rebuilding, for what in most cases is a holiday home.

Investor funds and developers have recognised this and are benefiting from the distressed position of many of the previously established land owners and developers that overstretched themselves during the previous years and are now left without funding. Overseas cash-rich investors have been coming into the area and buying up these assets and land to market, complete and/or develop.

At the same time, following the high profile corruption over licensing projects that occurred in Marbella between 2000 and 2006 the national, regional and local governments are extremely careful to ensure that any new licenses being issued for new projects are 100% compliant to the new General Plan for Andalucía.

Therefore, whilst there has been a huge increase in the number of applications for project licences over the last year in particular, the process is taking some time to happen, slowing down the number of new projects that are coming onto the market.

Current New Build Projects in Marbella in prime locations include:

- **Los Olivos**
19 Contemporary villas in Nueva Andalucia. 5 bedroom apartments from 1.5M€ to 2M€ with sea and golf views.
- **Jade Beach**
2 phases of 24 apartments, 2nd line in San Pedro de Alcantara . 2 and 3 bed apartments from 450,000€ to 580,000€.
- **Insur – Alminar**
44 apartments from 290,000€ to 638,000€. 2, 3, and 4-bedroom apartments with sea views located in Nueva Andalucia
- **Finca de Marbella**
49 contemporary villas from 700,000€ to 1.5M€. Located near the Rio Real golf course.
- **The World-Luxury apartments**
5 blocks of apartments from 1M€ to 3M€ located on the sought-after Golden Mile.

Refurbished bank repossessed

- **Dama de Noche**
10 apartments exclusively for sale with Lucas Fox. Brand new high quality furnished apartments five minutes from Puerto Banus. Located in a gated urbanization with security, two pools and 5 padel tennis courts. From 190,000€ to 350,000€.



TOURISM AND FOREIGN INTEREST

Airport arrivals data is a strong indicator of international demand for properties in the Marbella region. Passengers arriving at Costa del Sol-Malaga airport this year rose by 6.4% over 2013 passenger arrivals., another record-breaking year after a consistent increase every year in airport arrivals since 2011.

In 2014, passenger arrivals to Malaga airport reached 13.749 million.

International interest in Marbella prime market properties continues to grow each month. International residents viewing Marbella properties on the Lucas Fox website reflect buyer trends in the area. While buyers from the UK account for the largest group of enquiries, there is also continued high levels of interest from Northern European (French, Dutch, Belgian and German) buyers, and a significant Scandinavian buyer market (Sweden, Denmark and Norway in particular). Non European buyers i—from Russia, Middle East (in particular (United Arab Emirates, Kuwait, Qatar and Saudi Arabia) and Switzerland - are increasingly turning to Marbella when considering their next property purchase.

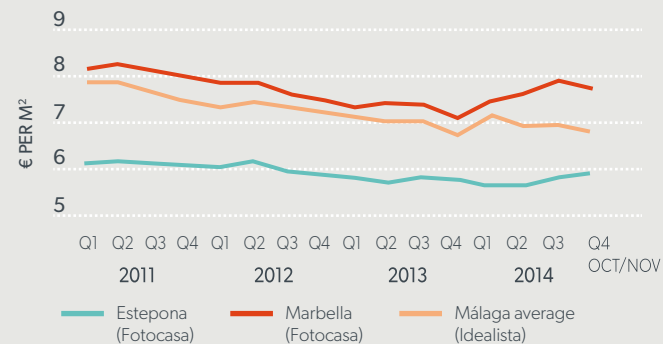
MARBELLA RENTAL MARKET

While data is only available for two months of the final quarter in 2014, the trend is still apparent amongst average rental prices in the luxury residential areas of Estepona and Marbella, with rental averages rising during summer months and dropping slightly - although maintaining some increased momentum ove the previous year's average rental prices. Summer 2014 reached the area's best prices since mid-2012 in Marbella.

Marbella ended the year on €6.80 per square metre. Average rental prices in Estepona were lower at €5.90 while across the Malaga coastal region average rental prices commanded €7.71 per square metre by the end of 2014, down from the year's best of €7.86 in Q3 2014.

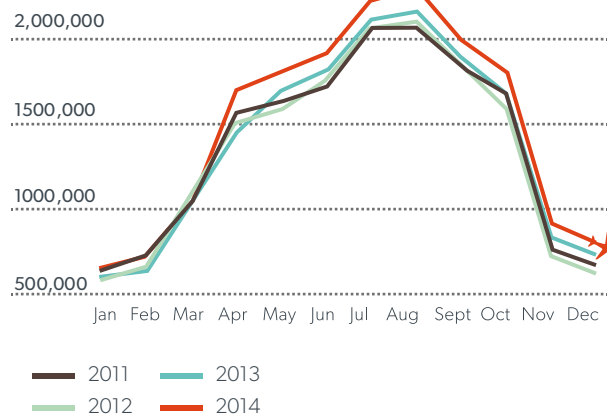
MARBELLA AVERAGE PROPERTY RENTAL PRICES, Q1 2011 - Q4 2014

Source: Idealista.com and Fotocasa.es



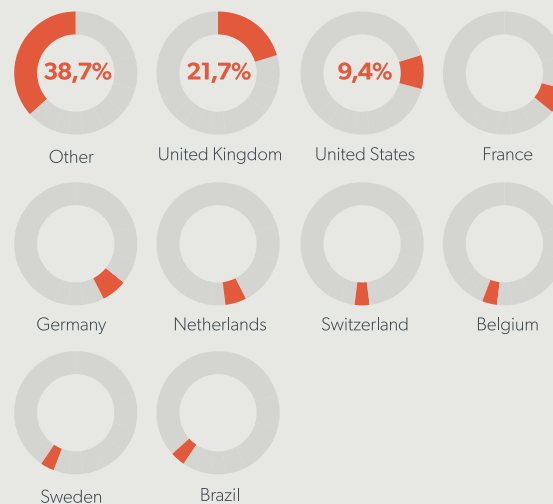
PASSENGER ARRIVALS AT COSTA DEL SOL-MALAGA AIRPORT, 2011 - Q4 2014

Source: Aena-aeropuertos.es



INTERNATIONAL INTEREST IN MARBELLA PRIME MARKET, COUNTRY OF ORIGIN

Source: Lucas Fox website analytics



VALENCIA

OVERVIEW

BARCELONA

COSTA BRAVA

MARESME

SITGES

IBIZA

MARBELLA

VALENCIA

MADRID



**MARKET
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VALENCIA: MARKET OVERVIEW AND FORECAST FOR 2015

One of Lucas Fox's two newest luxury property markets is Valencia, an area that continues to grow in popularity, especially in the northern area of the city in desirable locations like Ademuz, Alfinach and Monasterios Puzol. As Spain's third largest city, investor interest is growing, particularly with such modern and globally recognised attractions such as the City of Arts and Sciences, and attracting major sporting events like the America's Cup, the European F1 Grand Prix, and the Valencia 500 open tennis tournament.

Lucas Fox Valencia director Juan Luis Herrero comments:

"There has been a sharp increase in buyers seeking renovation projects in the Eixample district. Foreign buyers are increasingly looking to buy in Valencia city as the market opens up to a more international clientele and this trend is expected to continue into 2015."

The most sought-after type of property in the city centre remain attics and Modernista houses to renovate. On the outskirts of Valencia, contemporary minimalist villas with sizeable plots and with many luxurious extras are well sought-after."

VALENCIA PROPERTY SALES TRANSACTIONS

The city and surrounding area of Valencia closely matches the prevailing national trend in property sales transactions. Valencia averaged 1,178 sales trades per month in 2014 (to November 2014), less than half the monthly transactions at the market's peak in January 2007, when the area saw 3,643 transactions.

"IT IS EXPECTED THAT DURING 2015 PRICES ACROSS THE MARKET IN VALENCIA WILL REMAIN STABLE AS THEY HAVE DONE OVER THE LAST 6 MONTHS. IN THE MOST SOUGHT-AFTER AREAS OF THE CITY A SLIGHT RISE IN PRICES RANGING BETWEEN 1% AND 3% IS EXPECTED."



Juan Luis Herrero

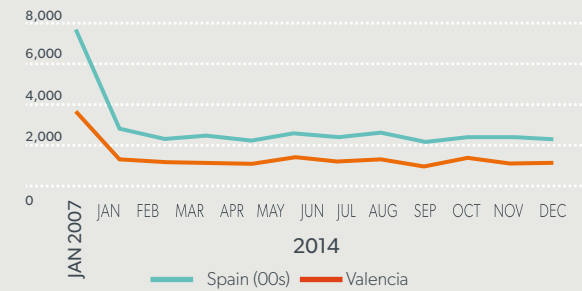
Director of Lucas Fox Valencia

Although sales transactions of second-hand properties in Valencia have dropped significantly since 2007, sales trading has seen increases each year since 2012. In 2014, 5,758 sales of second-hand properties occurred in the area, down from the peak of trading in 2004 (when 13,410 properties were sold), but up 31% on 2013 sales levels.

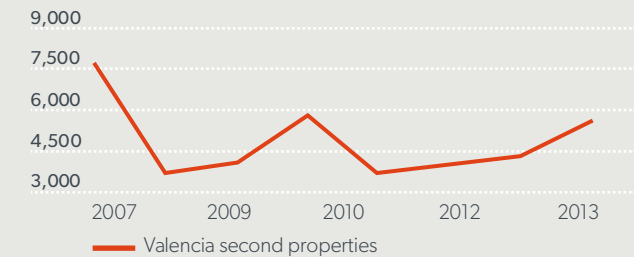
Sales trading in Valencia for second-hand properties follows a similar trend to Madrid and Barcelona, with a slightly slower pick-up in trading in the past year than is evident in Madrid.

CITY OF VALENCIA FREE HOUSING PROPERTY SALES TRANSACTIONS, PEAK (Q1 2007) AND 2014

Source: Ine.es

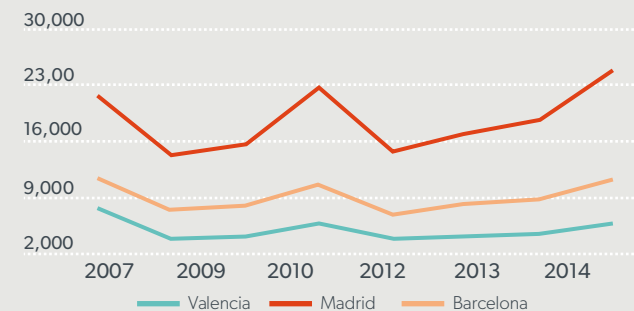


CITY OF VALENCIA SECOND HAND PROPERTY SALES TRANSACTIONS, 2007 - 2014 / Source: Spanish Department of Development



CITY OF VALENCIA SECOND HAND PROPERTY SALES TRANSACTIONS COMPARED WITH MADRID AND BARCELONA, 2007 - 2014

Source: Spanish Department of Development



TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

Amongst foreign buyers resident in Spain, transaction value of purchases in the Valencia city region increased each quarter in 2014 over 2013 levels, with Q2 2014 seeing the strongest level of trading in the past two years. As with other Spanish markets, the transactional value of purchases of new properties make up only a small amount of overall trading, predominantly due to the absence of available new stock. Total purchase value of property transactions in Valencia amongst foreign investors for the first three quarters of 2014 exceeded 162 million Euros.

Foreign investment in residential property has grown each year. In 2010, foreign investment in new housing properties accounted for 2% of the market. In 2014, foreign investment represented 6% of the market.

VALENCIA PROPERTY SALES PRICES

While significantly down from the market's peak in Q1 2007, Valencia average sales prices have been steady in 2014, with average prices in the Old Town (Ciutat Vella) maintaining at €2,158 per square metre by the end of 2014. For the region as a whole, average prices ended 2014 at €1,511 per square metre, down from €1,592 per square metre at the end of 2013.

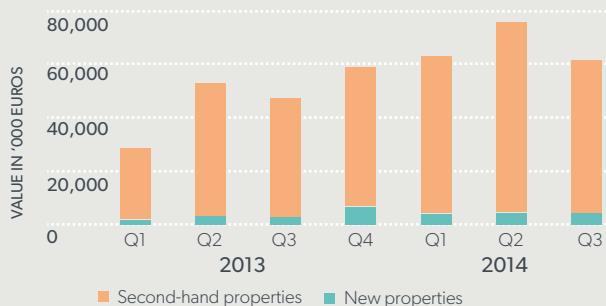
PRIME RESIDENTIAL MARKET PROPERTY TRENDS IN VALENCIA

While prime residential market sales data for the Valencia region is not made widely available, sales of new housing and sales of new housing foreign investors are useful indicators of wider trends in the market.

In the three quarters of 2014 (for which data is available), total transaction value of sales of new property in Valencia, totalled €180.7 million (down from €247 million for the corresponding period in 2013).

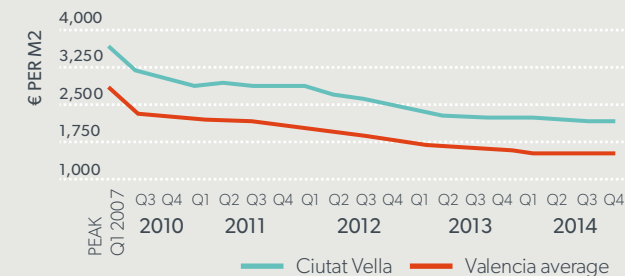
VALENCIA NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS, 2013 - Q3 2014

Source: Spanish Department of Development



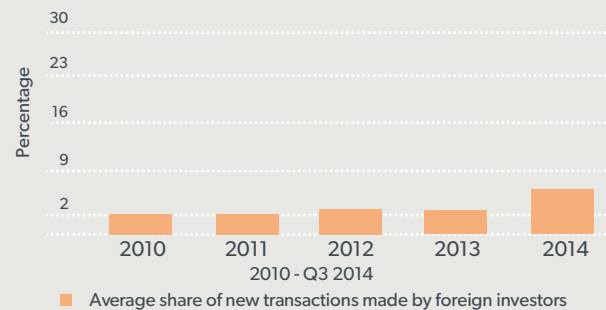
VALENCIA AVERAGE PROPERTY SALES PRICES FOR THE REGION AND OLD TOWN (CIUTAT VELLA), PEAK 2007 AND Q3 2010 - Q4 2014

Source: Idealista.com



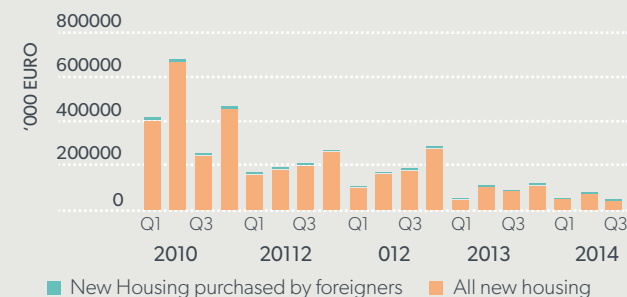
SHARE OF VALUE OF SALES TRANSACTIONS FOR NEW RESIDENTIAL PROPERTIES MADE BY FOREIGNERS IN VALENCIA, 2010 - Q3 2014

Source: Spanish Department of Development



VALUE OF SALES TRANSACTIONS FOR NEW RESIDENTIAL PROPERTIES IN VALENCIA, Q1 2010 - Q3 2014

Source: Spanish Department of Development



TOURISM

Passengers arriving at Valencia airport this year fell slightly by 0.6% down from 2013 passenger arrivals.

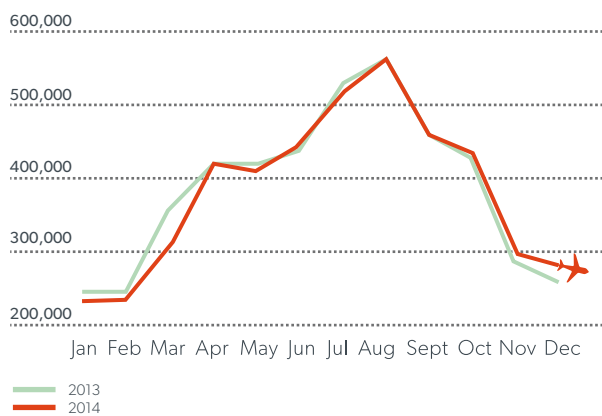
However, international tourism continues to increase, growing by 4.4% over international visitor numbers in 2013.

VALENCIA RENTAL MARKET

Average rental prices across the Valencia city area remain steady, having dropped €0.30 per square metre since end of 2013, ending 2014 on €6.10 per square metre. By comparison, average rental prices in the southern Valencia city of Alicante maintained the year with a drop of only €0.10 per square metre since the end of 2013, ending 2014 on €5.60 per square metre.

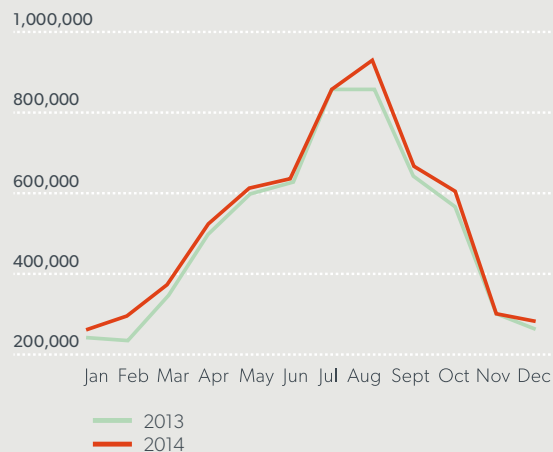
PASSENGER ARRIVALS AT VALENCIA AIRPORT, 2013 - 2014

Source: Aena-aeropuertos.es



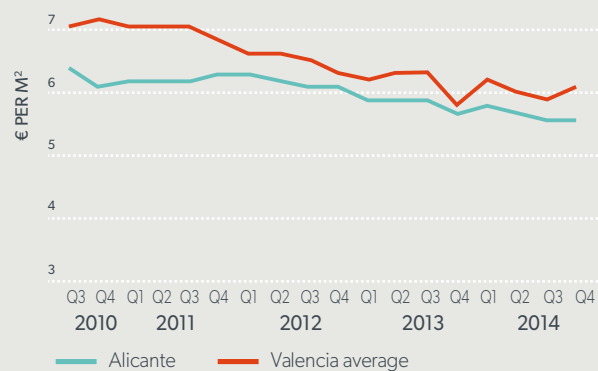
INTERNATIONAL TOURISM TO COMMUNITAT DE VALENCIA, 2013 - 2014

Source: Frontur.es



VALENCIA AVERAGE PROPERTY RENTAL PRICES, Q1 2011 - Q4 2014

Source: Idealista.com





MADRID

OVERVIEW

BARCELONA

COSTA BRAVA

MARESME

SITGES

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MADRID



**MARKET
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MADRID: MARKET OVERVIEW AND FORECAST FOR 2015

As Lucas Fox's newest prime residential property market, Madrid offers a diverse range of property to buy and rent, from traditional and contemporary city centre apartments in desirable areas such as the fashionable districts of Salamanca, Justicia and Chamberí, to luxury family homes in the sought after residential areas surrounding the city, including the exclusive neighbourhoods of Pozuelo, Aravaca, and La Moraleja where you will find the many prestigious international schools.

Madrid is Europe's third largest city, hosting some of Europe's most important cultural heritage landmarks and a key international business hub in Southern Europe.

Lucas Fox Madrid director Rod Jamieson comments:

"Madrid is attracting international buyers from various parts of the world, whether it be for lifestyle or purely investment. Northern Europeans are increasingly interested in obtaining a pied-à-terre in the Spanish capital, which is overflowing with stunning architecture, culture, gastronomy, world class shopping and entertainment 24/7. Asian and Middle Eastern investors are also considering Madrid as it offers a stable investment and the possibility of obtaining a permanent residency visa."

"We predict that property prices in Madrid will remain stable during 2015. The last quarter showed the first price increase since 2007, while re-sale property prices remained fairly flat, new build saw an increase of 2.6%. Although I suspect the increase was due to a surge in international demand with very low availability of quality product, I believe the market has bottomed out."

"2014 WAS A YEAR OF STABILITY AND GROWTH FOR THE PROPERTY MARKET IN MADRID. FOLLOWING SEVERAL YEARS OF CRISIS AND AN IMPORTANT PRICE CORRECTION, POSITIVE ECONOMIC INDICATORS BROUGHT RENEWED INTEREST FROM INTERNATIONAL INVESTORS. MADRID REMAINS ONE OF THE MOST REASONABLY PRICED EUROPEAN CAPITALS WITH A HIGH GROWTH POTENTIAL,"



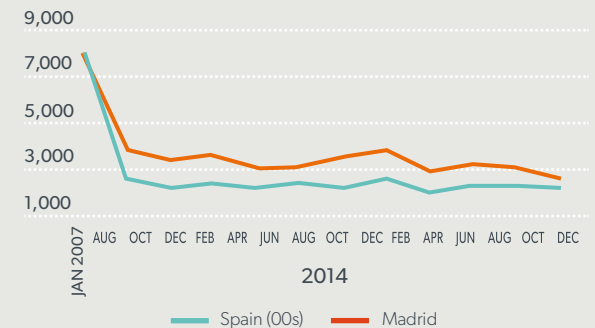
Rod Jamieson
Director of Lucas Fox Madrid

MADRID PROPERTY SALES TRANSACTIONS

The Comunitat region of Madrid has closely matched national sales transactions patterns, albeit with a slower trading trend in the second half of 2014. Sales transactions in Madrid for 2014 (up until the end of November) averaged 3,287 per month, with March, July and September seeing the most brisk trading activity.

MADRID FREE HOUSING PROPERTY SALES TRANSACTIONS, PEAK (Q1 2007) AND 2014

Source: Ine.es



TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

Amongst foreign buyers resident in Madrid, transaction value of purchases increased each quarter in 2014 over 2013 levels. While data is not yet available for the final quarter of the year, it appears that 2014 will reach a higher total of overall property transactions than 2013. As with other Spanish property markets, purchases of new properties make up only a small amount of overall trading, due to the absence of available new stock. Total purchase value of property transactions in the Madrid region by international investors exceeded 419 million Euros in the first three quarters of 2014 compared to 232 million euros in the same period in 2013.

PRIME RESIDENTIAL MARKET PROPERTY TRENDS IN MADRID

While prime residential market sales data for Madrid is not made widely available, sales of new housing and the increase in numbers of foreign investors are useful indicators of wider trends in the market.

Total sales value of transactions in the first three quarters of 2014 was higher than corresponding quarters in 2013. In the three quarters of 2014 (for which data is available), total transaction value of sales of new property in Madrid, totalled €787.1 million (compared with €496.5 million for the corresponding period in 2013).

Total purchase value of new residential property transactions in the Madrid region by international investors exceeded 34.5 million Euros in the first three quarters of 2014 (compared with 17.2 million for the corresponding period in 2013).

As the capital city of the country and key commercial hub for Spain, property investment sees several unique drivers influencing prime residential property market investment. Therefore, foreign investment in residential property has grown at a much slower pace than is observable in other markets. In 2010, foreign investment in new housing properties accounted for 3% of the market. In 2014, foreign investment represented 4% of the market.

MADRID PROPERTY SALES PRICES

Key luxury districts in Madrid show some rising average prices as greater demand for properties influences asking sales prices. Madrid centre saw some price correction in the third quarter of 2013, and has since steadied in price, maintaining an average price of €3,285 per square metre by the end of 2014. The affluent districts of Chamberí and Salamanca both saw slight price increases over end of 2013 levels, at €3,260 per square metre and €4,138 respectively. Prices for Madrid districts overall continue to see a downward trend, with the city's average ending the year on €2,694 per square metre.

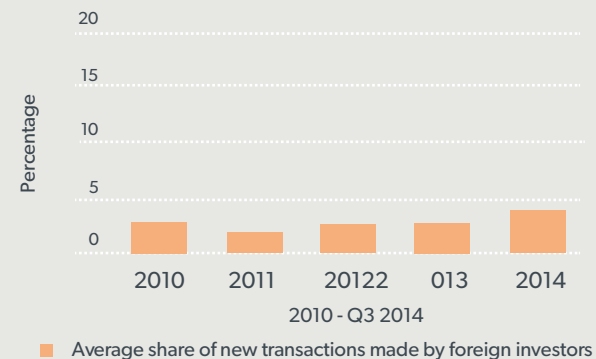
MADRID NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS, 2013 - Q3 2014

Source: Spanish Department of Development



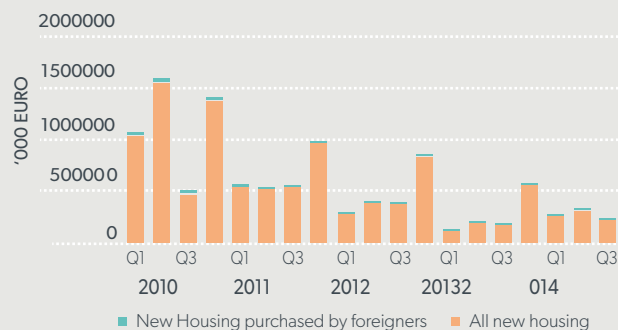
SHARE OF VALUE OF SALES TRANSACTIONS FOR NEW RESIDENTIAL PROPERTIES MADE BY FOREIGNERS IN MADRID, 2010 - Q3 2014

Source: Spanish Department of Development



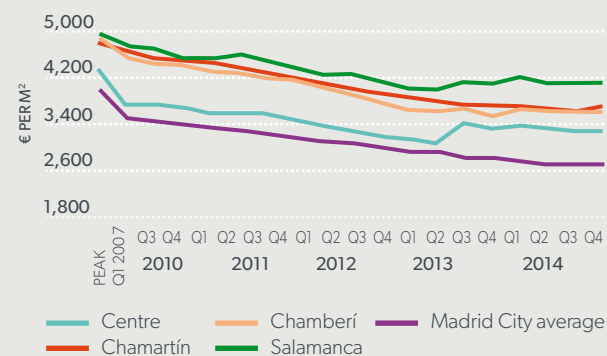
VALUE OF SALES TRANSACTIONS FOR NEW RESIDENTIAL PROPERTIES IN MADRID, Q1 2010 - Q3 2014

Source: Spanish Department of Development



MADRID KEY LUXURY DISTRICTS AVERAGE PROPERTY SALES PRICES, PEAK 2007 AND Q3 2010 - Q4 2014

Source: Idealista.com



NEW BUILD DEVELOPMENTS IN MADRID IN 2014

Due to the severe economic crisis building development in Madrid was ground to a halt during the 5 years following the end of 2007, just as in all the other regions of Spain. Those projects that had already begun in 2007-08 by solvent developers continued, while many others not so financially secure stopped altogether. This has resulted in an almost inexistent stock of new build and renovated property available on the market over recent years.

During the last 2 years there have been a significant amount of local and foreign investors who have taken advantage of record low property prices in Madrid and have acquired attractive looking classical buildings in different sought after central locations of the Capital. The recent and on-going development of these opportune investments into luxury residential units are now slowly starting to see the light of day and in 2015 will become available on the market.

"In 2015 we will see more new build and renovation projects come available on the market in key central areas of the city, such as Salamanca, Chamberí, and Justicia," says Rod Jamieson. "This will satisfy increasing demand from international buyers who typically want high quality properties with services in central locations. I believe we will also see development in other less expensive areas near Atocha and La Latina."

Madrid is a city that is attracting increasing numbers of international property investors from all over the world. Reasonable prices comparing with other European Capitals such as London and Paris. The year 2014 saw an important increase of foreign visitors considering to invest in central locations. For international investors, new build and renovated apartments are the most demanded type of property due to its hassle free nature. Buying a brand new property with a guarantee on its structure, fixtures and fittings is the easiest option, especially when you live far away and don't speak the language.

In the last year the Open Spaces loft project located in the Torre de Madrid of Plaza España has had much success. This project of 50 loft apartments developed by Metrovacesa, ranging from 77m² – 130m² and priced from around 400K€ - 800K€ has sold over 75% of the available units. All the apartments are one bedroom layouts with modern open concept living areas, mainly sold to investors wanting to own a property in an iconic location that offers an excellent yield (up to 5%) on the short let rental market.

Many more renovation projects are in the pipeline for this year, including smaller buildings of 10 - 20 apartments with medium to high quality renovations in areas such as Chamberí Trafalgar, Justicia and Cortes, priced around 400K€ - 700K€ appealing to national and international buyers looking for a centrally located property investment with 1 or 2 bedrooms either to use themselves or rent out.

TOURISM

Airport arrivals data is a strong indicator of international demand for properties and city dynamism for the Madrid region. Passengers arriving at Madrid Barajas airport this year rose by 5.3% over 2013 passenger arrivals.

International tourism to the Spanish capital grew at an even greater pace, recording a 7.5% increase over 2013 levels. Unlike other Spanish key tourism zones, international travellers tend to visit Madrid in Spring and Autumn rather than in summer.

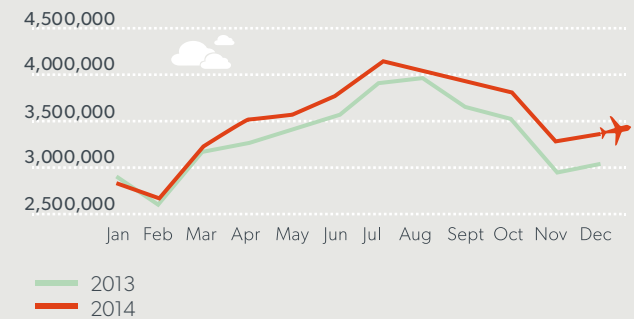
MADRID RENTAL MARKET

Madrid's luxury districts and the city's average all rose slightly in average rental prices in 2014 over end of 2013 average levels.

The prestigious district of Salamanca saw the greatest increase, rising €13.80 per square metre, up from €13 per square metre at the end of 2013. The city centre ended the year on €13.70 per square metre, while Chamartin and Chamberí reached €12.40 and €13.50 per square metre respectively.

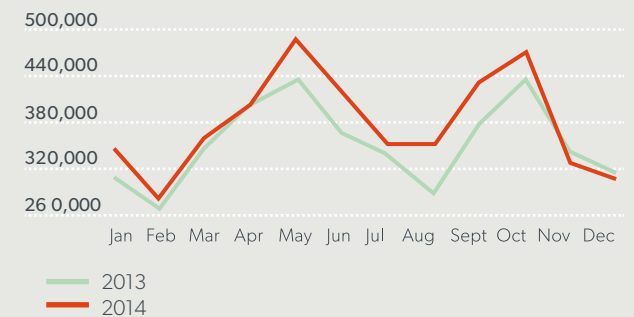
PASSENGER ARRIVALS AT MADRID AIRPORT, 2013 - Q4 2014

Source: Aena-aeropuertos.es



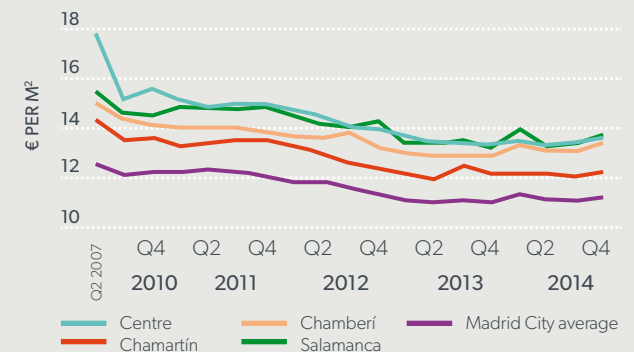
INTERNATIONAL TOURISM TO MADRID, 2013 - Q4 2014

Source: Frontrus.es



MADRID AVERAGE PROPERTY RENTAL PRICES, Q1 2011 - Q4 2014

Source: Idealista.com





BARCELONA
COSTA BRAVA
GIRONA
IBIZA
MADRID
MALLORCA
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