

Marketview 2023

Bilbao

Real Estate

Market

CBRE



EXECUTIVE SUMMARY

SEPTEMBER 2023

Renowned for being a city of transformation and in constant growth, Bilbao continues to attract more and more national and international visitors

Bilbao

347k

Population

€34,500

Disposable income

46.2

Average age

383k

Overseas tourists

Airport

130

Daily flights

33

Destinations

5.1M

Passengers in 2022

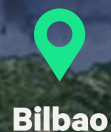
14th

Airport in terms of passenger numbers



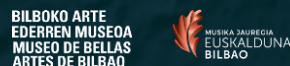
Bilbao

Bilbao is a hub for culture, food, healthcare and education, with a constant flow of new developments making it an attractive place to live, work and visit



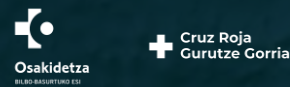
Culture

Rich and varied cultural offering



Health

Solid healthcare infrastructure, with close to 2.3 million beds



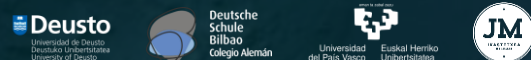
Gastronomy

One of Spain's food capitals, Bilbao boasts 6 Michelin-starred restaurants



Education

Wide range of schools and universities



New developments

Zorrotzaurre, a new development enriching the city of Bilbao

838,781 sqm

Real estate asset classes

CBRE



Flex Living Spain

Flex Living is an alternative to traditional rental housing, offering residents a whole new experience with flexible contracts and a sense of forming part of a community.

Target market and features of Flex Living



Aged 25-40



Services included



Community



CAGR (2019-2022): 336%



Flexible contracts



Flex Living Spain

Spain

~3,000 No. of beds	€700-1,700 €/month	4-4.5%* Yield	€666M Investment
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Main operators



100%
Communal areas

87%
Events spaces

7%
Swimming pool

53%
Chill-out areas

100%
Shared kitchen

53%
Fitness area

47%
Cinema

100%
Work areas

27%
Green spaces

80%
Terrace

13%
Music space

* This is an emerging market in Spain and there is currently insufficient market evidence available, therefore this figure is a CBRE estimate



Flex Living Bilbao

Due to current uncertainty over town planning regulations for this type of property, the limited supply is unable to meet growing demand.

Bilbao

584

No. of beds

590-1,000

€/month

4.75-5.00%*

Yield



node

Barakaldo

LIVENSALIVING

Bilbao Hostel
Coliving

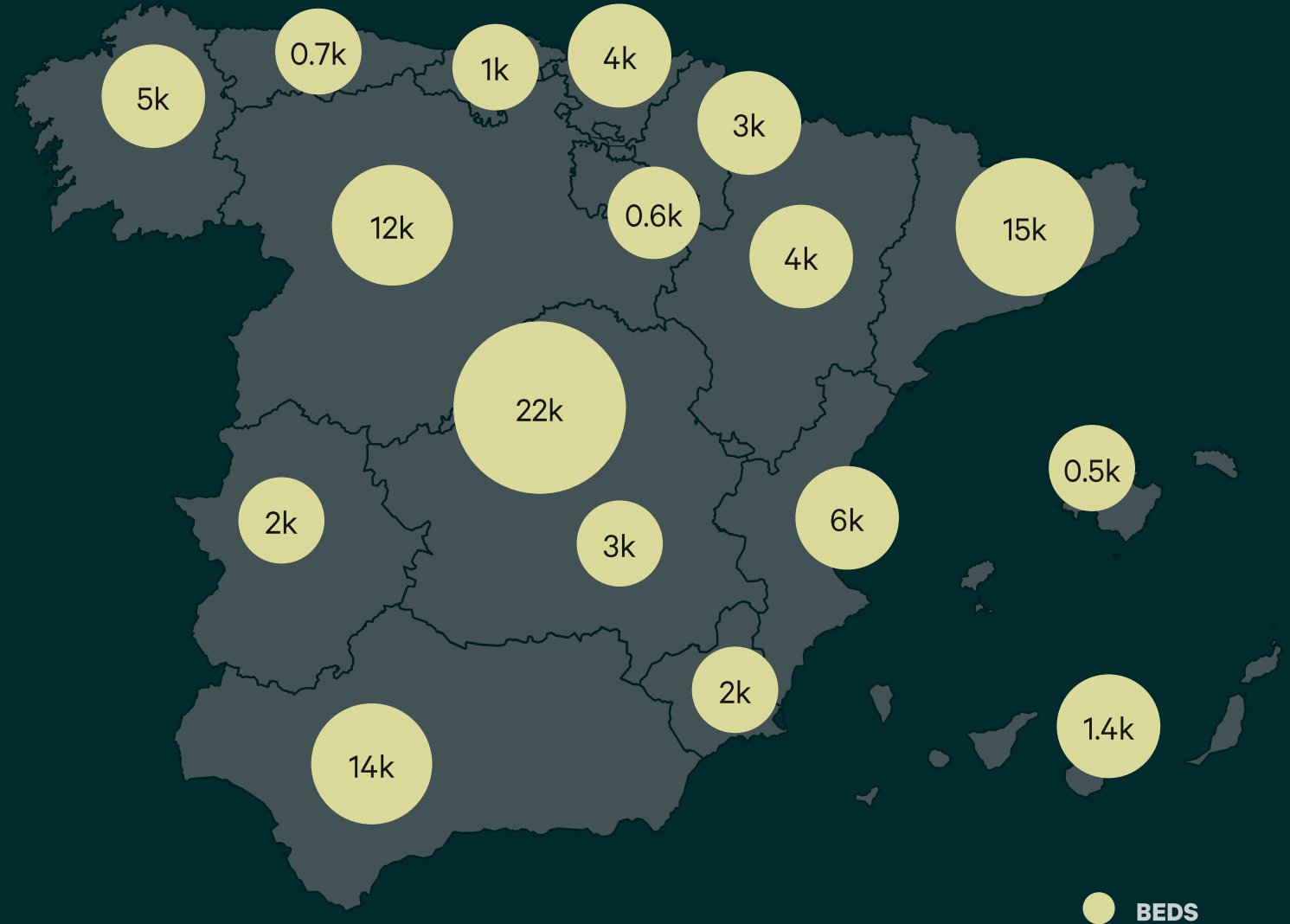
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Flex Living Bilbao



Student housing in Spain

Student housing offers comfort, independence and security, providing peace of mind for students and their families, especially in the early years of university.



Target market and features of Student Housing



Aged 18-21



Services included



Near the university campus



CAGR (2019-2022): 46.2%



Academic year contracts

Student housing in Spain

Spain

~102,000
No. of beds

€700-1,200
€/month

5.0%
Yield

€1,444M
Investment

Main operators



34%
Daily cleaning

32%
Swimming pool

64%
Cinema

96%
24-hour security

82%
Games room

95%
Study area

50%
Laundry room

80%
Gym

62%
Terrace

36%
Parking



Student housing in Bilbao

Despite the opening of new accommodation in recent years, the relocation of the Faculty of Medicine to Deusto will further increase demand for this type of accommodation as opposed to the traditional model.

Bilbao

1,711
No. of beds

650-1,000
€/month

5.25%
Yield

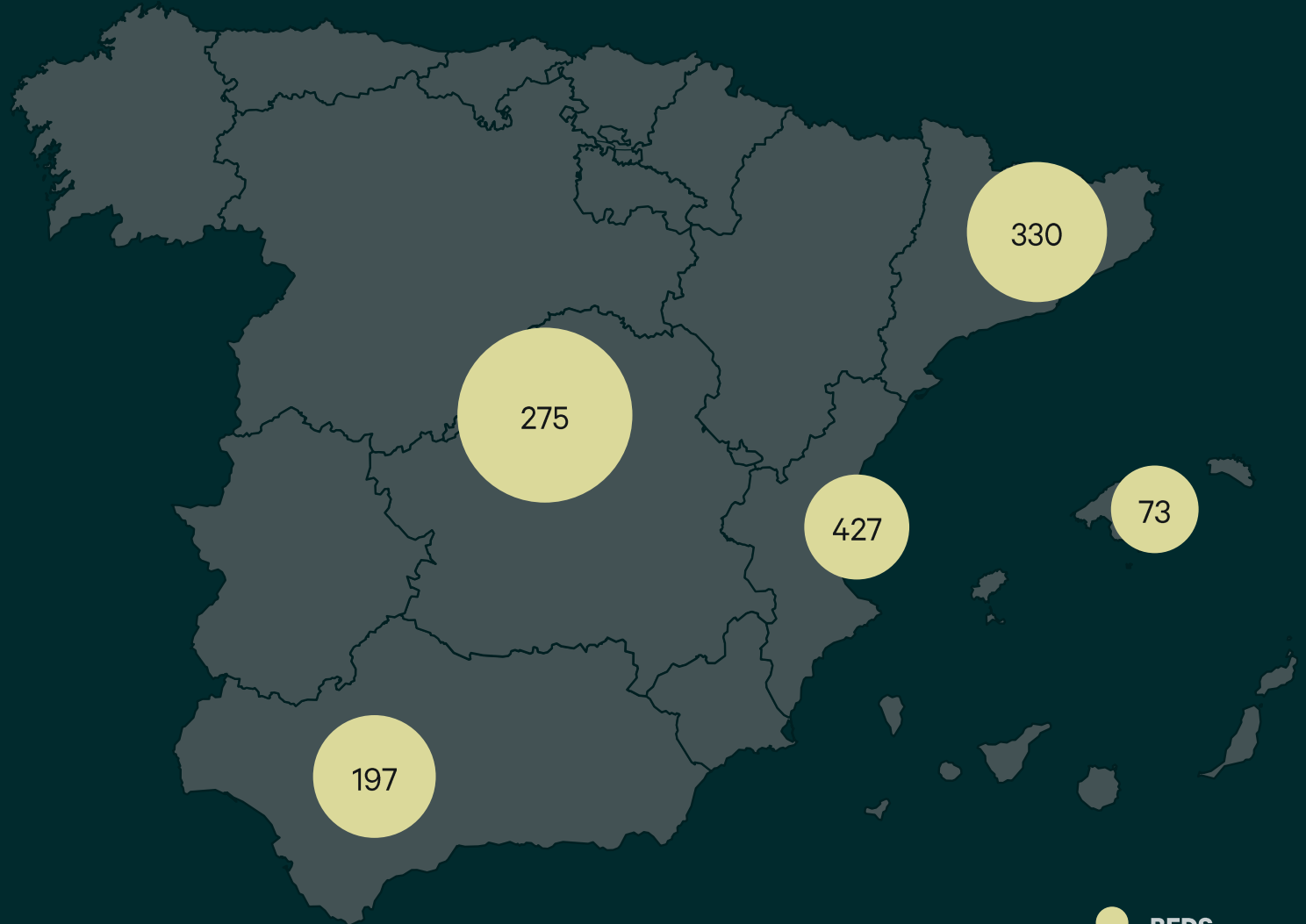


Student housing in Bilbao



Senior Living in Spain

Senior Living is an alternative model to traditional care homes and is aimed at independent residents aged 65 and over with shared interests.



Target market and features of Senior Living



Aged >65



Medical care



Near family members



CAGR (2021-2022): 214%



Attractive contracts

 BEDS

Senior Living in Spain

Spain

~1.3k No. of beds	€2,200-3,000 €/month	4.5%* Yield	€110M Investment
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Main operators

Las
ARCADIAS

forum
MARE NOSTRUM
Independent senior life

100% Communal areas	82% Green spaces	100% Medical care	91% Church
100% Library	45% Swimming pool	91% Cinema	100% Games area
100% Events space	100% Fitness area	100% 24 hour security	91% Restaurants

* This is an emerging market in Spain and there is currently insufficient market evidence available, therefore this figure is a CBRE estimate



Senior Living in Bilbao

Despite growing demand due to an ageing population, there are no modern properties of this type in Bilbao. Ballesol is the only example of a product that comes close to this concept.

Ballesol Bilbao

6

No. apartments

These apartments are designed for elderly residents who are still largely independent, with an emphasis on short stays or holidays. A full range of services are available to ensure maximum comfort.



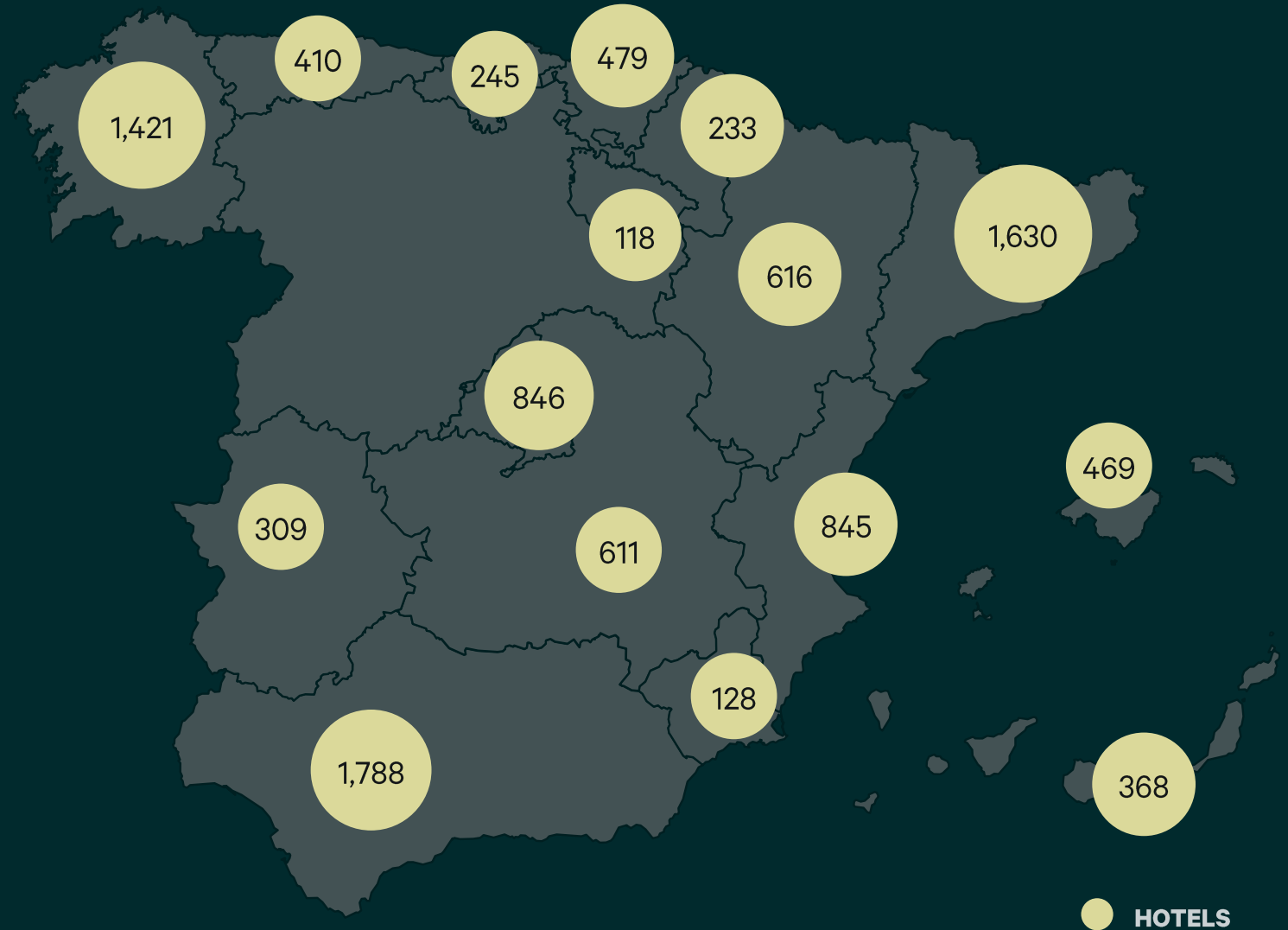
Senior Living in Bilbao



* Bilbao data based on Balesol, as it is the most similar product to Senior Living

Hotels in Spain

A thriving tourism sector is leading to new openings all over Spain, while the sector is adapting and becoming more professionalised in order to meet the changing needs of today's guests.



Target market and features of Hotels



Tourists, business people or solo travellers



Last-minute bookings



Loyalty schemes



Growth¹ (2021-2022): +2%

Note 1: Investment in hotels and serviced apartments is rising at a similar pace

Hotels in Spain

Future developments in Spain

+200
Hotels

+24,000
Rooms

Main operators

MELIÀ HOTELS INTERNATIONAL

EUROSTARS HOTELS

Barceló HOTEL GROUP

~1.4M
No. of beds

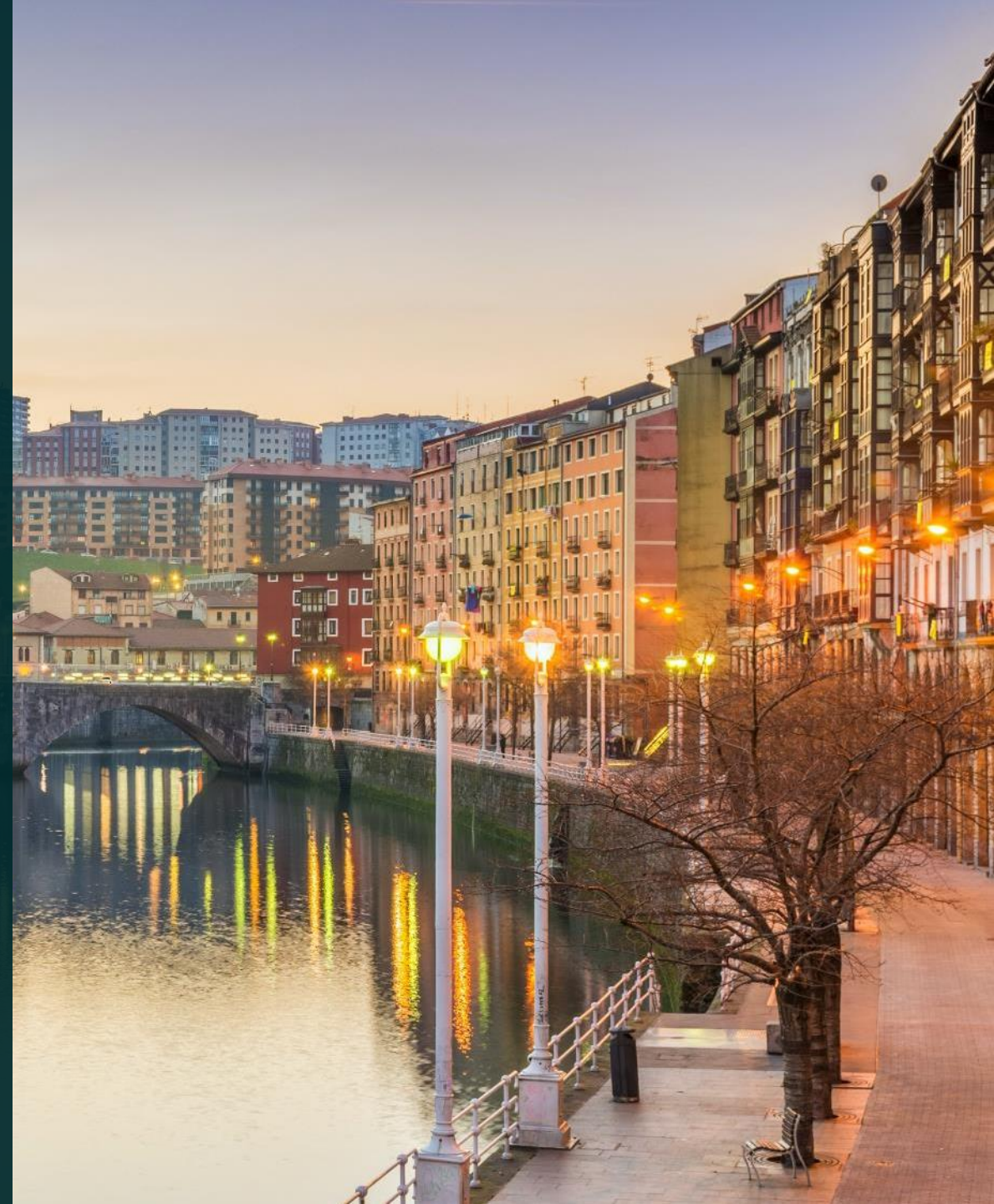
47.3%
Bed occupancy

€100.9
ADR

2.8 days
Average stay

€64.4
RevPAR

5.0%
Yield



Hotels in Bilbao

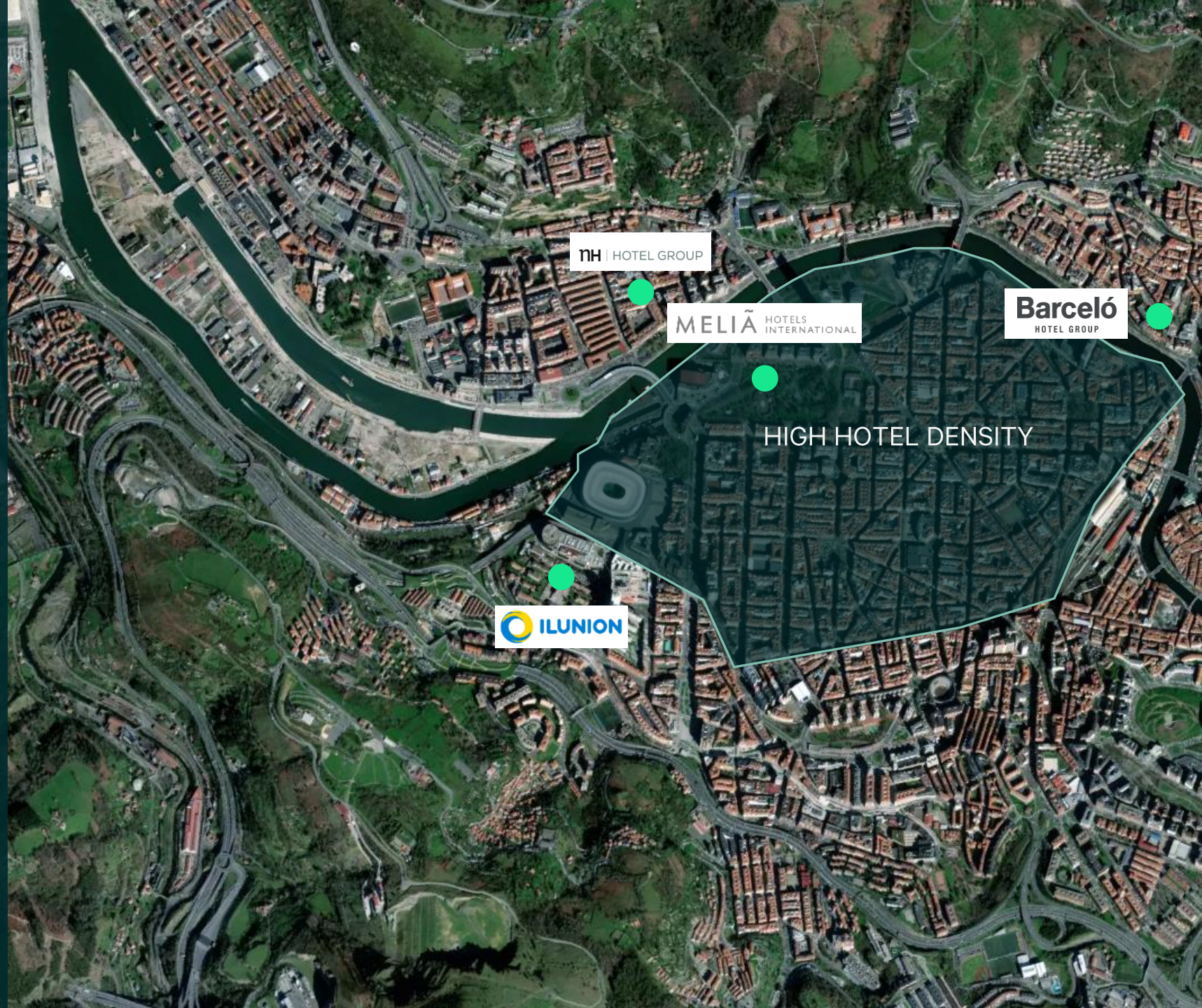
2,000 new beds have come onto the market in Bilbao since 2015, helping the city to meet demand for quality tourism with a strong focus on culture, food and business.

2022 Bilbao

~9.5k No. of beds	€93.6 ADR	47.6% Bed occupancy
1.9 Average stay	€62.8 RevPAR	5.5-6% Yield

Future developments in Bilbao

~2 Hotels	+160 Rooms
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Serviced Apartments in Spain

Serviced Apartments are an alternative to hotels, aimed at longer stays with a selection of priority services available to satisfy the most demanding guests.

Target market and features of Serviced Apartments



Professionals



Space and privacy



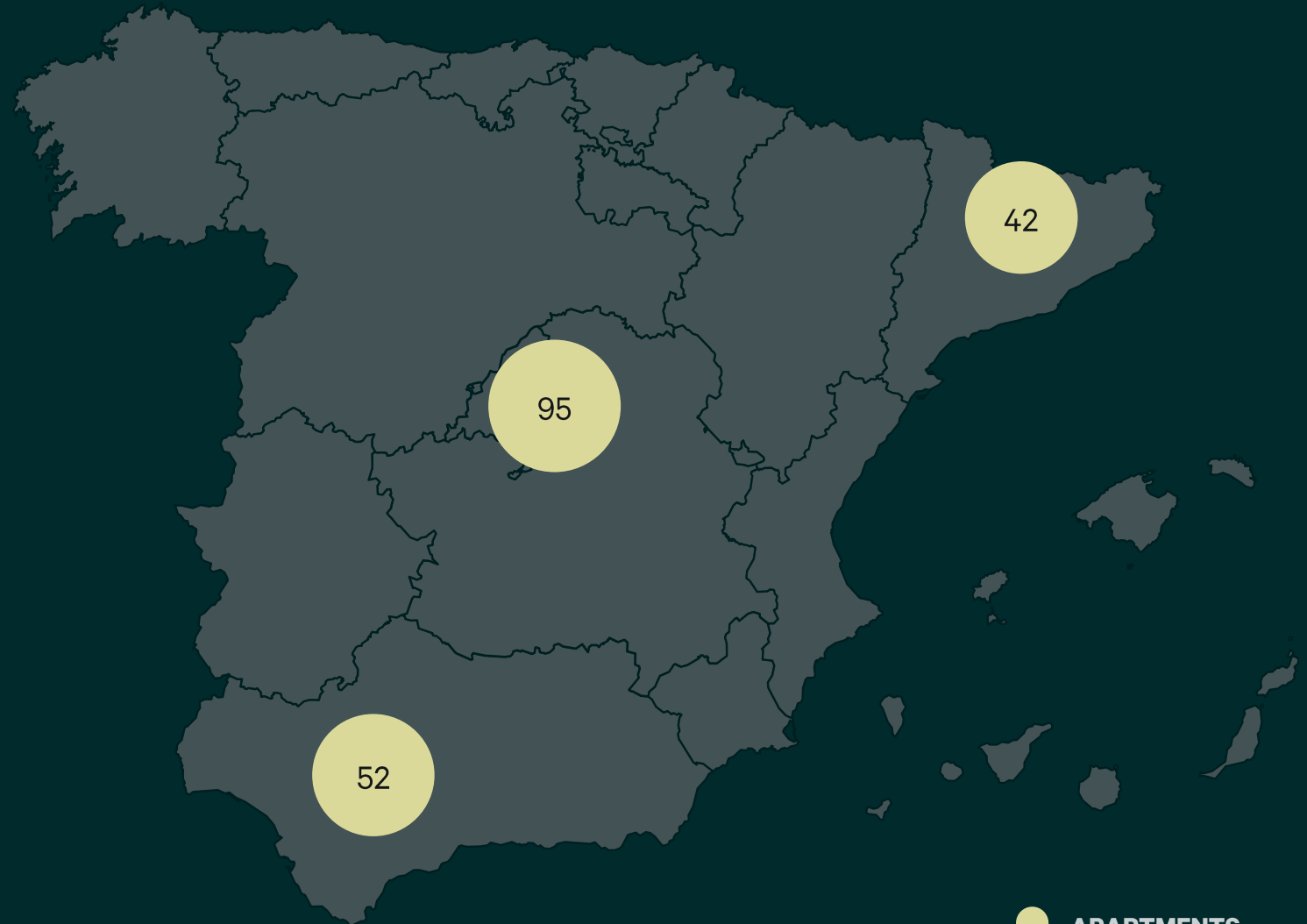
Flexible stays



Growth¹ (2021-2022): +2%



Hotel and apartment
hybrid



● APARTMENTS

Note 1: Investment in hotels and serviced apartments is rising at a similar pace

Serviced Apartments in Spain

Main cities: Madrid, Barcelona, Malaga and Seville

5.25-5.75%

Yield in Spain

Main operators

libere

limehome

BE MATE

85%
24-hour support

100%
Kitchen

50%
Terrace

100%
Wi-Fi

40%
Gym

50%
Parking

35%
Swimming pool

60%
Work area

30%
Laundry room



Serviced Apartments Bilbao

The increase in tourism and business travel to Bilbao, combined with the changing needs of today's guests, represents a potential growth opportunity for this asset class

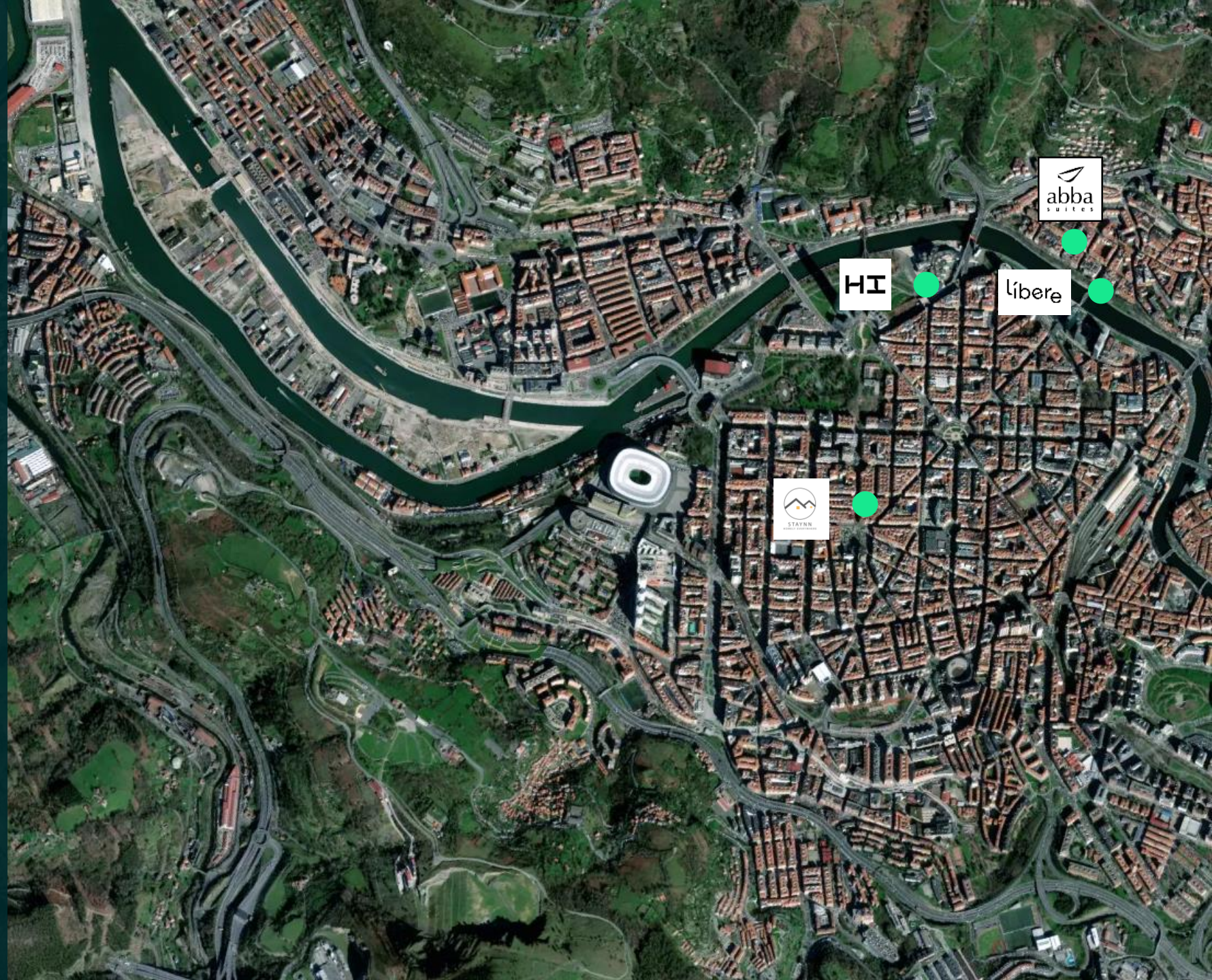
Bilbao

70
Apartments

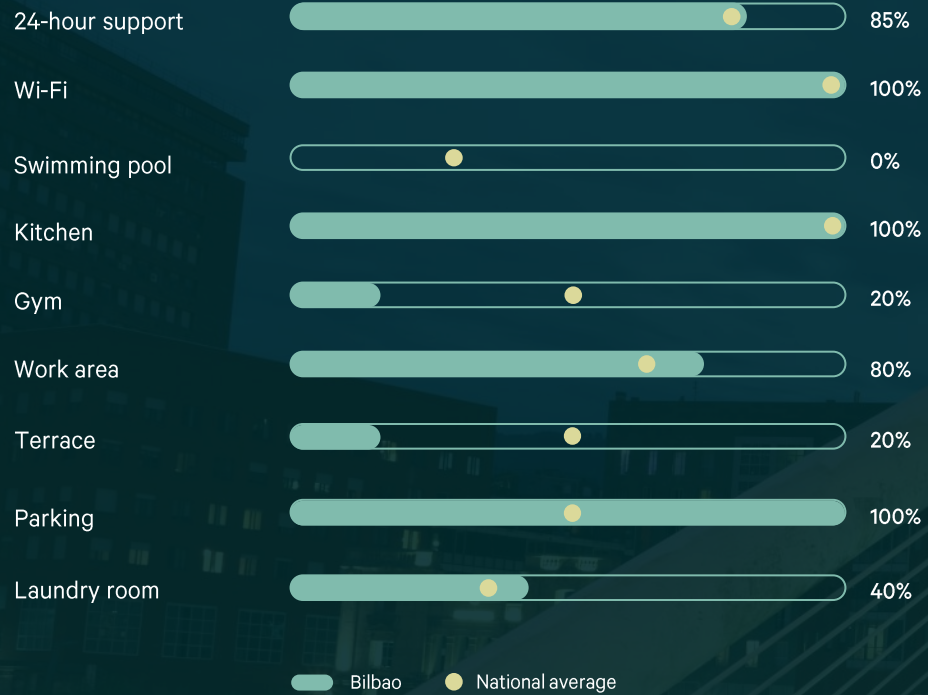
5.25-5.75%
Yield

Future developments in Bilbao:

Around 32 new apartments
will open in 2024

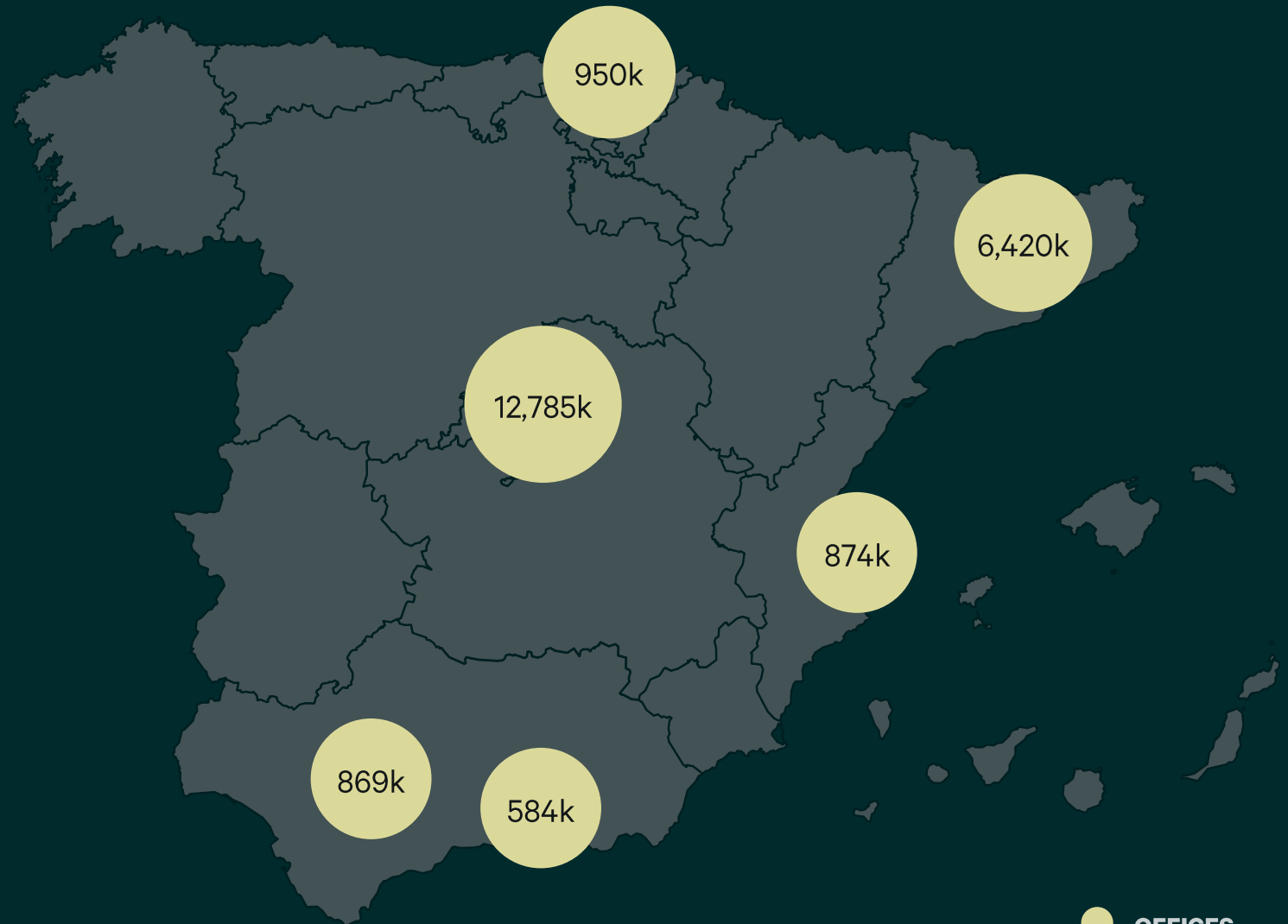


Serviced Apartments in Bilbao



Offices in Spain

Office occupiers are increasingly looking for modern buildings that meet today's standards in terms of sustainability, accessibility, security and prestige.



Target market and features of Traditional Offices



Multinationals and SMEs



Corporate image



Medium/long-term contracts



Control of private space



Privacy and security

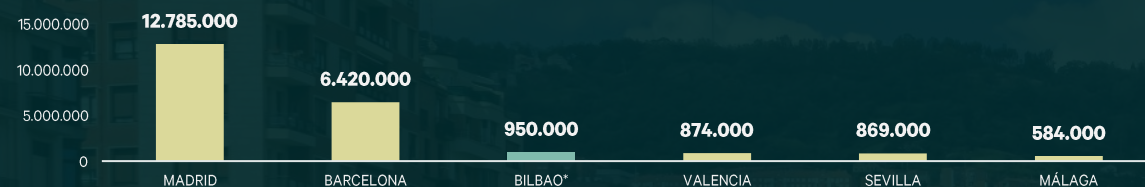
OFFICES

Offices in Spain

SPAIN (Barcelona/Madrid)

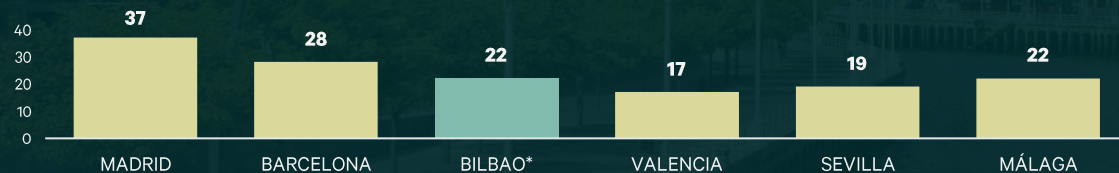
19.2M Offices (sqm)	€16.4 / 18.8 Average rent (€/sqm/mth)	€28 / 37 Prime rent	4.25% Prime yield	€2,200M Investment volume
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Stock (sqm)



* Data for Bilbao covers the metropolitan area (including the Technology Park and other business parks). The city of Bilbao is home to 593,000 sqm of sole use office buildings (excluding buildings used by public administrations)

Prime rent (€/sqm/month)



* Data for one property, Torre Iberdrola



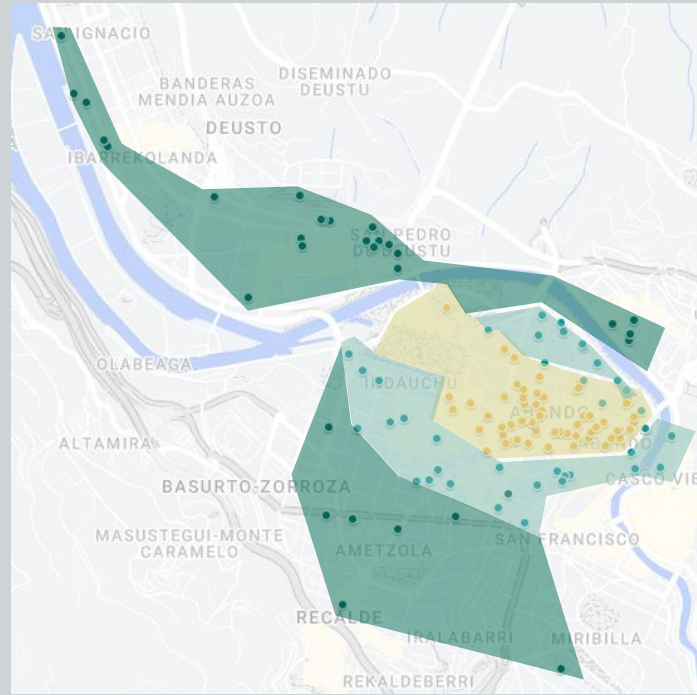
Offices in Bilbao

There is a clear distinction between office spaces in Bilbao, with a handful of modern buildings and a large supply of outdated offices.

Overall occupancy levels are high, with growing demand and a lack of alternative space available.

Bilbao

~130	~593,000
No. of office buildings	Total area (sqm)
8%	5.25%
Average vacancy rate	Prime yield



Business districts in Bilbao:

- CBD (Central Business District)
- RCBD (Rest of Central Business District)
- SCA (Secondary Central Area)

● Central Business District (CBD)

Average prime rent (€/sqm/month)	Estimated office GLA (sqm)	Vacancy rate
15.00 – 16.00	305,000	4.8%

● Rest of Central Business District (RCBD)

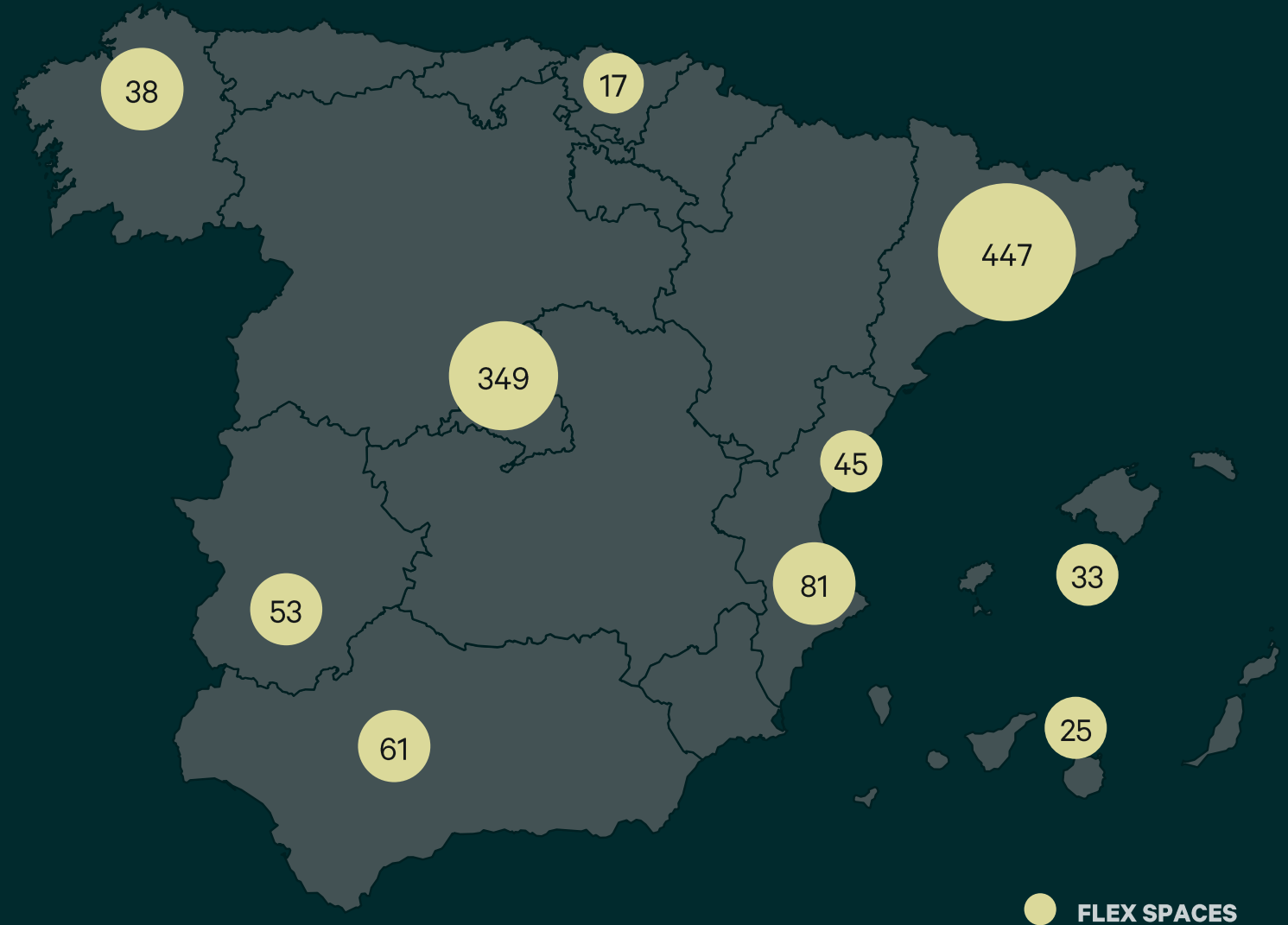
Average prime rent (€/sqm/month)	Estimated office GLA (sqm)	Vacancy rate
12.00 – 13.00	155,000	8.0%

● Secondary Central Area (SCA)

Average prime rent (€/sqm/month)	Estimated office GLA (sqm)	Vacancy rate
9.00 – 10.00	130,000	> 15.0%

Flex Spaces in Spain

Flexible office spaces are the ideal solution for freelancers and small businesses, but are equally suited to any company in need of flexible and prestigious space.



Target market and features of Flex Spaces



Freelancers, entrepreneurs, etc.



Cost optimisation



Networking potential



Growth (2020-21): 39%



Flexible space with tailored services

Flex Spaces in Spain

Main cities:

Barcelona, Madrid, Valencia, Malaga, Seville, Alicante and A Coruña

~1,500

No. of flex spaces

~170

€/month

5%

Yield

Main operators

Regus

wework

utopicus

SPACES.

100%

Wi-Fi

87%

Meeting room

70%

Whiteboard

90%

Photocopier

30%

Parking

70%

24/7 service

80%

Café area

80%

Reception

55%

Alarm

35%

Catering

70%

Kitchen



Flex Spaces in Bilbao

Bilbao has seen an exponential growth in flexible workspaces, making it an ideal city for this type of office. IWG is one of the most prominent flex space providers in the city.

Supply of Flex Spaces in Bilbao

~12
No. of flex spaces

~200
€/month

5%
Yield



Flex Spaces in Bilbao



New developments

CBRE



Zorrotzaurre: a unique opportunity to develop a new urban innovation district



Technology Park

Punta Norte campus: 45,748 sqm of commercial property space, 60% of which has been pre-let in just 6 months

Punta Sur campus: 81,960 sqm of commercial property space due to come onto the market



800,000 sqm of land



Reclaimed land



Mixed-use



Over 5,500 homes



New university buildings



127,000 sqm commercial space



Island of learning

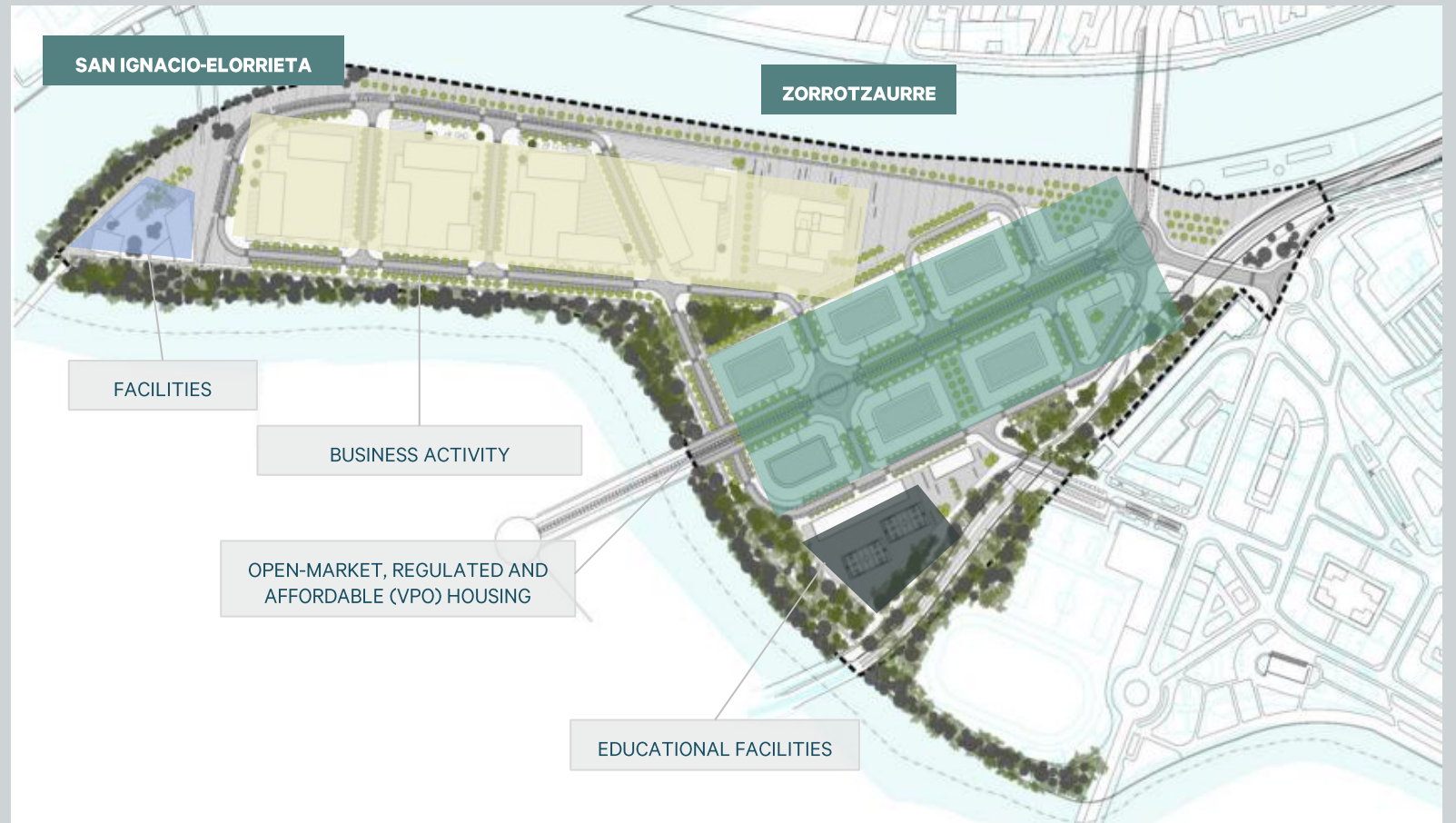


Island of innovation



Sustainable island

Punta Zorrotza:
a driving force for
urban regeneration,
reclaiming the river
banks and creating a
hub for the
audiovisual industry



317,000 sqm
of land



Reclaimed river
bank



Mixed-
use



Circa 2,000
homes



100,000 sqm of
green spaces



100,000 sqm of
space for business



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