

Market outlook January 2020

Now that we have passed from one decade to another we decided to have a look at what is changing in the world and the new trends that can shape the new decade. However, we will this time not focus on geopolitical issues - which are undoubtedly important and fill the news like the Coronavirus - but we will look at global trends. However, to better understand and classify these developments, we will first review the technological forces that have shaped the last decade.

As for the current moment the environmental issue is top of agenda. It is a bit surprising given that the scientific concerns started 50 years ago and warnings are visible everywhere. There is an impact on our business given that one third of CO2 emissions are linked to housing and mainly concerning heating or cooling apart of concrete as a building material, where the production process is generating huge quantities of CO2. We are very conscious of it and will try to contribute as far is in our reach.

Review

In the last decade we have seen a continuation of the trends that began during the Internet bubble at the beginning of the millennium. In this sense, the smartphone quickly replaced the previous mobile phone, and broadened the services available in the palm of our hand rapidly adding more and more new and sophisticated functions.

The Internet also continued to evolve and its importance now extends far beyond the original search and communication functions. In both areas it is more an evolutionary development than a revolutionary one. It though has revolutionized how we promote and convey business. Virtual realities and online relationships are changing the pattern of human relationships not only in business.

However, a revolutionary development closely related to these two areas took place in artificial intelligence (AI). Although many of the mathematical foundations for the development of neural networks were already established in previous decades, until 2012 there was not a great advance in the application of neural networks. AI made its way into more and more areas of life. In a very humble way we want to be part of it and are developing an App that should help matching demand to offer in the real estate sphere.

What does not really have changed during the last decade is mobility. The way we use transportation devices, be it car, bus, train, ship and plane is still near to where it



was since decades. Although Tesla has demonstrated with the development of the electric car that a new driving technology is possible from the technological and economic point of view, the automobile industry as a whole has only taken, very timidly, the step towards a new driving technology.

How much the Tesla innovation is inspiring phantasies can be seen in the current stock quote. Far over 200% rise of its stock in one month is extraordinary though it seems short squeeze may have attributed to it.

There has also been no obvious progress in aviation or rail transport. The engines are quieter and more efficient, but commercial airplanes still burn too much fuel as the on-going delisting of the Airbus 380 clearly illustrates.

However, the last decade has been marked by the birth of the philosophy of "sharing" in mobility and housing, initiated by Uber and AirBnB. Despite all the criticisms, this new way of thinking is setting trends that will also take place in account in this decade. We can observe it in the changing patterns how renting out of tourist apartments changed to a new model.

Looking at the Spanish Real estate market the New Year starts with a generalized slowing of activity. Reasons are various, but predominantly the new mortgage legislation adopting the Spanish traditional mortgage procedures to new European rules causes delays both on the side of the credit institutions as well as the training of the authorized agents. It is not a demand problem rather a processing problem that triggers the sharp downturn and should be digested within a few months.

We in ICCI are currently progressing on two different fronts: New collaboration agreements are under way with one closed: OTTIS, our Partners from Qatar seeking to bring Spanish style of living and services to investors from the Middle East. Our Qatari partners from Ottis (Ottisrealestate.com) are representing investors from the Golf region interested to be part of the Spanish Market, orientating efforts towards secondary areas of the Spanish Territory including also Coastal Areas, mainly the Costa del Sol market or even change there place of living permanently as well as .

On the other hand we are looking into individualized information technology to better match real estate buyers to the respective market offer. What is standard for consumer goods is still in an early stage for the real estate market. Individualized requirements and limitations looking for matching offers is clearly on our mind. We will keep you posted on this one so you can know when you will be able to take advantage of it for your future interests in the Costa del Sol or other areas of Spain.

As for the year we expect a slow but steady growth of demand especially in the mid market segment. Plenty of re-sales and new built is on offer and that will both have an impact on price and create strong demand – stay tuned.