

Market report: Spain

Economy

The sustained boom witnessed in the Spanish economy over the last few years persisted in 2007. The level of activity will decline in 2008, but will still remain above the EU average. The Spanish market will therefore continue to provide excellent business opportunities for foreign companies. Spanish companies are investing heavily in machinery and plant in order to boost their competitiveness. In the construction sector, there are particularly fertile opportunities for growth in foundation engineering.

In his 2008 budget speech, held at the end of September 2007, the Minister of Economy and Finance foresaw the possibility of real growth in gross domestic product (GDP) of 3.3% in 2008, despite the impending slow-down in the economy. The government has since stuck by this prediction. Its optimism is based among other things on the stability of the national economy, the excellent state of public finances, the level of activity in key sectors, which remained satisfactory into the summer months of 2007, and the interest rate, which is predicted to fall.

Various private institutions are more reticent in their forecasts, predicting GDP of between 2.7 and 3%. The central bank (Banco de España) announced that it expects real GDP to increase by "about 3%" in 2008. The International Monetary Fund (IMF) regards 2.7% as realistic and therefore predicts that, despite the downwards trend, the growth of the Spanish economy will be 0.6 percentage points above the EU as a whole.

Spain is a highly enterprising country and can lay claim to consistently high rates of economic growth, much higher than the average among industrialized nations. Indeed, Spain's growth continues to outstrip overall growth in the EU. The biggest exporter to Spain is Germany, followed by France, Italy, China and the United Kingdom. Demand is particularly high in Spain for cars, machinery, and electrical and electronic products from Germany.

Despite the changing economic outlook, Spain still offers business opportunities for foreign manufacturers of consumer and investment goods. Indeed, many foreign companies are stepping up their investment in Spain.

Structure of the population

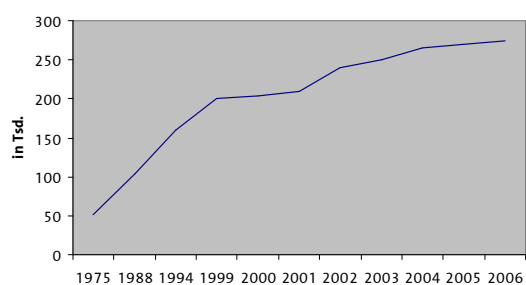
In terms of population structure, 14% of the Spanish population is younger than 25 and around 75% is aged between 25 and 64. 16.7% of the population (45.2 million in 2007), or around 7.5 million, is aged 65 and over.

Compared to the rest of Europe, the Spanish population is relatively young. However, Spain has one of the world's lowest birth rates. This trend is being offset by an influx of young immigrants with a high birth rate, particularly from South America and North Africa. Advances in medicine and nursing care have resulted in a high life expectancy. According to a study published in June 2007, a Spaniard's average life expectancy is 79.7. The falling birth rate and aging of the population will hit Spain particularly hard in 2020, since the country has the third-highest level of net population aging among all industrialized nations. By 2050, the cost of healthcare will increase by 2.3% of GDP.

Spain's elderly care market

The Spanish care market, above all private inpatient care, enjoyed a veritable boom between 2001 and 2004 – almost 14,000 new hospital beds were introduced each year. In 1999, 194,682 beds were available for 6.85 million people aged 65 and over. By 2006, this had increased to 272,240 beds for 7.33 million people.

Number of nursing home spaces



This escalation in supply is primarily a natural consequence of Spain's new-found affluence and the urban, westernized lifestyle that accompanies this. The increasing emancipation and employment of women has reduced capacity for informal care. The traditional extended family might still function in rural areas of Andalucía or Galicia, but these



provincial regions are emptying fast, leaving the elderly reliant on institutional care. The rapid growth of the market becomes even more evident when we compare the period 1999–2004 with the period before. Between 1975 and 1988, 3,960 new beds were made available each year, as opposed to 8,415 beds each year between 1989 and 1998.

The number of nursing homes rose from 3,702 (1999) to 5,146 (2006), 75% of which are run by private organizations. This share has increased by 10% since 1999, underlining the increasing influence of private providers.

The favorable economic situation and the increasing number of elderly people requiring support and nursing care (around 2 million) prompted the Spanish government to carry out in-depth analysis into legislation on the need for nursing care. This resulted in the adoption on 1 January 2007 of the “Law on promoting personal autonomy and nursing care for the needy”, which for the first time promises state financial support for those in need of nursing care. It provides a basis for further developing a professional care sector in all regions of Spain. The public authorities plan to set aside more than EUR 25 billion by 2015 for improvement of the country’s social services.

According to the German Office for Foreign Trade (bfai), a total of 720 retirement homes are set to be built in Spain in the next three years. What’s more, a further 77,000 beds are to be made available to meet the needs of the 7 million citizens aged 65 and above. The plans are dominated by large-scale projects, each housing more than 100 residents. By 2010, the number of homes will have increased by a seventh over its current level. At present, small homes predominate.

Spain also provides German and other foreign companies with an attractive location for setting up retirement homes. For example, German church organizations and private investors have set up here, and a number of private homes are being funded by German-Spanish capital. Since a considerable number of Dutch, Britons and Germans own real estate in Spain and spend many months of the year there, it is logical for them to switch from their second home to a retirement home.

There are business opportunities in a wide range of sectors, covering everything from direct involvement and complete installation to the delivery of medical and therapeutic equipment and apparatus and to information and communication systems. “The best way for SMEs to develop the market is to collaborate with a Spanish partner,” says Nicolás Klingenberg. As Managing Director of Grupo Neat, one of the leading manufacturers of home care phones, he speaks with the voice of experience. It is essential to bring in local knowledge of the market, tendering procedures, business practice and much more.

Why Pro Care España?

Pro Care España is evolving into the leading trade fair for Spain’s care sector. Held in conjunction with Orto, the trade fair for orthopedics and technical aids, it attracted 161 exhibitors in 2006. Some 10,000 visitors took the opportunity to learn about the trends in care for the elderly. This is the fastest-growing industry of our time, and is predicted to witness double-digit growth in the next few years. The trade fair therefore provides an ideal platform for establishing business contacts on the Spanish care market and for benefiting from the rapid growth of the sector.

The trade fair is accompanied by a congress which will explore the latest trends and provide a networking platform for industry experts. Renowned experts will transfer their knowledge in panel discussions and lectures. One of the main areas of discussion will be how to implement the Spanish care legislation adopted on 1 January 2007.

For more information on Pro Care España (27–29 November 2008) in Madrid (IFEMA Recinto Ferial Juan Carlos I), contact:

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