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When Headlines Create More Fear Than Markets

Why long-term investors should distinguish between headlines, narratives and market fundamentals

Jesús Podadera
Sales Director & Co-Founder | Crecely Capital

Executive Summary

A framework for separating market noise from structural change

Financial markets increasingly operate in an environment where narratives travel faster than evidence. Recent attention around Ceuta illustrates how quickly a local event can be extrapolated into a national investment thesis. This paper argues that real estate value is shaped over time by structural forces - housing supply, demographic growth, financing conditions, employment, international demand and institutional capital flows - rather than by isolated headlines.

It also distinguishes measurable risk from radical uncertainty. Drawing on Scott D. Sagan, Howard Marks and Nassim Nicholas Taleb, the paper explains why explaining an event after it occurs is not the same as predicting it before it happens, and why robust investment processes should be designed to remain resilient across several possible futures.

The Spanish evidence supports that distinction. Household formation has outpaced new housing production; tourism reached a record level in 2025; Living and hotel investment remained substantial; and total real estate investment recorded its strongest annual volume since 2018. None of these indicators removes risk. Together, however, they show why a local disruption should not automatically be interpreted as a nationwide structural break.

Structural Perspective	Investment Discipline	Spanish Market Thesis
A local disruption may affect a city or segment without altering the long-term drivers of an entire market.	The objective is not to forecast every surprise, but to underwrite investments that remain resilient when assumptions prove wrong.	Housing undersupply, tourism demand and international capital remain important supports for the Spanish market.

> *Successful investing has never been about reacting first. It has always been about understanding what truly matters.*
>
> **Crecely Capital Investment Insights**

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PART I

The Difference Between an Event and a Structural Change

The investor challenge is not simply understanding what happened, but deciding whether it changes long-term market conditions.

Temporary Event

Can move sentiment quickly, create local disruption and fade as attention shifts.

Structural Change

Alters supply-demand dynamics, liquidity, pricing and capital allocation over time.

Disciplined investors do not ignore headlines. They place them in context.

The Difference Between an Event and a Structural Change

Financial markets have always responded to uncertainty. What has changed over the past decade is not the existence of uncertainty itself, but the speed at which it is created, transmitted and interpreted. Information now travels globally within seconds, opinions are formed almost instantly, and social media has dramatically shortened the time between an event occurring and a market narrative becoming established.

For investors, this presents a new challenge. The objective is no longer simply to understand what has happened, but to determine whether it genuinely changes the long-term investment landscape or merely dominates the news cycle for a short period of time.

Recent events in Ceuta provide a useful example. The situation quickly attracted widespread attention across traditional media and digital platforms. Predictably, the conversation soon expanded beyond the event itself. Questions emerged about its potential impact on Spain's real estate market, while some commentators suggested that the country's investment outlook could be fundamentally altered.

Whether those conclusions ultimately prove correct is secondary to a more important question: how should investors approach situations of this nature in the first place? Should a single event be sufficient to change an investment thesis that has taken years to develop, or should it become another variable within a much broader analytical framework?

At Crecely Capital, we believe the answer begins with understanding how markets actually evolve. Contrary to popular perception, real estate rarely changes direction because of one isolated event. It evolves through the interaction of multiple forces - housing supply, demographic trends, employment, household formation, financing conditions, infrastructure investment, regulatory stability and international capital flows - that shape supply, demand, liquidity and capital allocation over extended periods.

These variables do not change overnight, nor do they respond proportionally to every headline that captures public attention. This distinction is particularly relevant in Spain. According to the Bank of Spain, the residential market continues to be shaped primarily by demographic growth, household formation, financing conditions and a persistent imbalance between housing demand and new supply. Population growth has increasingly concentrated around major metropolitan areas and coastal regions, while residential construction has struggled to keep pace because of land availability, administrative delays, labour shortages and rising development costs.[1]

These are not temporary phenomena. They are structural characteristics. Understanding the difference between structural drivers and temporary events is one of the most valuable disciplines an investor can develop.

This does not mean that short-term events should be ignored. Political decisions, migration flows, geopolitical tensions and natural disasters can generate immediate consequences that deserve careful analysis. They may affect individual cities, specific asset classes or particular market segments. Recognising a local impact, however, is fundamentally different from assuming a structural transformation.

The challenge is that information and emotion now travel at unprecedented speed. Today's information ecosystem rewards certainty. Media organisations compete for attention and digital platforms reward engagement. Complex events are therefore increasingly reduced to simple conclusions: markets will rise, markets will fall, everything has changed, nothing will ever be the same. Reality is rarely that straightforward.

One observation has become increasingly evident: investors often dedicate significant time to analysing assets, yet comparatively little attention to the narratives surrounding those assets. Narratives matter not because they necessarily alter intrinsic value, but because they influence confidence. Confidence shapes behaviour; behaviour influences capital allocation; and capital allocation ultimately moves markets.

Headlines therefore possess genuine economic influence. They may not alter underlying conditions, but they can temporarily change how investors perceive them. Some of the most costly investment mistakes arise when temporary uncertainty is confused with permanent structural change.

As investors, our responsibility is not to ignore uncertainty, but to place it in its proper context. Only then can we distinguish information that genuinely alters an investment thesis from information that attracts attention before the market moves on to the next headline.

> *Successful investing has never been about reacting faster than everyone else. It has always been about distinguishing temporary noise from structural change.*
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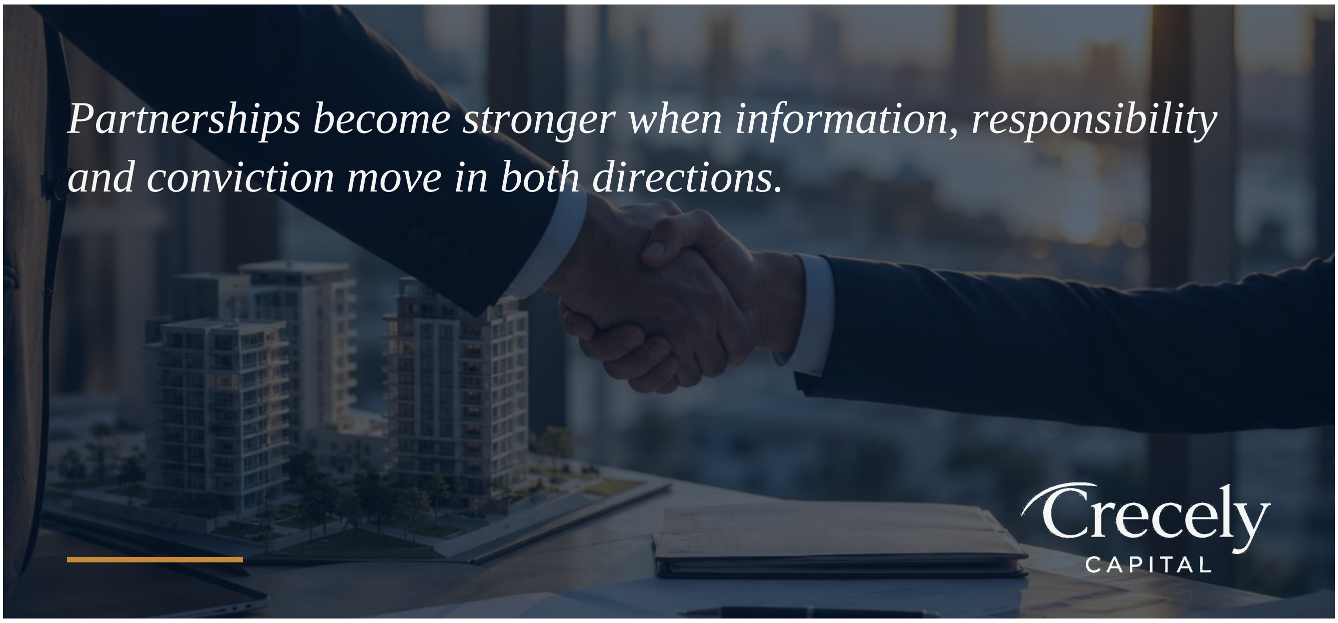


PART II

Risk, Uncertainty and the Limits of Prediction

Successful investing is not about predicting the future with certainty. It is about building resilient decisions in a world where not all outcomes can be modelled.

Risk

Probabilities can be estimated, stress-tested and priced.

Uncertainty

Probabilities cannot be assigned with confidence; resilience becomes the priority.

> *You cannot predict every outcome. You can prepare for a range of outcomes.*

Risk, Uncertainty and the Limits of Prediction

One of the greatest misconceptions in investing is the belief that successful investors are those who can predict the future more accurately than everyone else. It is an appealing idea. If investors could anticipate the next geopolitical conflict, interest-rate decision or market correction with precision, capital allocation would become remarkably straightforward.

Reality has never worked that way. Financial markets are complex adaptive systems shaped by thousands of interconnected variables. Economic growth, monetary policy, demographic trends, consumer confidence, political decisions and capital flows evolve simultaneously, often reinforcing - or offsetting - one another in ways that cannot be modelled with complete certainty.

The challenge for investors is not a lack of information. It is the illusion that more information automatically produces better predictions. This becomes clearer when we separate risk from uncertainty.

Risk refers to situations in which probabilities can be estimated with reasonable confidence. Vacancy rates, financing costs, construction budgets, occupancy levels and rental growth assumptions belong to this category. They are uncertain, but measurable; they can be analysed, stress-tested and incorporated into an investment model.

Uncertainty is fundamentally different. It describes events for which probabilities cannot be meaningfully assigned because the event may never have occurred before, or because the number of interacting variables is simply too great. Geopolitical conflicts, global pandemics, unexpected regulatory changes, financial contagion, migration shocks and technological disruption remind us that uncertainty is not an exception within financial markets. It is one of their defining characteristics.

> *“Things that have never happened before happen all the time in history.”*
>
> **Scott D. Sagan, The Limits of Safety (1993)**

At first glance, the statement appears contradictory, yet few observations describe investing more accurately. Investors naturally look to history for guidance. We study previous crises, compare market cycles, analyse historical returns and search for recurring patterns. History remains one of the most valuable tools available to anyone allocating capital, but it also has limits.

Many events that reshape financial markets are unprecedented when they occur. The Global Financial Crisis was not merely a repetition of previous recessions. The COVID-19 pandemic created an economic shock unlike anything experienced in modern financial history. More recently, the rapid tightening of monetary policy after more than a decade of exceptionally low interest rates confronted an entire generation of investors with conditions they had never previously encountered.

Each crisis shares similarities with what came before it; none is identical. This creates an important paradox. The more we analyse historical events, the greater the temptation to believe that the next crisis will resemble the last one. History repeatedly suggests the opposite: every generation prepares for the previous crisis, while the next one arrives in a different form.

This observation connects directly with the narrative fallacy described by Nassim Nicholas Taleb. Human beings instinctively construct coherent stories after events have already occurred. Once an outcome is known, we connect individual facts into a logical explanation. Looking backwards, everything appears inevitable; looking forwards, almost nothing does.

This retrospective clarity creates one of the greatest psychological traps in investing. It convinces us that events were predictable all along, even when the relationships between the relevant variables were far less obvious before the event unfolded. Explaining a crisis after it occurs is fundamentally different from predicting it beforehand.

Howard Marks has therefore argued consistently that investment success should not depend on precise macroeconomic forecasts. In the title of a 2001 Oaktree memo, he summarised the practical implication with unusual clarity:[9]

> *"You can't predict. You can prepare."*
>
> **Howard Marks, Oaktree Capital (2001)**

Preparation is fundamentally different from prediction. Prediction assumes certainty and attempts to identify one future. Preparation accepts uncertainty and recognises that several futures remain possible.

For investors, this distinction transforms the investment process. Instead of asking what exactly will happen next, a more useful question is: If our assumptions prove wrong, how resilient will this investment remain?

That question shifts the focus away from optimistic forecasts and towards conservative underwriting, liquidity management, downside protection and diversification. The objective is no longer to be right about every forecast, but to ensure that being wrong does not become catastrophic.

Resilient portfolios are rarely built by those who predict the future with the greatest precision. They are built by those who understand the limits of prediction itself. The responsibility of a long-term investor is not to eliminate uncertainty, but to recognise it, respect it and construct investment strategies capable of succeeding despite it.

PART III

What Actually Shapes the Spanish Real Estate Market

Spain is an instructive example of why structural drivers deserve more attention than isolated headlines.

~600,000

Cumulative gap between household formation and new housing, 2022-2025.

€18.45bn

Total Spanish real estate investment in 2025.

96.8m

International visitors to Spain in 2025.

> *Institutional capital allocates billions on the basis of long-term conviction, not daily news cycles.*

What Actually Shapes the Spanish Real Estate Market

If uncertainty cannot be eliminated, the next question is straightforward: what should investors focus on instead?

At Crecely Capital, we believe long-term decisions should be guided by structural market dynamics rather than short-term narratives. Markets rarely change direction because of a single headline. They evolve gradually as demographic, economic, financial and regulatory forces reshape the balance between supply, demand and capital allocation.

Spain illustrates this distinction particularly well. Despite political uncertainty, higher interest rates, inflationary pressures and changing global capital flows, the country's investment thesis continues to be supported by several long-term factors that deserve more attention than any isolated event.

The first is demographics. According to the Bank of Spain, household formation has exceeded new residential construction in recent years, creating an estimated cumulative gap of approximately 600,000 homes between 2022 and 2025.[2] This figure describes the difference between net household creation and new housing production; it does not imply that every theoretical unit is physically absent or required in the same location.

The imbalance reflects sustained population growth, increasing household formation and a construction sector constrained by land availability, lengthy planning procedures, labour shortages and rising development costs. It is also highly concentrated geographically. More than half of newly created households have been concentrated in Madrid, Barcelona, Valencia, Málaga and Alicante, markets that continue to combine strong demand with limited new supply.[1]

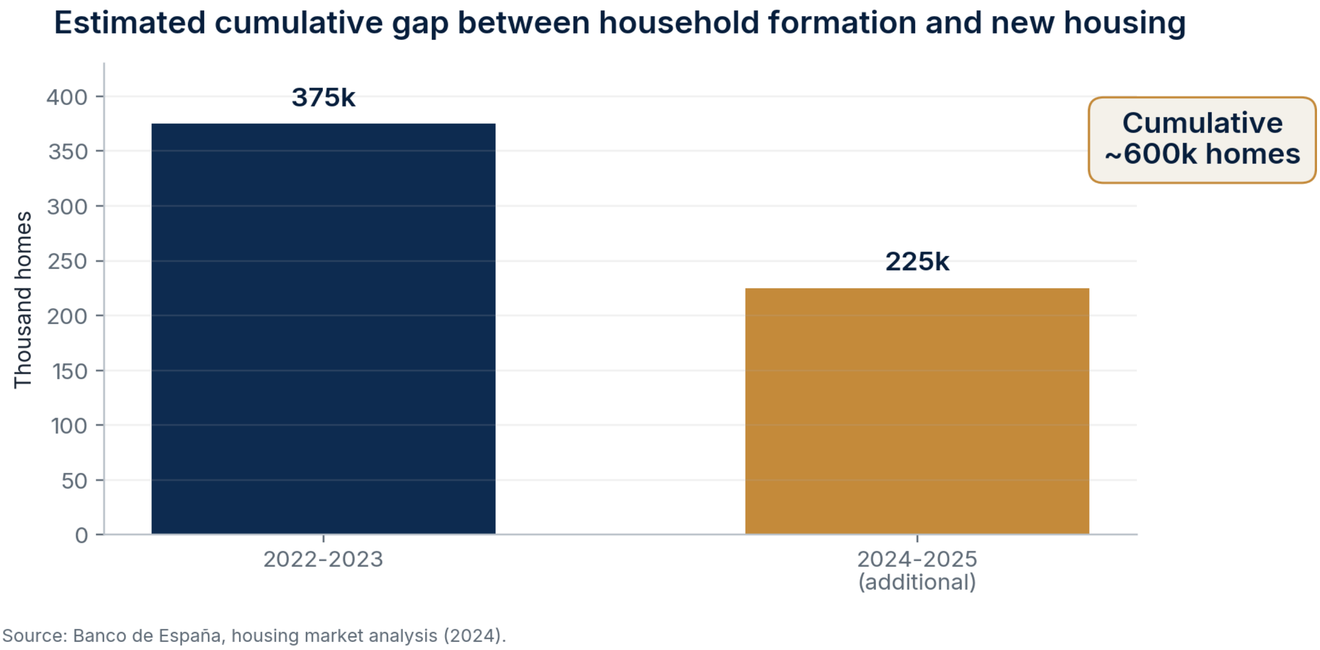
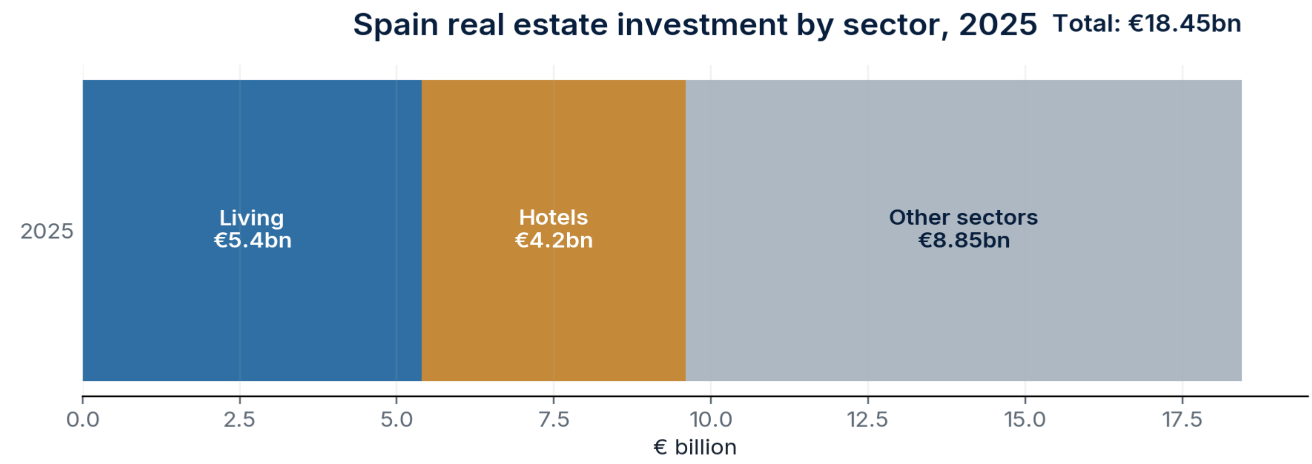


Figure 1. The estimated housing gap is cumulative and geographically uneven.

International demand represents another defining characteristic of the Spanish market. Spain welcomed 96.8 million international visitors in 2025, the highest figure ever recorded.[3] Tourism alone should never justify an investment decision, but it remains a powerful indicator of international attractiveness and continues to support hospitality, serviced accommodation and mixed-use concepts.

Institutional investors appear to share this conviction. Hotel investment reached €4.2 billion in 2025, approximately 23% of total real estate investment, making Spain the second most active hotel investment market in Europe.[4] A similar pattern was visible within Living: multifamily, Build-to-Rent, student housing and senior living attracted a record €5.4 billion, almost 29% of total investment.[5]

These figures reveal something important. Professional investors do not allocate billions according to daily news cycles; they allocate capital on the basis of long-term conviction. Total real estate investment in Spain reached €18.45 billion in 2025, 31% above the previous year and the strongest annual performance since 2018. Around half of the volume originated from international investors.[6]



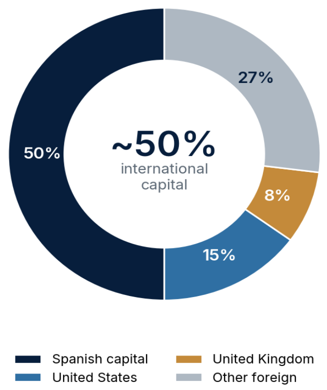
Sources: CBRE Spain Real Estate Investment Q4 2025; CBRE Living Q4 2025; CBRE Hotels Q4 2025.

Figure 2. Living and Hotels accounted for more than half of Spanish real estate investment volume in 2025.

International Capital and the Macroeconomic Context

The capital mix reinforces the cross-border character of the Spanish market. Spanish investors accounted for close to half of 2025 volume, while the United States represented 15%, the United Kingdom 8% and other international sources approximately 27%.[6]

Origin of real estate investment capital in Spain, 2025



Source: CBRE Spain Real Estate Investment Q4 2025.

2.8%	**9.93%**	**22.46 m**
Real GDP growth, 2025	Unemployment, Q4 2025	Employed population
2.9%	**2.00%**	**2.15%**
CPI, Dec. 2025	ECB deposit rate	ECB main refinancing rate

Spain closed 2025 with continued economic growth, employment above 22 million and interest rates below their cycle peaks. These indicators do not eliminate investment risk; together, however, they describe an economy supported by continued activity rather than one experiencing structural deterioration.[7]

The broader European context also matters. The European Central Bank observed that residential investment weakened considerably in Germany and France after the rapid increase in interest rates, while Spain showed a different adjustment pattern. More prudent mortgage standards, demographic growth and constrained housing supply helped preserve underlying demand. Identical monetary conditions do not produce identical outcomes when leverage, construction cycles and demographics differ.[8]

This does not make Spain immune to corrections. Political decisions may change, financing conditions may tighten and construction costs may remain elevated. Recognising risk, however, is fundamentally different from concluding that every headline invalidates the investment case for an entire country. Context remains one of the most valuable assets an investor can possess.

> *Capital is rarely rewarded for reacting first. More often, it is rewarded for understanding the forces that continue creating value after the headlines have disappeared.*
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PART IV

Beyond Headlines: The Crecely Capital Perspective

The final test is not whether an investment thesis predicts one future, but whether it remains robust across several plausible futures.

Investor Fit

Begin with objectives, risk tolerance and the intended role of the asset.

Transparency

State assumptions, dependencies and downside cases clearly.

Execution

Combine disciplined analysis with credible local operating capability.

> *Headlines compete for attention. Fundamentals create value.*

Beyond Headlines: The Crecely Capital Perspective

Every investment begins with a decision - not merely the decision to acquire an asset, but the decision to place confidence in an investment thesis. Every allocation reflects a belief about the future. Whether that belief concerns economic growth, financing conditions, demographic trends or operational performance, investing is ultimately an exercise in making decisions without complete certainty.

That reality cannot be avoided. Markets evolve continuously; regulation changes, capital reallocates, technology reshapes industries and consumer behaviour adapts. The future rarely unfolds exactly as expected. The quality of an investment process should therefore not be measured by its ability to predict outcomes, but by its ability to remain resilient when outcomes differ from expectations.

This principle shapes how we evaluate opportunities at Crecely Capital. We do not begin by asking whether an asset appears attractive. We begin by asking whether the thesis is supported by durable demand, realistic assumptions and an executable business plan.

One of the most important tests of any thesis is whether it continues to make sense when the base case proves optimistic. Can the business plan withstand less favourable market conditions? Have the principal risks and dependencies been identified? Is the financing structure compatible with a slower exit or weaker operating performance?

These questions rarely produce the most exciting conversations. They produce the most valuable ones. The strongest investment relationships are not built on the strongest promises; they are built on the highest quality of information. A compelling opportunity should not depend on persuasive language. It should stand on transparent assumptions, clearly identified risks, a realistic business plan and financial projections supported by evidence rather than optimism.

This reflects one of our strongest convictions: trust is not created by certainty; trust is created by transparency. Professional investors understand that uncertainty cannot be eliminated. What they expect is intellectual honesty about where it exists.

The most enduring partnerships are rarely built because every forecast proved correct. They endure because expectations were realistic, communication remained direct and decisions were taken with discipline. This perspective also changes how we interpret volatility. Periods of uncertainty should not automatically discourage investment; periods of optimism should not justify weaker underwriting standards. Both extremes can distort judgement.

Successful investing requires discipline during favourable markets and composure when conditions become uncertain. That balance is achieved by returning to first principles: asking better questions, challenging assumptions and accepting that no thesis becomes stronger because contradictory evidence is ignored.

Research, due diligence and market analysis should not exist to confirm what we already believe. Their purpose is to challenge our convictions before an investor commits capital. Only when a thesis remains robust after being challenged does it deserve serious consideration.

Perhaps this is where investing and speculation part ways. Speculation attempts to anticipate what others will do tomorrow. Investing seeks to understand what can continue creating value over the next decade. That distinction has never been more relevant. Information is abundant, opinions are immediate and attention is scarce. Judgement remains irreplaceable.

Markets will continue to surprise investors. Unexpected events will continue to influence economies, and new headlines will replace old ones. The question is not whether uncertainty will appear; it is how prepared an investment is when it does.

At Crecely Capital, successful investing begins by separating information from noise, temporary uncertainty from structural change and narratives from evidence. Our role is not to predict the next headline. It is to understand the long-term forces shaping markets, evaluate opportunities with discipline, communicate risk transparently and support decisions grounded in evidence rather than emotion.

> *Headlines may shape sentiment for a day. Fundamentals shape markets for years.*
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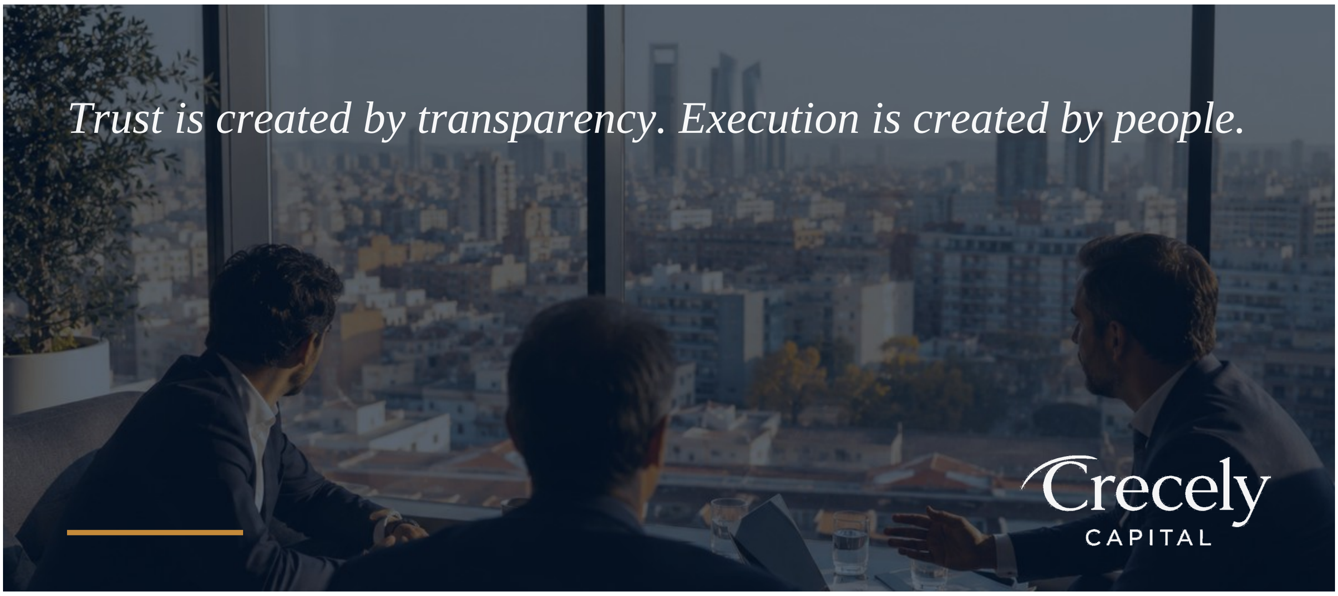

What This Means for Investors

- Treat local disruption as a hypothesis to test, not proof of nationwide thesis change. Assess the geographic reach, transmission channels and duration of the event before changing a long-term allocation decision.
- Underwrite downside before upside. Stress-test financing, liquidity, operating performance and exit assumptions under less favourable conditions.
- Distinguish measurable risk from radical uncertainty. Price the risks that can be modelled and build resilience against outcomes that cannot.
- Monitor narratives as a sentiment risk. Headlines can affect confidence and transaction activity even when intrinsic value is broadly unchanged.
- Allocate capital where structural drivers remain intact. Durable demand, realistic entry pricing and credible execution matter more than short-term attention.

Key Takeaways

- Real estate markets are shaped primarily by long-term supply, demand, financing and demographic forces.
- A local event can create meaningful local consequences without producing a national structural break.
- More information does not eliminate uncertainty; judgement is required to distinguish signal from narrative.
- Institutional capital continued to invest heavily in Spain during 2025, particularly in Living and Hotels.
- The objective is not to forecast every future, but to build decisions capable of surviving several possible futures.

Final Thought

Markets will continue to surprise investors. The objective is not to predict every possible future, but to build investment decisions capable of succeeding even when the future refuses to follow the forecast.

Headlines change every day. Structural forces change over years. Understanding the difference is what transforms information into judgement - and judgement into better investment decisions.

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Data note. Third-party statistics may be revised after publication. All figures are presented as reported in the cited source and should be read in context.

About the Author

Jesús Podadera
Sales Director & Co-Founder
Crecely Capital

Jesús Podadera works at the intersection of investor relationships, opportunity screening and cross-border real estate and hospitality collaboration. His focus is on understanding investor criteria, improving access to reliable information and coordinating with trusted local partners in Spain.

About Crecely Capital

Crecely Capital is an independent cross-border investment platform connecting institutional investors, family offices and private capital from the DACH region with carefully selected opportunities in Spain. Our approach begins with investor fit and combines transparent information, local market knowledge and execution through trusted partners.

We believe long-term partnerships are built through direct communication, aligned interests and the discipline to present opportunities as they are - including their assumptions, dependencies and risks.

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