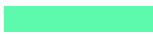


QUARTERLY REPORT

The Imbalance Continues:

 Snapshot of the Spanish Residential
Market in Q1 2026



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The Spanish real estate market entered 2026 maintaining a level of strength that, despite growing international economic and geopolitical uncertainty, continues to stand out for both its intensity and resilience. **During the first quarter of the year, the residential sector continued to rely on solid demand—both domestic and international—in a context where available supply remains insufficient to absorb current market needs**, particularly in the country's major cities, metropolitan areas, and leading tourist destinations.

The beginning of the year has also been marked by a particularly complex macroeconomic environment. After a 2025 characterized by the gradual easing of interest rates across Europe, the start of 2026 has brought part of the uncertainty back to financial markets. **The escalation of geopolitical tensions in the Middle East, combined with renewed energy volatility and rising oil prices following the closure of the Strait of Hormuz, has once again raised doubts about the future path of inflation** and the pace at which the European Central Bank may continue easing monetary policy over the coming months.

In this regard, Spain's National Statistics Institute (INE)¹ reported that **annual inflation in Spain reached 3.3% in March, compared to 2.3% recorded in January and February**, driven mainly by energy prices. At the same time, **Euribor resumed its upward trend during March**, reflecting growing market caution regarding future interest rate cuts by the ECB. According to Bank of Spain data², **the 12-month Euribor once again approached the 2.6% range by the end of the quarter**.

Despite this environment of heightened uncertainty, the Spanish economy continues to outperform many of its European peers, supported by strong employment figures, population growth, and the solid performance of the services and tourism sectors. Various industry analyses³ explain that **these factors continue to act as a major support for residential demand**, particularly in areas with stronger economic activity and a greater ability to attract population and investment.

Indeed, one of the defining characteristics of the Spanish real estate market today remains the strong imbalance between supply and demand. **The creation of new households, rising foreign demand, and the concentration of population in specific urban areas continue to exert increasing pressure on the available housing stock**, while the capacity to deliver new housing remains limited due to factors such as the shortage of development-ready land, rising construction costs, administrative complexity, and the slow launch of new developments. As highlighted in several CaixaBank Research reports⁴, **this structural lack of supply—particularly in areas with the highest economic growth and demographic pressure—is causing increasing market tension in certain parts of the country** and making access to housing progressively more difficult, especially for younger buyers and households with lower purchasing power.

However, **the current environment presents important differences compared to the real estate cycle preceding the 2008 financial crisis**. Although the market is once again recording strong price increases and high levels of activity, many analysts agree that

¹INE data, Q1 2026

²Bank of Spain data, Q1 2026

³Caixabank Research report "The Spanish Economy Remains Resilient in an Uncertain Environment"

⁴Caixabank Research report, "The Shortage of New Housing Continues to Put Pressure on Spain's Residential Market"

the current scenario is driven more by a structural supply shortage than by excessive construction or financial leverage, which would rule out the existence of a new housing “bubble.”

Moreover, **real estate continues to consolidate its position as a safe-haven asset in an environment marked by volatility and international economic uncertainty**, where housing is still perceived as a relatively stable asset class for both private buyers and investors—particularly in segments linked to new-build housing, prime product, and markets with strong structural demand. Within this latter segment, and partly as a result of the conflict in the Middle East, a shift is beginning to emerge in international demand toward destinations offering greater stability and security, positioning several European destinations, including Spain, as preferred alternatives for high-net-worth foreign buyers.

As a result, **the first quarter of 2026 leaves a market picture characterized by high levels of activity, growing pressure on prices, and a significant imbalance between supply and demand**, in a context where the evolution of inflation, interest rates, and the international geopolitical situation will continue to shape much of the sector’s outlook for the remainder of the year.

Housing Prices and New Construction

The Spanish residential market began 2026 maintaining a clearly upward trend in housing prices, both in new-build and existing homes. The combination of still very solid demand, limited product availability, and the market’s difficulty in bringing new supply online continues to exert significant pressure on residential values across much of the country, especially in major cities, metropolitan areas, and leading tourist markets.

The sharp increase in residential prices at the start of 2026 is consistently reflected across the main industry sources, although with varying degrees of intensity depending on the methodology used and the type of asset analyzed. According to Tinsa’s latest report for the first quarter of 2026⁵, **the average value of completed housing, both new and existing, increased by 14.3% year-on-year and 3.2% quarter-on-quarter in nominal terms**. Excluding the effect of inflation, real growth stood at 11.8%, consolidating one of the strongest rates of appreciation seen in recent years.

This upward trend is also visible in other sector statistics: market sources place the average **housing price in Spain above €2,000 per square meter** after recording a year-on-year increase of more than 16%⁶, while the Spanish Association of Property Registrars also confirms new highs in average housing prices during the first quarter of the year, **with increases close to 9% year-on-year**⁷. Although methodological differences exist between the various sources, they all point to the same reality: **the residential market remains under strong price pressure across much of the country**.

From a territorial perspective, price growth remains widespread, although with very different levels of intensity depending on the area analyzed. As stated in the Tinsa report, **14 of Spain’s 19 autonomous communities and cities recorded year-on-year growth above 10%, compared with 11 in the previous quarter**. The strongest increases were recorded in the Community of Madrid (+19.2%), the Valencian Community (+19.1%), Castile-La Mancha (+18.8%), the Canary Islands (+17.8%), and Cantabria (+16.2%).

⁵Tinsa report, Q1 2026

⁶Gesvalt Report data, Q1 2026

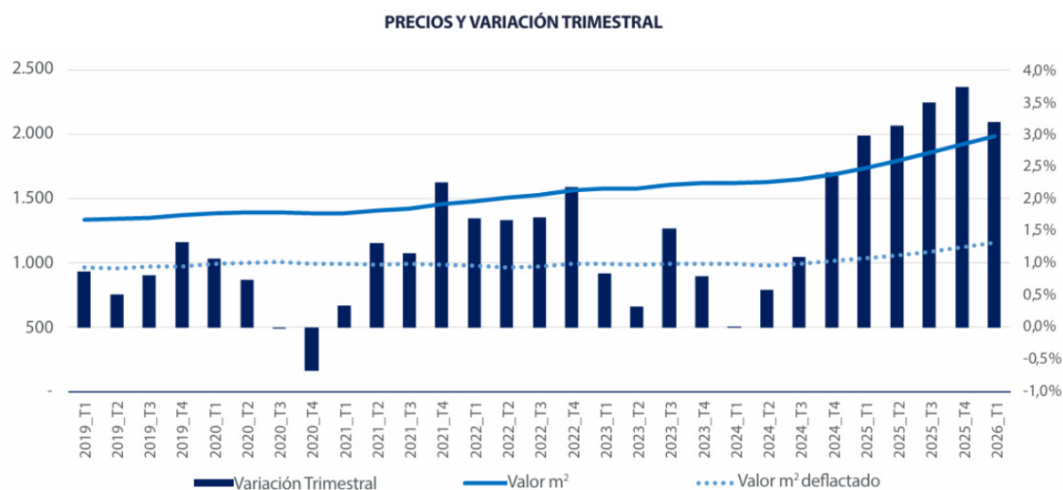
⁷Spanish [Association of Property Registrars](#) data, Q1 2026

At the provincial level, price pressure extends across both major economic hubs and peripheral areas and tourist markets. Toledo (+23.2%), Albacete (+19.6%), Madrid (+19.2%), Santa Cruz de Tenerife (+19%), and Alicante (+18.3%) recorded some of the strongest year-on-year increases of the quarter. This performance shows how **residential market tension is no longer concentrated solely in major provincial capitals, but has already spread to metropolitan areas and secondary markets** that are absorbing part of the demand displaced by the high prices of the main urban centers.

In provincial capitals, pressure remains particularly intense. **Madrid recorded a 17.9% year-on-year increase, while Barcelona reached 11.5%, with both cities intensifying their growth compared with the previous quarter.** In addition, unit values already exceed €4,000 per square meter in these cities, as well as in San Sebastián, consolidating them as the country's most expensive residential markets.

At the same time, tension is especially visible in the existing-home segment, as highlighted in the latest Fotocasa Research analysis⁸: in the first quarter of 2026, second-hand housing prices recorded **a 4.7% quarter-on-quarter increase and a year-on-year rise of more than 21%, reaching around €3,000 per square meter.** The platform itself notes that this is one of the largest first-quarter increases recorded in its recent historical series.

All of this continues to fuel a scenario of strong pressure on residential prices, especially in markets with the greatest economic, tourist, and demographic dynamism. The various industry sources agree that the shortage of available supply—particularly new-build housing—remains the main structural factor behind the current upward cycle in the Spanish real estate market.



⁸Fotocasa analysis, Q1 2026

Property Sales Performance

Activity in the Spanish residential market remained at very high levels at the start of 2026, although some signs of moderation are beginning to emerge compared to the strong dynamism recorded in recent years. Part of this shift is also starting to be reflected in the mortgage market, where financial institutions have adopted a somewhat more cautious stance after months of intense commercial competition and particularly aggressive offers to attract clients.

This change is taking place in a context marked by the rebound in Euribor, geopolitical uncertainty, and the continued rise in housing prices—factors that have led some institutions to slightly tighten both access conditions and the interest rates applied to certain borrower profiles. Even so, credit continues to flow and the most solvent buyers still have access to competitive conditions, although the market is beginning to move toward greater selectivity in mortgage lending, gradually moving away from the highly competitive environment that characterized much of 2025.

According to data from Spain's National Statistics Institute (INE)⁹, **home sales recorded a 2.2% year-on-year decline in March, marking the third consecutive month of negative growth**, although they remained above 61,000 transactions and at historically high levels. **The decline was particularly driven by new-build housing, where transactions fell by 10.2% year-on-year, compared with the slight 0.2% increase recorded in existing homes.** In the first quarter as a whole, home sales fell by 2.6%, reflecting a scenario of some moderation after the strong dynamism seen in recent years. In this context, demand continues to be heavily influenced by factors such as the evolution of mortgage costs, the gradual deterioration of housing affordability, and the shortage of available supply in certain segments and locations.

Along the same lines, the Real Estate Registry Statistics published by the Spanish Association of Property Registrars for the first quarter of 2026 confirm a slight moderation in activity, while still showing very high figures for the Spanish residential market. According to the body¹⁰, **the number of home sales recorded a slight quarter-on-quarter decline of 0.1%, reaching 178,096 transactions**, while in year-on-year terms the decrease was 1.9%, with a cumulative total of 701,828 home sales—**still at the highest levels since the third quarter of 2007.**

Performance by housing type also continues to show an uneven evolution between new-build and existing homes. According to the Spanish Association of Property Registrars, **while new-build housing recorded quarter-on-quarter growth of 7.2%, reaching 39,473 transactions, existing homes fell by 2% quarter-on-quarter**, standing at 138,623 sales. This evolution reflects how the limited availability of new product continues to concentrate much of the demand in markets where supply is still available, especially in areas with strong economic and tourist dynamism.

At the same time, the same body notes that foreign demand continues to play a particularly relevant role in the Spanish residential market: **home purchases by international buyers accounted for 13.92% of total transactions during the first quarter of the year**, with close to 24,800 sales. By region, the Balearic Islands (28.89%), the Valencian Community (28.16%), the Canary Islands (22.78%), and the Region of Murcia (21.73%) recorded the highest shares of international demand as a proportion of total transactions.

⁹INE data, Q1 2026

¹⁰Spanish [Association of Property Registrars](#) data, Q1 2026

Compraventas de vivienda nueva y usada por comunidad autónoma (1T 2026)

CCAA	Vivienda nueva	Var.interanual (%)	Vivienda usada	Var. interanual (%)
Andalucía	36 729	7%	104 356	6%
Aragón	3 762	14,3%	14 738	5%
Asturias	3 030	-9,4%	12 300	1,9%
Illes Balears	3 002	9,6%	11 376	-3,4%
Canarias	6 826	-1,7%	18 792	0,8%
Cantabria	1 852	22,2%	8 274	2,7%
Castilla-La Mancha	6 570	-2%	27 735	10%
Castilla y León	6 385	6,5%	30 050	14,3%
Cataluña	21 814	10,7%	90 633	7,3%
Comunitat Valenciana	17 986	-4,6%	89 870	3,4%
Extremadura	1 804	33,9%	11 140	10,3%
Galicia	6 636	5,6%	19 981	10,8%
Comunidad de Madrid	15 945	-13,3%	63 920	2,8%
Región de Murcia	6 089	19,3%	20 771	5,3%
Navarra	2 448	14,3%	5 255	7,4%
País Vasco	5 173	5,1%	21 069	7,8%
La Rioja	732	-18,3%	4 785	15%
España	146 783	3%	555 045	5,8%

Gráfico realizado por Urbanitae

Fuente: Colegio de Registradores · Creado con Datawrapper

Rental Market Performance

The rental market continued to show strong tension at the start of 2026, in a context marked by the shortage of available supply and demand that keeps growing in the main cities and metropolitan areas. **The difficulty of accessing homeownership for a significant share of the population, especially among younger profiles, continues to shift pressure toward the rental market**, where prices remain at record highs and the scope for adjustment is increasingly limited.

The main sector sources reflect a new widespread increase in rents during the first quarter of the year. According to Fotocasa¹¹, **the average rental price in Spain increased by 4% quarter-on-quarter and 9.1% year-on-year in the first three months of the year, reaching**

¹¹[Fotocasa Research](#) data, Q1 2026

€14.78 per square meter per month. Idealista¹², meanwhile, places the year-on-year increase at 7.1%, with an average price close to €15 per square meter. Although the two sources use different methodologies, **both agree that the market remains firmly on an upward trajectory**, with rents increasingly detached from the purchasing power of a large share of households.

Beyond the specific percentages, the first quarter once again highlights the main structural problem in Spain's rental market: **the lack of supply**. In many markets—especially Madrid, Barcelona, Valencia, Málaga, and Palma—available supply continues to shrink while demand remains very active, causing homes to come onto the market at increasingly high prices and with very short marketing periods.

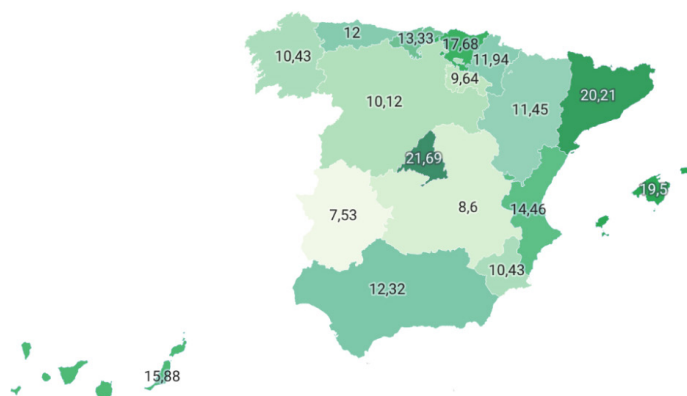
In fact, some metrics are beginning to show a degree of moderation compared to the growth rates seen in recent years, although this does not imply a genuine easing of the market. Quite the opposite: in many cases, the slowdown is beginning to be driven by the fact that part of demand is reaching the limit of the financial effort it can afford in order to access rental housing.

Increases continue to be particularly intense in certain regions. According to Fotocasa, **Cantabria (+11.1%), Aragon (+6.9%), the Community of Madrid (+6.7%), the Valencian Community (+5.9%), and Andalusia (+5.6%) recorded some of the highest quarter-on-quarter increases** in the country during the first quarter of 2026.

Idealista also identifies **Castile-La Mancha as the autonomous community with the strongest year-on-year growth in rents**, with an increase of 12.7%, followed by the Valencian Community and Madrid, both above 10%. Andalusia, Castile and León, the Canary Islands, and the Region of Murcia also recorded significant increases, reflecting that pressure is no longer concentrated solely in the major traditional markets, but is beginning to spread to medium-sized cities and secondary markets where, until just a few years ago, prices followed a much more stable path.

In absolute terms, **Madrid, the Balearic Islands, and Catalonia continue to concentrate the highest rents in the country. According to Fotocasa, Madrid now exceeds €21 per square meter per month, while Catalonia and the Balearic Islands stand close to €20 per square meter.** Pressure remains particularly visible in capitals such as Madrid, Barcelona, Valencia, Málaga, Palma, and San Sebastián, where the combination of residential demand, tourist pressure, and a shortage of available product continues to push prices upward.

Precio del alquiler primer trimestre 2026 (€/m²)



Mapa: Urbanitae • Fuente: Fotocasa • Creado con Datawrapper

¹²[Idealista](#) data, Q1 2026

PRICES AND CITY “TRAFFIC LIGHT”: WHAT’S RISING AND WHAT’S FALLING

Housing price trends continue to show highly uneven behavior depending on the territory. Although growth remains practically widespread across Spain, **the first quarter of 2026 once again confirms that several markets continue to experience particularly intense price pressure**, while others maintain a much more stable evolution, far removed from the tensions seen in major employment hubs, coastal areas, and provinces facing the strongest demographic pressure.

Industry data¹³ also show that dynamism is no longer concentrated solely in Madrid, Barcelona, or the major traditional markets, but is beginning to spread toward peripheral provinces and areas where demand is seeking alternatives in response to the sharp price increases recorded in the main urban centers. The result is an increasingly heterogeneous market, with very pronounced territorial differences.

Red Light: Where Pressure Continues to Rise

Toledo (+23.2%): Tops the national ranking for price growth this quarter. The province’s performance clearly reflects one of the major shifts currently taking place in the Spanish residential market: the displacement of part of the demand away from Madrid toward peripheral areas where housing remains somewhat more accessible. Improved transport connections, partial remote working, and the inability to afford certain prices in the capital are strongly boosting traditionally more affordable markets such as Toledo.

Madrid (+19.2%): As in previous reports, the capital continues to rank among the provinces with the strongest growth in the country. Although the pace of increase has moderated slightly compared to the previous quarter, pressure remains very high, driven by employment concentration, population growth, and a clearly insufficient housing supply in the most sought-after areas. In addition, Madrid continues to move further away from the lows recorded after the financial crisis and maintains one of the highest levels of accumulated appreciation in the country.

Santa Cruz de Tenerife (+19.0%): Once again ranks among the most dynamic markets of the quarter. The combination of residential demand, the importance of the tourism market, and the shortage of available supply continues to support strong price growth across much of the province, particularly in areas most closely linked to the coastline and tourism-related economic activity.

Yellow Light: Moderate Growth and Stable Markets

Cuenca (+6.4%): Maintains a far more contained evolution than that observed in other parts of the country. Although housing prices continue to rise, the market still operates within relatively stable parameters and without major demand tensions.

Córdoba (+4.4%): Once again ranks among the provinces with the lowest price pressure in Andalusia. Compared to the strong dynamism still shown by markets such as Málaga, Cádiz, or Granada, Córdoba’s evolution remains much more gradual and primarily supported by local demand.

Ciudad Real (+2.1%): Maintains a very stable dynamic, far removed from the growth rates observed in other provinces of Castile-La Mancha. The market continues to register moderate activity and limited price pressure.

Badajoz (+1.6%): Ranks among the provinces with the lowest growth in the country during

¹³Tinsa report, Q1 2026

the first quarter of 2026. Market behavior remains relatively calm, with price evolution much more moderate than the national average and no significant signs of tension in the short term.

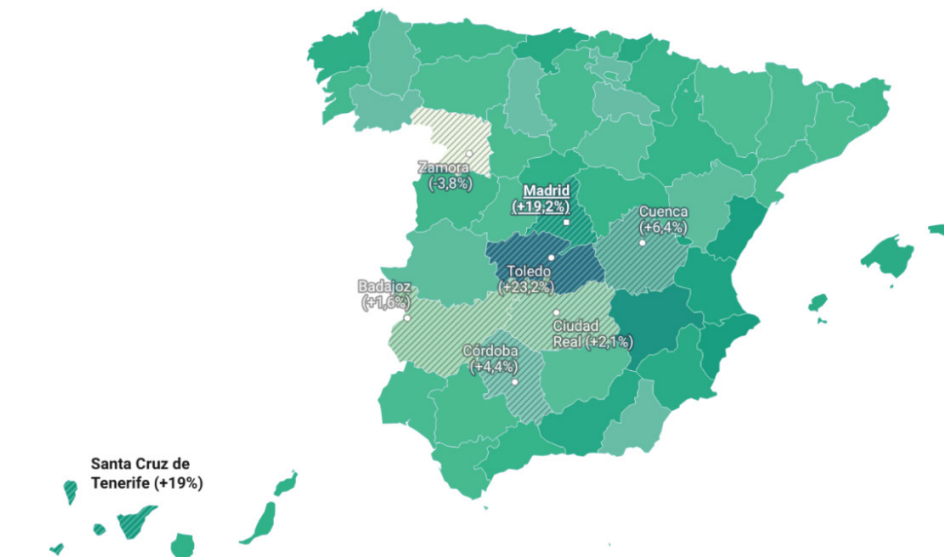
Green Light: Minimal Adjustments and a Relaxed Market

Zamora (-3.8%): This is the only Spanish province recording a year-on-year decline in housing prices during the first quarter of 2026. Although the adjustment remains limited, the figure once again reflects the structural weakness of a market shaped by population decline, demographic aging, and very limited residential demand. In a context of strong and widespread increases across almost all of Spain, Zamora once again stands out as the main exception in the Spanish residential market.

Precio de la vivienda por provincias en el 1T 2026

Variación interanual (%)

-3,8 23,2



Mapa: Urbanitae • Fuente: Tinsa • Creado con Datawrapper

OUTLOOK FOR Q2 2026

After a start to the year marked by strong price increases and high tension across much of the Spanish residential market, the second quarter of 2026 will be shaped by a somewhat more complex environment than the one seen throughout much of 2025. Although demand will continue to benefit from important structural support factors, elements are beginning to emerge that could partially moderate the pace of activity in the coming months.

One of the main points of attention will be the evolution of interest rates and inflation. In its latest report, Tinsa¹⁴ warns that the resurgence of geopolitical tensions in the Middle East had already started to feed through into inflation and financing costs during March, with Euribor rising from 2.2% to 2.8% in just a few weeks. If this scenario persists, the market could enter a phase of greater caution, especially among buyers more dependent on mortgage financing.

Even so, the latest published reports¹⁵ agree that the Spanish residential market continues to rely on relatively solid demand. Population growth, labor market resilience, and the lack of available supply will continue to support prices, especially in provinces where demand pressure remains strongest. **CaixaBank Research also insists that the main challenge facing the Spanish market continues to be increasing housing supply, in a context where household formation is advancing faster than the construction of new homes.**

The shortage of available product is expected to remain the main source of tension during the second quarter. Although Tinsa highlights that development activity began the year with a 19.6% increase in new construction project approvals, **housing production remains insufficient to meet existing demand.** As a result, no significant price corrections are expected in the short term, particularly in major cities, metropolitan areas, and tourist markets.

The displacement of part of demand toward peripheral provinces and secondary markets is also expected to continue—a trend that already began consolidating during the first quarter in response to the sharp price increases recorded in some of the country's main secondary cities, such as Toledo, Guadalajara, and Valencia.

Overall, the most likely scenario for the second quarter of 2026 points to a gradual moderation in activity, but not to a sharp market correction. **The evolution of inflation, interest rates, and the geopolitical environment will shape demand behavior in the coming months,** while the lack of supply will continue to sustain price pressure across much of the country.

¹⁴Tinsa report, Q1 2026

¹⁵CaixaBank Research report, "Spain Needs More Housing: These 10 Charts Prove It"

The CEO's Perspective

by Diego Bestard

If the end of 2025 made it clear that Spain's housing problem was structural, the first quarter of 2026 has confirmed that this imbalance is not only persisting, but intensifying in many markets. We continue to see very strong demand, supported by population growth, resilient employment, and Spain's attractiveness as a place to live and invest, while supply remains clearly insufficient to absorb that pressure—especially in major cities, metropolitan areas, and key tourist hubs.

This explains why prices continue to rise sharply, both in the sales and rental markets, and why tension has already spread beyond the markets traditionally considered the hottest. What matters here is that we are not facing an oversupply scenario or an overleveraged market, as happened in previous cycles. On the contrary: housing construction remains below real demand, and the main bottleneck continues to lie in the market's ability to deliver new product quickly enough. That is why, although I do not foresee a sharp correction scenario, I do believe the market is entering a phase **in which affordability will become increasingly decisive**, and where not all demand will be able to materialize.

The data from the Real Estate Development Financing Observatory, which we updated in April together with KPMG, reinforce this interpretation. Spain's resident population reached 49.6 million inhabitants at the end of 2025, new-build permits climbed to 139,016 units, and even so, the housing deficit now stands at around 730,000 homes. At the same time, the average price of a new-build home reached €306,296, and forecasts point to further increases in 2026, especially in major cities. This structural mismatch is what continues to sustain the market and, at the same time, **what is forcing the sector to think about new residential formulas** that complement the traditional build-to-sell model. The growing interest in solutions such as flex living, senior living, or coliving reflects a genuine transformation in demand: smaller households, greater mobility, new labor dynamics, and a growing segment of the population seeking flexibility and services—not just a conventional residential product.

In this context, financing once again becomes central. Banks will continue to be the backbone of the system, but the reality of the



market increasingly requires complementary structures, especially in the early stages of projects. The latest update of our Observatory clearly reflects this shift: total investment volume in real estate development increased from around €35 billion in 2024 to nearly €39 billion in 2025, while **alternative financing has continued to gain both weight and sophistication**. Capital allocation no longer follows a binary developer-bank structure, but rather a more hybrid framework in which different layers of debt and equity coexist, and where alternative capital provides flexibility, speed, adaptability, and complementarity with the banking sector.

At Urbanitae, we are evolving in the same direction. We have expanded our focus from residential equity toward structured debt and are strengthening our commitment to commercial real estate heading into 2026. Crowd financing alone surpassed €500 million in transactions in 2025, of which **Urbanitae accounted for around €260 million**. This figure speaks not only to scale, but also to maturity: the market now understands that, far from being a last resort, non-bank financing is a structural tool that prevents viable projects from becoming blocked. As such, the challenge is to build a more diversified, more professional ecosystem that is better equipped to respond to a real national need.

Looking ahead to 2026, all signs point to continuity rather than disruption: active demand, insufficient supply, and an increasingly sophisticated sector. The priority remains unlocking land, streamlining administrative processes, and providing capital with discipline. If we align these levers, we will not only ease market tensions—we will consolidate a stronger, more flexible model, better prepared to meet growing social demand.

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