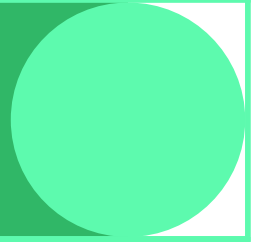




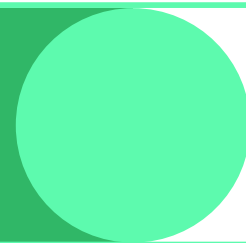
Spanish Residential Market Evolution Q3 2025: Rising Prices and Signs of Stabilization



November 2025

SPANISH RESIDENTIAL MARKET EVOLUTION

Q3 2025: RISING PRICES AND SIGNS OF STABILIZATION



As the final quarter of 2025 approaches, the Spanish residential market remains in an expansionary phase, although **signs of moderation are beginning to appear**, suggesting that the cycle should be interpreted with greater caution. The evolution of the main indicators shows that, despite a slight slowdown in activity, housing demand remains notably solid, supported by the gradual improvement of financial conditions, stable employment, and the enduring attractiveness of real estate as a safe-haven asset.

The macroeconomic context, marked by the start of monetary easing by the European Central Bank after more than two years of tightening, has helped partially relieve financial pressure on households. According to the latest INE data, the **average interest rate on new mortgages for housing stood at 2.94% in July 2025¹**, which has gradually reduced financing costs and fostered a slow but steady reactivation of credit.

However, this improvement has not been sufficient to resolve the **structural imbalance between supply and demand** that characterizes the Spanish market. The lack of available land, rising construction costs, and the administrative complexity of new urban developments continue to limit the supply's capacity to respond—especially in major cities—creating a true “**supply shock**”, with an estimated housing deficit of 700,000 new homes according to the Bank of Spain².

As a result, the market is evolving in a dual dynamic: while prices continue to rise due to limited supply, the volume of transactions shows signs of stabilization, and **renting has become less a choice and more a forced alternative** for a growing share of the population who lack the savings required to buy a home.

In this context, Urbanitae breaks down and analyzes in this report the **key trends that shaped the third quarter of 2025 in the real estate sector**: the performance of new construction, property sales, and rentals, as well as the evolution of prices across different areas of the country.

HOUSING PRICES AND NEW CONSTRUCTION

The Spanish residential market continues to show an upward price trend—both in new and existing homes—clearly reflecting the persistent tension between demand and supply. According to Tinsa, in **the third quarter of 2025, the average value of housing (new and used) increased by 11.7% year-on-year and 3.0% quarter-on-quarter in nominal terms³**. After adjusting for inflation, this translates to real growth of 8.6% year-on-year, marking an acceleration compared to the previous quarter.

Breaking down the figures further, second-hand housing has maintained its upward trajectory. According to the portal Hogaria.net, **in September 2025, prices in this segment rose by 7.5% year-on-year, 1.5% quarter-on-quarter, and 0.3% month-on-month**, bringing the average price per square meter to **€2,070**, up from **€2,062 in August⁴**. Moreover, 35 Spanish provinces recorded price increases, showing that this growth is widespread and not confined to a few urban centers.

The driving force behind this price growth lies in the **structural imbalance between supply and demand**, a pattern that has persisted throughout the year. In the most strained areas, real estate portals identify **up to four buyers per available home**, a clear sign of the pressure on the existing

¹[INE](#), July 2025

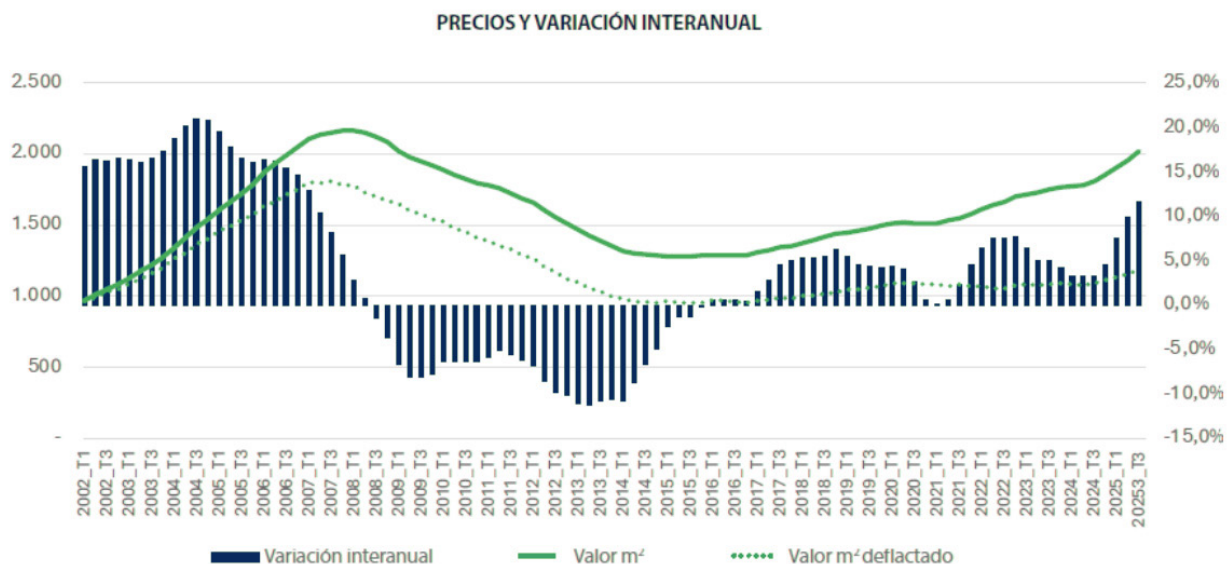
²[Bank of Spain](#), September 2025

³[Tinsa](#), third quarter of 2025

⁴[Hogaria.net](#), September 2025

housing stock. This situation is reinforced by low financing costs: despite the recent decline in Euribor, buying remains more attractive than renting, whose prices also remain high.

Looking at current housing supply, **building permits exceeded 84,000 units as of July 2025⁵, representing a 10.9% increase over the same period the previous year**, according to Idealista. While this reflects a recovery in construction activity, it is still insufficient compared to the creation of new households, which, according to INE, exceeds 200,000 per year. This discrepancy highlights the structural mismatch between supply and demand that continues to fuel price pressures even as construction expands.



Evolution of housing value up to Q3 2025 (Source: Tinsa)

Similarly, the gap between housing price growth and wage evolution in Spain has become increasingly evident and concerning. During 2024, housing costs rose by 11.3%⁶, according to the INE Housing Price Index, while the average annual wage per worker increased by only 3.8%⁷. **This gap creates a real divide between household incomes and the cost of accessing housing, especially affecting young people and the middle class**, who find it increasingly difficult to achieve homeownership. The result is a residential market that is becoming more unequal, with growing social and territorial disparities, underscoring the need for measures to boost housing supply and facilitate access for those currently excluded from the market.

PROPERTY SALES

The Spanish property sales market has shown a pattern of solid growth in recent months, but with signs of moderation—reflecting the natural adjustment of a cycle marked by high prices and limited supply. According to the latest data from the Spanish Association of Property Registrars, **August 2025 saw a 3.5% year-on-year drop in transactions⁸, marking the first decline in 14 months**. This does not represent a market collapse, but rather a moderate adjustment after a long period of sustained growth. **It reflects the increasing difficulties in accessing housing in high-demand areas, where high prices and limited availability force potential buyers to reconsider their options,**

⁵Ministry of Development, July 2025

⁶INE, fourth quarter of 2024

⁷INE, 2024

⁸College of Registrars, August 2025

often delaying their purchase or turning to renting as an alternative—thereby maintaining pressure on the rental market.

By property type, **second-hand homes account for the majority of transactions**, while **new builds**, though expanding, represent a smaller share of the total.

Geographically, the steepest declines were seen in areas with higher prices and stronger demand, such as Madrid and the islands, whereas regions with more moderate prices remain stable. **This pattern reveals a two-speed market**, where both transaction volumes and prices vary significantly by location. While in large urban centers and metropolitan areas prices remain high and sales show moderate stabilization, **medium-sized cities and suburban zones exhibit more dynamic growth**—both in property sales and rentals—thanks to greater affordability and better returns for investors and households alike. This trend reflects how relocation to the outskirts and neighboring municipalities has become an increasingly common strategy for families and small investors seeking to balance profitability and acquisition costs.

Compraventa de viviendas en España (agosto de 2025)

CCAA	Agosto 2024	Agosto 2025	Variación %
Andalucía	10 238	9 414	-8
Aragón	1 194	1 238	4
Asturias	1 060	925	-13
Baleares	940	1 007	7
Canarias	2 178	1 745	-20
Cantabria	690	748	8
Castilla y León	2 304	2 689	17
Castilla-La Mancha	2 416	2 544	5
Cataluña	7 678	7 639	-1
Extremadura	720	770	7
Galicia	1 897	1 938	2
Madrid	5 524	5 718	-6
Murcia	1 867	1 704	-9
Navarra	543	567	4
País Vasco	2 050	1 857	-9
La Rioja	301	401	33
Valencia	7 784	7 264	-7
Ceuta	39	57	46
Melilla	53	44	-17
NACIONAL	49476,00	47729,00	-3,50

Gráfico realizado por Urbanitae
Fuente: Colegio de Registradores • Creado con Datawrapper

RENTAL MARKET

The rental market experienced some relief during the third quarter of 2025, though the underlying tension that has built up over years remains. According to Fotocasa data⁹, **rents fell by 4.8% quarter-on-quarter, but still posted a sharp 14.3% year-on-year increase**. This combination reveals a short-term adjustment that does not alter the structural upward trend.

The **national average rent stands at €13.69/sqm per month**, equivalent to around **€1,095 per month for an 80-sqm home**. This quarterly correction does not indicate a market cycle shift, but rather a temporary moderation linked to seasonal and structural factors—such as lower mobility in the summer months and the ongoing pressure of high prices and limited supply in large cities—which slow the pace of increases without triggering a general decline.

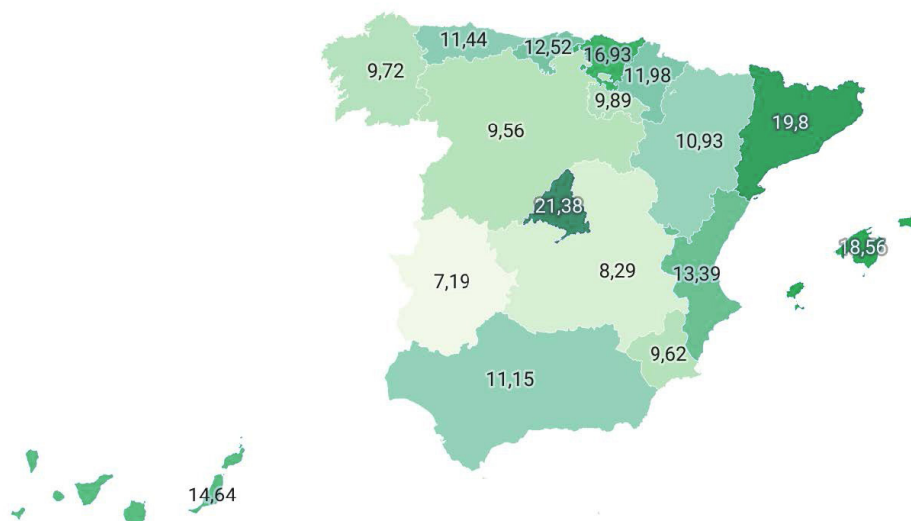
This quarterly drop has not been uniform: in provinces such as **Lugo, Ávila, Huelva, Cádiz, Almería, Teruel, and Pontevedra**, decreases have been more pronounced, ranging between **4% and 7%**. In these areas, lower market pressure and more elastic demand allow for punctual adjustments without altering the long-term trend.

However, the contrast with the major markets is clear. Territories like **Madrid, Málaga, the Balearic Islands, and Valencia** continue to record double-digit annual increases, driven by scarce supply, employment concentration, and the structural importance of renting compared to ownership. In these areas, quarterly adjustments have been marginal or nonexistent.

Despite the quarterly decline, **the burden on households remains high: 79% of tenants consider renting “very expensive,”** two points higher than last year¹⁰. Social perception matches the data—this quarter’s slight drop does not offset the accumulated tension since 2022.

Precio del alquiler 3T25 (€/m²)

CC.AA



Mapa: Urbanitae • Fuente: Fotocasa • Creado con Datawrapper

⁹Fotocasa, third quarter of 2025

¹⁰Fotocasa Research, 2025

CITY “TRAFFIC LIGHT”: WHERE PRICES RISE AND FALL

The Spanish housing market continues to display sharp regional disparities. While some urban centers face intense upward pressure, others show mild increases or near-stagnation. The current landscape can be grouped into three categories: strong growth, moderate growth, and flat or negative variations.

Red Light: Provinces Where Prices Keep Rising

This group includes the areas that recorded the most significant increases in second-hand housing prices during Q3 2025:

Madrid (+19.4%; €3,647/sqm): The capital once again leads the market, as seen in previous Urbanitae reports. With a 19.4% annual increase and an average price of €3,647/sqm, demand in the region far exceeds available supply. Both domestic and international investor activity, business attraction, and the scarcity of land in central districts—particularly within the M-30 ring—continue to push prices to record highs.

Málaga (+15.3%; €2,615/sqm): Málaga remains one of the most dynamic markets, driven by tourism demand and a strong presence of foreign buyers. As in recent years, coastal zones and premium neighborhoods (Historic Center, Malagueta, and El Limonar) lead the increases, while the pressure on limited stock keeps prices on a constant upward path.

Alicante (+15.3%; €1,758/sqm): In Alicante, growth is concentrated in areas with strong demand for second homes and tourist appeal. As in recent years, competition for the most desirable locations keeps prices elevated, consolidating the province as one of the most dynamic markets nationwide.

Yellow Light: Stability or Moderate Growth

This category includes provinces where housing prices have remained virtually unchanged or recorded only mild variations—either upward or downward—suggesting stabilization in contrast to the acceleration seen elsewhere.

Cáceres (+2.2%; €901/sqm): Supply in Cáceres manages to meet demand in a balanced way, preventing excessive price pressure. Increases occur gradually, reflecting a calm, well-regulated market where buyers can plan purchases without sudden jumps or product shortages.

Palencia (+1.9%; €1,039/sqm): Growth in Palencia stems from demand focused on urban centers with better connectivity and services, while other areas remain stable. Housing turnover is moderate and price pressure limited, resulting in small, predictable changes and a steady market environment.

León (+1.8%; €963/sqm): In León, demand comes mainly from local buyers and homeowners upgrading their residences, while available supply can absorb it without creating imbalances. Price increases are gradual and reflect a slow-moving market where stability prevails and purchase decisions can be made safely, without sudden price spikes.

Ceuta (+0.5%; €1,986/sqm): Ceuta remains almost flat, with a marginal 0.5% increase and an average price of €1,986/sqm. The small market size means that even a few transactions can affect average prices, but without forming a clear trend. Supply and demand remain balanced, and transaction activity moderate—reflecting near-complete stability.

Ourense (+0.7%; €980/sqm): Ourense registers only a minimal 0.7% rise, with an average price of €980/sqm. Market pressure is very low and housing turnover slow, creating a calm market environment. Increases occur gradually and locally, consolidating an overall picture of stability without demand reaching levels that strain the market.

Green Light: Provinces Where Prices Fall

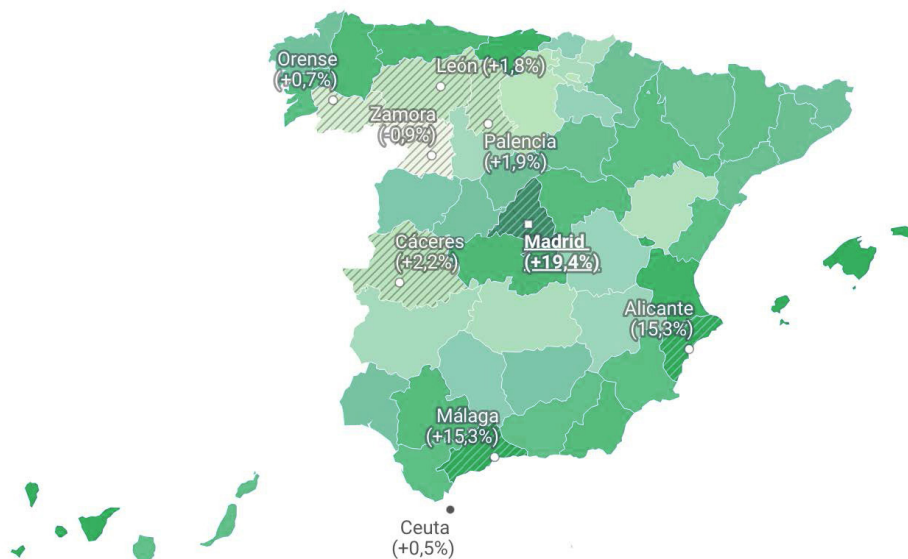
Although Spain's real estate market remains broadly upward, some provinces are beginning to experience mild downward adjustments or only marginal increases.

Zamora (-0.9%; €869/sqm): Zamora is the only province recording a small decline in prices in Q3 2025. Demand is limited and the population aging, reducing housing turnover. Weak investor activity and low market dynamism have led to small downward adjustments, especially in municipalities with low economic appeal or excess supply relative to local demand.

Precio de la vivienda por provincias en el 3T 2025

Variación interanual (%)

-0,9 19,4



Mapa: Urbanitae • Fuente: Tinsa • Creado con Datawrapper

OUTLOOK FOR THE REMAINDER OF THE YEAR

The Spanish residential market heads into the end of 2025 with momentum intact, though showing signs of stabilization on several fronts. Housing prices continue their upward trajectory but at a slower pace than in previous years. According to CaixaBank Research¹¹, **housing prices are expected to rise by 9.6% in 2025 and 6.3% in 2026**, reflecting a gradual deceleration and pointing to a moderation of the market's upward trend.

Supporting this outlook, recent trends in key indicators—sales and mortgages—show continued growth, though without the sharp surges of previous quarters. **According to INE, transactions grew by 19.5% and mortgages by 25.9% in the second quarter of 2025¹²**, as cited in Gesvalt's Q3 2025 Housing Report. This dynamism is supported by the decline in Euribor and greater financing flexibility, with an **average loan-to-value (LTV) ratio of 65% and a 58% increase in loans exceeding 80% of appraised value**, according to the **Bank of Spain¹³**.

Looking ahead to the close of 2025, forecasts point to a gradual slowdown in price growth, stable transaction volumes, and sustained upward pressure in rental markets. The **Bank of Spain expects GDP growth of 2.6%, inflation of 2.5%, and an unemployment rate around 10.5% by year-end¹⁴**—an environment of moderate but sufficient expansion to sustain real-estate activity.

¹¹[CaixaBank Research](#), second half of 2025

¹²[Gesvalt](#), third quarter of 2025

¹³[Gesvalt](#), third quarter of 2025

¹⁴[Gesvalt](#), third quarter of 2025

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