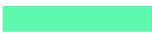


QUARTERLY REPORT

# *Housing* in Spain in 2025:

 An Expanding Market Driven by Demand  
and Constrained by Limited Supply



# Housing in Spain in 2025: An Expanding Market Driven by Demand and Constrained by Limited Supply

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The year 2025 marked a turning point for the Spanish real estate market, consolidating a growth trend that, far from moderating, intensified over the past twelve months. The year was characterized by a combination of macroeconomic, demographic, and financial factors that acted simultaneously, **reinforcing upward pressure on prices and keeping activity at elevated levels**, particularly in major employment hubs, tourist destinations, and large urban areas.

**Inflation continued to moderate throughout the year**, reaching 2.9% year-on-year in December 2025, according to data published by the National Statistics Institute (INE)<sup>1</sup>. This allowed for a gradual normalization of household purchasing power following the spikes recorded in previous years. At the same time, decisions by the European Central Bank (ECB)<sup>2</sup> brought the main refinancing operations rate to 2.15%, consolidating an environment of greater financial stability. **This context of lower inflationary pressure and more contained interest rates helped reduce and add greater predictability to mortgage financing costs compared to the peaks of previous years**, facilitating access to credit and sustaining residential demand that was already starting from high levels.

This backdrop has been accompanied by a highly relevant structural factor: strong population growth and an increase in the number of households since the pandemic have significantly raised housing needs in Spain. **The Bank of Spain<sup>3</sup> has revealed that the accumulated housing deficit could reach around 700,000 homes by 2025, the result of a clearly insufficient pace of construction relative to demographic growth and new household formation.** This structural gap helps explain the persistence of tensions in the residential market.

At the same time, sector reports<sup>4</sup> confirm that this demand pressure has been particularly concentrated in new-build housing, where limited production capacity has intensified price increases in the most dynamic economic and tourist markets.

In this context, **the debate over a potential real estate bubble has once again gained prominence in public and media discourse.** Comparisons with the expansionary cycle preceding the 2008 crisis are frequent, particularly due to the high volume of transactions and the sharp rise in housing prices. However, structural indicators show significant differences compared to that period: household indebtedness is more contained, credit underwriting is more prudent, and loan-to-value ratios remain at moderate levels. In fact, although in nominal terms some areas have already surpassed the peaks reached in 2007, in real terms—after adjusting for inflation—prices still remain below those levels.

## Housing Prices and New Construction

Housing prices in 2025 showed a clearly upward trend, both in the new-build segment and across the broader residential stock. As explained by Tinsa<sup>5</sup>, **the average value of completed housing (new and existing) in Spain increased by 13.1% year-on-year in the fourth quarter of 2025**, confirming a sustained acceleration in prices throughout the year.

<sup>1</sup>INE data, December 2025

<sup>2</sup>Bank of Spain data, December 2025

<sup>3</sup>Idealista data, September 2025

<sup>4</sup>Tinsa data, Q4 2025

<sup>5</sup>Tinsa data, Q4 2025

From a complementary perspective based on actual transaction prices, the Real Estate Registry Statistics published by the Spanish Association of Property Registrars<sup>6</sup> show that **the average housing price rose by 9.5% over the course of 2025, reaching €2,354/sqm—the highest level in the historical series.** In addition, prices increased by 2.2% quarter-on-quarter in the final quarter of the year, confirming that the upward trend continued through year-end. The difference in intensity compared to Tinsa is due to differing methodologies—appraisals versus registered transaction prices—but both sources agree in pointing to a year of strong appreciation.

In the new-build segment, other data<sup>7</sup> indicate that **new housing prices closed 2025 with a year-on-year increase of 8.9%, reaching nominal historical highs in numerous provincial capitals.** This performance is largely driven by structural supply shortages, resulting from a construction pace insufficient to absorb the accumulated demand of recent years.

Along the same lines, industry voices such as Idealista<sup>8</sup> emphasize that the rise in prices reflects a combination of simultaneous factors: **higher construction costs, limited availability of development-ready land, and, above all, a structural supply deficit accumulated over the past decade.** Others point out that although development activity rebounded in 2025—with a 6.5% increase in new-build permits between January and October—the production pace remains insufficient to meet the market’s actual needs.

From a territorial perspective, price increases have been widespread, though with significant regional disparities. **Eleven of Spain’s nineteen autonomous communities recorded year-on-year increases above 10%,** with particularly strong growth in the Community of Madrid (+19.6%), the Valencian Community (+15.9%), Cantabria (+15.8%), and the Balearic Islands. In nominal terms, the Balearic Islands, Madrid, and Melilla have already surpassed the peaks reached during the 2007 housing bubble; however, in real terms—after adjusting for accumulated inflation—all regions remain below those previous highs.

In provincial capitals, tensions are even more evident. **Madrid tops the ranking with an average price close to €4,900/sqm** and a year-on-year increase exceeding 20%, followed by San Sebastián and Barcelona. This performance confirms that major urban centers continue to concentrate the strongest demand pressure, driven by economic activity, investment flows, and the limited availability of development-ready land.



Evolución del valor de la vivienda hasta el 4T de 2025 Fuente:Tinsa

<sup>6</sup>Spanish Association of Property Registrars data, Q4 2025

<sup>7</sup>Sociedad de Tasación data, H2 2025

<sup>8</sup>Idealista data, December 2025

## Property Sales Performance

The housing sales market was one of the key drivers of 2025, consolidating an exceptional level of activity that places the year among the most dynamic of the past two decades. **Throughout the year, the number of transactions remained at very high levels**, in a context marked by robust demand and financial conditions which, while not as expansionary as in previous cycles, were significantly more favorable than in 2023 and 2024. This environment allowed postponed purchasing decisions to be reactivated and sustained residential market dynamism.

The INE<sup>9</sup> confirmed that **the Spanish residential market maintained a high level of activity in 2025, with 714,237 home sales, representing an 11.5% year-on-year increase and the highest figure since 2007**, placing transaction volumes at levels not seen since the period preceding the financial crisis.

This growth occurred against a backdrop of sustained price increases, which closed the year up 13.1%, reaching €2,230 per square meter—an all-time high in the historical series. **Activity continued to be led by second-hand housing, which accounted for more than 78% of total transactions and reached 558,327 sales after growing by 10.3%**, while new-build housing showed particularly strong performance, with a 16.1% increase and 155,910 transactions—the highest volume since 2011. The share of subsidized housing remained limited at just 6.8% of total transactions, reflecting the persistent imbalance between supply and demand. At the regional level, all autonomous communities recorded increases, with the strongest growth seen in Castile and León, Castile-La Mancha, and La Rioja.

At the same time, INE data show a clear consolidation of the mortgage market<sup>10</sup>, which accompanied the expansion of real estate activity throughout the year. **In 2025, 501,073 mortgages were granted for home purchases—17.8% more than the previous year and the highest figure in 16 years, once again surpassing the half-million threshold**. The average mortgage amount increased by 12.6% to €163,738, while total lending volume reached €82.04 billion, representing growth of 32.6%. Improved access to credit in a more favorable interest-rate environment supported residential demand and reinforced activity across all autonomous communities, with particularly notable increases in Cantabria, La Rioja, and Murcia. **In terms of financial conditions, the average interest rate on home mortgages stood at 2.87%**, with an average term of 25 years. Fixed-rate mortgages remained predominant, accounting for 63.4% of transactions, compared to variable-rate loans.

An additional factor explaining the strength of demand is the role of foreign buyers. The Spanish Association of Property Registrars reported that **purchases by non-residents accounted for 13.8% of total home sales in 2025**, with particularly high incidence in markets such as the Balearic Islands (32.8%), the Valencian Community (29.6%), the Canary Islands (27.7%), and the Region of Murcia (23.4%). This international component acts as a structural support factor in certain areas, helping sustain high levels of activity even amid progressively rising prices.

<sup>9</sup>INE data, February 2026

<sup>10</sup>INE data, February 2026

## Compraventa de viviendas en España (noviembre de 2025)

CCAA	Noviembre 2024	Noviembre 2025	Variación %
Andalucía	10 367	11 974	15,5
Aragón	1 446	1 570	8,6
Asturias	1 317	1 239	-5,9
Baleares	1 122	1 119	-0,3
Canarias	1 836	2 349	27,9
Cantabria	816	883	8,2
Castilla y León	2 848	3 166	11,2
Castilla-La Mancha	2 876	2 937	2,1
Cataluña	8 516	8 804	3,4
Extremadura	961	992	3,2
Galicia	2 037	2 265	11,2
Madrid	6 983	6 206	-11,1
Murcia	1 883	2 294	21,8
Navarra	574	665	15,9
País Vasco	1 878	2 172	15,7
La Rioja	473	489	3,4
Valencia	8 631	9 290	7,6
Ceuta	66	75	13,6
Melilla	33	44	33,3
<b>Nacional</b>	<b>54663,00</b>	<b>58533,00</b>	<b>7,10</b>

Gráfico realizado por Urbanitae

Fuente: Colegio de Registradores - Creado con Datawrapper

### Rental Market Performance

The rental market maintained a high degree of tension in 2025, with widespread rent increases and particularly strong pressure in major urban centers and areas with strong economic and tourist appeal. According to data published by Fotocasa Research<sup>11</sup>, **the average rental price in Spain closed the year with a 6.9% year-on-year increase, reaching approximately €14.21/sqm per month**, marking four consecutive years of significant growth in the rental market.

<sup>11</sup>[Fotocasa Research](#) data, January 2026

Other sources reflect even greater intensity. According to Idealista data<sup>12</sup>, rents in Spain ended 2025 with an annual increase of 8.5%, **confirming that the upward trend was sustained throughout the year**. Although methodologies differ—advertised supply versus proprietary statistical analysis—both sources agree in pointing to a year of clear rental appreciation.

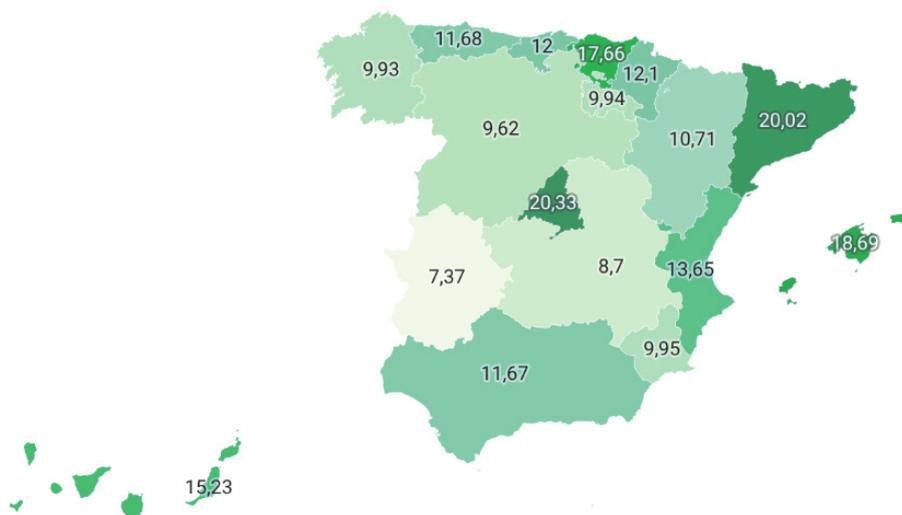
Territorial pressure has been one of the defining features of the year: **Catalonia, the Balearic Islands, and the Community of Madrid<sup>13</sup> concentrate the municipalities with the highest rental prices in the country at the close of 2025**, reflecting very strong demand in markets where available supply is structurally limited.

This performance is not solely driven by cyclical factors, but by a deeper structural imbalance. **Rental housing supply has not grown at the same pace as demand, in a context marked by an increase in the number of households, greater labor mobility, and difficulties in accessing homeownership for certain segments—particularly younger individuals**. This has been compounded by the withdrawal of part of the housing stock from the traditional rental market toward alternative uses or sale. In particular, several large institutional landlords and real estate funds have initiated portfolio rotation processes involving the gradual divestment of rental housing, especially in markets facing greater regulatory pressure. This strategy, aimed at realizing capital gains after the strong price increases of recent years, reduces the volume of homes available for rent and further tightens effective supply.

Tension is also reflected in the market's own dynamics. Competition for each available property remains high, and search times have lengthened compared to previous years. According to Fotocasa Research, in 2025 only **23% of tenants were able to find housing in less than two weeks, compared to 28% the previous year**, indicating that the adjustment is not occurring through an expansion of supply, but primarily through price. This pattern is particularly evident in large metropolitan areas, where renting serves as the main gateway to housing for broad segments of the population.

### Precio del alquiler diciembre 2025 (€/m<sup>2</sup>)

CC.AA



Mapa: Urbanitae • Fuente: Fotocasa • Creado con Datawrapper

<sup>12</sup> **Idealista** data, January 2026

<sup>13</sup> **Fotocasa Life** data, January 2026

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

Spain’s housing market continues to move at different speeds depending on the territory. Available data confirm that **while some provinces concentrate the strongest price pressure and record very sharp increases, others are evolving much more moderately or remain practically stable.** This territorial disparity provides a clear snapshot of the market and allows price performance to be grouped into three main categories: clearly strained provinces, markets in a phase of moderate growth, and territories where prices are barely moving.

### Red Light: Where Pressure Continues to Rise

This first group includes provinces registering the most intense increases nationwide, with year-on-year growth well above the average and demand that clearly continues to outpace available supply.

**Madrid (+19.6%):** Once again leads the national ranking. The Madrid market remains under constant pressure, driven by employment concentration, population inflows, and housing scarcity in the most consolidated areas—particularly within the M-30 ring. Competition among buyers remains high, and prices continue to rise strongly quarter after quarter.

**Alicante (+17.0%):** Consolidates its position as one of the most dynamic markets, supported by demand for second homes and the attractiveness of its coastline. Pressure is particularly concentrated in coastal areas and highly sought-after international locations, where available supply is clearly insufficient.

**Cantabria (+15.8%):** Maintains very strong growth, supported by limited supply and growing interest in northern markets that combine quality of life with proximity to major urban centers.

**Valencia (+15.5%):** Continues to show solid performance. Economic and demographic dynamism, combined with housing production that fails to meet demand, explains why prices continue to rise strongly—especially in the city and its metropolitan area.

**Santa Cruz de Tenerife (+15.4%):** Remains among the most strained provinces. The combination of residential and tourist demand sustains a market where prices continue to grow at elevated rates.

### Yellow Light: Moderate Growth and Stable Markets

This second category includes provinces where housing prices continue to rise, but at a much more moderate pace. These are markets where supply and demand are more balanced and where no significant tensions are evident.

**Palencia (+1.8%):** Shows stable performance, typical of a market with low turnover and primarily local demand. Price increases are mild, allowing for predictable price evolution.

**León (+2.0%):** Displays a similar dynamic. Activity is mainly driven by replacement transactions, and available supply absorbs demand without generating significant pressure.

**Ourense (+2.6%):** Records very contained increases, with a calm market and limited demand pressure. Price variations are punctual and do not disrupt overall balance.

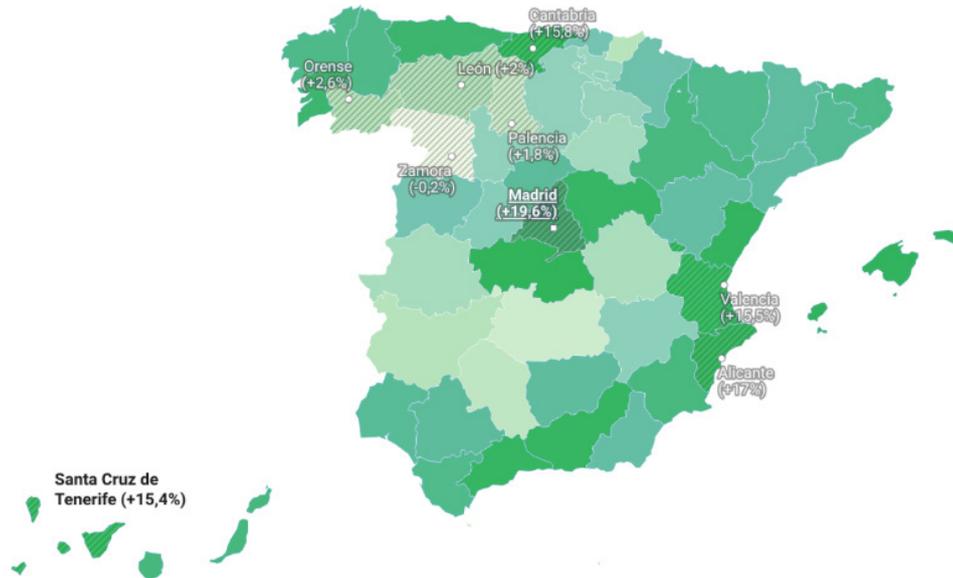
## Green Light: Minimal Adjustments and a Relaxed Market

Although the general trend remains upward, Tinsa's report identifies one province where prices still show a slight adjustment.

**Zamora (-0.2%):** Continues to be the only territory with a negative year-on-year variation, although the decline is now very limited. Weak demand and an aging population continue to shape market activity, resulting in low price pressure and a generally relaxed market environment.

### Precio de la vivienda por provincias en el 4T 2025

Variación interanual (%)



Mapa: Urbanitae • Fuente: Tinsa • Creado con Datawrapper

## OUTLOOK FOR 2026

All indications suggest that **2026 will not mark a turning point in the Spanish real estate cycle**, but rather a phase of normalization following the strong dynamism of recent years. Forecasts consistently point to **continued price growth, although not at the intensity seen in 2025**. The market would thus enter a stage of more moderate, yet sustained, expansion—supported by demand that remains active and by supply that continues to be clearly insufficient in many territories.

This structural tension is not unique to Spain. CaixaBank Research highlights that **housing has become one of the main concerns for European citizens**, precisely due to accumulated price increases and growing access difficulties in major urban centers. In Spain's case, without a significant increase in supply—particularly new housing—it is difficult to anticipate a short-term price correction.

At the same time, Spain's positioning on the European investment map reinforces this outlook of continuity. According to CBRE, the country ranks as the preferred European destination for real estate investment in 2026—an especially relevant data point in the current context. **This leadership reflects not only confidence in Spain's macroeconomic fundamentals, but also in the depth and liquidity of its main urban markets**, its comparative legal stability, and the attractiveness of segments such as residential, “living,” and alternative accommodation-related assets. Moreover, in a European environment still marked by economic uncertainty, Spain is perceived as a market with further room to grow, where investment opportunities combine profitability potential with a solid and diversified demand base.

Overall, the **most likely scenario for 2026 is a market that continues to expand, albeit at a more moderate and possibly more selective pace**. There are no clear signs of generalized exhaustion at present, but rather a more balanced evolution in which the ability to generate new supply and maintain financial stability will be decisive factors in determining the intensity of future growth.

# The CEO's Perspective

by Diego Bestard

2025 has been, in many ways, the year in which the market moved beyond debating whether there was a housing problem to acknowledging the true scale of the challenge. Demand remains very strong and, above all, highly concentrated in employment hubs, major urban areas, and destinations under international pressure. At the same time, supply continues to lag behind: the accumulated housing deficit is now structural and explains much of the tension we are seeing in both prices and rents.

In parallel, the macroeconomic environment has helped sustain this level of activity. Inflation moderated and interest rates stabilized, restoring a degree of predictability to financing costs. Even so, the debate around a potential housing bubble resurfaces cyclically. My view is clear: this is not 2008. **The sector is not overleveraged, credit underwriting is more prudent, and—most importantly—construction remains below demand.** For that reason, although prices cannot rise indefinitely, I do not expect a collapse either. The most likely scenario is a phase of normalization: more moderate increases, greater selectivity, and over time, a real adjustment driven by inflation rather than nominal price declines.

That said, the fact that a significant share of product coming to market sells quickly does not mean that all demand is solvent. A substantial number of households want to buy but cannot do so under current conditions. This is the social dimension of a structural imbalance that will not be resolved without increasing supply.

In this context, **alternative financing has ceased to be an “alternative” category and has become a structural component of the ecosystem.** It is not a last-resort option nor a substitute for banks, but a complement. Banks will continue to be the cheapest source of capital and the backbone of the system, but the market is evolving toward more sophisticated, hybrid structures where senior debt, junior debt,



and different forms of equity coexist. This hybridization allows projects that do not fit within the traditional banking model to move forward without compromising quality standards. In fact, underwriting standards today are stricter than they were years ago.

At Urbanitae, we are evolving in the same direction. We have expanded our focus beyond residential equity into structured debt and are strengthening our commitment to commercial real estate heading into 2026. The cost of alternative financing should not be compared to bank financing, but to the opportunity cost of not executing the project. **If we do not equip the sector with complementary capital structuring tools, the outcome is simple: less supply and more tension.** That is why we believe the future lies not in replacing anyone, but in building a more diversified, more professional ecosystem capable of responding to the market's real challenges.

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. The housing problem will not be resolved in 2026—the real estate cycle operates on longer timelines. But if we align these levers, we will lay the foundations to ease market tensions and consolidate a model better prepared to grow with its feet on the ground.

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