OVERVIEW OF THE SPANISH REAL ESTATE MARKET IN 2024

CG Capital Europe

Investments & Financings

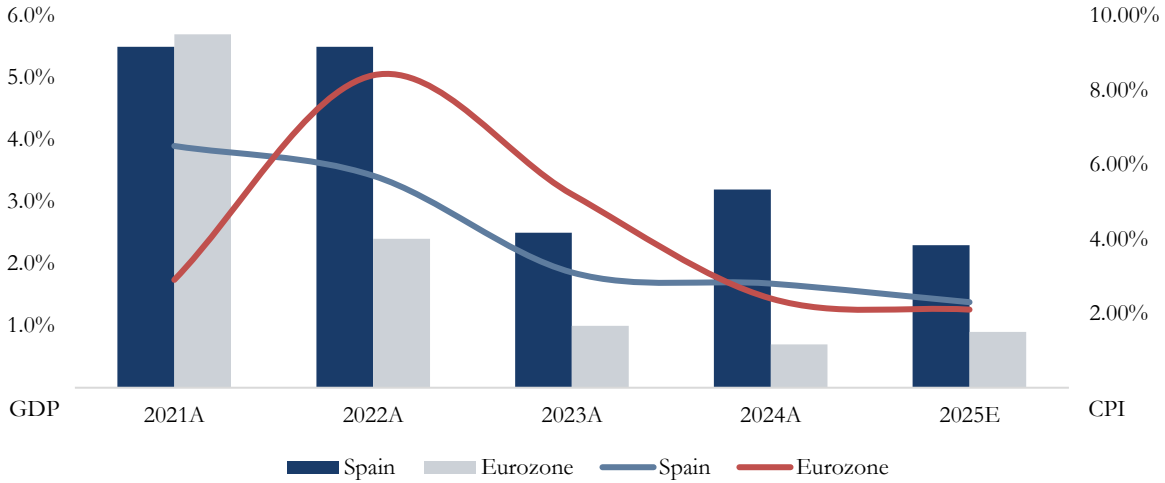
HOSPITALITY • LIVING • PBSA • LOGISTICS • RETAIL • OFFICES

Spanish Economy and Market Overview

Macroeconomics

General Overview	**Spain** experienced **solid economic growth** in **2024**, with **GDP expanding** by **3.2%** (vs. Eurozone average of 0.7%). The record-breaking recovery of **tourism**, along with **strong domestic consumption** and a **resilient services sector**, have been fundamental to Spain's economic momentum.
Inflation	At the **end of 2024**, **Spain's inflation** stood at **2.8%**, following an uptick in the final months driven by **rising fuel** and **tourism package costs**. However, it is expected to ease in coming months, moving closer to the European Central Bank's (ECB) **2% target**. **Core inflation**, which excludes energy and food prices, finished the year slightly higher, at **2.9%**.
Interest Rates	The **ECB adopted expansionary monetary policies** to stimulate the economy, cutting interest rates throughout the year, with the last reduction in **December**, bringing them to **3.0%**. This trend continued in **early 2025**, with further cuts of 25 bps. in **January**, **February** and **March**. The **12-month Euribor** ended 2024 at **2.46%**, and market projections indicate further declines by **mid-2025** as inflation nears the **ECB's target**.
GDP	**Foreign** and **domestic tourism** helped drive growth in the **Canary Islands** (3.7%), **Catalonia** (3.6%), and **Andalusia** (3.3%), making them the regions with the **highest growth rates**. **Growth forecasts** for **2025** and **2026** stand at **2.4%** and **1.9%**, respectively.
Others	**Spain** welcomed a record **93.8 million international tourists in 2024** marking a **10.1%** increase compared to **2023** and **12.3%** above the previous record set in **2019**. **Job creation** was strong in 2024, with a historic high of **21,857,900** persons registered within Social Security (+468,100 compared to 2023). Meanwhile, the number of **unemployed** individuals **dropped to 2.55 million**, reducing the **unemployment rate** to **10.6%**.

GDP and Inflation: Growth Rate Y-o-Y



Spanish Real Estate Sector

Investment Volume	Total investment in the Spanish real estate market reached c. **€12 billion** in 2024, (+7.9% vs. 2023). The asset classes that garnered the highest investor interest were: 1. **Hospitality**: €3.3 billion 2. **Living**: €2.7 billion The **decrease** in **interest rates** has **positively** affected all real estate asset classes, with **yields falling in all sub-sectors**, leading to a higher volume of investment in Spanish real estate assets.
Transaction Highlights	**Top-4 transactions** accounted for **c. €1.3 billion** (c. 11% of total): (i) €450 million PBSA portfolio sold by EQT & Moraval; (ii) €300 million Flex-Living portfolio sold by Bain & Momentum, (iii) €300 million 38.2% stake in 3 Meliá Hotels sold by Meliá; and (iv) €275 million majority stake in BlueSea Hotels sold by BlueSea Hotels.

Real Estate Market: Definitive Recovery with a Buoyant Outlook

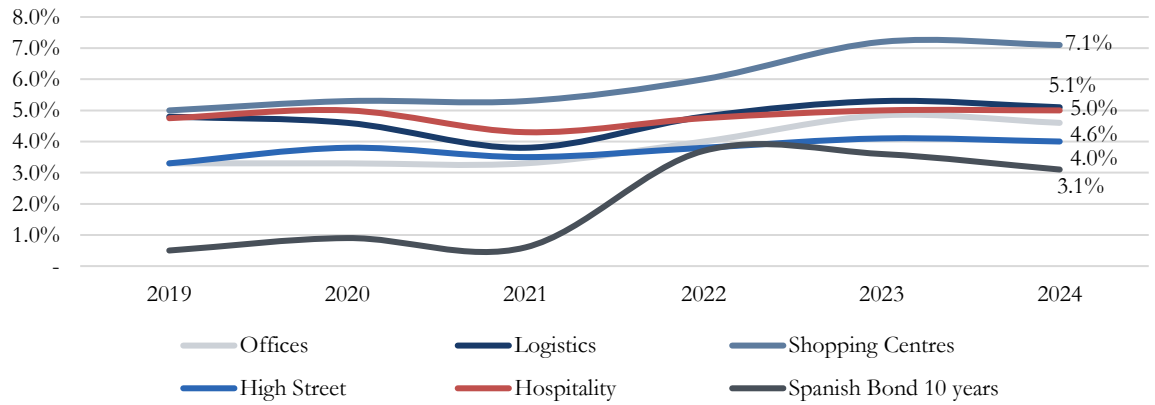
Overview

- In **2024,** real estate wholesale investments in Spain **reached €11,929 million**, reflecting a **7.9% increase compared to 2023**. **Living and Hospitality** sectors emerged as the primary focus for investors, accounting for **51% of total investment**.
- **Q4** was particularly active, contributing **c. €5 billion**, or **41% of the annual total**.
- The year was defined by **economic stabilisation** and **shifting monetary policies**, aiming to **maximise eurozone economic growth**. The European Central Bank (ECB) maintained a **steady downfall in interest rates, reaching a 3.0%** in late 2024, before **further reductions in Q1 2025** (latest cut down to **2.5%**). Inflation gradually declined throughout the year, providing **relief to financing conditions**.
- **Madrid and Barcelona** continued to be the preferred investment destinations in Spain, together **concentrating 49% of the total investment**, with 31% and 16%, respectively. Driven by hotel investment, the **Canary Islands** and **Balearic Islands** were both relevant markets, with 5% of the total investment volume each.

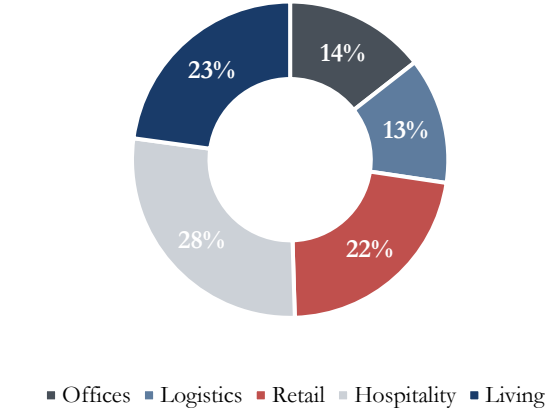
Investment Highlights

- Investment in **Hospitality** reached **€3.3 billion**, slightly below 2023 levels. The focus was on **individual asset transactions**, particularly in resort hotels in the **Balearic** and **Canary Islands**.
- **Living** continues to be one of the most active sectors, **with €2.3 billion** (23% of total investment). Build-to-Rent (BTR) and PBSA remained attractive investment categories.
- Investment in **Logistics and Industrial** totalled **€1.5 billion**, observing a more cautious attitude from investors. However, **demand remained strong**, driven by supply chain optimisation and ESG considerations.
- **Retail** was the **standout performer**, with **147% year-on-year growth**, largely driven by major shopping centre and retail park transactions.
- Investment in **Offices** reached **€1.7 billion**, with **Madrid leading (€803 million)**. Take-up volumes continue to be lower than 2022, due to evolving workplace strategies and increased demand for flexible office solutions, but has already increased compared to 2023 and **Q1 2025** has started with **quite positive figures in offices' demand**.

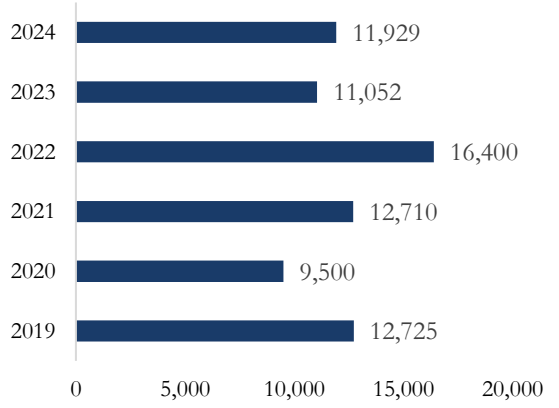
Spain Average Prime Net Yields (%)



2024 Investment by Sector (%)



Total Investment (€ million)

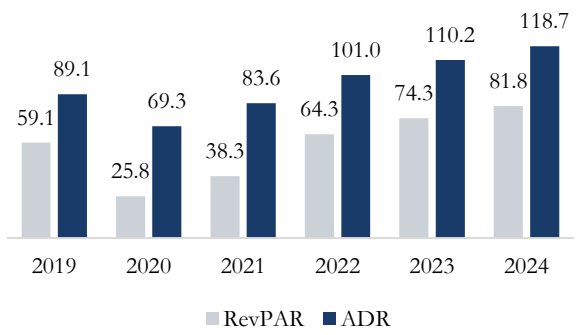


Hospitality: Robust Tourism Fundamentals & Investors' Appeal

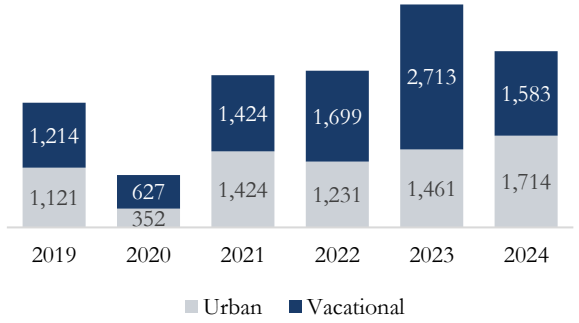
Overview

- Total **investment volume** amounted to **€3,297 million** (+24.2% vs. last 5-year average), representing the **fourth best historical record**. 176 assets were transacted, with **national investors** accounting for **57%** of the **total investments**. Market evidenced investors' strong confidence, **driven by stable tourism fundamentals** and robust sector performance.
- Spain received **93.8 million international tourists** (+10.1% vs. 2023), with the **UK** remaining as the **leading foreign tourist issuing country** for Spain, with c. **19.6% of the total**, followed by France (13.8%) and Germany (12.7%).
- The rise in demand has been reflected in hospitality main KPI's, with **ADR** and **RevPAR levels reaching all-time figures** of **€118.7** (+7.7% vs. 2023) and **€81.8** (+10.1%), respectively.
- **Overnight stays** swelled to **364 million** (+5.0% vs. 2023), with **5 & 4-star hotels** comprising, respectively, **7.2%** and **53.5%** of the total (+30 bps and +50 bps vs. 2023).
- **Prime net yields compressed in Q4** to **5.0**% in **Madrid** and **Barcelona**, and to **6.0**% in **the Canary and Balearic Islands** (Madrid, Barcelona, and the Islands: -25 bps vs. Q4 2023).
- **Bed count increased up** to **c. 1.58 million** (+3.0% vs. 2023), with average **occupancy rates climbing to 68%** (+160 bps vs. 2023). **High-end rooms** (5-star and 5-star GL) are forecasted to account for **25% of the expected pipeline** until 2026, with **c. 25,000 new rooms**.

ADR and RevPAR (€)



Investment by Segment (€ million)



Selected Transactions

Corporate Transaction – 38.2% stake in 3 Melia Hotels

Price: €300 million	**Buyer**: Banco Santander
Keys: 525	**Seller**: Meliá Group
€/key: €571,429	**Quarter**: Q1
Location: Various (Tenerife, Menorca, London)	

Corporate Transaction – Majority stake in BlueSea Hotels

Price: €275 million	**Buyer**: Partners Group
Keys: 3,300	**Seller**: BlueSea Hotels
€/key: €83,333	**Quarter**: Q4
Location: Various (Barcelona, Canary & Balearic Islands, other)	

Acquisition of Hotel Miguel Angel

Price: €210 million	**Buyer**: Stoneweg & Lopesan
Keys: 241	**Seller**: Nadhmi Auchi
€/key: €871,369	**Quarter**: Q4
Location: Calle Miguel Ángel, 31 (Madrid)	

Acquisition of Hotel Six Senses

Price: €200 million	**Buyer**: Gruppo Statuto
Keys: 116	**Seller**: Beach Box
€/key: €1,724,138	**Quarter**: Q2
Location: Cala Xarraca (Ibiza)	

Acquisition of the Hotel Labranda Costa Adeje

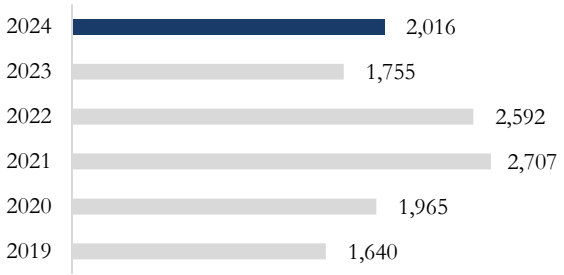
Price: €110 million	**Buyer**: Spanish Family Office
Keys: 409	**Seller**: Atom Hotels
€/key: €268,949	**Quarter**: Q4
Location: Adeje (Santa Cruz de Tenerife)	

Living: Resilient Investment and Attractive Market Conditions

Overview

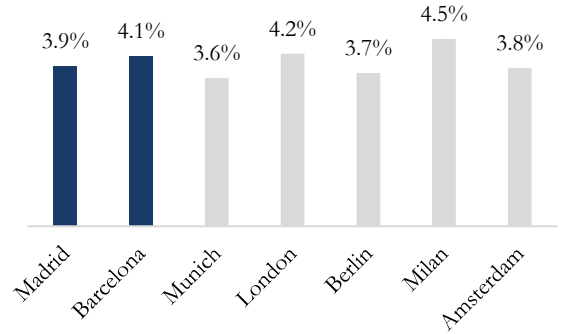
- Investment reached **€2,016 million**[(1)], (**+14.87% vs. 2023**) with volumes observing sustained growth after the post-pandemic boom. The sector remained **highly attractive**, with strong national and international investor interest in **all sectors**.
- The **multifamily sector (PRS/BTR)** continued to dominate, accounting c.**44%** of total investment share (c.**€1,210 million** in 2024). The market also saw a rise in transactions related to **student housing** (c.**€708 million**, **c.26%** of total investment) and **flexible living** (c.**€605 million**, **c.22%** of total investment), reflecting ongoing demand for rental assets. Investment appetite remained high, particularly in major cities like **Madrid** and **Barcelona**, where investors targeted high-quality assets offering stable returns.
- **Prime net yields** in **Madrid** stood at **3.9%** and in **Barcelona** at **4.1%**, making Spain an attractive market compared to other European cities. Munich (3.6%) and Berlin (3.7%) recorded the lowest yields, reflecting strong investor demand, while London (4.2%), Milan (4.5%) and Amsterdam (3.8%) remained key institutional markets.
- Spain is expected to remain a **key destination in Europe** for **multifamily**, **student housing**, and **flexible living**, with **improved market conditions** and **greater liquidity.** In **2025E**, forecasts for the Living sector investment overcome **€3.5-4 billion**.

Investment Volume (€ million)[(1)]



(1) Not including PBSA.

European Prime Net Yields (%)



Selected Transactions

Build to Rent and Flex Living Portfolio

Price: €200 million	**Buyer**: Partners Group & Medan
Units: 1,000	**Seller**: n.a.
€/unit: €200,000	**Quarter**: Q3
Location: Madrid	

Build to Rent Portfolio

Price: €150 million	**Buyer**: Savills IM
Units: 455	**Seller**: Greystar
€/unit: €329,670	**Quarter**: Q4
Location: Leganés 11, Madrid	

Apartment Building

Price: €130 million	**Buyer**: Bankinter AM
Units: 374	**Seller**: Colonial
€/unit: €347,594	**Quarter**: Q1
Location: C/Méndez Álvaro, 61, Madrid	

Flex Living Portfolio

Price: c.€100 million	**Buyer**: Santander AM
Units: 510	**Seller**: Neinor & Aedas
€/unit: €196,078	**Quarter**: Q3
Location: Madrid & Valencia	

11 Senior Living Residences

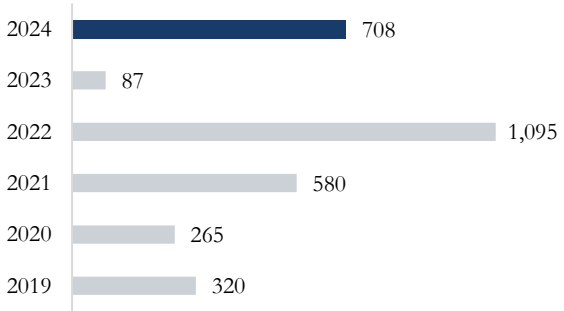
Price: €92 million	**Buyer**: Romano Senior
Beds: 1,400	**Seller**: DomusVi
€/bed: €65,714	**Quarter**: Q3
Location: Various (Madrid, Sevilla, Gerona, Murcia, Bilbao, etc.)	

PBSA: A Landmark Year with Strong Investment and Demand

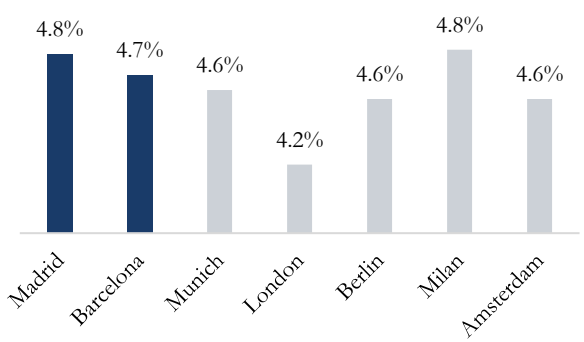
Overview

- Investment reached **€708 million in 2024** (**+714%** vs. **2023**), far above pre-pandemic levels. This significant growth underscores the **sector's increasing attractiveness**, driven by **strong investor demand** and **an acute supply-demand imbalance**.
- The sector remains structurally **undersupplied**, with the provision rate of **7% in Spain**, far below the **18% European average**, creating strong fundamentals for future investment. The number of beds increased to **120,364**, (+5% vs. 2023), yet the market still faces a **deficit** of approximately 395,000 beds, reinforcing the **long-term potential for further development**.
- **Prime net yields** in **Madrid** stood at **4.8%** and in **Barcelona** at **4.7%**, offering competitive returns relative to other European cities such as **Munich** (**4.6%**) and **Berlin** (**4.6%**). Investor confidence remains high, mainly in **major university hubs** (including secondary cities), where strong international student demand continues to thrive.
- Investment appetite is likely to remain strong in **2025**, positioning Spain as a **key growth market for PBSA**. As **demand continues to outstrip supply**, further capital is expected to flow into the sector, consolidating it as a **core asset class** in the market.

Investment Volume (€ million)[1]



European Prime Net Yields (%)



(1) Land transactions, developments and assets' reconversions are not included.

Selected Transactions

Portfolio of 12 Nodis Residences

Price: €450 million	**Buyer**: Azora
Beds: 4,100	**Seller**: EQT & Moraval
€/bed: 109,756	**Quarter**: Q4
Location: Various (Madrid, Barcelona, Sevilla, Málaga, etc.)	

Portfolio of two Vita Residences

Price: €150 million	**Buyer**: Morgan Stanley
Beds: 624	**Seller**: Vita Group
€/bed: 240,384	**Quarter**: Q2
Location: Barcelona	

Kley Barcelona Pallars Residence

Price: €35 million	**Buyer**: The Boost Society
Beds: 265	**Seller**: Corestate Capital
€/bed: 132,075	**Quarter**: Q1
Location: Carrer del Maresme 59-69, Barcelona	

'Bahía de Les Roches' Residence

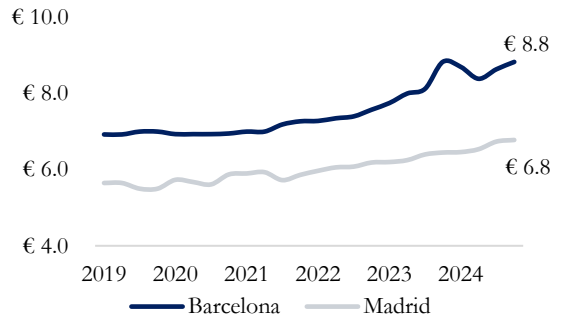
Price: €25.3 million	**Buyer**: Invesco
Beds: 212	**Seller**: Dazeo
€/bed: 119,339	**Quarter**: Q3
Location: 'Los Pinos del Angel' Community, Marbella	

Logistics: Sustained Growth Driven by a Solid Demand

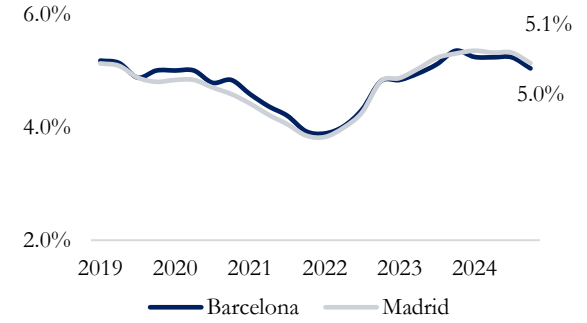
Overview

- **Spain's logistics market** continues to attract robust investor interest. In **2024**, the sector recorded an **investment volume of c. €1,540 million**, primarily driven by international capital. **Annual take-up** reached **c. 1,070,000 sq.m. in Madrid and c. 705,000 sq.m. in Barcelona**, reflecting growth of more than **35%** in both markets and underscoring the sector's strong fundamentals.
- Operational performance remains robust. **Vacancy rates** remain low, recorded at c. **9.6% in Madrid**, **4.9% in Barcelona**, and **below 1.0% in Valencia**, demonstrating sustained demand and upside for coming pipeline.
- **Prime rents** in Madrid have increased to **€6.8 sq.m./month** (+5.1% vs. 2023), reflecting the sector's strong fundamentals, while Barcelona's prime rents remain stable at **€8.8 sq.m./month**. These figures underscore a market that is prepared for continued growth, reinforcing a **positive outlook** for Spain's logistics sector.
- In **2024**, logistics **prime net yields in Madrid** stood at **5.1%** (5.4% in 2023), while in **Barcelona** they reached **5.0%** (5.25% in 2023), reflecting a slight compression compared to the previous year, showcasing the outperformance of the logistics markets vs. 2023.

Prime Rents (€/sq.m./month)



Prime Net Yields (%)



Selected Transactions

Amazon Logistic Centre

Price: €150 million	**Buyer**: Amazon
GLA (sq.m.): 85,000	**Seller**: Private Investor
€/sq.m.: 1,765	**Quarter**: Q1
Location: El Far d'Empordà, Gerona	

Barings Moncada Logistics Park

Price: €100 million	**Buyer**: Barings
GLA (sq.m.): 123,000	**Seller**: Grupo Bertolín
€/sq.m.: 813	**Quarter**: Q4
Location: Moncada, Valencia	

Kave Home Logistics Hub Tordera

Price: €100 million	**Buyer**: Aquila Capital
GLA (sq.m.): 53,000	**Seller**: Kave Home
€/sq.m.: 1,887	**Quarter**: Q4
Location: Tordera, Barcelona	

Atitlan Valencia Logistics Portfolio

Price: €100 million	**Buyer**: Atitlan
GLA (sq.m.): 44,000	**Seller**: Eurolog Canola
€/sq.m.: 2,273	**Quarter**: Q1
Location: Ribarroja & Picassent, Valencia	

EQT Exeter Madrid-Toledo Logistics Portfolio

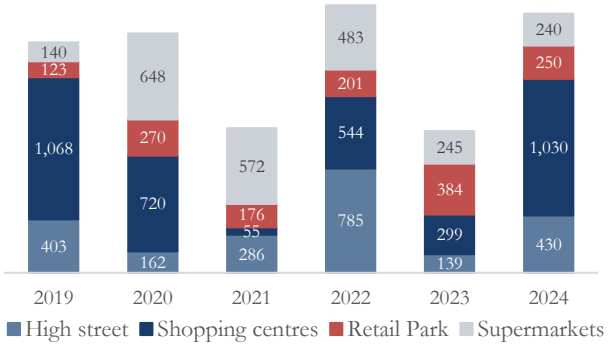
Price: €100 million	**Buyer**: EQT Exeter
GLA (sq.m.): 110,000	**Seller**: Delin Property
€/sq.m.: 909	**Quarter**: Q3
Location: Alcalá de Henares (Madrid) & Illescas (Toledo)	

Retail: Resilient Fundamentals and Remarkable Investment

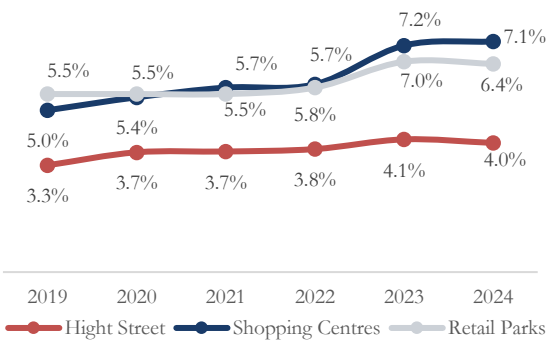
Overview

- 2024 retail **investment volume** reached **€1,950 million**[1] (+147% compared to 2023). **Shopping centres** led the market, with **€1,030 million** (53% of total investment), followed by **high street retail** with **€430 million** and **Retail Parks** with **€250 million**.
- **High street prime net yields** remained **stable** at **4.00%**, while **retail parks and shopping centres** experienced a **slight compression**, to **6.40%**, and **7.10%**, respectively, driven by strong **investor demand** and improved **financing conditions**.
- **Prime rents** have shown **stability**, staying at **€267.5/sq.m./month** for **high street retail**, **€105.5/sq.m./month** for **shopping centres**, and **€21.0/sq.m./month** for **retail parks**, with a moderate year-on-year growth. **Footfall** has **increased** in shopping centres, with **strong sales growth** and **higher occupancy**, boosting investor appetite. Retail destinations benefit from **rising consumer expenditure** and **tourism recovery**, strengthening **market confidence**.
- **High street average vacancy rates stood at 4.0%** in both **Madrid** and **Barcelona** (vs. 3.0% and 9.5% in 2023), driven by **strong demand** for **prime locations**, especially from fashion and luxury retailers.

Investment by Segment (€ million)[1]



Prime Net Yields (%)



(1) Excluding the acquisition of Lar España by Helios (€695 million).

Selected Transactions

Salera Shopping Centre

Price: €171 million	**Buyer**: Lighthouse & Resilient
GLA (sq.m.): 68,752	**Seller**: DWS
€/sq.m.: 2,487	**Quarter**: Q1
Location: Calle Enrique Gimeno, 82, Castellón de la Plana	

Espai Gironès Shopping Centre

Price: €168.2 million	**Buyer**: Lighthouse Properties
GLA (sq.m.): 46,000	**Seller**: Commerz Real
€/sq.m.: 3,657	**Quarter**: Q4
Location: Camí dels Carlins, 10, Gerona	

Portfolio of 3 Shopping Centres

Price: €140 million	**Buyer**: Felipe Peraire
GLA (sq.m.): 75,000	**Seller**: ASG
€/sq.m.: 1,867	**Quarter**: Q2
Location: Various (Barcelona, Bilbao, Cáceres)	

Portfolio of 22 Supermarkets

Price: €120 million	**Buyer**: MDSR Investments
GLA (sq.m.): 110,000	**Seller**: AEW
€/sq.m.: 1,090	**Quarter**: Q2
Location: Various (Madrid, Barcelona, Galicia, Vitoria, etc.)	

WOW Gran Vía

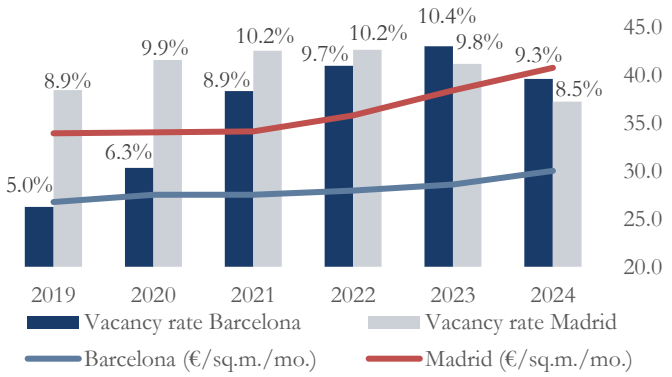
Price: €70 million	**Buyer**: Gregorio Jiménez
GLA (sq.m.): 5,500	**Seller**: CBRE IM & IBA Capital
€/sq.m.: 12,727	**Quarter**: Q2
Location: Gran Vía, 18, Madrid	

Offices: Market Rebounds with Growth & Optimism for 2025

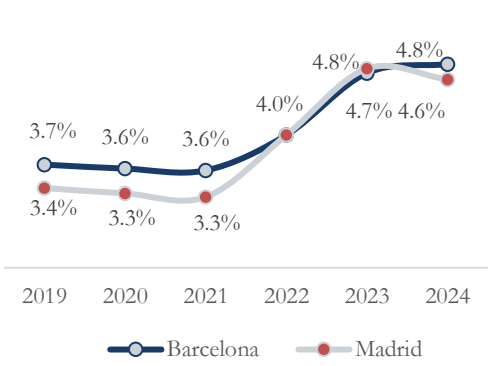
Overview

- **Investment volume** reached **c.€1,723 million** (+43.6% vs. FY23), although still below pre-pandemic levels. **Madrid** ended the year with **c.€803 million** (-8% vs. FY23), and in **Barcelona** investment figure stood at **c.€460.25 million** (+70% vs. FY23).
- **Take-up** volumes in both cities **have increased**, with **c.570,000 sq.m. leased in Madrid** (+20% vs. FY23) and **c.290,000 sq.m. in Barcelona** (+21.3% vs. FY23).
- **Prime rents** in both cities have increased above CPI, reaching **€40.8/sq.m./month** in **Madrid** (+3% vs. FY23) and **€30.0/sq.m./month** in **Barcelona** (+5.3% vs. FY23).
- **Prime net yields** continued their upward adjustment, reaching **4.6%** and **4.8%** in Madrid and Barcelona areas, respectively. Slight **improvements** are expected in the **coming months**, following the decompressions already occurring in other European markets such as Paris, Munich, and Zurich.
- For **FY25** the outlook for this market is **optimistic**, with steady leasing activity, a decline in availability and a rise in prime rental rates. Underpinned by rate cuts of European Central Bank, **investment volumes** are expected to continue to trend **upwards**.

Vacancy Rates & Prime Rents



Prime Net Yields (%)



Selected Transactions

Modern Office Building

Price: €130 million	**Buyer**: GCO
GLA (sq.m.): 20,000	**Seller**: Colonial
€/sq.m.: 6,500	**Quarter**: Q1
Location: Calle Méndez Álvaro, 31, Madrid	

Tarragona Tower

Price: €100 million	**Buyer**: CZFB
GLA (sq.m.): 17,900	**Seller**: Blackstone
€/sq.m.: 5,587	**Quarter**: Q2
Location: Calle de Tarragona, 161, Sants-Montjuïc, Barcelona	

Former McKinsey Headquarters

Price: €100 million	**Buyer**: Impar Capital
GLA (sq.m.): 10,932	**Seller**: Colonial
€/sq.m.: 9,147	**Quarter**: Q3
Location: Calle Sagasta, 31 – 33, Madrid	

Office Building in Madrid

Price: €70 million	**Buyer**: Altamar and Terralpa
GLA (sq.m.): 6,100	**Seller**: Mutualidad de la Abogacía
€/sq.m.: 11,475	**Quarter**: Q1
Location: Paseo de Recoletos, 14, Madrid	

Office Building in Salamanca Disctrict

Price: €59 million	**Buyer**: Kutxabank
GLA (sq.m.): 4,296	**Seller**: GreenOak Spain Holding
€/sq.m.: 13,734	**Quarter**: Q4
Location: Calle Claudio Coello, 123, Madrid	

CG Capital Europe: Samples of Completed Transactions (i)

Luxury Hotel
Greece

Financing
Confidential

Hotel
Tenerife

Financing
Confidential

Luxury Hotel & Branded Residences - Lisbon

Financing
Confidential

Branded Residences
Madrid

Financing
Confidential

Offices
Palma de Mallorca

Sale
Confidential

Logistics
Barcelona

Sale
Confidential

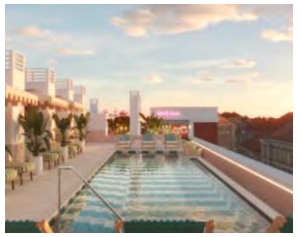
Retail
Madrid

Sale
Confidential

Grade A+ Offices
Madrid

Financing
Confidential

4-Star Lifestyle Hotel
Madrid



Financing
Confidential

Luxury Hotel
Mallorca

Financing
Confidential

Boutique Hotel
Barcelona

Financing
Confidential

Bank Branches
Portfolio - Cadiz

Sale
Confidential

High Street Retail
Seville

Sale
Confidential

Offices
Madrid

Sale and Financing
Confidential

Offices
Madrid

Sale
Confidential

CG Capital Europe: Samples of Completed Transactions (ii)

Offices
Madrid

Financing
Confidential

High Street Retail
Madrid

Sale
Confidential

Offices
Madrid

Sale
Confidential

Logistic
Madrid

Sale and Financing
Confidential

Logistics
Valencia

Sale
Confidential

Residential
Barcelona

Sale
Confidential

Office and Retail
Alicante

Financing
Confidential

Logistics
Valencia

Sale
Confidential

Retail Building
Madrid

Sale
Confidential

Luxury Hotel Complex
Algarve

Financing
Confidential

Residential
Barcelona

Sale
Confidential

Logistics
Valencia

Sale
Confidential

Residential /Tourist Apartments
Málaga

Sale
Confidential

Offices
Madrid

Sale and Financing
Confidential

Tourist Apartments
Estepona

Sale
Confidential

CG Capital Europe: Samples of Completed Transactions (iii)

High Street Retail
Madrid

Sale
Confidential

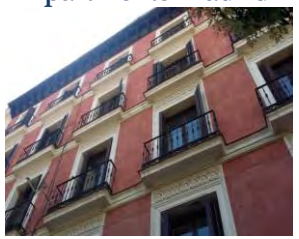
Offices
Madrid

Sale and Financing
Confidential

High Street Retail
Barcelona

Sale
Confidential

Residential / Tourist
Apartments Madrid



Sale
Confidential

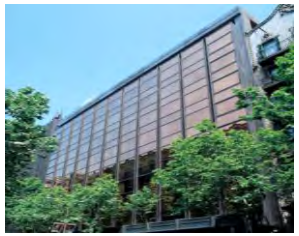
Shopping Centre
Madrid

Sale and Financing
Confidential

Parking
Valencia

Sale
Confidential

Offices
Barcelona



Sale and Financing
Confidential

Westin Hotel
Valencia

Sale and Financing
Confidential

Residential
Marbella

Sale and Financing
Confidential

Logistics
Valencia

Sale and Financing
Confidential

Tourist Apartments
Estepona

Sale
Confidential

Logistics
Madrid

Sale
Confidential

Luxury Hotel
Madrid

Financing
Confidential

Residential & Retail
Barcelona

Financing
Confidential

CG Capital Europe

Investments & Financings

If you request any further information,
please do not hesitate to contact

Javier Beltrán de Miguel

CEO

Tel: +34 919 991 730
Mobile: + 34 696 993 041
jbeltran@cgcapitaleurope.com

www.cgcapitaleurope.com