OVERVIEW OF SPANISH REAL ESTATE MARKET IN H1 2025

CG Capital Europe

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HOSPITALITY ● RETAIL ● OFFICES ● LIVING ● PBSA ● LOGISTICS

H1 2025 Spanish Economy and Market Overview

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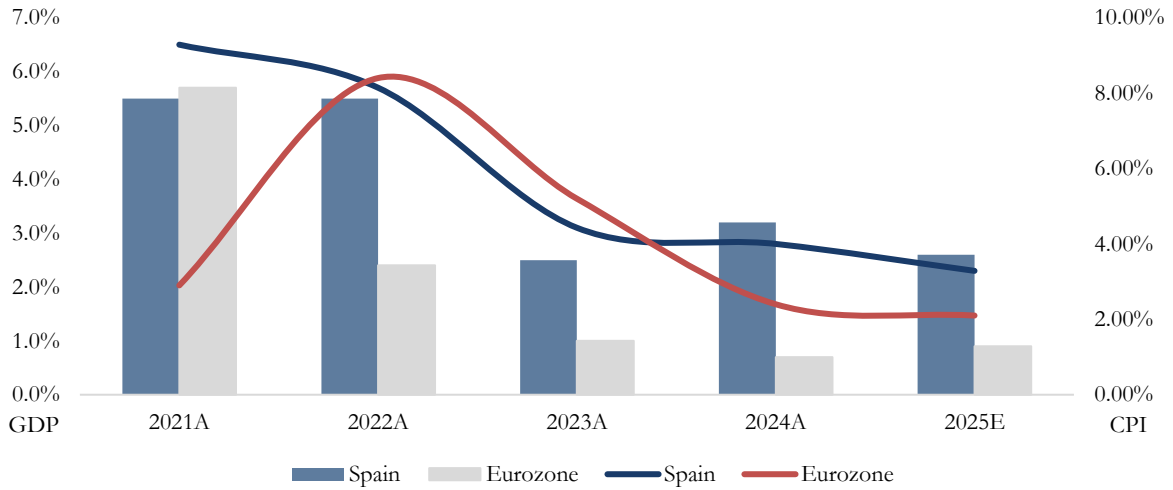
Macroeconomics

General Overview	**Spain's economy** delivered **strong results** in **H1 2025**, with **GDP expanding by 2.8% year-on-year**. **Newly imposed U.S. tariffs** and the **persistence of global conflicts**—most notably in Ukraine and Israel—**are adding uncertainty, weighing on international trade and investment flows**.
Inflation	**Spain's inflation reached 2.3%** in **H1**, easing **compared to the start of the year**. **Projections suggest** it will **decline further**, reaching **around 2% by end of the year**.
Interest Rates	During H1, the **European Central Bank** (ECB) implemented **four consecutive 25bps cuts**. In recent meetings, however, this **pace has eased**, leaving markets split over the likelihood of an additional **reduction** or a **pause** in rates' reduction until 2026. By end **H1 2025**, **12-month Euribor stood at 2.072%**. **Forward-looking markets point to slight further declines** in **coming months**, followed by an **upward trend** beginning by second half of 2027.
GDP	The **International Monetary Fund** has **revised Spain's growth outlook upward**, projecting a **2.6% expansion in 2025** and **2.0% in 2026**, with expectations of **further improvements as year advances**. In **H1 2025**, the **strongest regional performances** were recorded in **Balearic Islands** (3.6% year-on-year GDP growth), **Canary Islands** (3.2%), **Valencia** (3.1%), as well as **La Rioja** and **Galicia**, both at 3.0%.
Others	**Tourism** is on track to **hit a historic milestone in 2025**, with projections **surpassing 98 million visitors**. By **July**, arrivals had already reached a **record of 55.5 million visitors**, +4.1% compared to July 2024. The **labour market** is also **showing continued strength**. In **H1 2025**, **employment** climbed to an **unprecedented 21,861,095 registered workers**, an **increase** of **468,206 vs. 2024**. Meanwhile, **unemployment** has fallen to around **2.5 million people** (**10.3% unemployment rate**).

GDP and Inflation: Growth Rates Y-o-Y



Real Estate Activity

Investment Volume	In **H1 2025**, **total investment in Spanish real estate sector** reached **€6.7 billion** (+8% vs. H1 2024). The asset classes that attracted most investors' interest were: 1. Hospitality: €1.8 billion 2. Living: €1.7 billion 3. Retail: €1.4 billion Successive **interest rate drops** have **underpinned** the **growth of real estate investments**. This trend looks to remain positive thanks to Spain's economic growth.
Transaction Highlights	**Top-4 transactions** accounted for **c. €2.2 billion** (c. 33% of total): €1,200 million Livensa PBSA portfolio sold by Livensa, €430 million Mare Nostrum Resort sold by Selenta Group, €305 Bonaire Shopping Centre sold by URW, €286 Prado Urban Business Park sold by AXA IM.

Real Estate Market: Definitive Recovery with a Buoyant Outlook

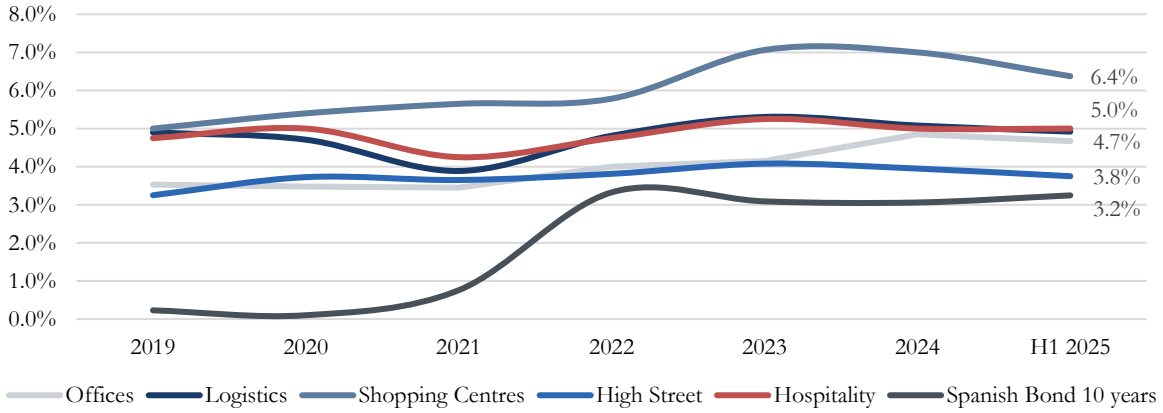
Overview

- In **H1 2025**, **real estate wholesale investments in Spain reached €6,734 million**, reflecting **a c.10% increase compared to H1 2024**. **Hospitality and Living** sectors spearheaded investment, accounting for **over 50%** of the **total**.
- **Both quarters were highly active**, with **Q1 contributing €3.6 billion** (c. 53% of H1 total volume), **highlighting the market's sustained strength and resilience**.
- The period was defined **by economic stabilisation** and a **supportive monetary backdrop**, as the European Central Bank (ECB) continued its easing cycle, lowering the deposit rate from 3.0% on H2 2024 to 2.0% in H1 2025, which eased financing conditions while inflation kept declining, **providing relief to financing conditions**.
- Although **Madrid and Barcelona** remained as the **preferred investment destinations** in Spain, s**econdary regions captured c. 40%** of the total investment, predominantly **driven by high-end hospitality** deals in the **Balearic and Canary Islands**, and by **strong investor appetite** in **Living**, specially in regions like Valencian or Zaragoza.

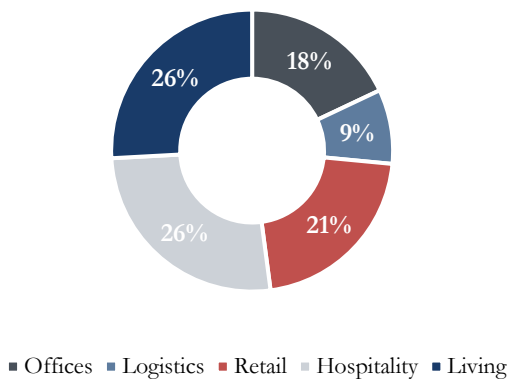
Investment Highlights

- Investment in **Hospitality** reached **€1.8 billion**, up c. 20% vs. H1 2024, supported by **strong resort activity** in the Balearic and Canary Islands and backed by a **record influx of international visitors**.
- **Living** experienced **sustained growth**, with **investment exceeding €1.7 billion** (+10% vs. H1 2024), spurred by the **structural scarcity of new supply** and the **increase of foreign capital inflows**.
- **Retail was a standout performer**, recording c. **€1.4 billion** (+24% vs. H1 2024), led by major shopping-centre & retail park transactions, **supported by rising sales & footfall**.
- **Office** investment **swelled to c. €1.2 billion**, up c. +51% vs. H1 2024, spurred by several relevant transactions. **Madrid comprised the bulk of activity**, and **Barcelona showed improving momentum**.
- Driven by **robust demand** and **supported by international capital**, Spain's **Logistics and Industrial** sector recorded c. **€575 million** in H1 2025 (+5% vs. H1 2024).

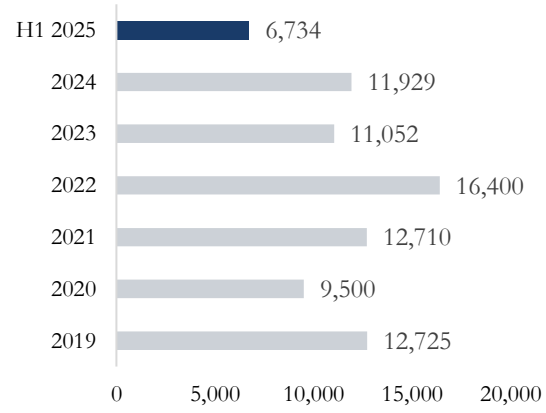
Spain's Average Prime Net Yields (%)



2025 Investment by Sector (%)



Total Investment (€ million)

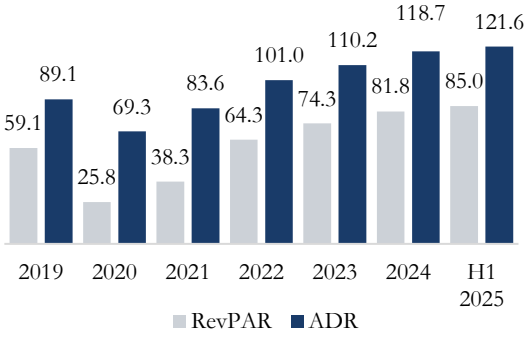


Hospitality: Robust Tourism Attracted Investors' Interest

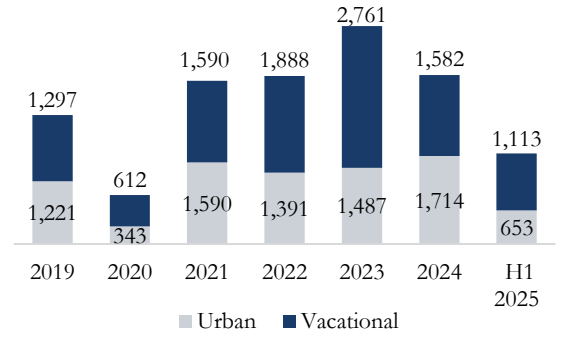
Overview

- The **investment volume reached €1,766 million** (+20% vs. H1 2024), ranking as the **third-highest first-half** result on record. During the first six months, **75 transactions** were completed, covering a total of **9,501 rooms**.
- **Between January and June 2025**, the number of **foreign visitors rose by 2.1 million compared to the same period in 2024**, representing a 4.7% YoY increase and setting a new record. **Average spending per tourist** also **grew by 2.4% YoY (€1,330)**, reinforcing the **transition from volume to value**.
- The increase in demand has been reflected in the main hospitality KPIs, with **ADR and RevPAR hitting record first-half levels of €121.6** (+2.5% vs. 2024) and **€85.0** (+4.0%), respectively.
- The **resort segment has re-established its traditional leadership**, driven by the completion of the Mare Nostrum Resort acquisition in Tenerife, valued at €430 million.
- Prime yields narrowed in H1 2025 to **5.00% in Madrid and Barcelona**, and to **6.00% in Canary and Balearic Islands**, with figures remaining unchanged since H2 2024.
- **Hotels bed supply rose to around 1.5 million**, while the **occupancy rate** remained stable at **64%** (+0.5 p.p. vs. H1 2024). The destinations showing the largest occupancy growth in first half 2025 were Marbella (+4.3%), Zaragoza (+3.9%), and Balearic Islands (+3.2%).

ADR & RevPAR (€)



Investment by Segment (€ million)



Selected Transactions

Mare Nostrum Resort

Price: €430 million	**Buyer**: Spring Hotels
Keys: 1,037	**Seller**: Selenta Group
€/key: €414,658	**Quarter**: Q2
Location: Arona, Santa Cruz de Tenerife	

Fairmont La Hacienda Resort

Price: €170 million	**Buyer**: Activum
Keys: 380	**Seller**: Millenium Hospitality
€/key: €447,368	**Quarter**: Q2
Location: San Roque, Cádiz	

Alua Hotel Portfolio

Price: €120 million	**Buyer**: Hyatt
Keys: c. 1,000	**Seller**: Blantyre Capital
€/key: c. €120,000	**Quarter**: Q1
Location: Adeje, Santa Cruz de Tenerife	

Hotel Portfolio

Price: €74 million	**Buyer**: Various
Keys: 364	**Seller**: Victoria H&R
€/key: €203,298	**Quarter**: Q2
Location: Palma de Mallorca & Zaragoza	

Barceló Raval Hotel

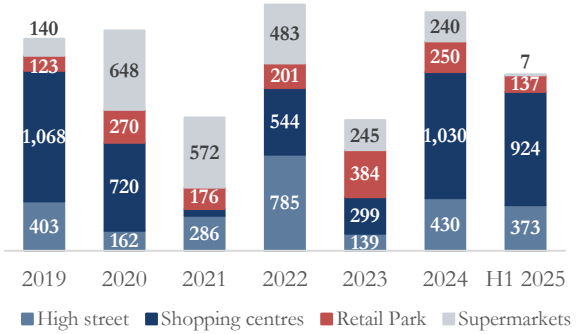
Price: €70 million	**Buyer**: Real I.S
Keys: 186	**Seller**: Union Investment
€/key: €376,344	**Quarter**: Q2
Location: Rambla del Raval, Barcelona	

Retail: Sustained Growth Driven by a Robust Demand and Sales

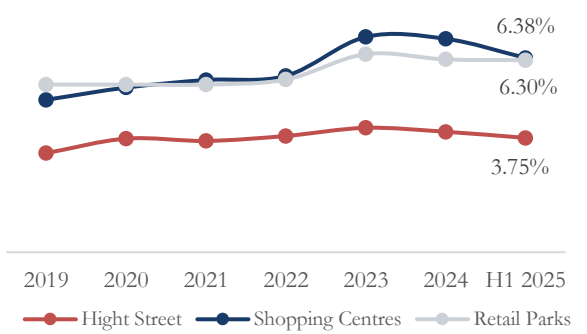
Overview

- **H1 2025 Retail investment volume** amounted to c. **€1,441 million** (+24.2% vs. H1 2024). **Shopping Centres** spearheaded investment with c. **€970 million** (64%), followed by **High Street** with **€400 million** (26%), and **Retail Parks** with €130 million (9%).
- **Prime yields compressed slightly** across all segments, reflecting **sustained investor appetite** and **eased financing conditions**. High Street prime yields declined to **3.8%**, Shopping Centres to **6.4%**, and Retail Parks to **6.3%**.
- **Prime rents** have increased for **High Street** to **€262.0/sq.m./month** (+6.8% vs. H1 2024), to **€77.7/sq.m./month** (+4.5%) for **Shopping Centres**, and to **€20.3/sq.m./month** (+3.6%) for **Retail Parks**.
- **Shopping Centres** posted a **4.3% rise in sales**, underpinned by a **3.4%** (vs. H1 2024) **increase in footfall** and an **average occupancy rate of 94%**. **Resilient consumer spending**, jointly with a **robust tourism**, **continued to draw investors' appetite**, reinforcing confidence in the **sector's growth trajectory**.
- **Prime High street vacancy decreased** to **3.0%** in **H1 2025** (-1.70% vs. H1 2024) driven the **sustained demand** for **top-tier flagship spaces**.

Investment by Segment (€ million)[1]



Prime Net Yields (%)



(1) Excluding: (i) in 2024 the acquisition of Lar España (€695M), and (ii) in 2022 the acquisition of 659 BBVA branches (€1,987M)

Selected Transactions

Bonaire Shopping Centre

Price: €305 million	**Buyer**: Castellana Properties
GLA (sq.m.): c. 135,000	**Seller**: URW
€/sq.m.: 2,243	**Quarter**: Q1
Location: Autovía del Este, 2, Aldaia, Valencia	

Xanadú Shopping Centre – 50% Stake Acquisition

Price: €200 million	**Buyer**: Rivoli AM
GLA (sq.m.): c. 153,000	**Seller**: Intu
€/sq.m.: 1,307	**Quarter**: Q1
Location: C. Puerto de Navacerrada, Arroyomolinos, Madrid	

Espacio Mediterráneo Shopping Centre

Price: €135 million	**Buyer**: Lighthouse Properties
GLA (sq.m.): c. 37,000	**Seller**: DekaBank
€/sq.m.: 3,650	**Quarter**: Q2
Location: Carretera de Mazarrón, Cartagena, Murcia	

Ballonti Shopping Centre

Price: €120 million	**Buyer**: Rivoli AM
GLA (sq.m.): 53,000	**Seller**: Bilball, & Ballon Inv.
€/sq.m.: 2,264	**Quarter**: Q2
Location: Av. Ballonti, 1, Portugalete, Bilbao	

Alcalá Magna Shopping Centre

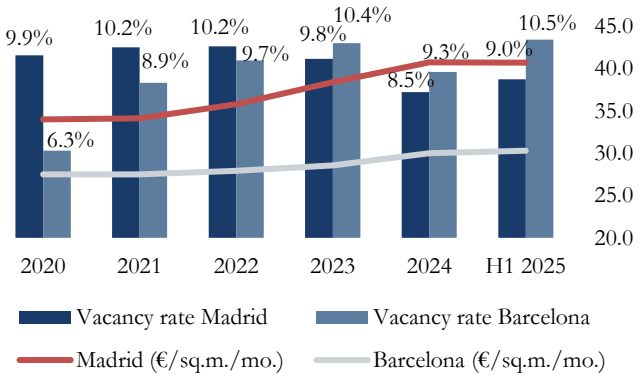
Price: €96 million	**Buyer**: Lighthouse Properties
GLA (sq.m.): 34,000	**Seller**: DWS Grupo
€/sq.m.: 2,823	**Quarter**: Q1
Location: C. Valentín Juara Bellot, 4, Alcalá de Henares, Madrid	

Offices: Strong Return of Tenants & Investments

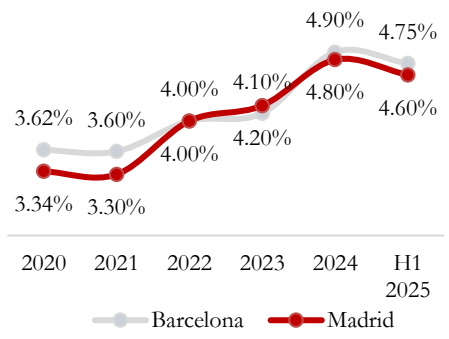
Overview

- The **office sector** reached an **investment volume** of **c. €1,210 million** in **H1 2025** (+51% vs. H1 2024), underpinned by three large transactions that accounted for c. 50% of total aggregated investment.
- **Madrid** recorded a **take-up** figure of **c. 265,000 sq.m**., while **Barcelona** stood at **c. 150,000 sq.m.** In **Madrid**, take-up growth was driven by **higher number of large surfaces deals** (five leasing transactions over 6,000 sq.m.).
- **Prime rents** in both cities have increased to **c. €41.5/sq.m./month** in **Madrid** (+1.9% vs. H1 2024) and **c. €30.5/sq.m./month** in **Barcelona** (+4.5% vs. H1 2024) driven by the **persistent imbalance between supply and demand**.
- In **Madrid**, **prime yields** decreased to **4.60%** (-3.2% vs. H1 2024) and in **Barcelona** to **4.75%** (-4.1% vs. in H1 2024), driven by the impact of a **renewed investors' interest**.
- **Madrid's CBD vacancy rate** decreased to **2.7%** (-37.0% vs. H1 2024), and **Barcelona's CBD vacancy rate dropped** significantly to **3.9%** (-21.1% vs. H1 2024), reflecting the **recovery that the office sector is undergoing, with tenants actively seeking new/renovated spaces, and investors with renewed appetite for this asset class**.

Vacancy Rates & Prime Rents



Prime Net Yields (%)



Selected Transactions

Prado Urban Business Park

Price: €286 million	**Buyer**: Batipart & IBA Capital
GLA (sq.m.): 60,000	**Seller**: AXA IM
€/sq.m.: 4,375	**Quarter**: Q2

Location: Calle Ramírez de Prado, 5, Madrid

Planeta Group Headquarters

Price: €250 million	**Buyer**: Pontegadea
GLA (sq.m.): 28,000	**Seller**: Blackstone
€/sq.m.: 8,929	**Quarter**: Q2

Location: Avenida Diagonal, 662-664, Barcelona

Nestlé Headquarters

Price: €65 million	**Buyer**: Acciona
GLA (sq.m.): 30,000	**Seller**: Igis Asset Management
€/sq.m.: 2,167	**Quarter**: Q2

Location: Avinguda del Països Catalans, 25-51, Barcelona

Palacio de Gamazo

Price: €60 million	**Buyer**: Terralpa
GLA (sq.m.): 5,635	**Seller**: PSN
€/sq.m.: 10,648	**Quarter**: Q2

Location: Calle Génova, 26, Madrid

Office Building in Barcelona

Price: €40 million	**Buyer**: Square AM
GLA (sq.m.): 18,000	**Seller**: Zurich
€/sq.m.: 2,222	**Quarter**: Q2

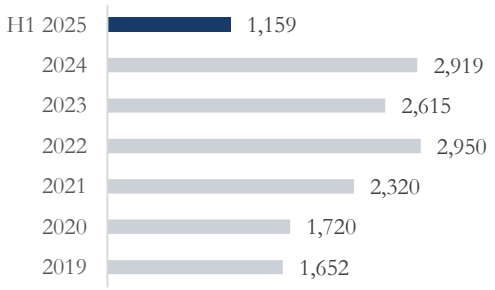
Location: Paseo de Taulat, 266-270, Barcelona

Living: Resilient Investment and Attractive Market Conditions

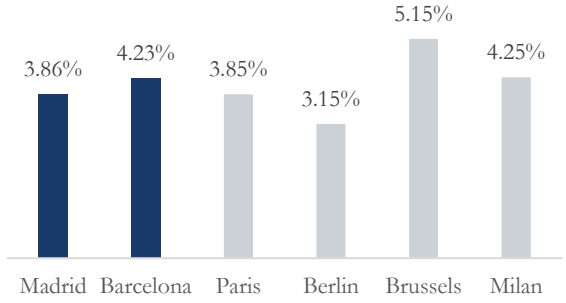
Overview

- **H1 2025 Living investments** totaled c. **1,159 million**[1] (+6% vs. H1 2024), thereby consolidating the sector's position as **one of the most attractive and relevant** real estate asset class. **Multifamily** (PSR & BTR) accounted for **c. 50%** of total **transaction volume.**
- The structural **scarcity of residential plots available**, coupled with the sustained **inflow of foreign capital** and the continued positioning of core cities as **highly attractive residential hubs**, is underpinning transactional momentum, with **volumes** expanding **+15% vs. H1 2024.**
- **Prime residential yields** in **H1 2025** stood at **3.9%** in Madrid and **4.2%** in Barcelona. **Prime yields** in **Flex Living** stood at **4.6% (+8% vs. H1 2024)** highlighting **stronger investors' appetite for residential formats with shorter lease profiles**.
- **Driven by short supply, residential average rent in Spain,** increased by **+6.4% vs. H1 2024**, reaching **€14.3/sq.m./month.** Prime residential rents in **Madrid and Barcelona** stood at levels of **€25.0/sq.m./month (+11% vs H1 2024)** and **€23.3/sq.m./month (+3% vs. H1 2024)**, respectively.

Investment Volume (€ million)[1]



European Prime Net Yields (%)



[1] *Not including PBSA transactions.*

Selected Transactions

Apartments Portfolio

Price: €71 million	**Buyer**: Generalitat Catalana
Units: 743	**Seller**: Divarian
€/unit: €95,558	**Quarter**: Q1
Location: Various (Barcelona, Gerona, etc.)	

Turnkey Flex Living Asset

Price: €65 million	**Buyer**: Hines
Units: 650	**Seller**: Atitlan & Marquee Capital
€/unit: €100,000	**Quarter**: Q1
Location: Valencia	

Flex Living Reconversion

Price: 51 million	**Buyer**: Argis
Units: 350	**Seller**: Undisclosed
€/unit: €145,714	**Quarter**: Q1
Location: Campo de las Naciones, Madrid	

Flex Living Reconversion

Price: €50 million	**Buyer**: Vivenio
Units: 180	**Seller**: DWS
€/unit: €277,777	**Quarter**: Q1
Location: Ensanche de Vallecas, Madrid	

3 BTR Assets

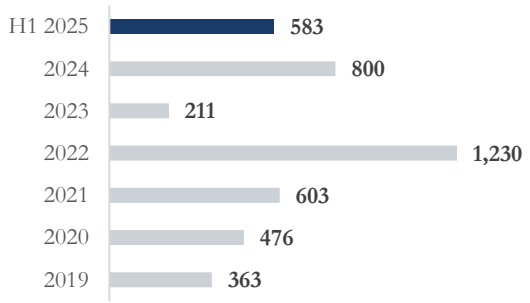
Price: 50 million	**Buyer**: 1810 Capital
Units: 128	**Seller**: Neinor Homes
€/unit: €390,625	**Quarter**: Q2
Location: Various (Alicante, Valencia & Malaga)	

PBSA: Further Growth Driven by Strong Demand

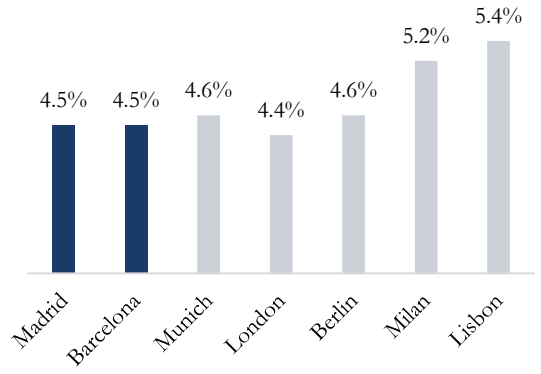
Overview

- **Investment** reached c. **€583 million**[1] in **H1 2025 (+19% vs. H1 2024)**, **supporting the structural growth path** that has characterised this sector in recent years. The dynamism observed reflects both the **continued demand from national and international students** and the growing consolidation of the segment as an **institutional asset class**.
- **Student demand** in Spain amounted to **655,174** in H1 **2025**, while available **PBSA stock stood at 120,364 beds**, evidencing a significant structural supply–demand imbalance and, thus, **substantial long-term growth potential.** This imbalance was further reinforced by Spain's positioning as an increasingly attractive destination for both domestic and international students, **underpinning sustained investors' interest in the sector.**
- **Prime net yields** in **Madrid and Barcelona stood at 4.5% in both cities**, sustaining attractive returns relative to other major European cities with lower rents' growth potential, including **London (4.4%)**, **Milan (5.2%)**, and **Berlin (4.6%)**.
- Investment appetite is likely to remain strong in H2 2025, positioning Spain as a **key growth market for PBSA**. As **demand continues to outstrip supply**, further capital is expected to flow into sector, consolidating it as a **core asset class** of the market.

Investment Volume (€ million)[1]



European Prime Net Yields (%)



(1) Excluding M&A transactions.

Selected Transactions

Livensa Portfolio of 22 Residences

Price: €1,200 million	**Buyer**: Nido Living
Beds: 9,000	**Seller**: Livensa
€/bed: 133,333	**Quarter**: Q2
Location: Various (Madrid, Barcelona, Sevilla, Malaga, etc.)	

Corporate Transaction - 40% stake of AXA Lifestyle Housing

Price: €240 million	**Buyer**: Norges Bank
Beds: 8,300	**Seller**: The Boost Society
€/bed: 28,916-	**Quarter**: Q1
Location: Various (Spain & France)	

Cristóbal de Moura Residence

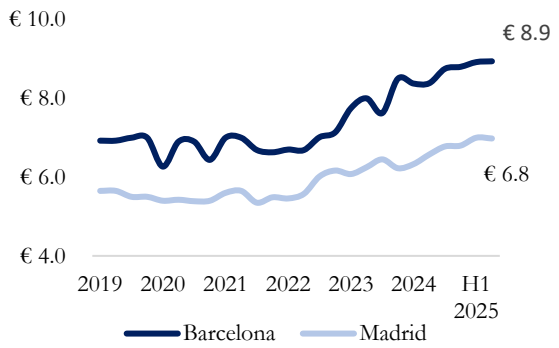
Price: €75 million	**Buyer**: Ardian & Rockfield
Beds: 347	**Seller**: Henderson Park & Hines
€/bed: 216,138	**Quarter**: Q1
Location: 22@, Barcelona	

Logistics: Sustained Growth Driven by International Demand

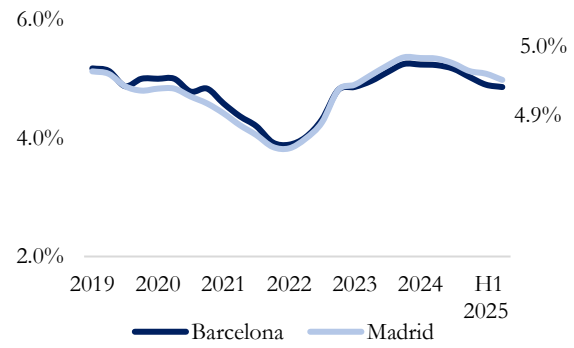
Overview

- **Logistics sector** continues to capture strong investors' interest. In H1 2025, **investment volume reached c. €575 million**, largely driven by **international investment**, reflecting an important increase of c. +40% vs. H1 2024. By year-end, **total investment in the sector is projected** to reach c. **€1,500 million**, fuelled by the large leasing transactions with very long-term agreements that have been signed during this first half of 2025.
- **Prime rents** in **Madrid** increased to **c. €7.0/sq.m./month** (+6.1% vs. H1 2024), while in **Barcelona they reached c. €8.9/sq.m./month** (+6.6% vs. H1 2024). These results highlight a market geared for expansion, reinforcing the **positive outlook** for Spain's logistics sector.
- Operational performance remains solid. **Vacancy rates in H1 2025 ended at 10.0% in Madrid**, **5.2% in Barcelona**, and **0.9%** in **Valencia**, reflecting continued strong demand. **Take-up** figures during **H1 2025** confirms the strength of logistics fundamentals, Madrid's and Barcelona's **rose to c. 385,000 and to c. 270,000**, respectively.
- In H1 2025, **prime net yields stood at 5.0% in Madrid and 4.9% in Barcelona**, showing a slight compression vs. 2024. This adjustment reflects steady investor appetite, with expectations of further decrease **in the coming months**.

Prime Rents (€/sq.m./month)



Prime Net Yields (%)



Selected Transactions

Blackstone Logistics Portfolio

Price: €215 million	**Buyer**: Mapletree
GLA (sq.m.): c. 200,000	**Seller**: Blackstone
€/sq.m.: c. €1,075	**Quarter**: Q1
Location: Various (Madrid, Barcelona, Valencia, etc.)	

Antequera Logistics Plot

Price: €150 million	**Buyer**: Consum
GLA (sq.m.): 163,000	**Seller**: Baraka Logistics
€/sq.m.: €920	**Quarter**: Q1
Location: Antequera, Málaga	

ASLI Madrid & Barcelona Logistics Portfolio

Price: €29.7 million	**Buyer**: Fidelity RE Logistics
GLA (sq.m.): 20,712	**Seller**: Abrdn
€/sq.m.: €1,434	**Quarter**: Q1
Location: Coslada (Madrid) & Polinyà (Barcelona)	

Campofrío Logistics Asset

Price: €25 million	**Buyer**: Ibi Lion
GLA (sq.m.): 42,000	**Seller**: Undisclosed
€/sq.m.: c. €595	**Quarter**: Q1
Location: Villalonquéjar, Burgos	

Manises Logistic Park

Price: €20 million	**Buyer**: Savills IM
GLA (sq.m.): 19,284	**Seller**: Scannell Properties
€/sq.m.: €1,037	**Quarter**: Q2
Location: Manises, Valencia	

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

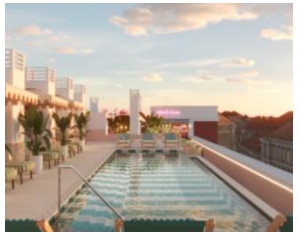
Retail
Madrid

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

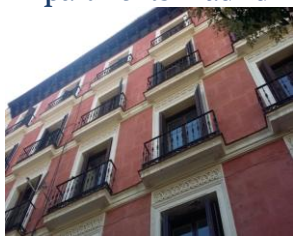
Offices
Madrid

Sale and Financing
Confidential

High Street Retail
Barcelona

Sale
Confidential

Residential / Tourist
Apartments Madrid



Sale
Confidential

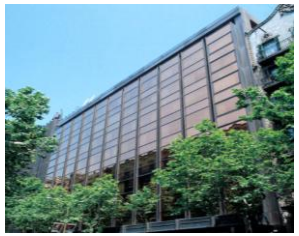
Shopping Centre
Madrid

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,
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