



# SPAIN LIVING INVESTOR SURVEY

2025

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2025

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INTRODUCTION



# INTRODUCTION

THE RESIDENTIAL REAL ESTATE SECTOR IN SPAIN HAS BEEN A FOCAL POINT FOR INVESTORS, DRIVEN BY EVOLVING MARKET DYNAMICS AND IMPROVING ECONOMIC CONDITIONS. TO GAIN DEEPER INSIGHTS INTO INVESTOR SENTIMENT AND STRATEGIES, WE CONDUCTED A COMPREHENSIVE SURVEY TARGETING KEY STAKEHOLDERS IN THIS SECTOR. THIS REPORT PRESENTS THE FINDINGS OF OUR SURVEY, HIGHLIGHTING THE CURRENT TRENDS, INVESTMENT PREFERENCES, AND OUTLOOK AS PERCEIVED BY RESIDENTIAL REAL ESTATE INVESTORS IN SPAIN.

Spain's demographic landscape plays a crucial role in shaping the residential real estate market. With a population of approximately 48.9 million people as of October 2024 the country exhibits a median age of 45.4 years, reflecting an aging population. Urbanization is another significant factor, with 79.1% of the population residing in urban areas. These demographic trends influence housing demand, particularly in major cities like Madrid and Barcelona. Economically, Spain has shown resilience and growth. The country's GDP reached USD 1,620 billion in 2023, with the services sector contributing 77% of the overall GDP.



# INTRODUCTION



<https://www.cushmanwakefield.com/en/insights/european-outlook>

Despite challenges, the economy has maintained an average real GDP growth of 1.7% over the last decade. The unemployment rate, which averaged 18.8% in the decade to 2022, has shown signs of improvement. These economic indicators provide a backdrop for understanding investor behavior and expectations in the residential real estate market.

Our aim is to provide valuable information that can guide investment decisions and strategic planning in this vibrant market. This is the result of 2024 survey to 50 property investors, institutional landlords/investors and project developers about their acquisition and sales targets and their investment strategies for 2025.

# INTRODUCTION

# OPPORTUNITIES IN SPAIN

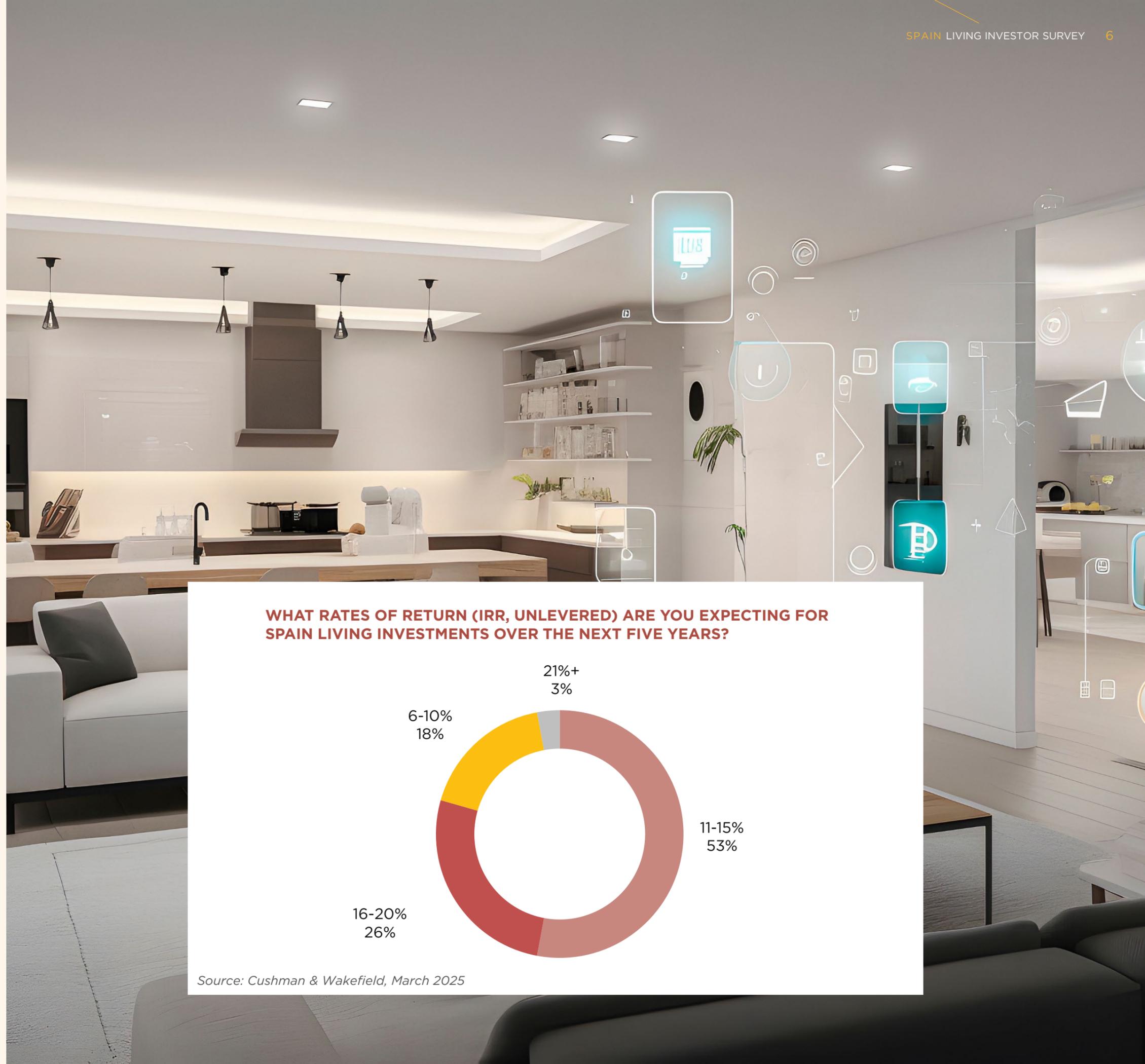


OVER HALF OF INVESTORS (53%) EXPECT UNLEVERED RETURNS IN THE 11-15% RANGE IN SPAIN'S LIVING SECTOR OVER THE NEXT FIVE YEARS, WHILE 26% ARE TARGETING HIGHER RETURNS (16-20%). THIS REFLECTS MODERATE OPTIMISM WITH REALISTIC PROFITABILITY EXPECTATIONS.

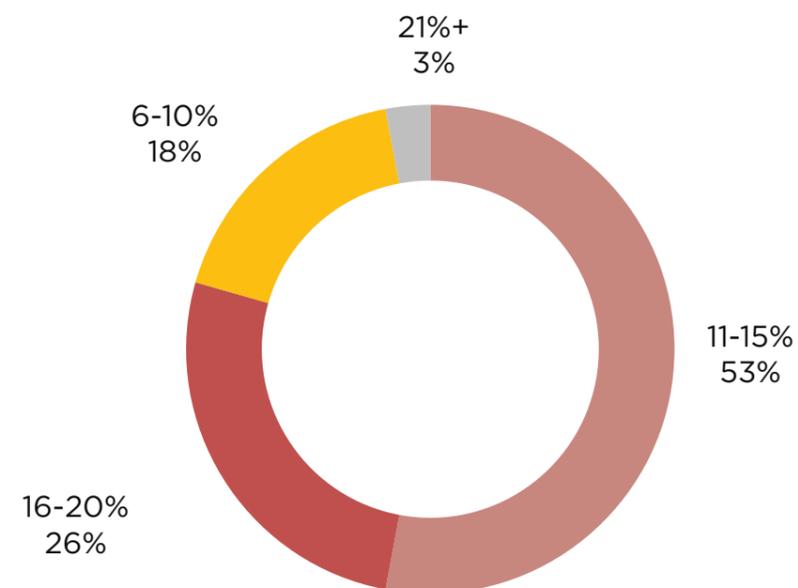
In recent years, Spain's living sector has seen significant growth, driven by evolving housing preferences and demographic shifts. The sector, which includes build-to-rent (BTR), flex living, co-living, and senior living, has attracted substantial investment. By the third quarter of 2024, investment in this segment reached €2.5 billion, accounting for 31% of the country's total real estate investment. This surge is fueled by the increasing demand for flexible and sustainable housing solutions, particularly among young professionals and single-person households.

Moreover, the emphasis on sustainability and technological innovation is reshaping the living sector. Developments now often feature energy-efficient solutions and smart home systems, enhancing both environmental impact and tenant experience

The strong interest in rental housing, especially BTR projects, highlights a shift towards renting over owning, driven by affordability and convenience.



**WHAT RATES OF RETURN (IRR, UNLEVERED) ARE YOU EXPECTING FOR SPAIN LIVING INVESTMENTS OVER THE NEXT FIVE YEARS?**



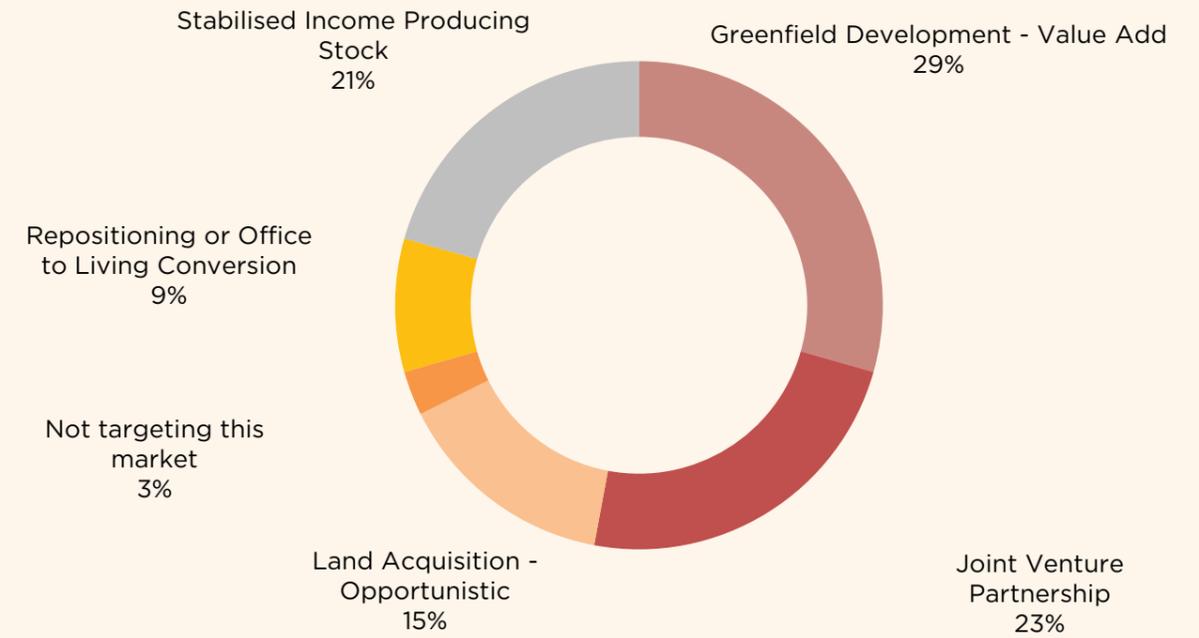
Source: Cushman & Wakefield, March 2025

Investors are prioritizing Greenfield developments and value-add projects (2%), followed by strategic joint ventures (23%) and opportunistic land acquisitions (15%). This highlights a focus on projects with potential for transformation and growth in Spain.

In addition to these priorities, investors are also showing a keen interest in sustainable and eco-friendly initiatives. This trend is driven by the increasing demand for environmentally

responsible investments and the potential for long-term returns. Furthermore, the emphasis on strategic joint ventures indicates a collaborative approach to leveraging expertise and resources, while opportunistic land acquisitions reflect a readiness to capitalize on market fluctuations. Overall, this investment strategy underscores a balanced approach, combining immediate opportunities with long-term growth potential.

**WHAT RATES OF RETURN (IRR, UNLEVERED) ARE YOU EXPECTING FOR SPAIN LIVING INVESTMENTS OVER THE NEXT FIVE YEARS?**



Source: Cushman & Wakefield, March 2025



# POTENTIAL INVESTMENT

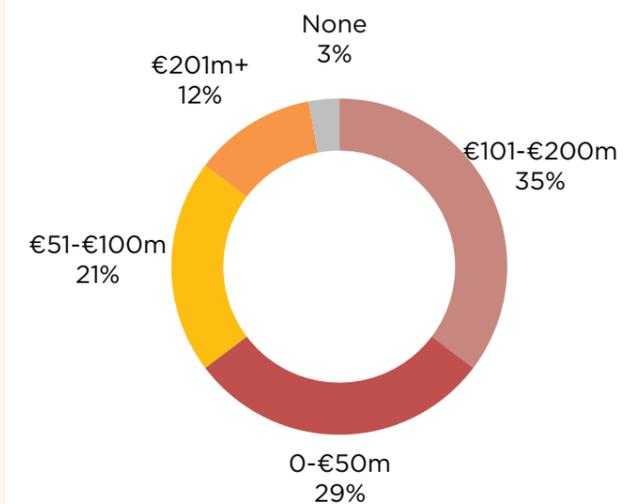


35% OF INVESTORS PLAN TO ALLOCATE BETWEEN €101-€200 MILLION TO THE LIVING SECTOR IN SPAIN, WHILE 29% AIM TO INVEST LESS THAN €50 MILLION. ONLY 12% PLAN TO EXCEED €201 MILLION, INDICATING A CONSERVATIVE YET SIGNIFICANT CAPITAL DISTRIBUTION.

Spain's living sector has seen substantial investment across various regions, driven by the demand for diverse housing solutions. The sector encompasses build-to-rent (BTR), flex living, coliving, student residences, and senior living, each attracting significant capital.

Overall, the living sector in Spain presents a diverse and dynamic investment landscape, with opportunities spread across various regions and housing types. This distribution reflects a balanced approach, combining high-demand urban areas with emerging markets, ensuring both stability and growth potential for investors.

## HOW MUCH CAPITAL ARE YOU SEEKING TO INVEST IN THE LIVING SECTOR IN SPAIN OVER THE NEXT YEAR?



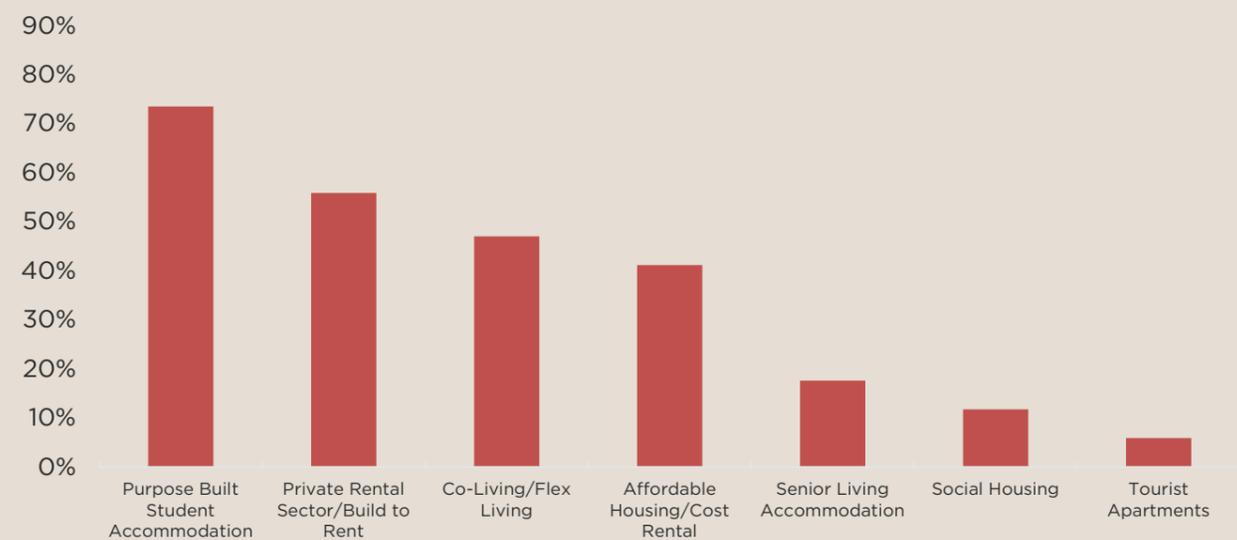
Source: Cushman & Wakefield, March 2025

# PREFERRED SEGMENTS IN SPAIN



THE MOST ATTRACTIVE SEGMENTS ARE THE PRIVATE RENTAL SECTOR/BUILD TO RENT AND PURPOSE-BUILT STUDENT ACCOMMODATION, WITH NOTABLE INTEREST IN CO-LIVING AND AFFORDABLE HOUSING. THIS UNDERSCORES A PREFERENCE FOR ASSETS CATERING TO ACCESSIBLE AND FLEXIBLE HOUSING DEMAND.

## WHICH SEGMENTS OF THE SPANISH LIVING SECTOR ARE YOU ACTIVELY TARGETING INVESTING IN IN 2025?



Source: Cushman & Wakefield, March 2025 \*Percentage of respondents citing the segments in response to the question

**Private Rental Sector/Build to Rent (BTR):** The BTR sector in Spain is experiencing significant growth, driven by the increasing demand for rental properties among young professionals and families. Cities like Madrid, Barcelona, and Valencia are at the forefront of this trend, with numerous BTR projects underway.

These developments often feature modern amenities, energy-efficient designs, and communal spaces, making them attractive to renters seeking convenience and quality living environments. The Spanish government's initiatives to boost affordable rental housing further support this sector, attracting both domestic and international investors.

**Purpose-Built Student Accommodation (PBSA):**

The PBSA market in Spain is also thriving, fueled by the country's large student population and the influx of international students. Major cities such as Madrid, Barcelona, and Seville are key hubs for student housing investments. The PBSA sector counts with strong fundamentals with largely under-developed despite greater institutional presence in recent years. Spain in general terms undersupplied (provision rate of c.7%) vs other European markets with a significant proportion of stock that is obsolete. Spain counts on strong investor appetite focused on greenfield/brownfield developments not only in Tier 1 cities but also in Tier 2 and "decentralized" locations.





Investors are focusing on creating high-quality, sustainable, and affordable student accommodations that offer a range of amenities, including study areas, gyms, and social spaces.

The demand for PBSA is expected to continue growing, driven by the increasing number of students and the need for purpose-built, well-managed housing solutions. A significant increase in international students is a consequence on the mix of affordability, lifestyle and education quality.

**Co-Living:** Co-living spaces are gaining popularity in Spain, particularly among young professionals and digital nomads. These spaces offer flexible living arrangements, communal areas, and a sense of community, making them an attractive option for those seeking a balance between privacy and social interaction.

Cities like Madrid, Barcelona, and Valencia are seeing a rise in co-living developments, catering to the growing demand for affordable and flexible housing solutions. The trend is supported by the increasing acceptance of remote work and the desire for more dynamic living environments.

**Affordable Housing:** Affordable housing remains a critical segment in Spain's living sector, addressing the needs of low to middle-income households. The Spanish government and private developers are working together to increase the supply of affordable homes, particularly in urban areas where housing costs are high. Initiatives include the development of new affordable rental units and the renovation of existing properties to meet modern standards. This segment is essential for ensuring housing accessibility and stability for a broad range of residents.

# PREFERRED MARKETS IN SPAIN



THE LIVING SECTOR RANKS AS THE HIGHEST PRIORITY FOR INVESTORS, FOLLOWED BY HOTELS AND LOGISTICS/INDUSTRIAL, EMPHASIZING A TILT TOWARD RESIDENTIAL SOLUTIONS. THE HOUSING SHORTAGE AND DEMOGRAPHIC PRESSURES IN URBAN AND SUBURBAN SPAIN BOLSTER THIS PRIORITY, POSITIONING THE LIVING SECTOR AS A MAINSTAY OF FUTURE DEVELOPMENTS. INVESTORS ARE INCREASINGLY LOOKING AT SEVERAL EMERGING MARKETS IN SPAIN BEYOND MADRID AND BARCELONA

## SOME OF THOSE MARKETS INCLUDE:

**Valencia** Known for its vibrant culture and growing tech scene, Valencia is becoming a hotspot for startups and innovation. The city's quality of life and lower cost of living compared to Madrid and Barcelona make it attractive for both businesses and residents.

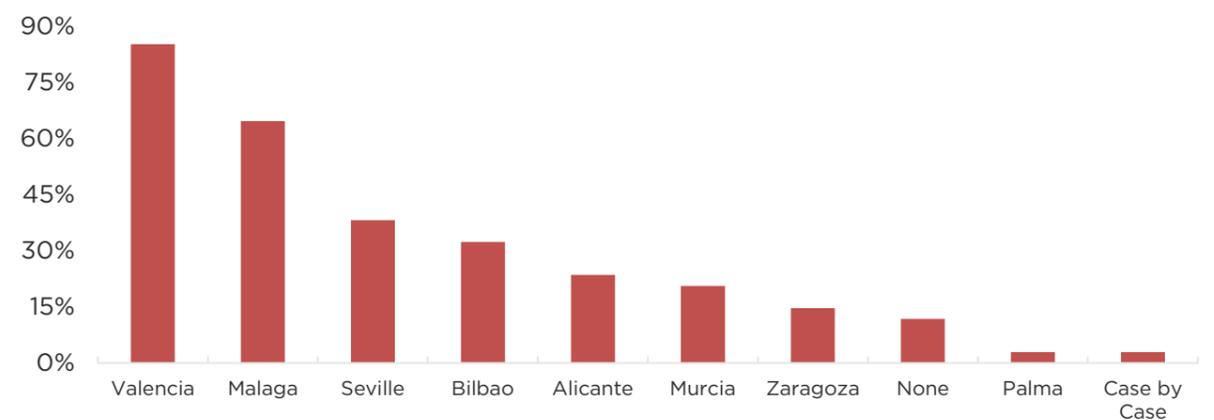
**Seville** With its rich history and cultural heritage, Seville is drawing attention for tourism and hospitality investments. The city is also seeing growth in renewable energy projects, particularly solar power.

**Málaga** Often referred to as the "Silicon Valley of the Costa del Sol," Málaga is rapidly developing its tech and innovation sectors. The city's strategic location and excellent infrastructure are key factors driving this growth.

**Bilbao** Known for its industrial past, Bilbao is reinventing itself as a hub for technology and green energy. The city's focus on sustainability and innovation is attracting significant investment.

**Alicante** This coastal city is gaining traction for its tourism and real estate markets. Alicante's beautiful beaches and favorable climate make it a popular destination for both tourists and expatriates.

## WHICH SEGMENTS OF THE SPANISH LIVING SECTOR ARE YOU ACTIVELY TARGETING INVESTING IN 2025?



These cities offer diverse opportunities across various sectors, making them attractive targets for investors looking to capitalize on Spain's dynamic economic landscape.

These sector preferences align with demographic trends that point to sustained demand for housing, fueled by urbanization and generational shifts. Hotels and logistics, as secondary priorities, reflect Spain's thriving tourism sector and increasing need for infrastructure to support growing e-commerce trends, respectively.

## PREFERRED INVESTOR RANKING



Living



Hotel



Logistics/Industrial



Retail



Office



Other

Q6

CONCLUSION



“Over the past five years, Spain’s living sector has experienced significant growth in investment volume and now accounts for approximately 30% of the total real estate investment in Spain. Against this backdrop of rapid expansion, it is clear that the market is becoming increasingly sophisticated and diverse.

Investors are not just increasing their exposure to established asset classes like purpose-built student accommodation and build-to-rent but are also embracing emerging opportunities in areas such as flex-living and senior rental living. This evolution reflects both changing demographic needs and a growing recognition of the sector’s ability to deliver stable, long-term returns while meeting essential social demands.

The findings in this survey paint a picture of a market that is maturing at pace yet still has significant untapped potential. The challenge of meeting the requirements of the next generation of renters will drive growth, deepen the market, and provide diversity. With new opportunities emerging, this survey aims to equip you with market intelligence to support your investment strategies in Spain.”

**Geoff McCabe**  
**Associate, Capital Markets Group**

# SPAIN LIVING INVESTOR SURVEY

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### ABOUT CUSHMAN & WAKEFIELD

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