

The CaixaBank Research real estate clock: from slowdown to expansion

Spain’s real estate market slowed in 2023, but more gently than anticipated. Despite the sharp rise in interest rates, several factors have supported the sector, including a resilient labour market, significant immigration flows, the imbalance between the short supply of new housing and the high demand, and the improvement in household finances.

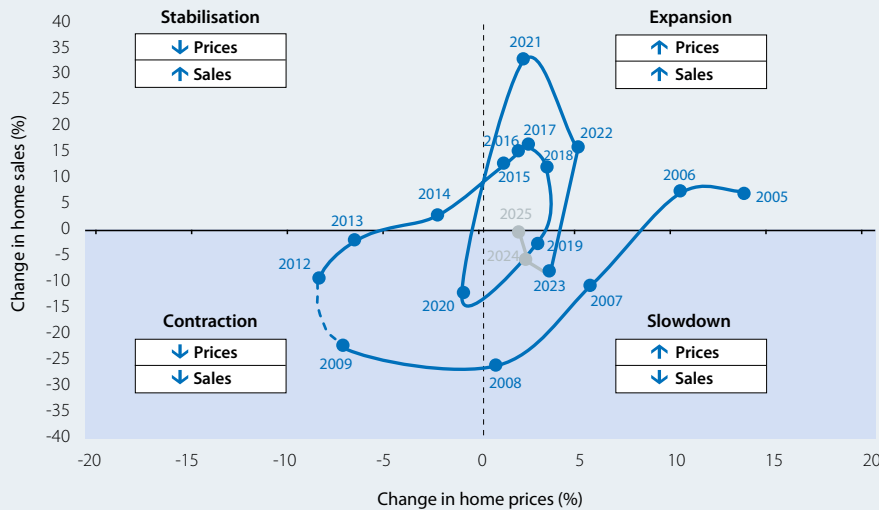
In 2024, the main factor that will support the real estate sector is the decline in interest rates. In fact, the 12-month Euribor started the current year at around 3.6%, well below the peak of this cycle in October 2023 (4.16%), and the financial markets anticipate that it could end the year at around 2.50%-2.75%. In any event, it is important to bear in mind that interest rates are expected to remain well above the levels of 2021, before the monetary tightening cycle. On the other hand, the economic factors that have supported the real estate sector in 2023 will remain present in 2024, although they will lose some intensity. In particular, the Spanish economy will continue to enjoy significant growth, at around 2%, although it will slow down relative to the 2.5% registered in 2023.

Taking all these factors into account, we anticipate that the gentle slowdown in the real estate sector will continue during the first half of the year, as interest rates remain high and the economic environment continues to show signs of relative weakness. However, in the second half of 2024, as the downward path of interest rates takes hold and economic activity gains traction, we expect the real estate market to regain vigour and record new growth. Thus, 2024 will be a year of transition in which the CaixaBank Research real estate clock will remain in the slowdown quadrant, before giving way to 2025, when we expect the housing market to return to expansive territory.¹

In particular, we expect home prices to grow by 2.7% and 2.5% in 2024 and 2025, respectively, with around 550,000 sales transactions per year. These forecasts reflect our recent upward revision as a result of the resilience of the real estate market in 2023, the improved economic outlook for 2024 and the expectation that the ECB will announce its first interest rate cut before the summer.²

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CaixaBank Research real estate clock for Spain



Note: The period 2010-2011 is excluded due to the effect caused by tax incentives.
Source: CaixaBank Research, based on data from the National Statistics Institute (INE), the Ministry of Transport, Mobility and Urban Agenda (MITMA) and CaixaBank Research forecasts.

1. For a description of the movements of the real estate clock in recent years, see the Focus «The CaixaBank Research real estate clock: slowdown in sight», in the MR09/2022.
 2. See the [Real Estate Sector Report](#) S1/2024 for further details on the recent performance and future outlook for Spain’s real estate sector.