The CaixaBank Research real estate clock: the Spanish real estate market picks up the pace

The real estate sector has kicked off 2025 with a notable acceleration, both in house prices and in the volume of sales. After the rally already noted in 2024, facilitated by the interest rate cuts, this year's Q1 has confirmed that the market is in the midst of the expansionary phase of the cycle. The repeat home sales price index produced by the Association of Property Registrars recorded a 14.6% year-on-year increase in Q1 2025, after the already significant advance of 10.4% in 2024 as a whole. The number of sales, meanwhile, rose 13.7% year-on-year in Q1 2025 (compared to 9.9% in 2024) and reached 673,000 transactions in the trailing 12 months to March, surpassing the previous post-pandemic peak of 2022.

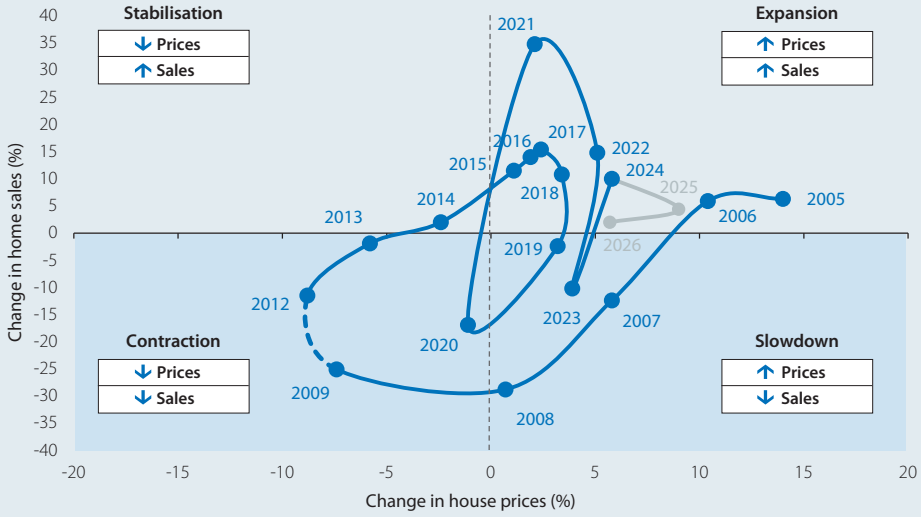
This strong demand is being driven by a combination of cyclical and structural factors. On the one hand, the ECB's interest rate cuts have made mortgage financing more affordable, reactivating the flow of credit destined for home purchases, which grew by 35.4% year-on-year in Q1 2025. On the other hand, the improvement in households' purchasing power – driven by the rise of disposable income and the moderation of inflation – has strengthened their purchasing capacity. Added to this is the buoyancy of foreign demand, both among non-residents – attracted by Spain as a destination for holidays or work – and for residents, supported by positive migration flows. Finally, the expectation that prices will continue to rise acts as an additional incentive to bring purchase decisions forward.

The start of 2025 has also seen strength on the supply side. New construction permits rose 19.4% year-on-year in Q1 2025, reaching a total of 133,000 homes in the past 12 months. This upward trend is expected to continue, although the supply will remain insufficient to absorb the strong demand and close the deficit of approximately 500,000 homes that has accumulated since 2021. This persistent imbalance between supply and demand is acting as a driver for prices, and it is expected to continue to exert upward pressure over the coming quarters.

The CaixaBank Research real estate clock reflects the boom that the sector is currently enjoying, with significant growth in both sales and prices.[1] We expect the market will remain in this phase of the cycle for the remainder of 2025 and in 2026. The acceleration observed at the beginning of the year and the persistence of the factors driving demand have prompted an upward revision of our forecasts: we estimate some 670,000 transactions in 2025 and around 683,000 in 2026. As for prices, we forecast growth of 9.0% in 2025 and of 5.7% in 2026 (+3.1 and +2.7 pps versus the previous forecast), according to the indicator published by the Ministry of Housing and Urban Agenda (MIVAU). This upward revision, which is higher than the expected growth in disposable income per household, will generate some additional pressure on the affordability ratios, reinforcing the need to accelerate the construction of affordable housing in areas of higher demand.

Judit Montoriol Garriga

CaixaBank Research real estate clock



Note: *The period 2010-2011 is excluded due to the impact of tax incentives.*
Source: *CaixaBank Research, based on data from the Spanish National Statistics Institute (INE), the Ministry of Housing and Urban Agenda (MIVAU) and internal 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. The latest update of the clock was published in the MR02/2025: «New forecasts for the Spanish real estate sector: the expansionary cycle takes hold in 2025».