

## Outlook and challenges for the Spanish economy in 2026

The rapid and unpredictable reconfiguration of the global geopolitical order is offering no respite and requires a constant reassessment of the state of each economy. What is the starting point, what are the strengths and areas of support, and what are the weaknesses or aspects that need to be addressed in order to bolster resilience? In the fragile and uncertain international context, reinforcing this last aspect seems more necessary than ever. The overall assessment of the state of the Spanish economy is relatively positive, particularly regarding the most recent dynamics, but significant challenges remain pending if this trend is to be sustained in the medium term.

The Spanish economy ended 2025 with dynamic figures that surpassed expectations. Job creation maintained a steady growth rate, accelerating compared to previous quarters. Household consumption also recorded a notable increase, especially in the final part of the year during the Christmas campaign. This is evidenced by CaixaBank Research's real-time consumption tracker, which shows a 5.5% increase in domestic consumption in December, representing an acceleration of more than 2 pps compared to Q3. This acceleration has been driven, above all, by the increase in e-commerce, which recorded remarkable growth of 25% year-on-year in December. Corporate investment has also contributed to the Spanish economy's expansionary cycle, and exports, despite the challenging international context, have sustained a positive growth rate thanks to the dynamism of services (both tourism and non-tourism).

CaixaBank Research's nowcasting model, which estimates short-term GDP growth based on information from various high-frequency indicators, points to a growth rate of 0.8% quarter-on-quarter in Q4 2025. This is a slightly higher figure than in previous quarters and it also exceeds the growth anticipated in CaixaBank Research's forecast scenario. If confirmed, this would put Spain's economy in a good starting position to face 2026, and would probably require us to revise upwards our growth forecasts for this year, currently at 2.1%.

Beyond the starting point, several factors are expected to continue to boost the economy in the coming quarters, particularly through household consumption and investment. The reduction of interest rates carried out by

the ECB up until the middle of last year will continue to have a positive impact over the coming quarters. On the other hand, the execution of European funds, which in 2026 is entering its final stretch, will help investment maintain a significant growth rate. Also, demographic growth, driven by migration flows, is expected to continue supporting employment and consumption.

However, not everything is a tailwind. The international context is not favourable. Spain's main trading partners are experiencing modest growth, and the uncertainty generated by the reconfiguration of the geopolitical order, with its implications in multiple spheres, is also hindering economic activity.

On the domestic front, of particular note is the growing imbalance in the real estate sector. The strong growth in housing demand is not being accompanied by an increase in supply. The housing deficit continues to grow, especially in areas of high demand, such as Madrid and Barcelona. As a reference, in these two cities, new construction permits totalled around 17,000 and 11,000 in the 12 months to September, while the number of households increased by 43,000 and 18,000, respectively (data at the provincial level). The gap between supply and demand is significant and continues to widen, as new construction permits show a year-on-year decline of over 10% in both locations. This situation continues to drive prices up, exacerbating affordability issues, especially for the most vulnerable groups.

Boosting productivity growth is the second major challenge that the Spanish economy must address. As outlined in the Dossier accompanying this *Monthly Report*, all autonomous communities have certain aspects they can rely on to continue boosting their productivity, as well as certain areas where they are at a disadvantage. None of these are insurmountable: if corrected, the growth capacity of their economies will improve, as will their resilience. The study also highlights the importance of geographical factors: being close to a productive region facilitates the progress of both regions, and vice versa. Therefore, if the effort is shared among all autonomous communities, then the likelihood of success will be even greater and this will help strengthen Spain's economic prospects, not only in 2026 but also in the medium term.

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