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MONTHLY REPORT · RESIDENTIAL MARKET

Spain, October 2026

A market at its peak and a society under strain: Spain is reaching its affordability limit before its demand limit, while the rejection of the housing decrees opens a regulatory vacuum.

3.30% 12-month Euribor (Oct.)	€2,110 Price per m ² Spain (Jul.)	-11.1% Transactions (Jul., year-on-year)	€3,083 Appraised value m ² Málaga (+13.8%)
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1. Global context: normalisation, not collapse

The global residential market is going through a complex normalisation, not the crash some were predicting at the start of the year. It is caught between three opposing forces: a structural housing shortage in some regions, an economic slowdown in others, and the lasting return of interest rates higher than those of 2010-2020.

According to the UBS Global Real Estate Bubble Index published on 22 September, real prices in the world's major cities are rising by just 0.5% year-on-year. The United States is showing signs of fatigue, with mortgage rates above 7%; China remains the weak spot; and Europe is moving at two speeds, with Germany and the United Kingdom still below their 2021 peaks while southern Europe — Madrid, Lisbon, Milan — keeps rising on the back of international demand.

A skilled employee has lost, on average, a third of their property purchasing power since 2021.

This affordability shock, flagged by the OECD and UBS, is pushing many households back towards renting, where rents are growing faster than wages. The central scenario for 2027 remains a soft landing, with Spain, Italy and southern Europe driving regional growth.

2. Spain: a market at its peak, a society under strain

Spanish residential property is still being pulled upwards by a structural shortage of supply, but household borrowing capacity is starting to hold it back. After easing at the end of 2025, the Euribor has risen again and passed 3.3% in early October, while September inflation jumped to +4.9%, its highest level since February 2023.

The market seems to be reaching an affordability limit before it reaches a demand limit.

- The first signs of a slowdown are visible: fewer sales and mortgages, prices that are very high but losing momentum, and a growing financial burden on households.
- Madrid, Málaga, Alicante, Valencia, Barcelona and the Balearic Islands continue to lead price growth, with foreign demand carrying significant weight on the coast.
- The consensus (Tinsa, Fitch, Idealista, CaixaBank Research) rules out a crash and points to normalisation, with prices supported by the supply shortage except in already very expensive markets such as Madrid or the Balearics.
- BBVA Research forecasts price growth of +5.7% in 2027, roughly half the 2026 rate.

3. Transactions and prices · July 2026 data

According to the Spanish General Council of Notaries, residential sales fell by 11.1% year-on-year in July 2026 — the seventh consecutive decline — to 65,400 homes. The average price stood at €2,110/m² (+7.7%), with apartments reaching a new all-time high of €2,550/m² (+12.5%) compared with €1,500/m² for houses (+2.3%). 56% of purchases were financed with a mortgage, with an average loan of €183,600.

Price per m² in the main regions (July 2026)

Region	€/m ²	Change in sales
Balearic Islands	4,160	–14%
Madrid Region	4,060	–14%
Basque Country	3,370	–20%
Catalonia	2,540	–5%
Canary Islands	2,450	–7%
Valencia Region	1,840	–19%
Andalusia	1,830	–9%

Source: General Council of Notaries. Year-on-year change in sales, July 2026.

4. Málaga and the Costa del Sol: coast versus inland

Regional averages hide very different realities. According to the appraised value published by the Ministry of Housing — the benchmark used by banks — Málaga has passed €3,000/m² for the first time and is now the most expensive province in Andalusia, up 13.8% in a year. Andalusia is also the region with the most sales in Spain: 12,800 in July, 20% of the national total.

Andalusia: appraised value by province (Q2 2026)

Province	€/m ²	Year-on-year
Málaga	3,083.5	+13.8%
Cádiz	2,043.0	+15.7%
Seville	1,889.8	+12.9%
Granada	1,673.3	+13.1%
Huelva	1,567.2	+15.9%
Almería	1,492.6	+13.9%
Córdoba	1,307.1	+10.5%
Jaén	912.0	+8.6%

Regional average: €1,981.6/m² (+13.8%), a record for the series. Málaga is 3.4 times more expensive than Jaén. Source: Ministry of Housing and Urban Agenda.

- **Marbella, second in Europe's seafront luxury ranking:** Engel & Völkers places it behind only Saint-Jean-Cap-Ferrat, ahead of Saint-Tropez, Mallorca and Ibiza.
- **International capital in Marbella:** Ilanga Capital and Goldman Sachs will invest €260 million in a hotel complex with branded residences.
- **Steady foreign demand:** foreign buyers accounted for 15% of purchases in Andalusia in the first half of the year (10,280 homes), and in Málaga a quarter of rental searches come from abroad.
- **Tax relief for buyers:** Andalusia will cut transfer tax (ITP) from 7% to 6.75% in 2027, aiming to reach 6% by 2030.

5. A regulatory vacuum: rejected decrees and elections

September was a turning point. Following a wave of housing protests, the Government approved two emergency decree-laws on 29 September: a suspension of evictions of vulnerable tenants until 2030, automatic extension of tenancy contracts, regulation of seasonal and room rentals, and 10% VAT on tourist lets.

Parliament rejected both decrees on 2 October, and the Government has called elections for the end of November.

The sector now faces a prolonged regulatory vacuum just as social pressure reaches its peak. Meanwhile, the Partido Popular has put forward its own alternative: one million homes in four years, the removal of 'stressed market' zones, public guarantees for young buyers and tax cuts of up to 60% on purchases. For owners and investors, the next two months call for caution and professional advice on every rental transaction.

6. Outlook for 2027

The most likely scenario is neither a crash nor another surge: 2027 should mark the shift from an overheated market to one of lasting tension, with fewer transactions and more moderate price growth, but no national correction while the supply shortage remains unresolved. Spain brings around 95,000 new homes to market each year, against some 240,000 new households.

The Bank of Spain puts the housing shortfall at around 750,000 homes, and it could exceed one million by 2028.

On top of this, energy efficiency carries an ever clearer premium: homes rated A or B sell on average for 15% more and twice as fast, while 94% of Spain's housing stock is rated between D and G.

The Vantys view

The headlines talk about a market that is slowing down. The reality is more nuanced: volume is slowing, not value. On the Costa del Sol, Málaga has passed €3,000/m², Marbella now competes with the Côte d'Azur and international capital keeps arriving, while local buyers feel every tenth of a point on the Euribor.

For sellers, the message is clear: prices are still supported, but solvent buyers are more selective and will no longer pay any figure. A well-valued, well-presented home sells; an overpriced one sits on the portals. For rental investors, the regulatory vacuum until the elections calls for caution and well-structured contracts.

Our job at Vantys is to translate every figure into what it means for your specific decision, on your street and at your moment.

If you are considering your next property move on the Costa del Sol, let's talk: knowing the ground makes the difference.

Report prepared with data available as of October 2026. Sources: General Council of Notaries, Ministry of Housing and Urban Agenda, Bank of Spain, BBVA Research, Land Registry, UBS, OECD, INE, Engel & Völkers.