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ASPRIMA

ASOCIACIÓN DE PROMOTORES  
INMOBILIARIOS DE MADRID

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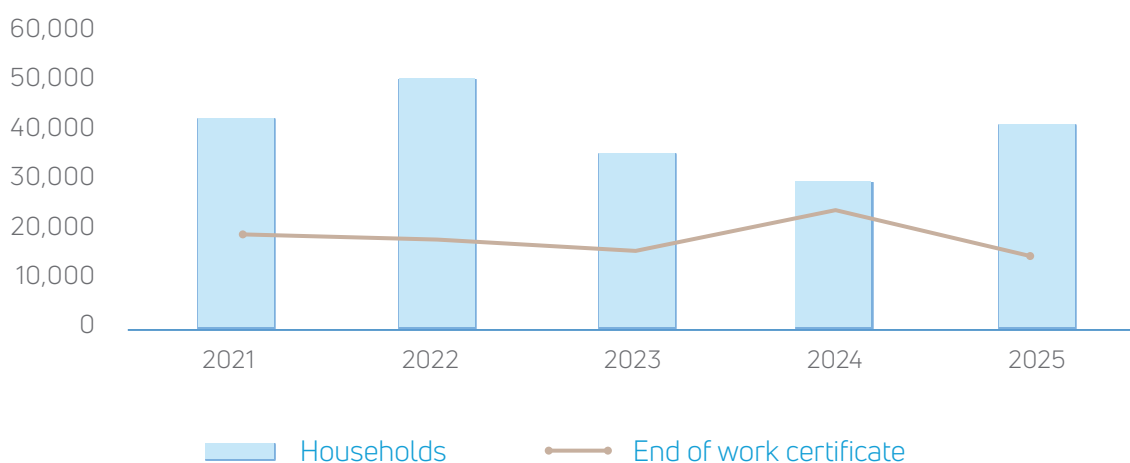


# Executive Summary

Spain presents one of the greatest challenges in terms of access to housing in the region, especially among the young population. According to the Spanish Youth Council, more than 1.2 million young people between the ages of 25 and 34 continue to live in the family home despite being employed. Spain has one of the latest average ages of emancipation among the larger European economies. In the Madrid region, this phenomenon is particularly significant: 63.4% of young people aged 25 to 29 and 29.8% of those aged 30 to 34 who work have not yet emancipated themselves, which is equivalent to around **214,000 employed people** who, despite being part of the labour force, have been unable to start living independently. This reality cannot be explained as a cultural phenomenon or as a temporary friction: it is a structural response to a persistent mismatch between housing supply and demand. It is especially pronounced in large urban markets, where employment, economic activity and migratory flows are concentrated..

In the Madrid region, the annual volume of housing starts and completions is repeatedly below the needs stemming from demographic growth and household creation, thereby generating a structural shortfall that has clearly taken shape in recent years. In the last five years alone, unmet demand is estimated at more than **118,000 housing units**, a figure that alone reflects the gap between the effective production capacity and the structural demand of the territory.

Household creation vs end of work certificates. Madrid region

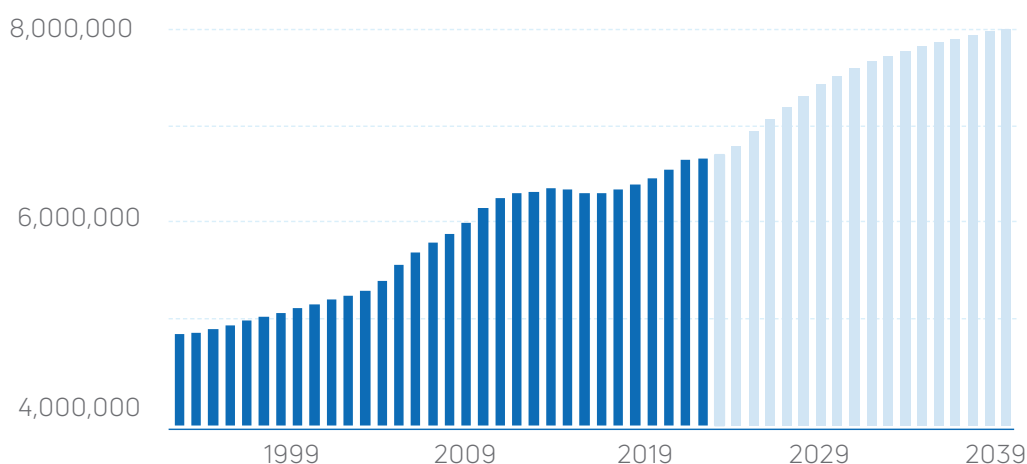


This accumulated deficit combines with the latent demand associated with the aforementioned delay in youth emancipation: assuming a conservative scenario, approximately **100,000 additional housing units** may be required to progressively absorb the residential pressure from employed young people who are still in their parents' home due to the lack of viable alternatives. Consequently, the immediate housing need in the region could be around **218,000 units**, compared to a production start-up rate of around 18,000 housing units per year, which is insufficient to correct the accumulated deficit, meet the new household creation and also reduce the pressure on prices and accessibility.

The direct impact of this undersupply is reflected in price trends and in the market structure. The relative scarcity of available housing, together with the increase in building costs (materials and labour), the limitation of available land and the administrative deadlines for urban transformation, has put upward pressure on prices. In January 2026, the average price of a home in the Madrid region was €4,585/m<sup>2</sup>. At the same time, new housing has been losing weight in the transactional market as a whole: from percentages of over 40% at the beginning of the century to significantly lower levels today. This combines with an additional consequence that is particularly significant from a social and public policy point of view: the relative weight of affordable housing in new building has fallen to historically low levels, making it difficult for the market to offer alternatives compatible with the income levels and access conditions of young and middle-income groups.

This demand stress is not only ongoing at present, but also contains a medium to long-term structural component. The Madrid region is a territory in the throes of sustained demographic growth: in the last twenty years it has added 1,247,700 inhabitants, an increase of 21.27%. Official INE forecasts for the period 2024-2039 point to further growth of 15%, up to 8,058,992 inhabitants, i.e. approximately **one million more people** than at present.

### Population Trends and Projections



This increase will be mainly due to migratory flows - both international and domestic - as the natural increase will be virtually flat. The economic and residential effect of this trend is unmistakable: the INE estimates the creation of **575,972 new households** in the period analysed, which will require an increase in the housing stock from 2,675,520 units (December 2024) to 3,251,492 (December 2039). In operational terms, this scenario implies an average need of more than **50,000 housing units per year** until 2030 if household growth is to keep pace with residential supply and prevent the structural shortfall from widening further. In other words: even if there were no accumulated shortfall- which there is - the incremental demand from household creation would already require a quantum leap in annual residential production.

### Population Trends and Projections

|              | Population | Population change | Households | Change in number of households |
|--------------|------------|-------------------|------------|--------------------------------|
| <b>2039</b>  | 8,058,992  | 34,159            | 3,251,492  | 24,932                         |
| <b>2038</b>  | 8,024,833  | 35,042            | 3,226,560  | 25,958                         |
| <b>2037</b>  | 7,989,791  | 36,334            | 3,200,602  | 26,988                         |
| <b>2036</b>  | 7,953,457  | 38,274            | 3,173,614  | 27,829                         |
| <b>2035</b>  | 7,915,184  | 41,111            | 3,145,785  | 28,782                         |
| <b>2034</b>  | 7,874,073  | 45,178            | 3,117,003  | 29,915                         |
| <b>2033</b>  | 7,828,895  | 50,776            | 3,087,088  | 32,143                         |
| <b>2032</b>  | 7,778,119  | 58,158            | 3,054,945  | 34,578                         |
| <b>2031</b>  | 7,719,962  | 67,496            | 3,020,367  | 37,572                         |
| <b>2030</b>  | 7,652,466  | 78,760            | 2,982,795  | 41,790                         |
| <b>2029</b>  | 7,573,706  | 91,610            | 2,941,005  | 46,634                         |
| <b>2028</b>  | 7,482,097  | 105,175           | 2,894,371  | 50,345                         |
| <b>2027</b>  | 7,376,921  | 117,936           | 2,844,026  | 53,830                         |
| <b>2026</b>  | 7,258,985  | 127,309           | 2,790,196  | 57,004                         |
| <b>2025</b>  | 7,131,676  | 129,313           | 2,733,192  | 57,672                         |
| <b>Total</b> |            | <b>1,056,629</b>  |            | <b>575,972</b>                 |



This demographic pressure is compounded by a macroeconomic context that strengthens the market's absorption capacity and explains its attractiveness for investment. The Community of Madrid is Spain's leading regional economy: its GDP in 2025 stands at almost 267 billion euros in real terms (317 billion in nominal terms), ahead of Catalonia and Andalusia. Per capita income comes to 37,190 euros per inhabitant, clearly higher than other large regions, and the unemployment rate stands at 7%, consolidating a dynamic labour market that attracts both population and jobs. At the European level, Madrid stands as one of the continent's major economic regions in terms of GDP, and has shown stronger growth since the pandemic than its peers. This macroeconomic performance has boosted its capacity to attract capital and activity: the Madrid region accounts for 67.6% of foreign direct investment in Spain, which strengthens structural demand for housing (for purchase and for rent) and consolidates the region as a prime destination to live, work and invest. The strength of tourism also contributes to this central position, with an annual volume of visitors that places Madrid among the top regional destinations in the country, thus boosting its image abroad as an international capital and consolidating its attractiveness as a global city.



However, the main constraint on the correction of the shortfall and the deployment of new supply lies not in the absence of demand or lack of investment interest, but in the land bottleneck: the effective availability of usable land and the actual speed of the planning, management and urban development processes. Urban developments processes have - until now - taken long periods of time and required multiple milestones, reports and procedures, which introduces uncertainty and makes it difficult to accurately "survey" when the land will be truly ready for building. This is a critical element: when the amount of available land is not growing at the required rate, housing production is choked off and the market is forced to compete for a scarce resource, thus driving up the price of land and putting pressure on final prices, while limiting the capacity to incorporate affordable housing in sufficient volumes. In this context, the differential potential of the Community of Madrid is particularly relevant: the region is facing a historic opportunity because it is home to one of Europe's largest pockets of developable land, with a real capacity to be transformed into new residential supply in the coming years if the necessary regulatory and administrative instruments are aligned.

In order to provide visibility and traceability to this transformation, ASPRIMA has signed an agreement with Atlas Real Estate Analytics to develop LandCam, a tool designed to monitor in real time the expected availability of developable land in all developments in the Madrid region, phase by phase. This operational transparency is important not only for urban monitoring, but also for the capital market: anticipating the availability of land makes it possible to plan investments, structure financing and more accurately scale future productive capacity.

<sup>1</sup> Throughout this analysis, all figures are presented in real terms, adjusted for inflation, in order to isolate the structural trend of economic activity and avoid distortions derived from the price effect.



| Development                         | Location                   | Total land area (m <sup>2</sup> ) | Projected number of housing units |
|-------------------------------------|----------------------------|-----------------------------------|-----------------------------------|
| Valdecarros                         | Madrid                     | 19,279,691                        | 51,656                            |
| Ensanche Norte                      | Alcorcón                   | 12,300,000                        | 40,000                            |
| Los Berrocales                      | Madrid                     | 8,305,818                         | 22,285                            |
| Nueva Centralidad Este              | Madrid                     | 5,110,044                         | 20,000                            |
| Los Ahijones                        | Madrid                     | 5,762,672                         | 18,724                            |
| Nuevo Brunete                       | Brunete                    | 2,723,086                         | 17,572                            |
| Los Cerros                          | Madrid                     | 4,734,060                         | 16,624                            |
| Cristo de Rivas                     | Rivas-Vaciamadrid          | 2,663,236                         | 10,740                            |
| Campamento                          | Madrid                     | 8,916,568                         | 10,700                            |
| Madrid Nuevo Norte                  | Madrid                     | 3,356,196                         | 10,500                            |
| Valgrande                           | Alcobendas                 | 2,174,160                         | 8,600                             |
| S9 Punctum Millenium                | Pinto                      | 4,229,447                         | 8,459                             |
| MPPGOU PAU 2 SGR Ronda Norte        | Paracuellos de Jarama      | 1,211,983                         | 7,233                             |
| Arpo                                | Pozuelo de Alarcón         | 2,399,640                         | 5,500                             |
| El Molar (SAU-21)                   | El Molar                   | 2,300,000                         | 5,374                             |
| SUS 15                              | Navalcarnero               | 1,461,205                         | 5,165                             |
| Programa de Actuación Urbanística 2 | Paracuellos del Jarama     | 1,835,030                         | 5,000                             |
| Sector 2 Cerro de los Sotos         | Ciempozuelos               | 1,596,621                         | 4,709                             |
| Barrio del Jarama                   | Coslada                    | 758,152                           | 4,440                             |
| Sus R1                              | Móstoles                   | 1,308,680                         | 4,040                             |
| Arco de Poniente                    | Majadahonda                | 1,308,932                         | 3,710                             |
| Cerro del Baile                     | San Sebastián de los Reyes | 1,280,000                         | 3,664                             |
| Retamar de la Huerta                | Alcorcón                   | 1,140,915                         | 3,503                             |
| Sector 3 Asomadilla                 | Ciempozuelos               | 1,073,577                         | 3,221                             |
| Valenoso                            | Boadilla del Monte         | 1,017,443                         | 3,000                             |
| Sector 1 Los Pocillos               | Villanueva de la Cañada    | 1,443,668                         | 2,975                             |
| SUS R2                              | Móstoles                   | 1,010,179                         | 2,940                             |
| Sector 4 Altos de Palomero          | Ciempozuelos               | 954,682                           | 2,864                             |
| Monte de la Villa                   | Villaviciosa de Odón       | 1,352,556                         | 2,709                             |
| SUS PPA Mirador Sur                 | Rivas-Vaciamadrid          | 1,106,384                         | 2,652                             |
| SUS R5                              | Móstoles                   | 1,135,596                         | 2,352                             |
| SUS R3                              | Móstoles                   | 724,528                           | 2,104                             |
| SUS A                               | Meco                       | 668,781                           | 1,924                             |
| PP II 1 Albarreja                   | Fuenlabrada                | 550,116                           | 1,923                             |
| SUS-R4                              | Móstoles                   | 713,811                           | 1,904                             |
| SUP 9 Camino Lavanderas             | Colmenar Viejo             | 566,124                           | 1,781                             |
| El Postiguillo                      | Valdemoro                  | 346,274                           | 1,780                             |
| Sector 3-1 El Castillo              | Villanueva de la Cañada    | 886,146                           | 1,773                             |
| SUS C                               | Meco                       | 581,704                           | 1,745                             |
| Sector R 10N Majuelo Norte          | Valdemoro                  | 587,525                           | 1,712                             |
| Aldovea                             | Torrejón de Ardoz          | 365,558                           | 1,688                             |
| Sector R 10S Majuelo Sur            | Valdemoro                  | 209,970                           | 1,622                             |
| Getafe (ACAR)                       | Getafe                     | 220,300                           | 1,450                             |
| Solana de Valdebebas                | Madrid                     | 1,096,164                         | 1,393                             |
| Sector R11 Los Yesares              | Valdemoro                  | 316,611                           | 1,300                             |
| Sector 3 Salomón                    | Fuente el Saz              | 550,116                           | 1,296                             |
| Sector 1 Mocatelares                | Fuente el Saz              | 1,266                             | 1,266                             |
| AA.04 Puerta de Getafe              | Getafe                     | 145,644                           | 1,175                             |
| PAU 4                               | Navalcarnero               | 350,266                           | 1,099                             |
| Sector R-9S Zanjas Sur              | Valdemoro                  | 207,955                           | 1,082                             |
| Montegancedo                        | Pozuelo de Alarcón         | 688,470                           | 1,050                             |
| SUNC-4 Granada-Corte Inglés         | Móstoles                   | 94,348                            | 1,000                             |
| Other Developments                  |                            | 9,428,355                         | 25,933                            |
| <b>Total</b>                        |                            | <b>124,550,253</b>                | <b>368.911</b>                    |



LandCam's current estimates paint a large-scale picture: the developments in the pipeline, once completed, could provide land for almost **369,000 housing units**, with the capacity to house more than one million people. This figure is key because it suggests that Madrid's problem is not a lack of growth potential, but the need to accelerate and ensure the conversion of this potential into land for development and, subsequently, into built housing.

At the same time, the region is immersed in a process of regulatory and administrative modernisation aimed at reducing regulatory frictions and shortening processing times.

In addition to the reforms already approved - including **Law 3/2024**, which makes changes of use more flexible; **Law 7/2024**, which incorporates new land-use planning instruments; and the new order that allows the prices of subsidised housing to be brought into line with real market costs - is added to the drafting of a new, **Land Act of the Madrid Region (Ley de Impulso para el Desarrollo Equilibrado de la Región, LIDER)**. This initiative aims to move towards a less interventionist, more agile and pragmatic urban planning, one that facilitates the balanced development of the territory.

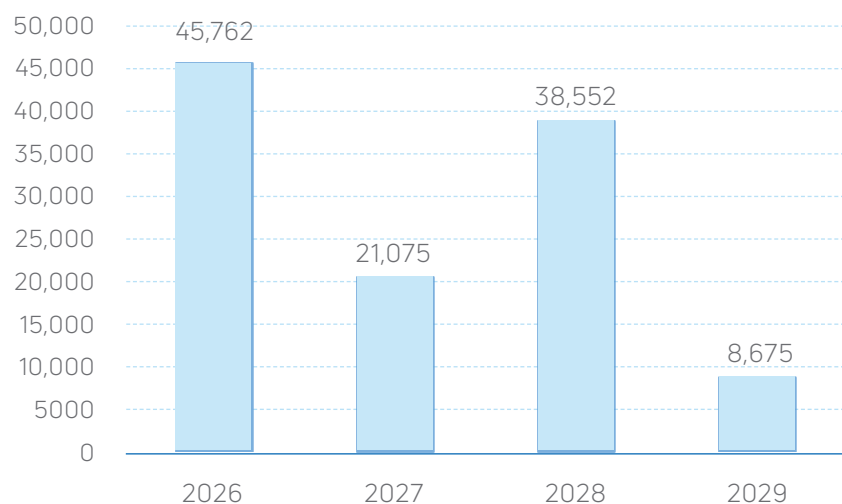
Furthermore, the development of a new **Strategic Plan of the City of Madrid**, which will replace the PGOU, will enable urban planning to adapt to the demographic, social and environmental challenges of the 21st century, supplemented by different change of use instruments aimed at incentivising the construction of affordable housing.

At the same time, at the municipal level, tools are being implemented aimed at streamlining urban planning management: a reduction of licence processing times, greater use of Urban Planning Collaboration Entities (UCEs) for residential licences, implementation of affidavits for first occupancy licences and development of new administrative automation solutions.

The logic of these reforms is clear and decisive: the difference between development that brings housing to the market within reasonable a time frame and one that is delayed by several years is not a minor one. This directly increases or reduces the capacity of the system to meet demand, stabilise prices and facilitate access to housing, especially for young households.

If the milestone timetable is met and this modernisation is consolidated, the Madrid region will be able to put much more land on the market between now and 2029 - with capacity for up to **114,000 housing units**-, which will significantly increase housing investment needs.

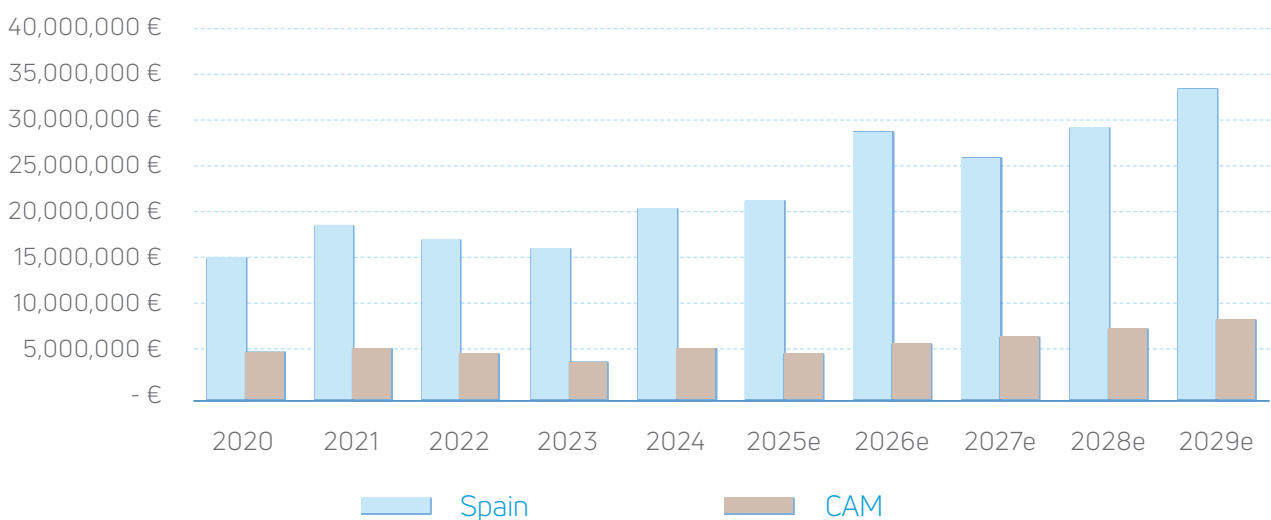
Projection of number of housing units eligible to apply for licence





In the last five years, the business volume figures for new housing (both market price and affordable) in Spain have been between 15 and 18 billion euros per year; in the Madrid region, between 3.7 billion (minimum in 2024) and just over 5.1 billion (in 2021), which accounted for up to 28% of the national total in the years of peak activity.

### TOTAL BUSINESS VOLUME market-price housing + affordable housing



Source: MIVAU



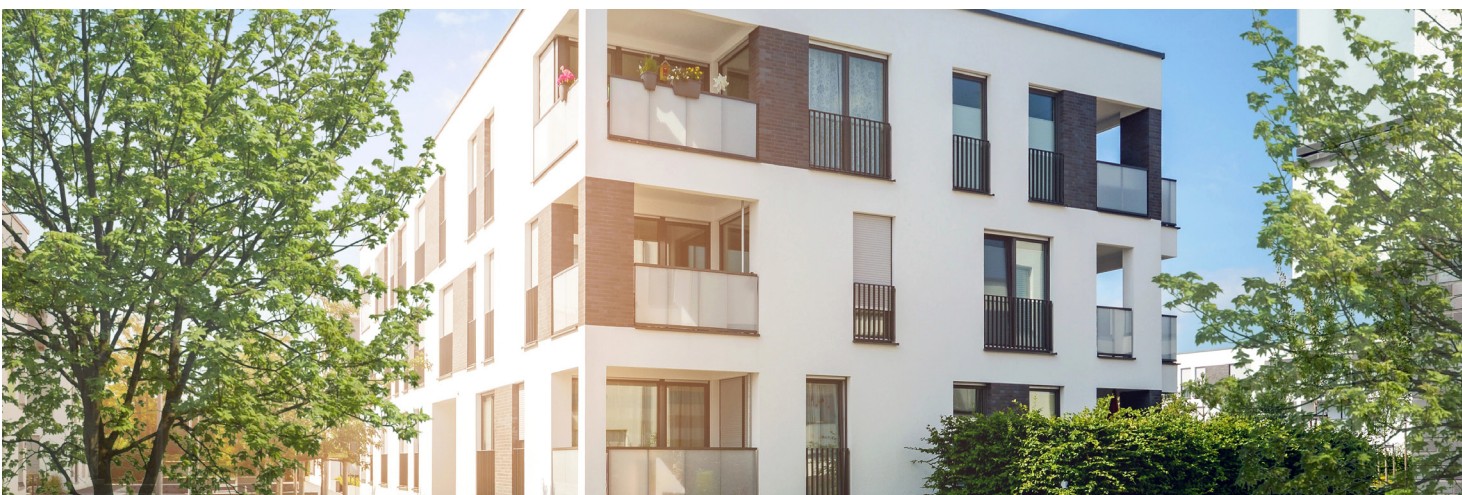
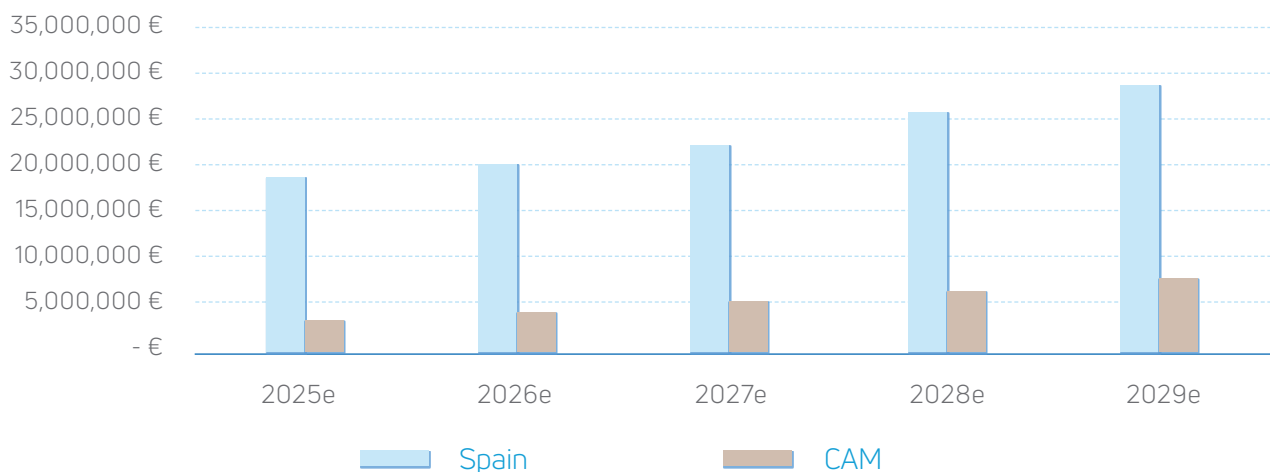
Projections for the period 2026-2029 suggest that the sector's business volume may approach levels near **33.5 billion euros nationally** and above **8.3 billion in the Madrid region**.

In terms of activity, it is estimated that in 2029 around **156,000 completed homes will be produced in Spain** and just under **34,000 in the Madrid region**. Of this volume, a significant proportion -approximately 38%- would correspond to affordable housing. This would be driven both by the new land development sites, where in many areas the reserve for subsidised housing exceeds 50%, and by the recent regulatory framework aimed at facilitating changes of use and expanding the residential supply in this segment.

However, even under this recovery scenario, production in the Madrid region would still fall short of the **more than 50,000 housing units per year needed** to keep pace with the creation of new households. This gap confirms that the challenge is not only to accelerate activity in the short term, but to maintain a sustained and structural pace of production over time to correct the accumulated imbalance between supply and demand.

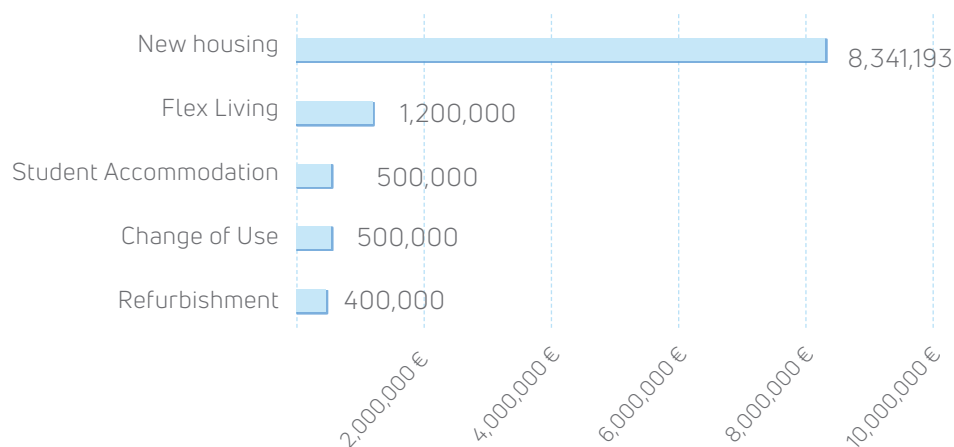
This productive deployment requires a leap in capital requirements. Estimates put investment demand at over **26.7 billion euros nationally** by 2029, with the Madrid region absorbing around 25% (about **72 billion**).

### Investment Projection



In terms of financial structure, the Madrid region has differentiating factors compared to other European regions: a sound banking system following the restructuring stemming from the 2008 crisis and a developer financing scheme based on pre-sales and subrogable mortgage-backed loans that has a proven capacity to sustain production. In addition to this, there are alternative segments that can broaden the investment base: flex living, with annual growth forecasts of 5% to 10% and stabilisation of investment at around 1.2 billion, and student residences, where investment has grown intensely in recent years, with the Madrid region as one of the main centres of attraction.

### Madrid Region: Forecast of Business Volume in 2029 (in thousands)



The attractiveness for capital is reinforced by structural conditions of the territory: relatively competitive taxation and high legal certainty compared to other parts of the country, as well as an exceptional concentration of foreign direct investment. In new building, VAT of 10% is common throughout the territory, but in second transfers the Madrid region has one of the lowest tax frameworks (ITP and AJD) in Spain, an factor that affects the dynamics of the market and the attractiveness for certain investor and applicant profiles. Further, the integration of ESG criteria is becoming a central market variable: 76% of the housing units built in 2025 have an A energy rating, a sign of a real transition towards more efficient housing stock. Here, industrialisation has become a strategic vector: if energy efficiency and decarbonisation are objectives, industrialisation is a means to move forward in a faster, more predictable and scalable way. The competent Regional Department itself has announced its intention to make the Madrid region the biggest industrialisation hub in Spain, which will boost the competitiveness of the regional sector, improve productivity, reduce lead times and help contain costs..

In short, the Madrid region enjoys a unique set of features: sustained and growing demand for housing; significant population growth, driven by migratory flows; a dynamic labour market with high per capita income; national leadership in both GDP and in attracting foreign investment; competitive taxation and a high degree of legal certainty - which includes the non-application of the National Housing Law, unlike other territories; and, differentially, one of the largest reserves of developable land in Europe with real capacity to be transformed into housing, especially affordable housing.

The key to realising this opportunity lies in speeding up and securing the availability of land, consolidating regulatory and administrative modernisation and aligning financing and industrialisation with the pace of production required. If these milestones - which are already on a clear path of achievement - are consolidated, the Madrid region will not only begin to correct its structural housing deficit and substantially improve



residential accessibility, especially for young people: it will also be in a position to consolidate itself as the main European pole of attraction of capital for residential investment over the coming decade, transforming demographic and economic growth into effective new supply, greater productive activity and a tangible strengthening of social cohesion.

Lastly, we would like to make mention of our **Yearbook**, – [download here](#) – which is a reference work for both Spanish and international investors. It systematically chronicles the main challenges facing the sector and the solutions that are being pursued by the property development sector, and contains an updated directory of the leading players in the Madrid region, many of whom are also leaders on a national level. In short, it is a useful tool for understanding the market, identifying opportunities and facilitating investment decisions.



# 01

## Introduction

### 1.1 Overview of the situation

In Spain, according to data from the Spanish Youth Council, more than 1.2 million young people aged 25-34 - despite being employed - continue to live in their parents' home. Of the four large economies of the European Union, Spain is the country where youth emancipation occurs at the latest age.

This fact is due to multiple factors. In structural terms, most significant is the imbalance between housing supply and demand. Insufficient new housing production, especially in the major economic hubs, is generating an accumulated deficit that hampers access to the residential market.



In the case of the Madrid region, the annual rate of housing generation is regularly well below the needs arising from population growth and the creation of new households. In 2025, for example, more than **43,000 new households**, were created, compared to an annual production of **13,000 housing units**, which is evidence of a structural gap of great magnitude. This sustained imbalance over time compromises housing affordability and places increasing pressure on prices.

However, the Madrid region now has a historic opportunity to reverse this situation. It is in our region where the largest stock of developable land with real capacity for residential transformation in Europe is located. This positions Madrid as the leading territory with the potential to significantly increase the supply of housing in the coming years.

This report - now in its third edition - analyses just this potential. Its aim is to highlight the Madrid region's capacity for growth and the opportunities it offers in terms of urban development, generation of economic activity and attraction of investment.

## 1.2 Production of housing units and availability of land

As we have already pointed out in previous editions, the first essential step to facilitate young people's access to housing is to **significantly increase the supply available on the market**. To do this, decisive action is needed along three main lines:

### 1. Land transformation.

Converting rural land into urban land - i.e. land suitable for licensing - in the new programmed areas of the Madrid region is a key condition for increasing supply. To achieve this, it is essential to speed up the planning, management and execution processes, thus reducing time frames and ensuring the effective availability of the land<sup>2</sup>.

### 2. Flexibilisation of uses.

It is also a priority to allow residential development on land classified as industrial and tertiary, especially in urban areas that require regeneration and functional balancing.

Along these lines, since 2024 there has been a significant regulatory advance with the approval of Law 3/2024, which enables, without the need to modify overall planning, the conversion of tertiary office use into residential use for subsidised rental housing. This instrument introduces an agile mechanism to mobilise underutilised stock and accelerate the incorporation of new affordable supply.

It is also expected that this framework will be extended by the future Law on urgent measures to increase the supply of publicly protected housing, extending the possibilities of change of use to **tertiary accommodation and private facilities**, thus consolidating a regulatory environment aimed at effectively and structurally increasing the production of subsidised housing.

### 3. Mobilisation of public land.

Making public land available for residential use, or publicly owned land rights, is another essential lever to increase the supply of affordable housing. The activation of such assets through **public-private partnerships**, allows for the optimisation of public land assets without losing ownership, while at the same time ensuring the generation of long-term subsidised rental housing.

<sup>2</sup> In Spain, to date, the transformation of rural land into urban land requires meeting planning, zoning and management milestones that are precisely specified under the law and provide strong assurance for parties' rights.

However, this procedural route is characterised by a high administrative burden, with successive phases that, in many cases, do not allow for simultaneous processing and require the issuing of multiple sectoral reports, sometimes coinciding in purpose or scope, by different competent bodies. Although this regulatory architecture responds to the safeguarding of the general interest and the preservation of legal certainty, in practice it significantly prolongs urban development deadlines and delays the incorporation of new land to the market, making it difficult for supply to meet structurally growing demand.



In this context, ASPRIMA signed in 2023 a collaboration agreement with the company Atlas Real Estate Analytics to develop the “**LandCam**” tool, which provides comprehensive visibility of the future development land in the Madrid region. This tool makes it easier to know in real time the forecast of each development’s commissioning - phase-by-phase-, which makes it possible to anticipate financing needs and plan investments with greater certainty.

### Ongoing policy initiatives.

In addition, a number of structural reforms are being pursued:

- **New Land Law of the Madrid region (LIDER)**, aimed at configuring a less interventionist and more pragmatic urban planning by reducing administrative rigidities.
- **New Strategic Plan for the City of Madrid**, which will enable the capital to tackle the urban, demographic and economic challenges of the 21st century.
- **New Affordable Housing Regulation**, aimed at simplifying procedures and speeding up the development of affordable housing.
- **Law on urgent measures to increase the supply of publicly subsidised housing** which, in addition to extending the possibility of change of use to tertiary accommodation and private facilities - as mentioned above - will allow for an increase in buildable area of up to 10% and density of up to 20%, with the aim of maximising the residential capacity of the land already transformed and accelerating the generation of affordable supply.

### Measures already adopted and in force.

The following actions have been taken in recent years and are fully in force:

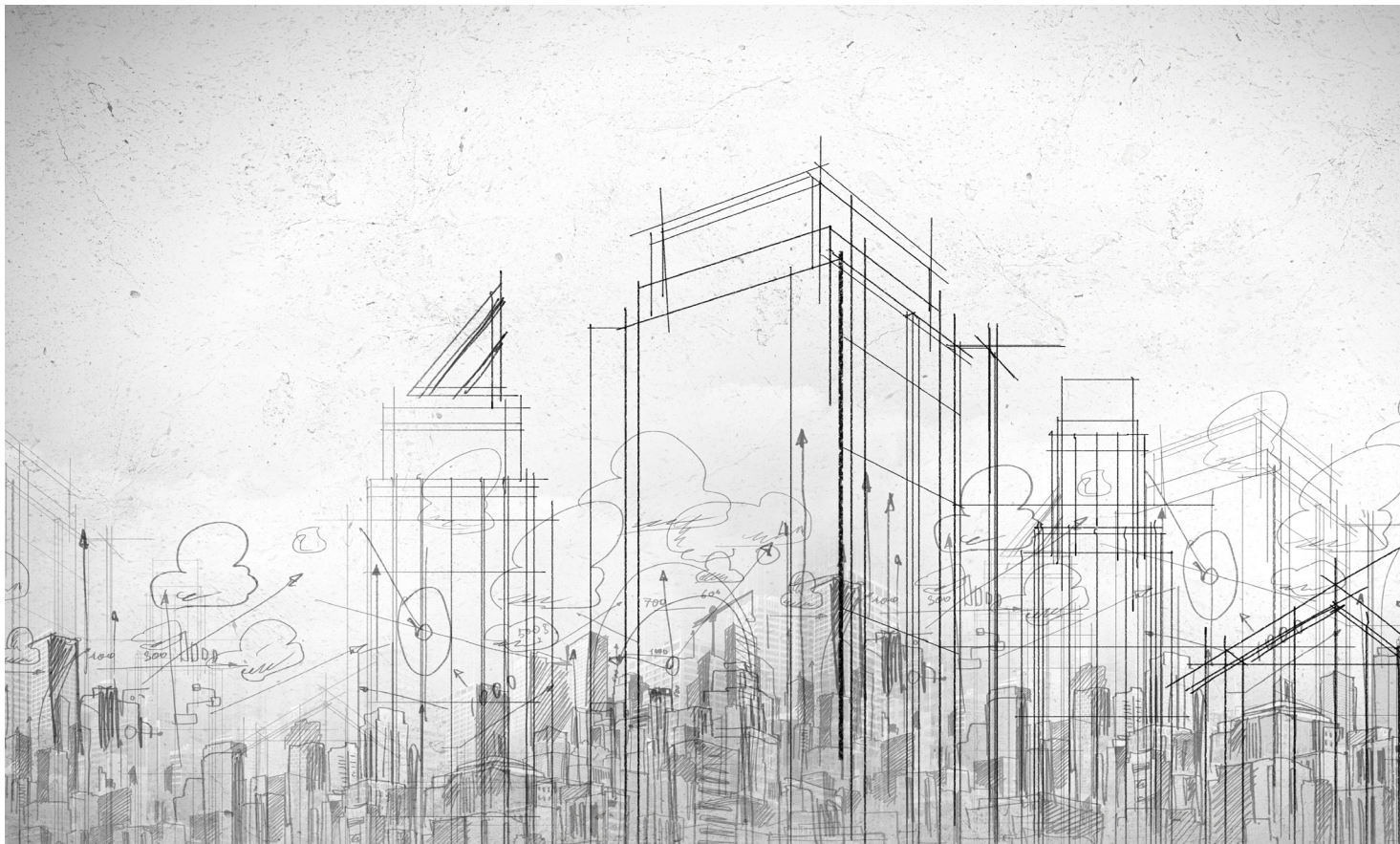
- **Law 3/2024**, which allows the change of use from tertiary offices to rented subsidised housing - which can be converted into market-price housing after the legal period of protection (15 years in the Madrid region) - with no need to modify the planning.

Since its entry into force in November 2024, projects for more than 4,000 housing units have been identified, with a similar volume in the pipeline.

- **Revision of the maximum prices of subsidised housing** (February 2024), bringing them into line with real building costs and incorporating annual revisions in line with the CPI.
- **Creation of the Urban Accelerator**, aimed at identifying strategic projects, coordinating their inter-administrative processing, eliminating bottlenecks in sectoral reports and prioritising cases. Since its creation, it has incorporated projects totalling more than 5,000 housing units.
- **Land financing instrument for subsidised housing**, which allows up to 80% of its value to be covered, mobilising up to 893 million euros. This mechanism, organised through AvalMadrid and further guaranteed by the Madrid region, will facilitate the building of approximately 10,000 subsidised housing units over the lifetime of the programme.

The attainment and consolidation of these milestones will allow significantly more land to be brought to the market over the next four years. It will lead to a substantial increase in development activity and, as a result, will multiply the need for housing investment in the Madrid region, consolidating the region as Spain’s main centre of residential growth.





### 1.3 Need for investment

It seems clear, therefore, that the Madrid region needs to make a structural leap in its productive capacity. Following an especially weak year of 2025 —with 13,372 housing units finished—, it is crucial to set **the strategic goal** of achieving and consolidating a rate of more than 50,000 housing units a year over the coming years. It is the only threshold that is capable of adequately meeting current residential needs and the expected volume of new households.

At ASPRIMA, we have estimated a potential development capacity of approximately **369,000 housing units** up to 2040, which would involve an unprecedented volume of activity in the residential sector in Madrid. In order to materialise this increase in production, it will be essential to have a much higher investment capacity than at present, which constitutes a clear opportunity for the entry and consolidation of foreign institutional capital.

As a strategic response to this challenge, we propose the implementation of a specific plan to attract investment that will enable the housing resulting from this increase in production to be loaded, an initiative that we have called “Trinity Project”.

The association estimates that, in 2029, the **business volume** of the residential development sector in the Community of Madrid may be around **8.5 billion euros per year**, solely in new construction (market-price and subsidised), with an estimated production of around **34,000 housing units per year** in that time frame.

Consequently, the following volume of **investment<sup>3</sup>** will have to be mobilised on an annual basis:

- **2.2 billion** euros in financing for land.
- **5 billion** euros in financing for housing development and construction.

<sup>3</sup> Applying an estimated average developer margin of 16% of business volume



In addition, opportunities will be generated for the creation of investment vehicles for urban infrastructure, aimed at financing the execution of urban developments and facilities that will support these residential developments.

This opens a window of opportunity for large institutional investors to position the Madrid metropolitan area as one of the world's leading residential investment destinations over the next decade.

## 1.4 Project objectives and scope

The aim of this report is to explain to institutional investors why, in our view, the Madrid region and, in particular, its large metropolitan area, is the most attractive place in Europe to invest in housing. The reasons include:

- **Structural, solvent demand:** estimated need for **50,000 new homes a year** (according to INE) and pent-up demand in the past five years of more than **218,000 housing units**.
- **Macroeconomic strength:** the main indicators (demographic structure, GDP, per capita income, unemployment rate, etc.) place Madrid at the head of Spain.
- **European positioning:** Madrid has overtaken regions such as Lazio and Berlin in terms of investment and rivals Paris and London, whose markets are more mature and have less capacity for future growth.
- **Significant pipeline of development-ready land:** forecast of **114,000 housing units in the short-medium term (until 2029)** and **369,000 housing units in the 2040 horizon**.
- **Tax and legal framework that is competitive** within Spain.
- **Infrastructure and connectivity:** one of the major communication hubs in southern Europe.
- **Consolidated public-private collaboration:** effective coordination between the Madrid region, the city councils of the metropolitan area and the private sector (developers, financial institutions, consultants, appraisers and compensation boards) through regulatory reforms and joint projects.



The scope of the project includes:

- **Development of an institutional reference dossier**, which highlights the strengths of the Madrid region as a residential investment destination: solid demand, legal certainty, macroeconomic strength, growth capacity and framework for public-private collaboration.
- **Promotion of an institutional alliance**, involving both the regional government and the major municipalities with land under development (Madrid, Alcobendas, Pozuelo de Alarcón, Alcorcón, San Sebastián de los Reyes, among others), with a view to conveying a coordinated and consistent message to the international investment market.
- **Strategic positioning of the Madrid region** as a global real estate investment alternative, putting it on the radar of large institutional funds, insurance companies, sovereign wealth funds and international capital platforms.
- **Focus on residential financing and living**, with special attention to affordable housing, build to rent, flex living and other residential types with strong structural demand.
- **Active support in international real estate investment events and fairs**, facilitating institutional and sectoral presence in European and global forums with the aim of raising capital for the development of new urban areas.

The scope of the project does not include:

- **Taking the place of the investment departments of developers associated with ASPRIMA.**

The institutional dossier and the eventual roadshow aim to highlight the investment opportunity on an aggregate and sectoral basis. Each developer will maintain its own strategy, dialogue and structure for raising capital.

- **Capturing investment for other real estate segments** (hotel, offices, retail or others).

The project is limited exclusively to the residential market, with a special focus on affordable housing and living.

- **Set a closed time horizon.**

This is a multi-year initiative that is intended to be continuous and revised annually, progressively incorporating new entities and reinforcing the international positioning of the Madrid region as a priority destination for residential investment.



# 02

## Macroeconomic Environment

### 2.1 Comparison of the Madrid region with Catalonia and Andalusia

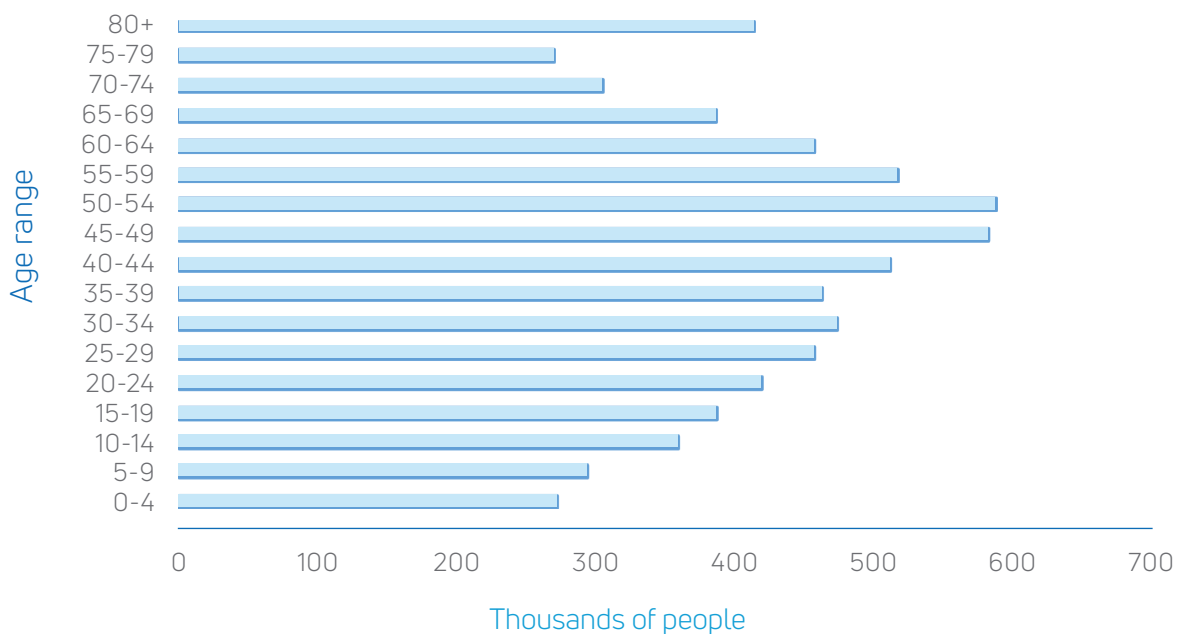
#### 2.1.1 Macro data and population pyramid

The Madrid region has a population of 7,271,961 inhabitants. The demographic structure shows a clear concentration in the 30-60 age bracket, with 3,171,659 people, representing 44% of the total.

This segment accounts for the bulk of the activity in the residential market, both in access to the first home and in replacement or improvement transactions, and constitutes the key core of effective demand.

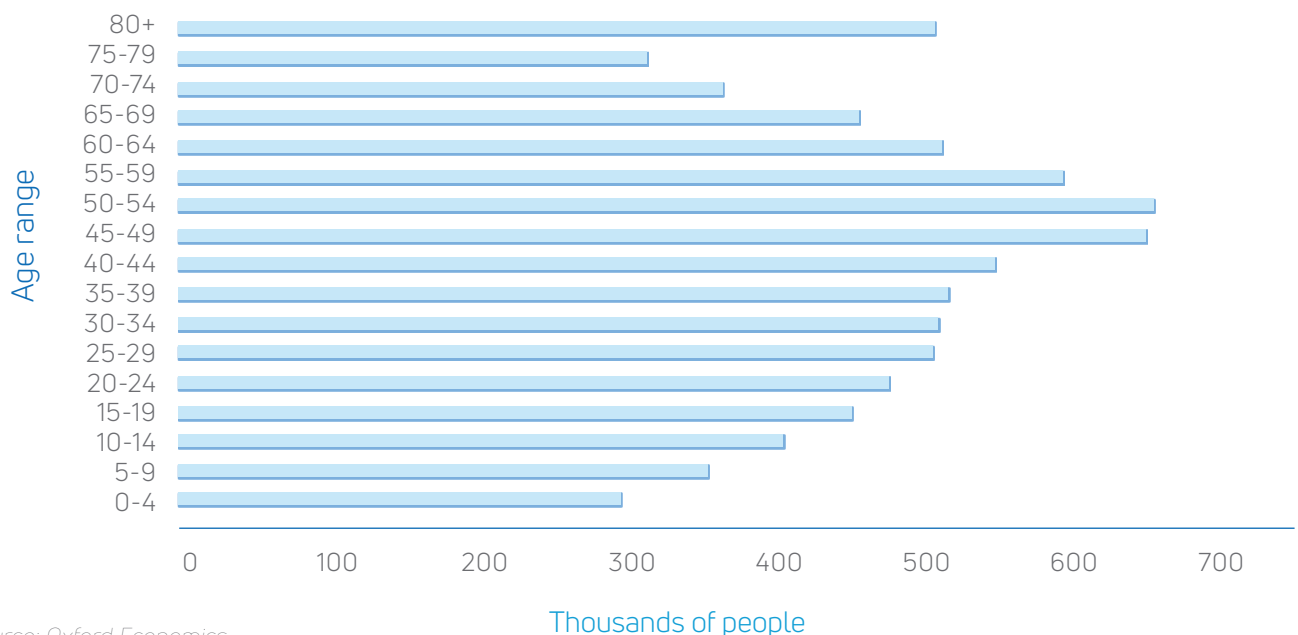


| Madrid region           | Age          | Thousands        |
|-------------------------|--------------|------------------|
| Population 80+          | 80+          | 430,227          |
| Population 75-79        | 75-79        | 273,398          |
| Population 70-74        | 70-74        | 312,715          |
| Population 65-69        | 65-69        | 390,563          |
| Population 60-64        | 60-64        | 466,848          |
| Population 55-59        | 55-59        | 532,104          |
| Population 50-54        | 50-54        | 596,447          |
| Population 45-49        | 45-49        | 582,065          |
| Population 40-44        | 40-44        | 505,491          |
| Population 35-39        | 35-39        | 473,951          |
| Population 30-34        | 30-34        | 481,601          |
| Population 25-29        | 25-29        | 466,161          |
| Population 20-24        | 20-24        | 431,330          |
| Population 15-19        | 15-19        | 399,730          |
| Population 10-14        | 10-14        | 361,056          |
| Population 5-9          | 5-9          | 299,901          |
| Population 0-4          | 0-4          | 268,373          |
| <b>Total population</b> | <b>Total</b> | <b>7,271,961</b> |



If we compare the population pyramids of the Community of Madrid with those of Catalonia and Andalusia, we can see that, although all three have relatively similar structures in terms of total volume, there are differences in their age composition. Madrid has a higher proportion of the population in the 30-60 age bracket - central cohorts with greater job stability and purchasing power - which results in more intense and sustained residential demand. Catalonia shows a somewhat older profile, with a greater relative weight of the upper age brackets, while Andalusia combines a younger base with a lower average purchasing power. As a result, Madrid's demographic structure is comparatively more aligned with the generation of effective demand for housing, both in terms of access and replacement.

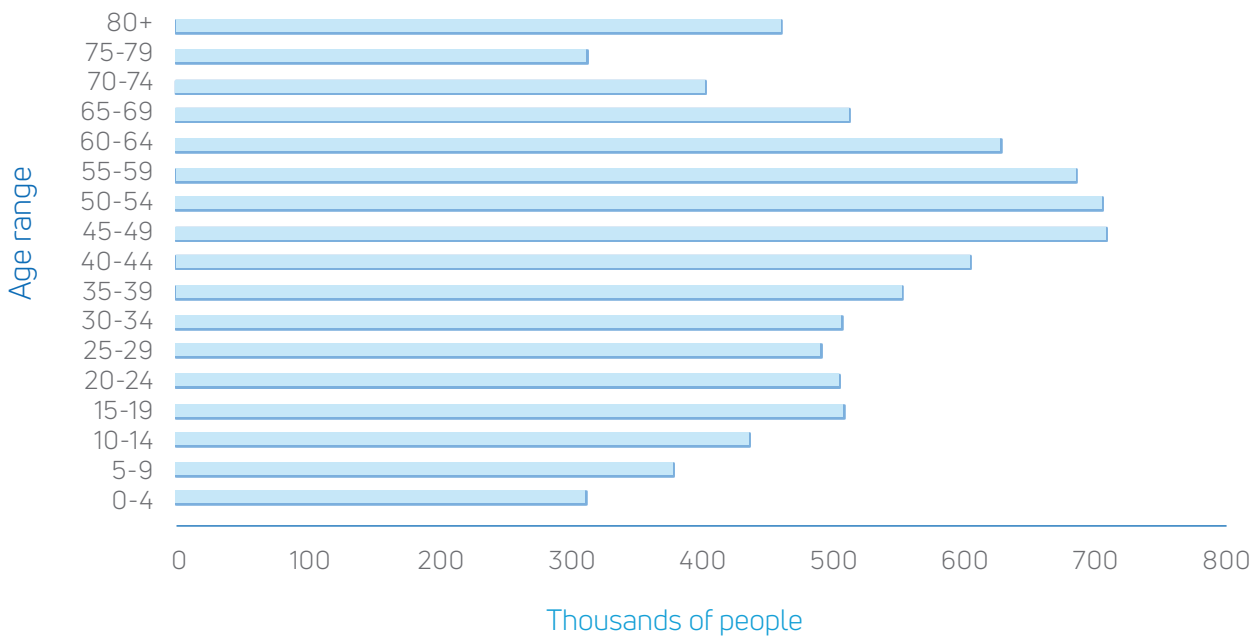
| Catalonia               | Age          | Thousands        |
|-------------------------|--------------|------------------|
| Population 80+          | 80+          | 503,281          |
| Population 75-79        | 75-79        | 326,455          |
| Population 70-74        | 70-74        | 378,649          |
| Population 65-69        | 65-69        | 457,074          |
| Population 60-64        | 60-64        | 520,950          |
| Population 55-59        | 55-59        | 586,401          |
| Population 50-54        | 50-54        | 663,034          |
| Population 45-49        | 45-49        | 654,480          |
| Population 40-44        | 40-44        | 559,457          |
| Population 35-39        | 35-39        | 527,398          |
| Population 30-34        | 30-34        | 523,327          |
| Population 25-29        | 25-29        | 504,760          |
| Population 20-24        | 20-24        | 484,816          |
| Population 15-19        | 15-19        | 461,880          |
| Population 10-14        | 10-14        | 416,692          |
| Population 5-9          | 5-9          | 351,163          |
| Population 0-4          | 0-4          | 297,924          |
| <b>Total Population</b> | <b>Total</b> | <b>8,217,742</b> |



Source: Oxford Economics



|                         | Age          | Thousands        |
|-------------------------|--------------|------------------|
| Population 80+          | 80+          | 503,281          |
| Population 75-79        | 75-79        | 326,455          |
| Population 70-74        | 70-74        | 378,649          |
| Population 65-69        | 65-69        | 457,074          |
| Population 60-64        | 60-64        | 520,950          |
| Population 55-59        | 55-59        | 586,401          |
| Population 50-54        | 50-54        | 663,034          |
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| Population 25-29        | 25-29        | 504,760          |
| Population 20-24        | 20-24        | 484,816          |
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| Population 10-14        | 10-14        | 416,692          |
| Population 5-9          | 5-9          | 351,163          |
| Population 0-4          | 0-4          | 297,924          |
| <b>Total Population</b> | <b>Total</b> | <b>8,217,742</b> |



Source: Oxford Economics



Therefore, and by volume of inhabitants, the different metropolitan areas are as follows:

| Autonomous region | Nº. of inhabitants |
|-------------------|--------------------|
| Madrid            | 5,824,577          |
| Barcelona         | 3,351,786          |
| Sevilla           | 1,567,491          |
| Malaga            | 1,276,791          |

In terms of geographical size, we find the following magnitudes:

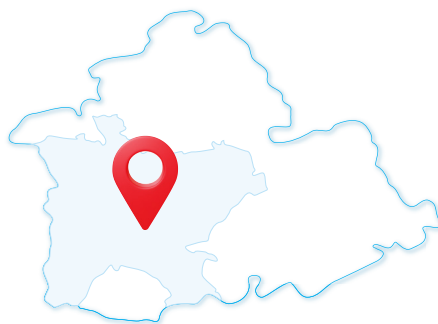
| Location  | Size                  | Nº. of municipalities |
|-----------|-----------------------|-----------------------|
| Madrid    | 1,935 Km <sup>2</sup> | 27                    |
| Barcelona | 636 Km <sup>2</sup>   | 33                    |
| Sevilla   | 4,962 Km <sup>2</sup> | 46                    |
| Malaga    | 818 Km <sup>2</sup>   | 8                     |



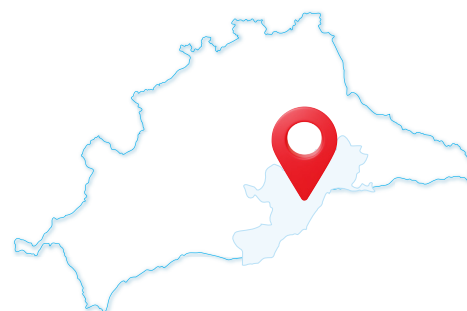
Madrid metropolitan area



Barcelona metropolitan area



Sevilla metropolitan area



Malaga metropolitan area



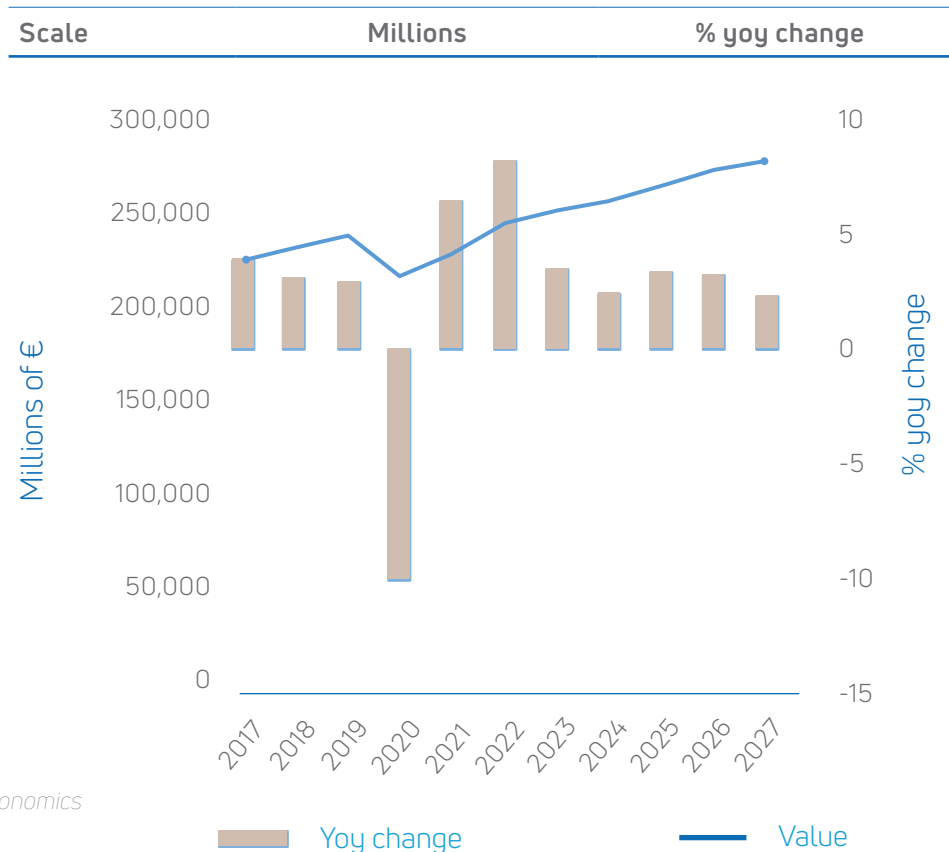
## 2.1.2 GDP and GDP per capita<sup>4</sup>

The Madrid region has the highest GDP among the Spanish autonomous regions, with an output of 266,850 million euros in 2025, compared to 251,178 million euros in Catalonia and 174,303 million euros in Andalusia.

Moreover, since the pandemic, Madrid has grown at a faster rate than the other regions, consolidating its position as the main hub for the generation of activity and employment in the country.

### Madrid region:

|      | Value   | Year-on-year change |
|------|---------|---------------------|
| 2017 | 222,642 | 3,76                |
| 2018 | 229,284 | 2,98                |
| 2019 | 235,874 | 2,87                |
| 2020 | 211,734 | -10,23              |
| 2021 | 225,212 | 6,37                |
| 2022 | 243,577 | 8,15                |
| 2023 | 252,212 | 3,54                |
| 2024 | 258,121 | 2,34                |
| 2025 | 266,850 | 3,38                |
| 2026 | 275,156 | 3,11                |
| 2027 | 281,252 | 2,22                |



Source: Oxford Economics

<sup>4</sup> Throughout this analysis, all figures are presented in real terms, adjusted for inflation, in order to isolate the structural trend of economic activity and avoid distortions derived from the price effect.

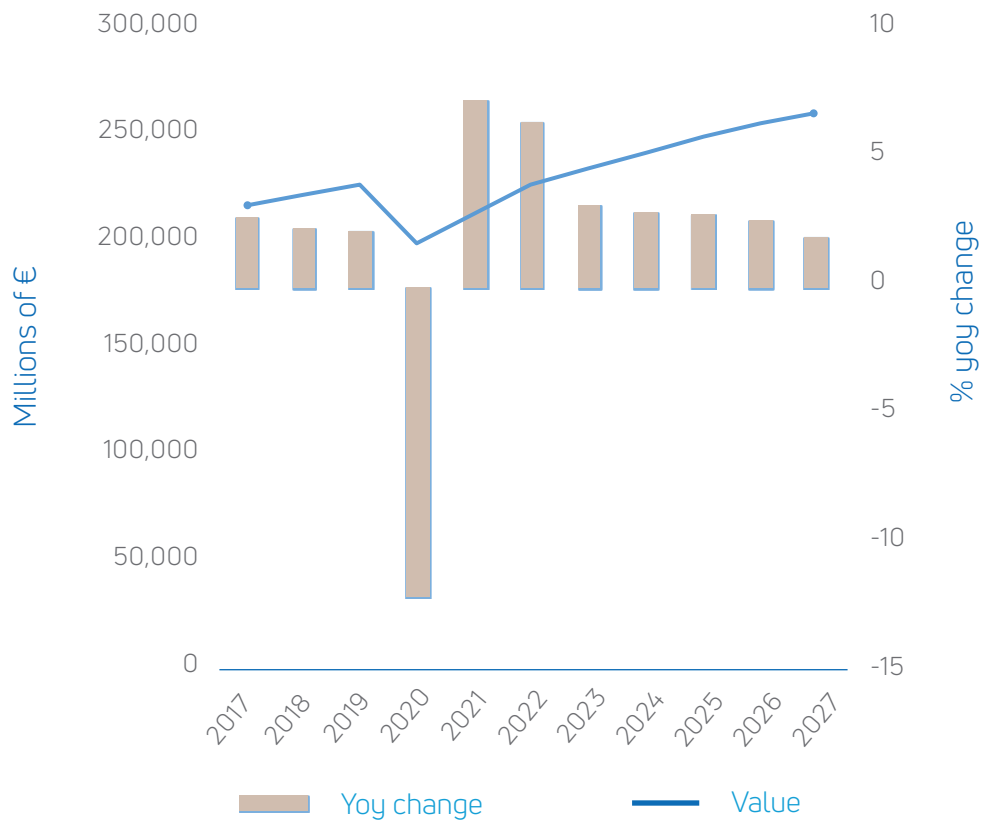


## Catalonia:

| Catalonia | Value   | Year-on-year change |
|-----------|---------|---------------------|
| 2017      | 219,093 | 2,69                |
| 2018      | 224,160 | 2,31                |
| 2019      | 228,963 | 2,14                |
| 2020      | 201,688 | -11,91              |
| 2021      | 216,184 | 7,19                |
| 2022      | 230,094 | 6,43                |
| 2023      | 237,433 | 3,19                |
| 2024      | 244,312 | 2,90                |
| 2025      | 251,178 | 2,81                |
| 2026      | 257,595 | 2,55                |
| 2027      | 262,551 | 1,92                |

| Scale | Millions | % yoy change |
|-------|----------|--------------|
|-------|----------|--------------|



Source: Oxford Economics

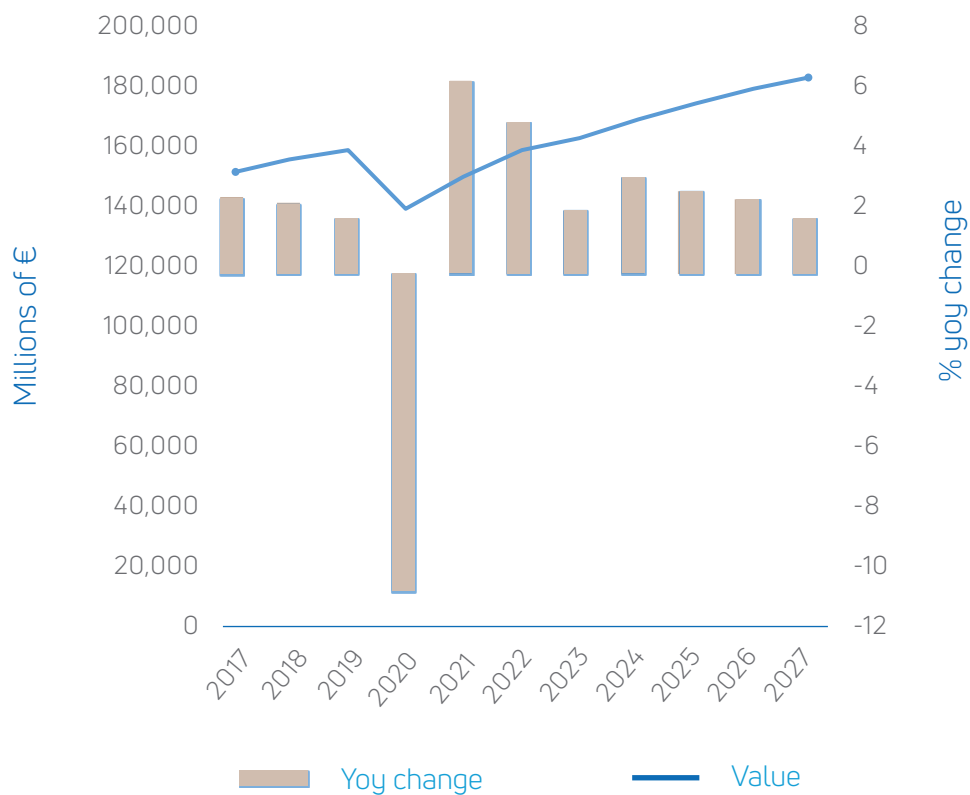


## Andalusia:

| Andalusia | Value   | Year-on-year change |
|-----------|---------|---------------------|
| 2017      | 153,934 | 2,62                |
| 2018      | 157,684 | 2,44                |
| 2019      | 160,663 | 1,89                |
| 2020      | 143,341 | -10,78              |
| 2021      | 152,759 | 6,57                |
| 2022      | 160,654 | 5,17                |
| 2023      | 164,104 | 2,15                |
| 2024      | 169,497 | 3,29                |
| 2025      | 174,303 | 2,84                |
| 2026      | 178,746 | 2,55                |
| 2027      | 182,110 | 1,88                |

| Scale | Millions | % yoy change |
|-------|----------|--------------|
|-------|----------|--------------|



Source: Oxford Economics



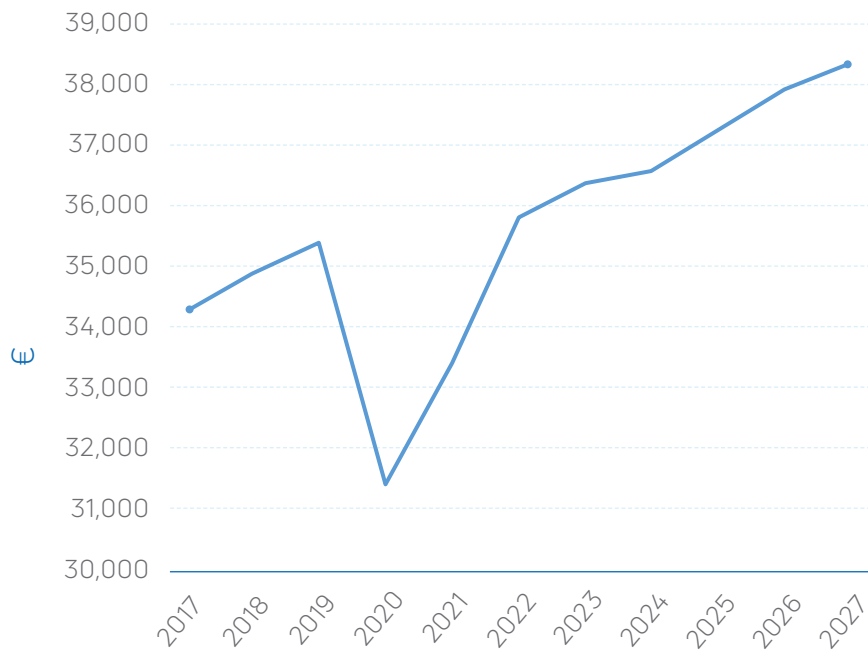
The per capita income of the Madrid region comes to 37,190 euros per inhabitant, clearly ahead of Catalonia (30,843 euros/inhabitant) and Andalusia (19,920 euros/inhabitant).

Moreover, according to projections by Oxford Economics, this relative gap will tend to widen in 2026 and 2027, reinforcing the economic capacity differential between Madrid and the other large regions.

| Madrid | GDP/capita |
|--------|------------|
| 2017   | 34,281     |
| 2018   | 34,877     |
| 2019   | 35,368     |
| 2020   | 31,492     |
| 2021   | 33,439     |
| 2022   | 35,780     |
| 2023   | 36,339     |
| 2024   | 36,535     |
| 2025   | 37,190     |
| 2026   | 37,838     |
| 2027   | 38,260     |

| Scale | Euros |
|-------|-------|
|-------|-------|



Source: Oxford Economics

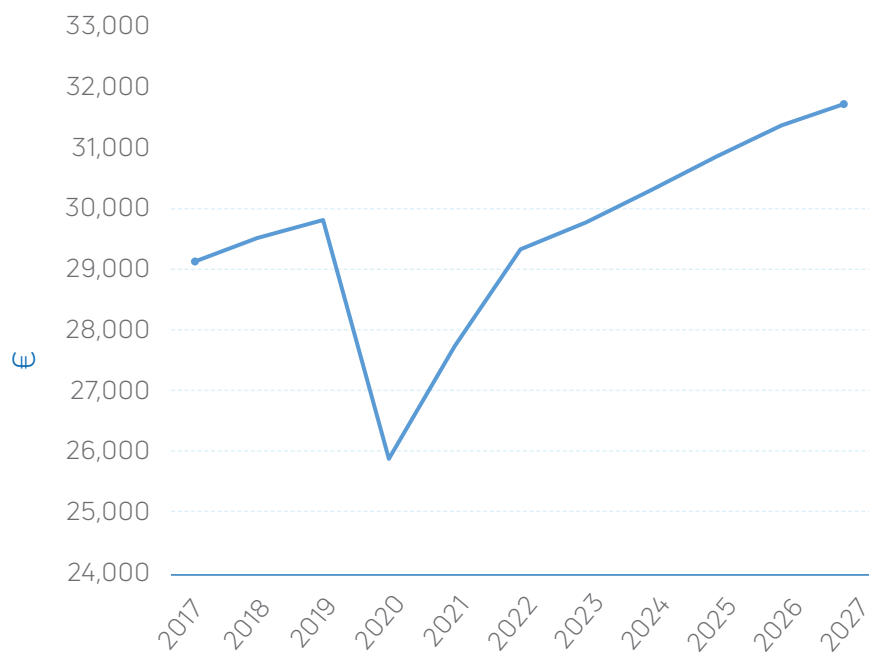


## Catalonia:

| Catalonia | GDP/capita |
|-----------|------------|
| 2017      | 29,173     |
| 2018      | 29,565     |
| 2019      | 29,842     |
| 2020      | 26,074     |
| 2021      | 27,874     |
| 2022      | 29,379     |
| 2023      | 29,839     |
| 2024      | 30,325     |
| 2025      | 30,843     |
| 2026      | 31,346     |
| 2027      | 31,728     |

| Scale | Euros |
|-------|-------|
|-------|-------|



Source: Oxford Economics

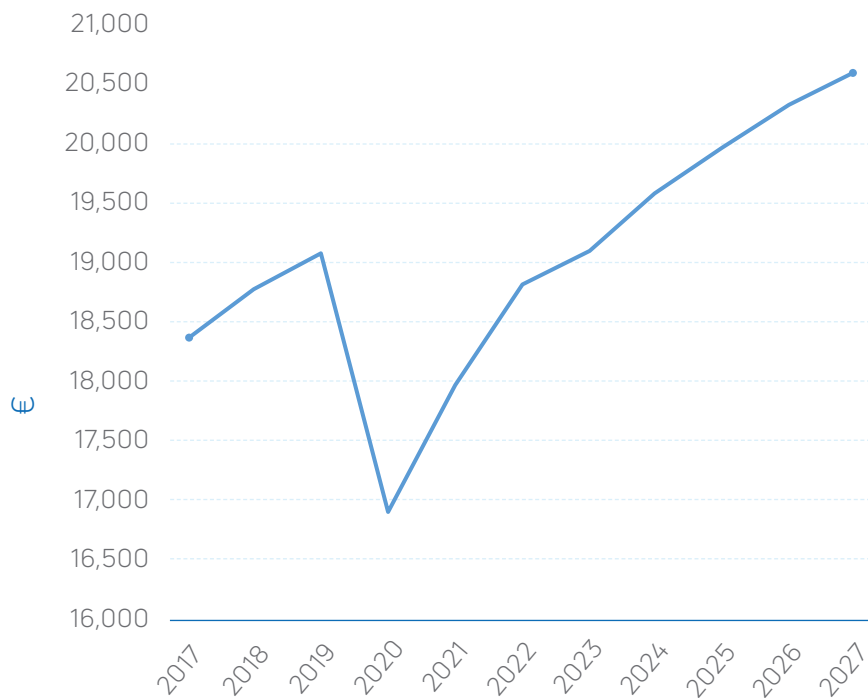


## Andalusia:

| Andalusia | GDP/capita |
|-----------|------------|
| 2017      | 18,336     |
| 2018      | 18,762     |
| 2019      | 19,043     |
| 2020      | 16,918     |
| 2021      | 17,976     |
| 2022      | 18,795     |
| 2023      | 19,064     |
| 2024      | 19,546     |
| 2025      | 19,920     |
| 2026      | 20,280     |
| 2027      | 20,556     |

| Scale | Euros |
|-------|-------|
|-------|-------|



Source: Oxford Economics

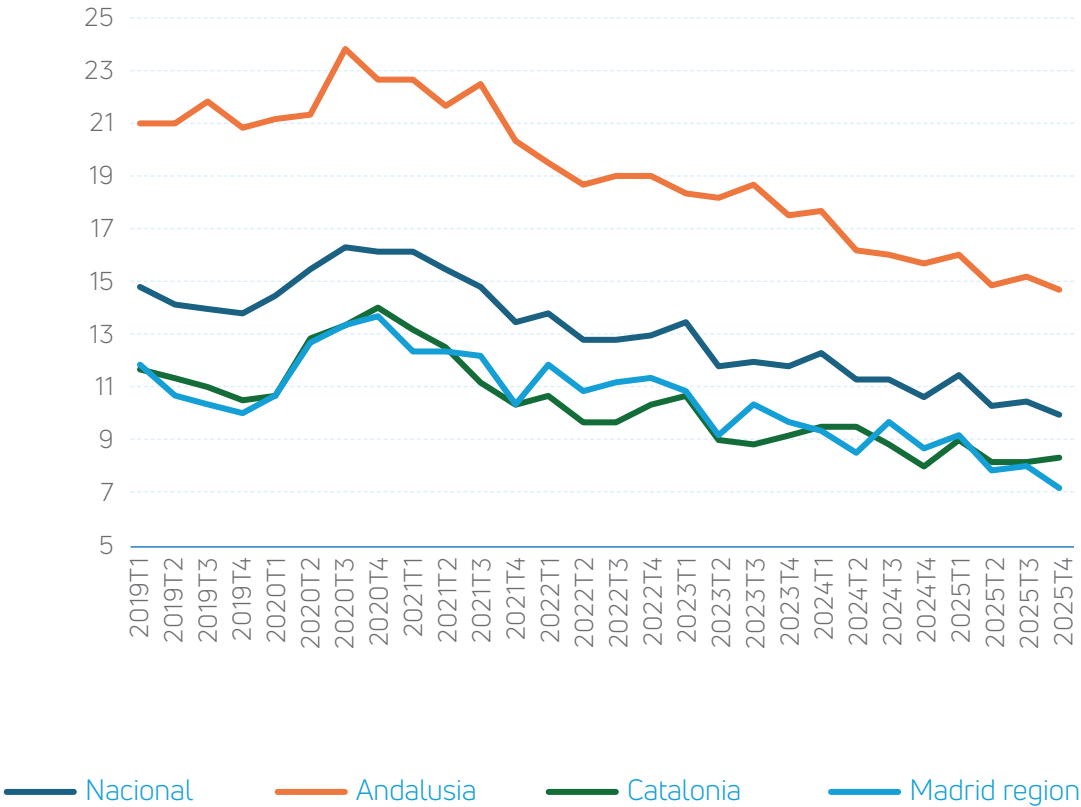


### 2.1.3 Unemployment

In view of the trend shown in the graph below, the Madrid region maintains a differential position in terms of employment. In the fourth quarter of 2025 (EPA), the unemployment rate stood at 7%, consolidating a downward and stable path in recent years.

This is below the figure for Catalonia (8.2%) and roughly half that of Andalusia (14.7%). The comparison shows that the labour market in Madrid is more resilient, with a greater capacity to absorb employment and, consequently, with a higher potential for income generation and economic dynamism.

Comparison of unemployment trends



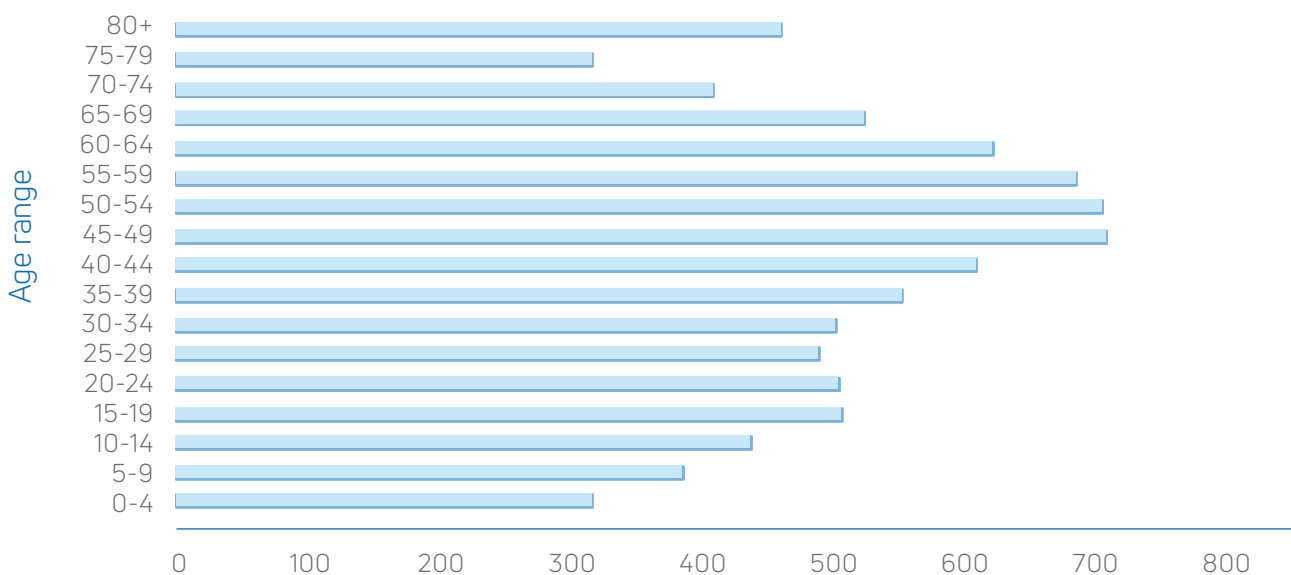
## 2.2 Comparison of the Madrid region with Île de France, Lazio, London and Berlin

### 2.2.1 Macro data and population pyramid

If we broaden the analysis and compare the metropolitan area of Madrid with large European regions with similar economic characteristics, significant differences can be seen in population volume and, especially, in age structure, a key factor for anticipating residential demand.

The Ile-de-France region, with 8,813,838 inhabitants, has a demographic structure that is clearly oriented towards generating residential demand, with a high concentration of population in the 35-59 age cohorts - with more than 680,000 people in several central areas - and a solid base of young people (20-39 years old), which guarantees continuity in the formation of new households and sustained pressure on housing supply.

| Ile de France           | Age          | Thousands        |
|-------------------------|--------------|------------------|
| Population 80+          | 80+          | 468,840          |
| Population 75-79        | 75-79        | 326,892          |
| Population 70-74        | 70-74        | 408,673          |
| Population 65-69        | 65-69        | 526,903          |
| Population 60-64        | 60-64        | 637,032          |
| Population 55-59        | 55-59        | 682,775          |
| Population 50-54        | 50-54        | 716,658          |
| Population 45-49        | 45-49        | 718,705          |
| Population 40-44        | 40-44        | 618,510          |
| Population 35-39        | 35-39        | 552,434          |
| Population 30-34        | 30-34        | 506,247          |
| Population 25-29        | 25-29        | 487,521          |
| Population 20-24        | 20-24        | 508,968          |
| Population 15-19        | 15-19        | 512,239          |
| Population 10-14        | 10-14        | 442,412          |
| Population 5-9          | 5-9          | 376,172          |
| Population 0-4          | 0-4          | 322,857          |
| <b>Total Population</b> | <b>Total</b> | <b>8,813,838</b> |



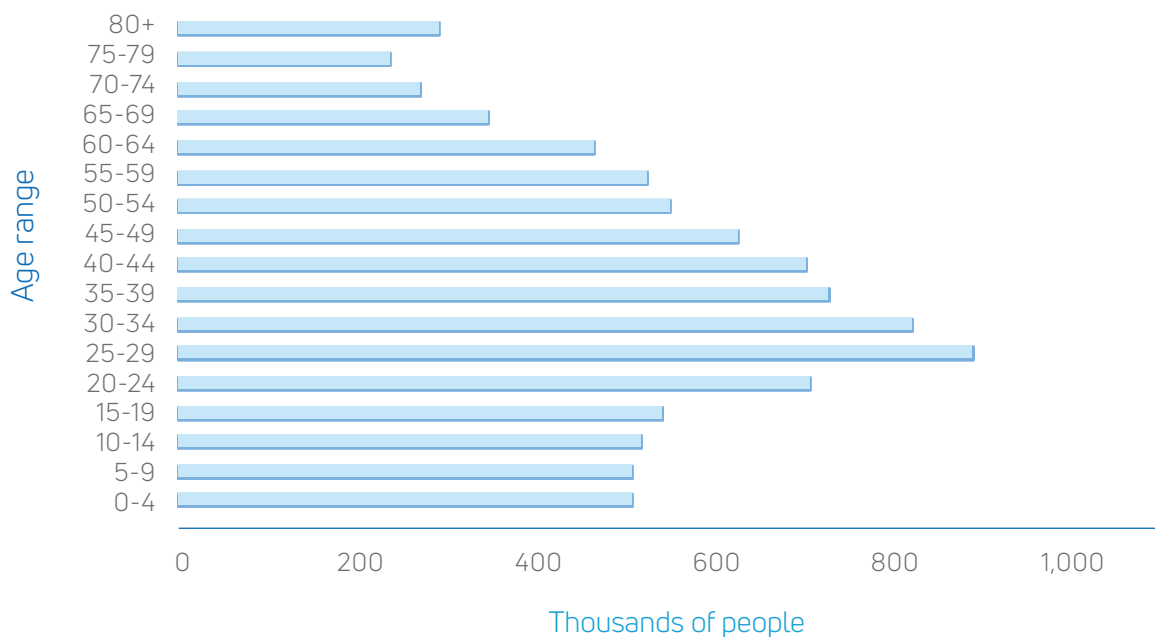
Source: Oxford Economics

Thousands of people



London, with 9,203,434 inhabitants, also has a demographic structure that is particularly favourable for the development of residential supply, as it concentrates a high volume of population between the ages of 25 and 39 - with peaks of roughly 900,000 people in the 25 to 29 age bracket -, forming a clearly young and dynamic profile from the point of view of employment and the formation of new households.

| London                  | Age          | Thousands        |
|-------------------------|--------------|------------------|
| Population 80+          | 80+          | 297,607          |
| Population 75-79        | 75-79        | 225,755          |
| Population 70-74        | 70-74        | 267,697          |
| Population 65-69        | 65-69        | 357,551          |
| Population 60-64        | 60-64        | 474,760          |
| Population 55-59        | 55-59        | 535,636          |
| Population 50-54        | 50-54        | 562,197          |
| Population 45-49        | 45-49        | 625,960          |
| Population 40-44        | 40-44        | 673,742          |
| Population 35-39        | 35-39        | 744,838          |
| Population 30-34        | 30-34        | 830,317          |
| Population 25-29        | 25-29        | 891,018          |
| Population 20-24        | 20-24        | 654,196          |
| Population 15-19        | 15-19        | 536,297          |
| Population 10-14        | 10-14        | 513,570          |
| Population 5-9          | 5-9          | 499,787          |
| Population 0-4          | 0-4          | 512,507          |
| <b>Total Population</b> | <b>Total</b> | <b>9,203,434</b> |

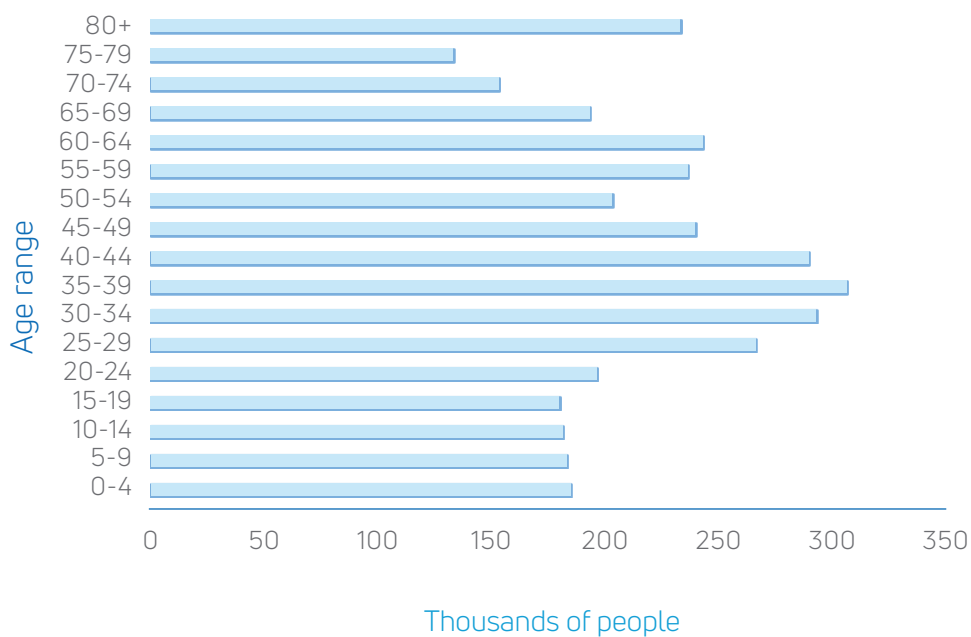


Source: Oxford Economics



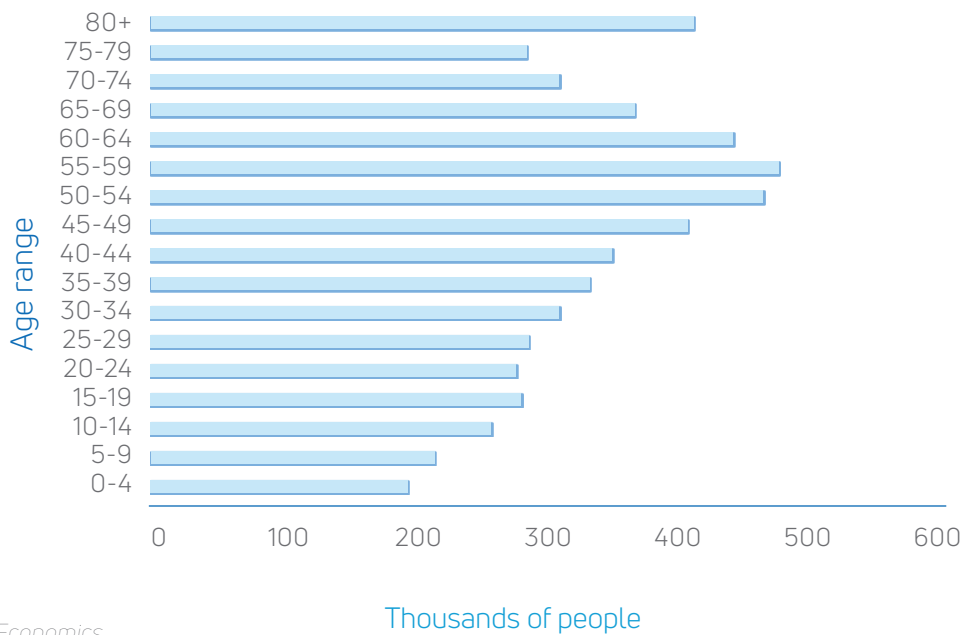
Berlin, with a total population of 3,696,225 inhabitants, has a strong base in the 30-44 age bracket, which favours residential activity; however, the relative weight of the population over 80 years of age is significant, which introduces a larger ageing component compared to London or Ile-de-France. Overall, its demographic structure can be considered balanced for housing investment, albeit with a more mature profile than other major European capitals.

| Berlin                  | Age          | Thousands        |
|-------------------------|--------------|------------------|
| Population 80+          | 80+          | 233,736          |
| Population 75-79        | 75-79        | 130,061          |
| Population 70-74        | 70-74        | 154,375          |
| Population 65-69        | 65-69        | 192,749          |
| Population 60-64        | 60-64        | 247,085          |
| Population 55-59        | 55-59        | 233,379          |
| Population 50-54        | 50-54        | 208,334          |
| Population 45-49        | 45-49        | 245,167          |
| Population 40-44        | 40-44        | 286,762          |
| Population 35-39        | 35-39        | 324,077          |
| Population 30-34        | 30-34        | 291,344          |
| Population 25-29        | 25-29        | 260,118          |
| Population 20-24        | 20-24        | 195,894          |
| Population 15-19        | 15-19        | 169,221          |
| Population 10-14        | 10-14        | 170,998          |
| Population 5-9          | 5-9          | 174,812          |
| Population 0-4          | 0-4          | 178,112          |
| <b>Total Population</b> | <b>Total</b> | <b>3,696,225</b> |



Lazio, with a total population of 5,717,452 inhabitants, has a significant concentration in the 45-65 age group and a narrower base in the younger cohorts, reflecting greater demographic maturity. Consequently, its population pyramid is comparatively less conducive to an intense expansion of future residential demand.

| Lazio                   | Age          | Thousands        |
|-------------------------|--------------|------------------|
| Population 80+          | 80+          | 428,658          |
| Population 75-79        | 75-79        | 281,463          |
| Population 70-74        | 70-74        | 309,365          |
| Population 65-69        | 65-69        | 369,704          |
| Population 60-64        | 60-64        | 458,152          |
| Population 55-59        | 55-59        | 482,437          |
| Population 50-54        | 50-54        | 474,460          |
| Population 45-49        | 45-49        | 407,648          |
| Population 40-44        | 40-44        | 358,647          |
| Population 35-39        | 35-39        | 330,235          |
| Population 30-34        | 30-34        | 308,199          |
| Population 25-29        | 25-29        | 289,582          |
| Population 20-24        | 20-24        | 284,807          |
| Population 15-19        | 15-19        | 286,346          |
| Population 10-14        | 10-14        | 256,396          |
| Population 5-9          | 5-9          | 212,222          |
| Population 0-4          | 0-4          | 179,131          |
| <b>Total Population</b> | <b>Total</b> | <b>5,717,452</b> |



Source: Oxford Economics





## 2.2.2 GDP and GDP per capita

If we compare the GDP of the Madrid region with that of other large European regions, Madrid stands in **third place**. With 266,8501 million euros, Madrid is only behind the Ile-de-France region, which leads the European ranking with 763,389 million euros, and London, with 535,521 million euros, ahead of Lazio (208,759 million euros) and Berlin (163,943 million euros).

However, even more significant than the absolute position is the growth dynamic: since the end of the pandemic (2021-2025), Madrid has registered a higher cumulative expansion rate than its main European counterparts, consolidating its relative leadership and reinforcing its attractiveness as a hub of economic activity and investment.

|               | 2021-2025 |
|---------------|-----------|
| Madrid        | 18,5%     |
| Île de France | 9,6%      |
| London        | 12,7%     |
| Lazio         | 8,6%      |
| Berlin        | 8,0%      |

And Oxford Economics forecasts for 2026-2027 are even more favourable.

|               | 2026-2027 |
|---------------|-----------|
| Madrid        | 5,4%      |
| Île de France | 2,3%      |
| London        | 2,8%      |
| Lazio         | 1,5%      |
| Berlin        | 4,3%      |

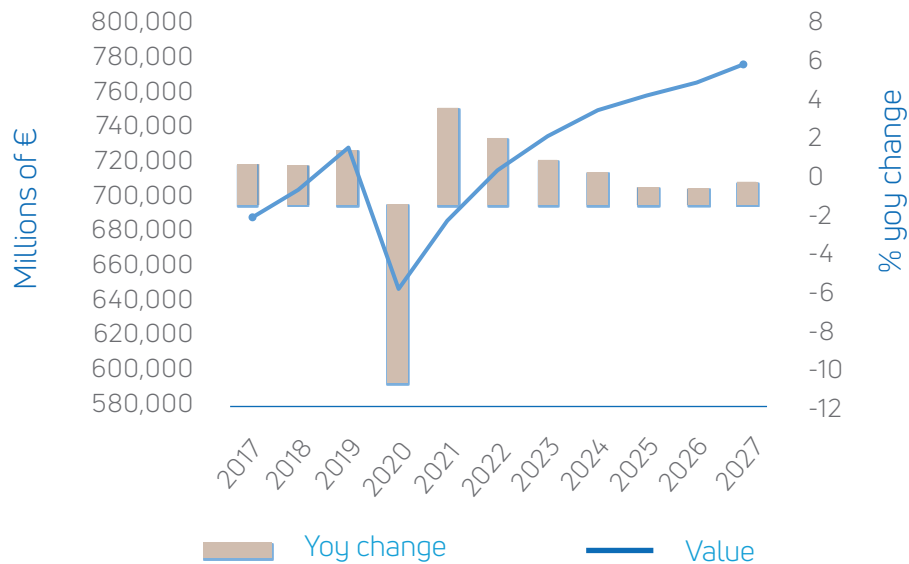


## Île de France:

| Ille de France | Value   | Year-on-year change |
|----------------|---------|---------------------|
| 2017           | 697,630 | 2,37                |
| 2018           | 713,089 | 2,22                |
| 2019           | 735,474 | 3,14                |
| 2020           | 659,877 | -10,28              |
| 2021           | 696,552 | 5,56                |
| 2022           | 723,251 | 3,83                |
| 2023           | 741,741 | 2,56                |
| 2024           | 755,675 | 1,88                |
| 2025           | 763,389 | 1,02                |
| 2026           | 770,369 | 0,91                |
| 2027           | 780,646 | 1,33                |

| Scale | Millions | % yoy change |
|-------|----------|--------------|
|-------|----------|--------------|



Source: Oxford Economics

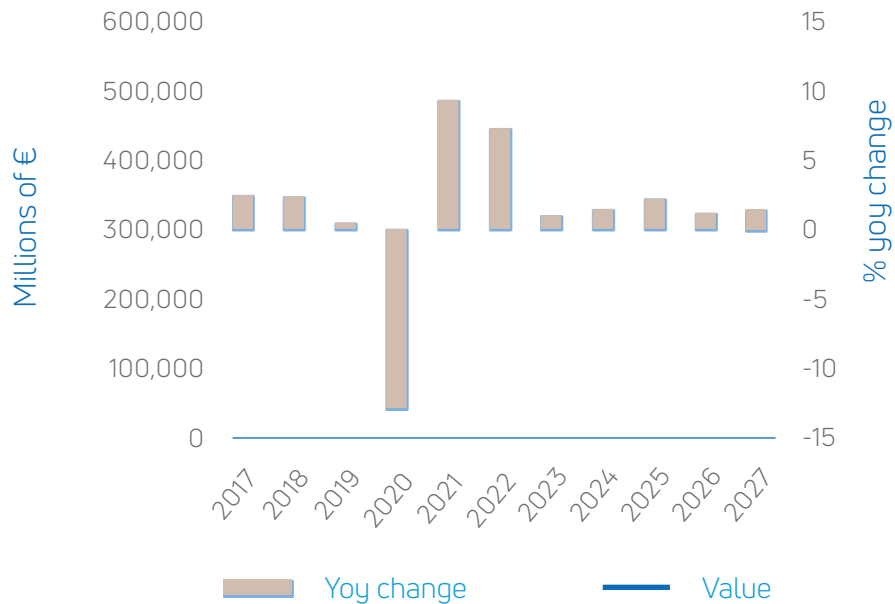


London:

| London | Value   | Year-on-year change |
|--------|---------|---------------------|
| 2017   | 484,017 | 2,50                |
| 2018   | 495,640 | 2,40                |
| 2019   | 498,293 | 0,54                |
| 2020   | 434,635 | -12,78              |
| 2021   | 475,346 | 9,37                |
| 2022   | 510,510 | 7,40                |
| 2023   | 515,993 | 1,07                |
| 2024   | 523,967 | 1,55                |
| 2025   | 535,521 | 2,21                |
| 2026   | 542,088 | 1,23                |
| 2027   | 550,270 | 1,51                |

| Scale | Millions | % yoy change |
|-------|----------|--------------|
|-------|----------|--------------|



Source: Oxford Economics

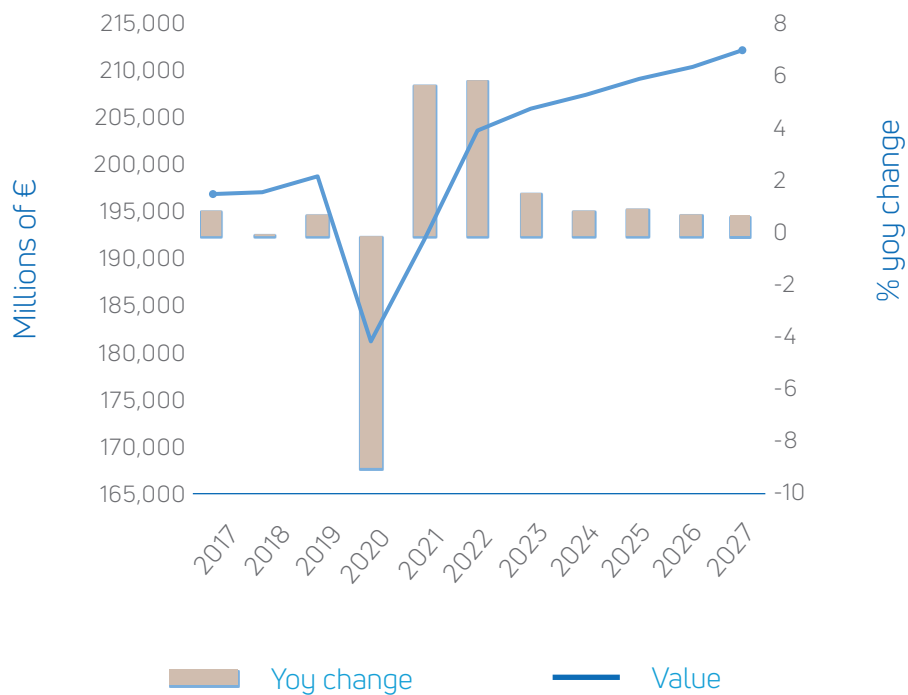


Lazio:

| Lazio | Value   | Year-on-year change |
|-------|---------|---------------------|
| 2017  | 197,086 | 0,91                |
| 2018  | 197,231 | 0,07                |
| 2019  | 198,737 | 0,76                |
| 2020  | 181,851 | -8,50               |
| 2021  | 192,230 | 5,71                |
| 2022  | 203,602 | 5,92                |
| 2023  | 205,729 | 1,04                |
| 2024  | 207,234 | 0,73                |
| 2025  | 208,759 | 0,74                |
| 2026  | 210,052 | 0,62                |
| 2027  | 211,930 | 0,89                |

| Scale | Millions | % yoy change |
|-------|----------|--------------|
|-------|----------|--------------|



Source: Oxford Economics

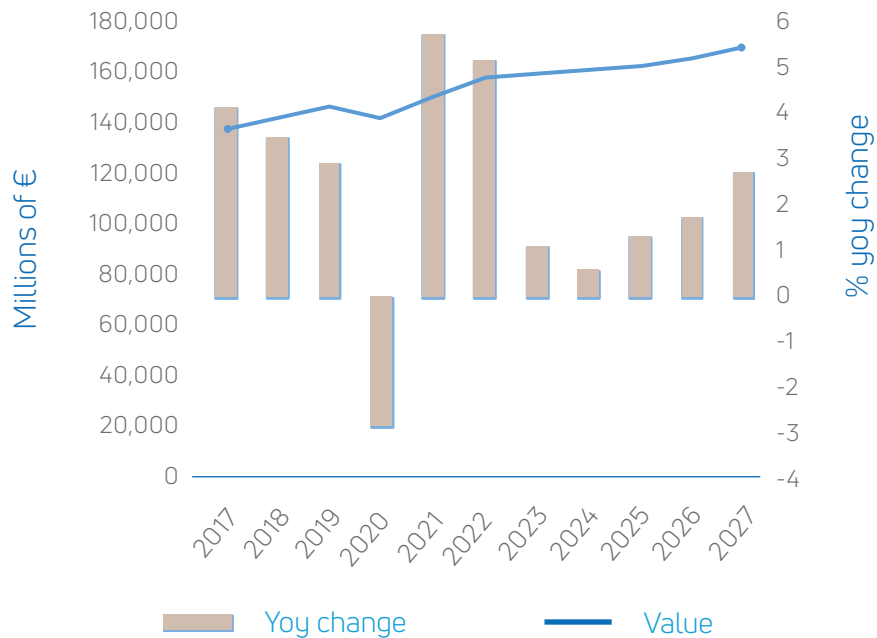


Berlin:

| Berlin | Value   | Year-on-year change |
|--------|---------|---------------------|
| 2017   | 139,386 | 4,00                |
| 2018   | 143,987 | 3,30                |
| 2019   | 148,010 | 2,79                |
| 2020   | 143,949 | -2,74               |
| 2021   | 151,868 | 5,50                |
| 2022   | 159,388 | 4,95                |
| 2023   | 161,038 | 1,04                |
| 2024   | 161,924 | 0,55                |
| 2025   | 163,943 | 1,25                |
| 2026   | 166,694 | 1,68                |
| 2027   | 171,056 | 2,62                |

| Scale | Millions | % yoy change |
|-------|----------|--------------|
|-------|----------|--------------|



Source: Oxford Economics



In short, both in terms of GDP growth since the pandemic and the forecasts for the next two years, the Madrid region is positioned as the region with the best relative economic performance compared to its main European competitors.

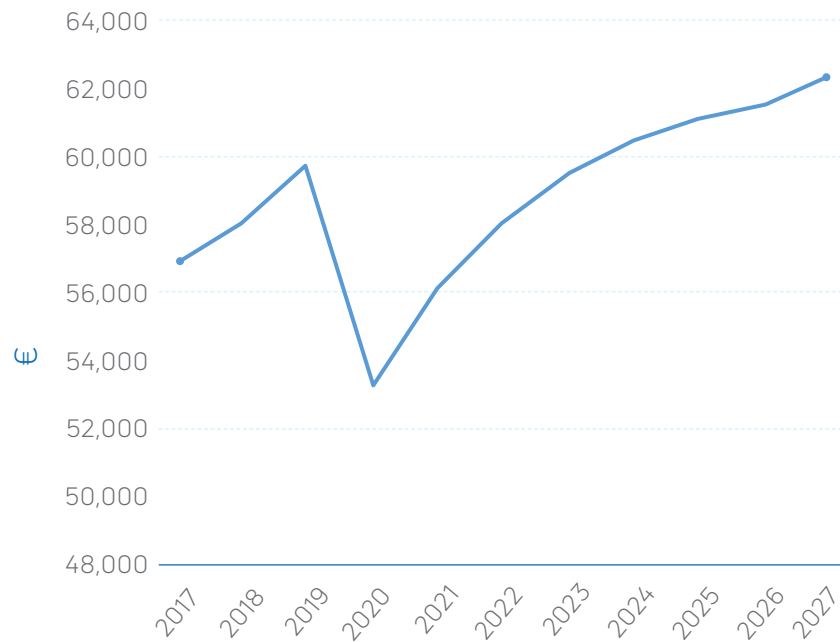
In terms of **per capita income**, if we compare Madrid with the major European regions, it is still behind Paris, London and Berlin. However, this difference can also be interpreted as an opportunity from an investment perspective, as comparative experience shows that residential price trends tend to keep pace with the growth of disposable income. In this sense, the potential convergence path in per capita income suggests that the Madrid residential market has a margin for structural revaluation in the medium term.

|               |               |
|---------------|---------------|
| Madrid        | 37,190€/hab.  |
| London        | 58,613€/hab.  |
| Berlin        | 44,472€/hab.  |
| Lazio         | 36,517€/hab.  |
| Ile de France | 61,269 €/hab. |



## Île France:

| Île de France | GDP/capita   |
|---------------|--------------|
| 2017          | 57,210       |
| 2018          | 58,268       |
| 2019          | 59,955       |
| 2020          | 53,672       |
| 2021          | 56,405       |
| 2022          | 58,354       |
| 2023          | 59,727       |
| 2024          | 60,739       |
| 2025          | 61,269       |
| 2026          | 61,768       |
| 2027          | 62,549       |
| <b>Scale</b>  | <b>Euros</b> |



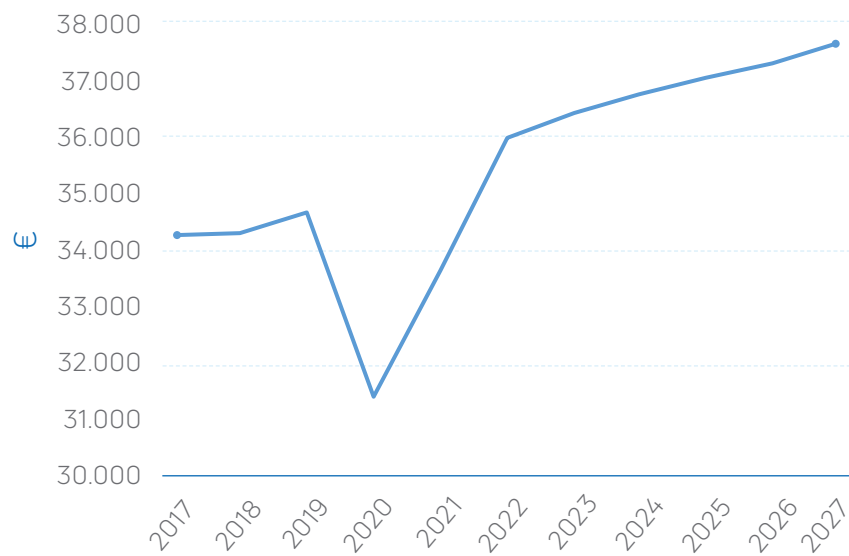
Source: Oxford Economics



Lazio:

| Lazio | GDP/capita |
|-------|------------|
| 2017  | 34,131     |
| 2018  | 34,159     |
| 2019  | 34,477     |
| 2020  | 31,665     |
| 2021  | 33,591     |
| 2022  | 35,609     |
| 2023  | 35,981     |
| 2024  | 36,259     |
| 2025  | 36,517     |
| 2026  | 36,739     |
| 2027  | 37,065     |

**Scale** **Euros**



Source: Oxford Economics

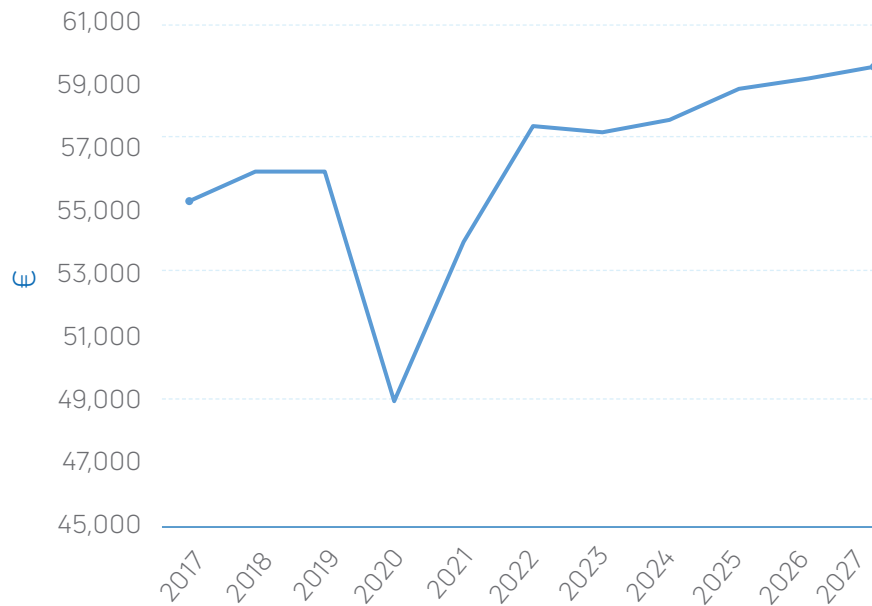


London:

| London | GDP/capita |
|--------|------------|
| 2017   | 55,119     |
| 2018   | 56,073     |
| 2019   | 56,052     |
| 2020   | 48,989     |
| 2021   | 53,900     |
| 2022   | 57,439     |
| 2023   | 57,263     |
| 2024   | 57,651     |
| 2025   | 58,613     |
| 2026   | 58,901     |
| 2027   | 59,256     |

| Scale | Euros |
|-------|-------|
|-------|-------|



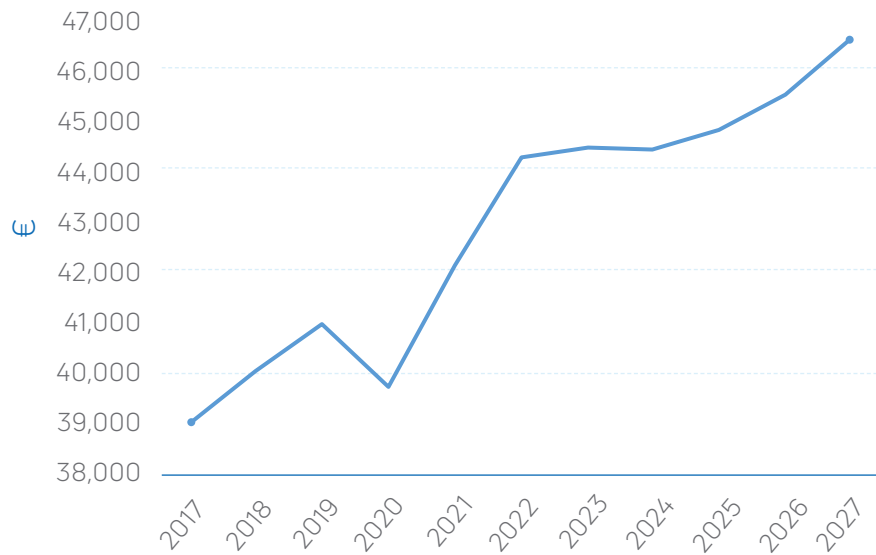
Source: Oxford Economics



Berlin :

| Berlin | GDP/capita |
|--------|------------|
| 2017   | 39,097     |
| 2018   | 40,066     |
| 2019   | 40,940     |
| 2020   | 39,782     |
| 2021   | 41,999     |
| 2022   | 43,955     |
| 2023   | 44,149     |
| 2024   | 44,097     |
| 2025   | 44,472     |
| 2026   | 45,099     |
| 2027   | 46,149     |

**Scale** **Euros**



Source: Oxford Economics





We may conclude, therefore, that in terms of GDP and wealth generation, the greater relative dynamism of the Madrid region is helping to progressively narrow the gap with the two large and more mature European markets, Île-de-France (Paris) and London. This convergence process is not only quantitative but also structural. It is based on sustained growth in employment, per capita income and the capacity to attract investment and talent.

Against this background, it is reasonable to expect that such economic convergence will, in the medium term, tend to occur in real estate as well. Developments in residential markets tend to keep pace with increases in disposable income, job creation and the consolidation of large urban centres as hubs of economic activity. Consequently, the Madrid market maintains a margin for development consistent with its process of catching up with the main European urban centres, provided that the residential supply grows at a rate in line with structural demand and reforms aimed at increasing the sector's productive capacity are consolidated

### 2.2.3 Unemployment

With respect to the labour market, it should be noted that Spain has historically maintained an unemployment differential with respect to the main European economies. The structural characteristics of its labour market have traditionally placed the unemployment rate between four and five percentage points above countries such as the United Kingdom, France or Germany, making it a distinctive element within the European context.

Therefore, the differential performance of the Madrid region is especially significant. According to the Labour Force Survey (EPA) for the fourth quarter of 2025, the unemployment rate in the region stands at 7%, approximately three points below the national average. This positive differential not only shows the dynamism of the labour market in Madrid, but also brings its employment levels closer to those of the major European regions, and even below those of Ile-de-France. This reinforces the process of economic and employment convergence of the Madrid region with the main urban centres of the continent.

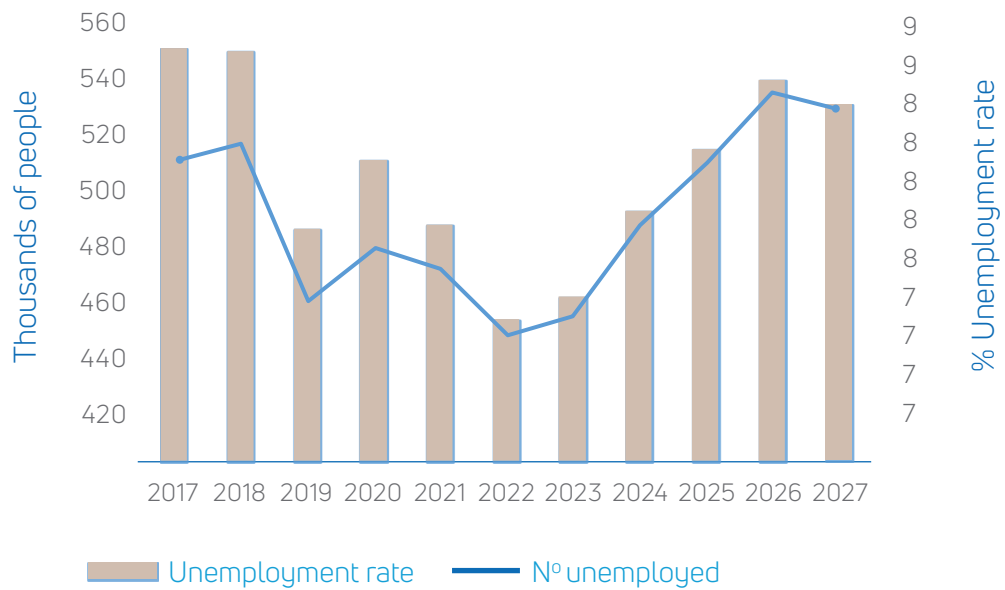


## Île France:

| Ile France | Nº unemployed | Unemployment rate |
|------------|---------------|-------------------|
| 2017       | 515,224       | 8,7               |
| 2018       | 520,693       | 8,7               |
| 2019       | 470,618       | 7,9               |
| 2020       | 487,466       | 8,2               |
| 2021       | 481,051       | 7,9               |
| 2022       | 460,098       | 7,4               |
| 2023       | 466,206       | 7,5               |
| 2024       | 494,528       | 7,9               |
| 2025       | 514,315       | 8,2               |
| 2026       | 536,608       | 8,5               |
| 2027       | 530,986       | 8,4               |

| Scale | Thousands of people | % |
|-------|---------------------|---|
|-------|---------------------|---|



Source: Oxford Economics

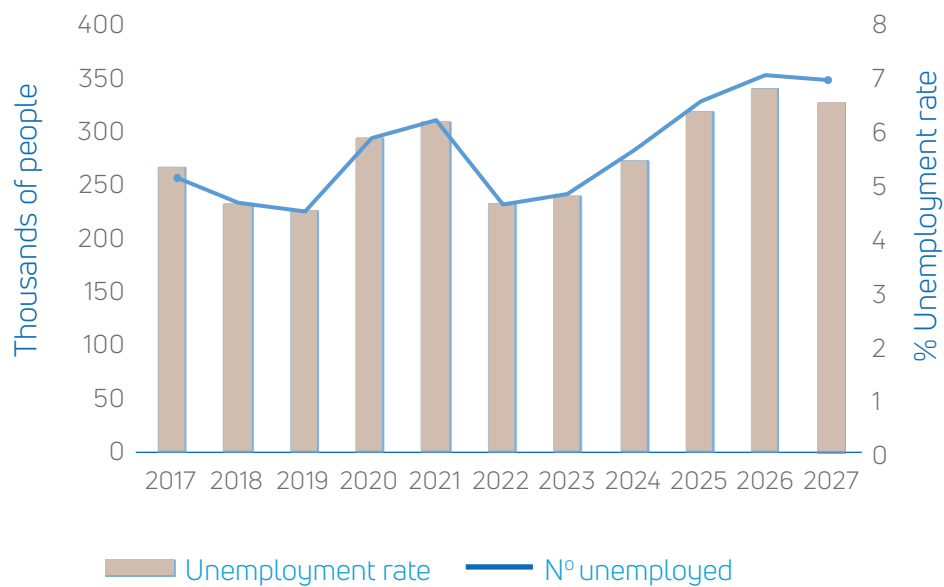


London:

| London | Nº. unemployed | Unemployment rate |
|--------|----------------|-------------------|
| 2017   | 256,691        | 5,3               |
| 2018   | 230,714        | 4,6               |
| 2019   | 222,177        | 4,5               |
| 2020   | 293,428        | 5,8               |
| 2021   | 305,710        | 6,1               |
| 2022   | 228,433        | 4,6               |
| 2023   | 239,114        | 4,7               |
| 2024   | 281,685        | 5,4               |
| 2025   | 330,432        | 6,3               |
| 2026   | 355,619        | 6,7               |
| 2027   | 349,715        | 6,6               |

| Scale | Thousands of people | % |
|-------|---------------------|---|
|-------|---------------------|---|



Source: Oxford Economics

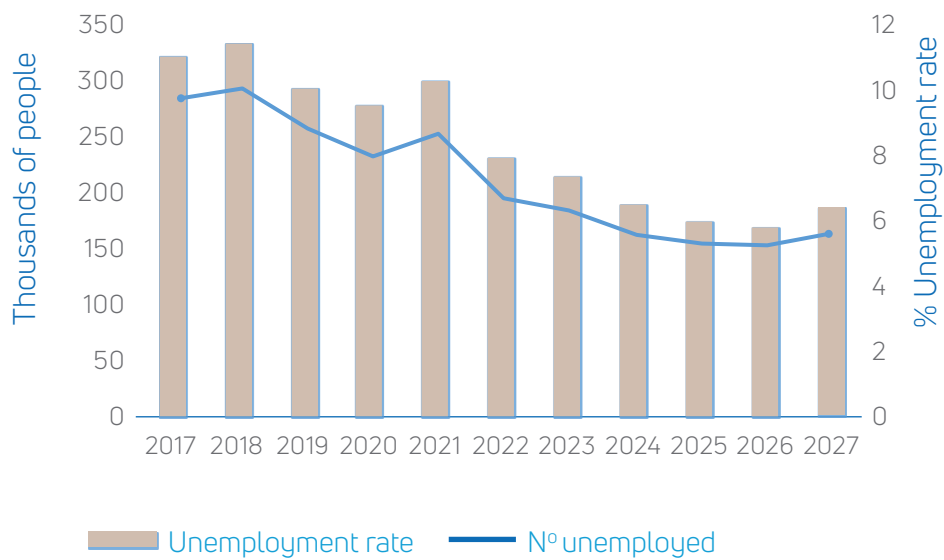


Lazio:

| Lazio | Nº. unemployed | Unemployment rate |
|-------|----------------|-------------------|
| 2017  | 281,436        | 10,8              |
| 2018  | 291,136        | 11,2              |
| 2019  | 255,294        | 9,9               |
| 2020  | 231,658        | 9,3               |
| 2021  | 251,349        | 10,0              |
| 2022  | 194,853        | 7,7               |
| 2023  | 183,638        | 7,2               |
| 2024  | 162,785        | 6,4               |
| 2025  | 154,568        | 6,0               |
| 2026  | 153,579        | 5,9               |
| 2027  | 163,976        | 6,3               |

| Scale | Thousands of people | % |
|-------|---------------------|---|
|-------|---------------------|---|



Source: Oxford Economics

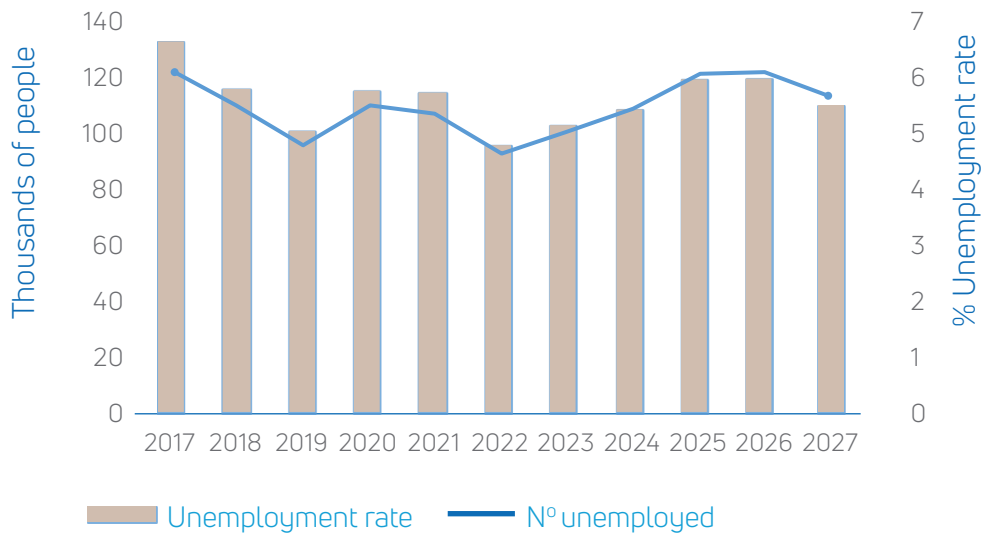


Berlin :

| Berlin | Nº. unemployed | Unemployment rate |
|--------|----------------|-------------------|
| 2017   | 122,280        | 6,6               |
| 2018   | 109,202        | 5,8               |
| 2019   | 95,055         | 5,0               |
| 2020   | 109,167        | 5,8               |
| 2021   | 106,585        | 5,7               |
| 2022   | 92,118         | 4,8               |
| 2023   | 100,015        | 5,1               |
| 2024   | 108,011        | 5,4               |
| 2025   | 120,706        | 6,0               |
| 2026   | 121,309        | 5,9               |
| 2027   | 112,690        | 5,5               |

| Scale | Thousands of people | % |
|-------|---------------------|---|
|-------|---------------------|---|



Source: Oxford Economics

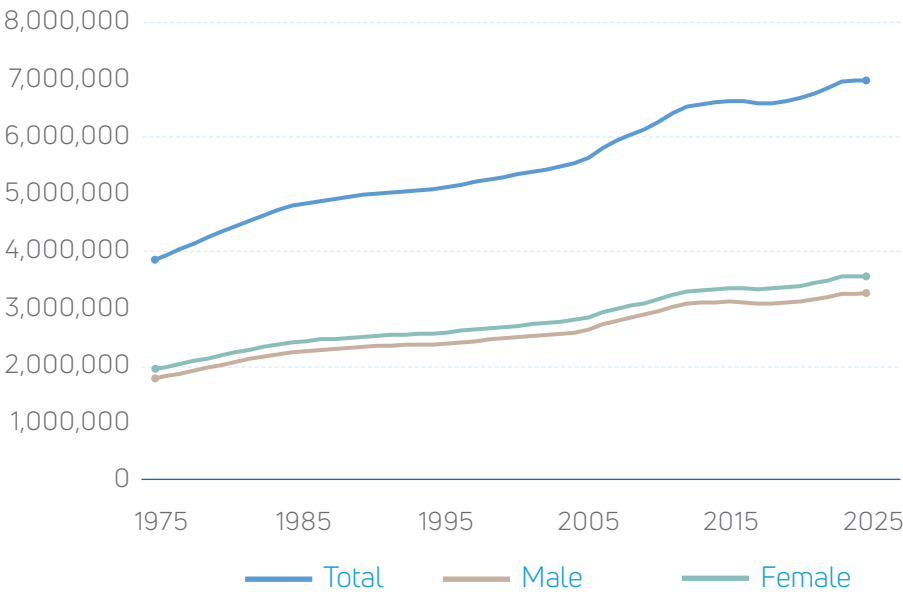


### 2.3 Population trends and growth forecasts

All these solid economic indicators have helped the Madrid region consolidate its position as one of the most attractive destinations in Europe to live in. In the last twenty years, the region has registered population growth of 1,247,700 inhabitants, a cumulative increase of 21.27%.

This demographic dynamism reflects not only its capacity to attract talent and working-age population, but also the strength of its labour market, the quality of its public services and its position as the main centre for generating activity and employment in Spain.

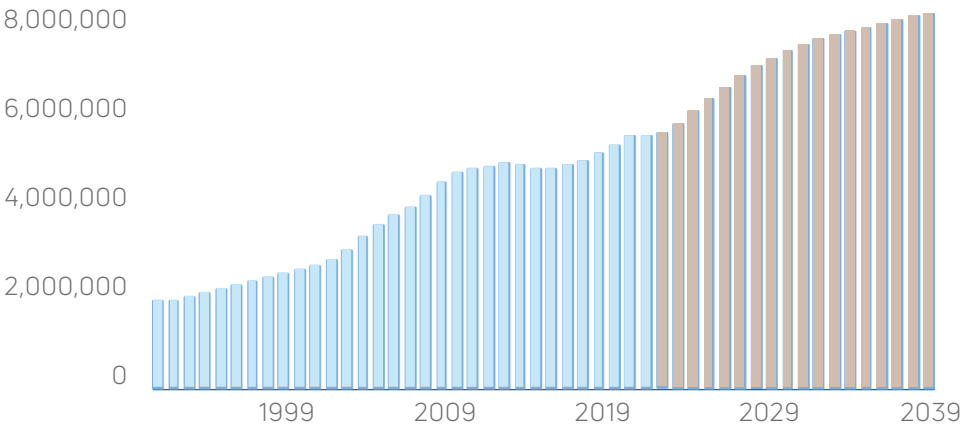
Population CAM



Source: INE

Looking to the future, the National Statistics Institute’s Population Projections for the period 2024-2039 anticipate that the Madrid region will maintain its demographic expansion path, with an accumulated growth of about 15%, reaching 8,058,992 inhabitants in 2039.

Population trend and projection



Source: INE



This demographic increase will be mainly due to migratory movements, given that it is estimated that organic growth will be virtually flat- with births and deaths evenly balanced.

It will therefore be the migratory balance -both foreign and national- that will be the main driver of the expected increase, which exceeds one million new residents in the period analysed (1,049,724 people).

Specifically, estimates for population and household growth are as follows for the period 2025-2039:

|              | Population | Population change | Households | Change in number of households |
|--------------|------------|-------------------|------------|--------------------------------|
| 2039         | 8,058,992  | 34,159            | 3,251,492  | 24,932                         |
| 2038         | 8,024,833  | 35,042            | 3,226,560  | 25,958                         |
| 2037         | 7,989,791  | 36,334            | 3,200,602  | 26,988                         |
| 2036         | 7,953,457  | 38,274            | 3,173,614  | 27,829                         |
| 2035         | 7,915,184  | 41,111            | 3,145,785  | 28,782                         |
| 2034         | 7,874,073  | 45,178            | 3,117,003  | 29,915                         |
| 2033         | 7,828,895  | 50,776            | 3,087,088  | 32,143                         |
| 2032         | 7,778,119  | 58,158            | 3,054,945  | 34,578                         |
| 2031         | 7,719,962  | 67,496            | 3,020,367  | 37,572                         |
| 2030         | 7,652,466  | 78,760            | 2,982,795  | 41,790                         |
| 2029         | 7,573,706  | 91,610            | 2,941,005  | 46,634                         |
| 2028         | 7,482,097  | 105,175           | 2,894,371  | 50,345                         |
| 2027         | 7,376,921  | 117,936           | 2,844,026  | 53,830                         |
| 2026         | 7,258,985  | 127,309           | 2,790,196  | 57,004                         |
| 2025         | 7,113,886  | 129,313           | 2,733,192  | 57,672                         |
| <b>Total</b> |            | <b>1,049,724</b>  |            | <b>575,972</b>                 |



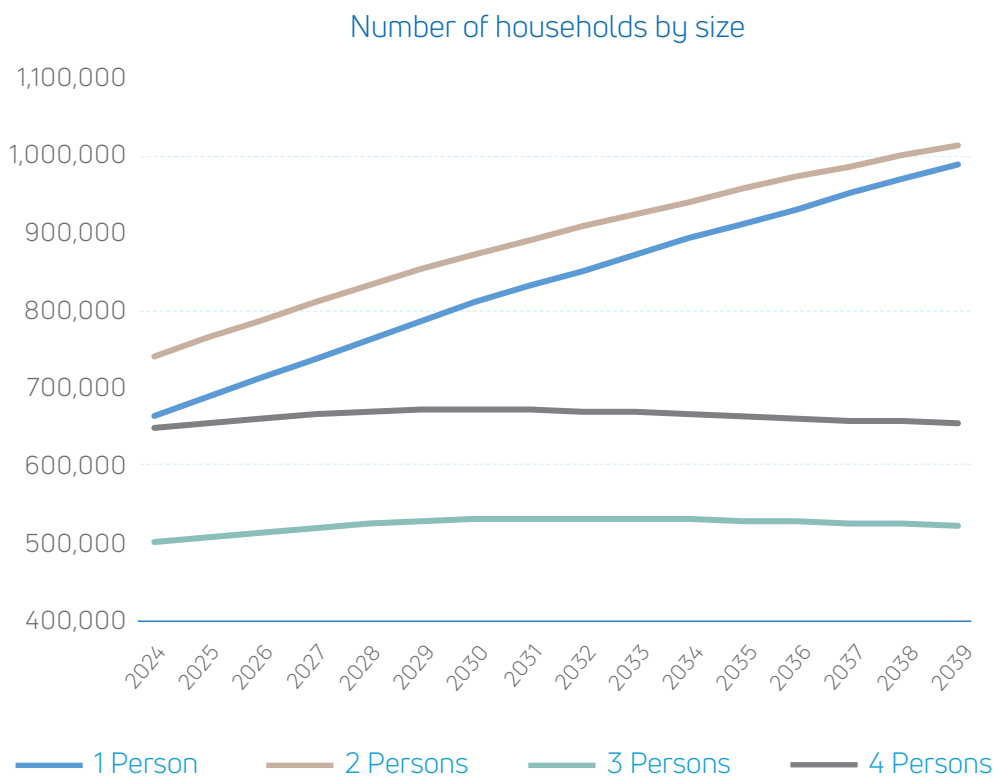
Over the same period, the number of households will grow by 575,972 units, from 2,675,520 existing housing units in December 2024 to 3,251,492 households in 2039.

This means that the Madrid region will need to provide a residential response to nearly 576,000 new households in 15 years.

In addition to quantitative growth, there is a significant qualitative change:

- Decrease in average household size.
- Increase in single and two-person households.
- Increase in single-parent families.
- Larger number of separations and divorces.

This phenomenon requires not only the building of more housing, but also the adaptation of its type, size and configuration to the new family and social structures.



Source: INE

Consequently, the challenge is not only volumetric, but also one of adapting the residential product to the emerging demographic reality.

ASPRIMA has been continuously monitoring this structural gap between supply and demand, as explained in the specific section dedicated to the analysis of residential supply. The accumulated gap highlights the urgent need to increase the productive capacity of the sector. This is not only to correct the existing deficit, but also to prevent price pressures from intensifying and housing affordability from deteriorating further, especially for young and middle-income households.



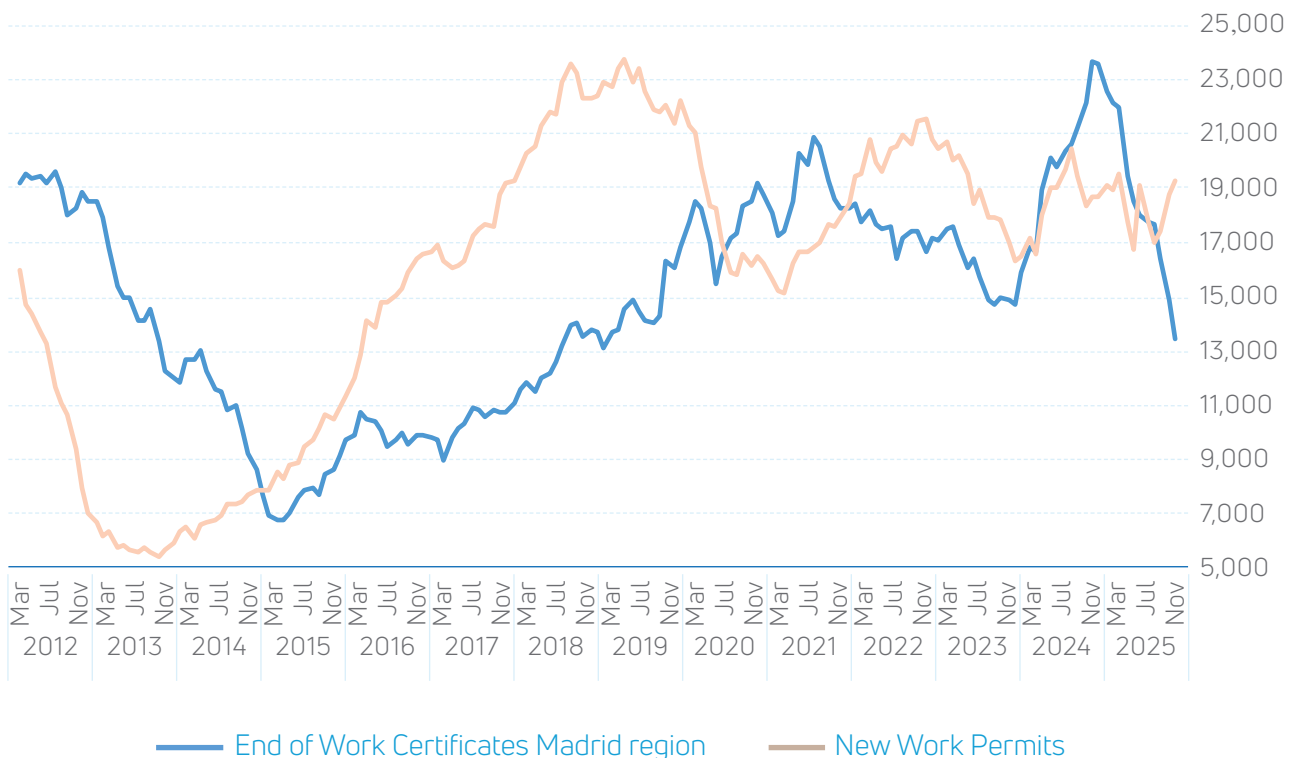
## 2.4 Number of housing transactions and shortfall over the last ten years

As discussed in the previous chapter, the creation of new households in recent years has been around 40,000 units per year over the period 2014-2023. However, new housing production has consistently remained below this threshold.

As the charts shows, annual deliveries have ranged from 7,200 housing units in 2014 to a peak of 23,500 in 2024. However, by 2025, production dropped significantly to around 13,000 housing units.

Likewise, in both 2024 and 2025, the number of housing starts barely reached 19,000 units per year, a figure that anticipates a stabilisation of deliveries at levels that are clearly insufficient to absorb an estimated structural demand of around 50,000 housing units per year, thus consolidating the persistent nature of the accumulated deficit.

New Work Permits Vs End of Work Certificates Madrid region



Source: MIVAU

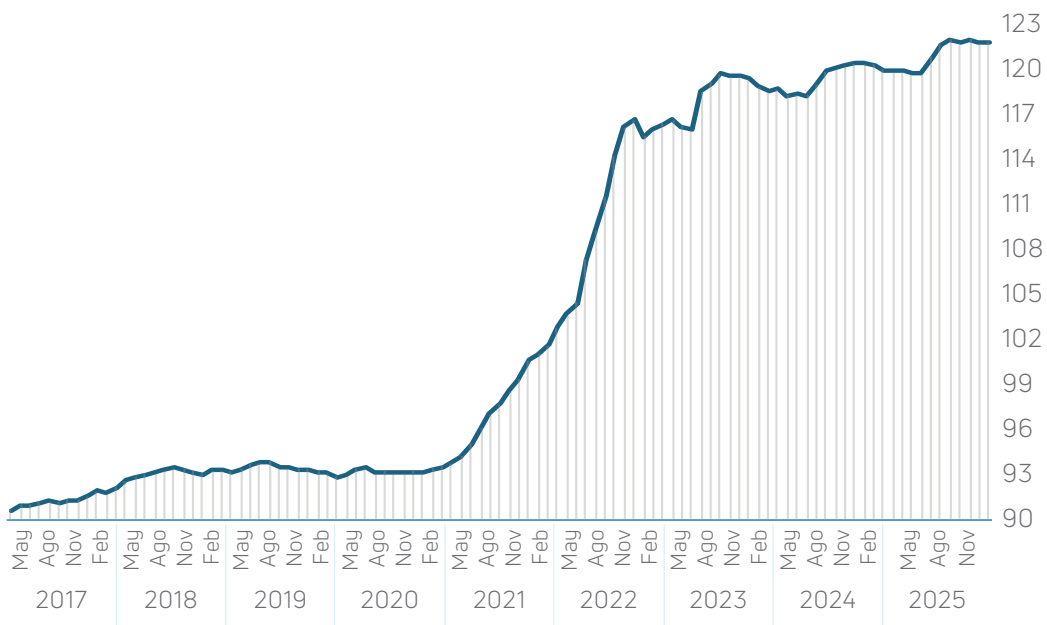
Consequently, the insufficient availability of buildable land and the persistent weakness in the production of affordable housing - which, despite the revision of maximum sales prices, remains well below potential demand - are contributing to sustained price pressures. This context, as will be set forth in later chapters, configures a scenario of structural imbalance which, if accompanied by the necessary reforms to increase supply, can generate significant opportunities for investment in the Madrid residential market.



## 2.5 Trends in housing prices in Madrid Region

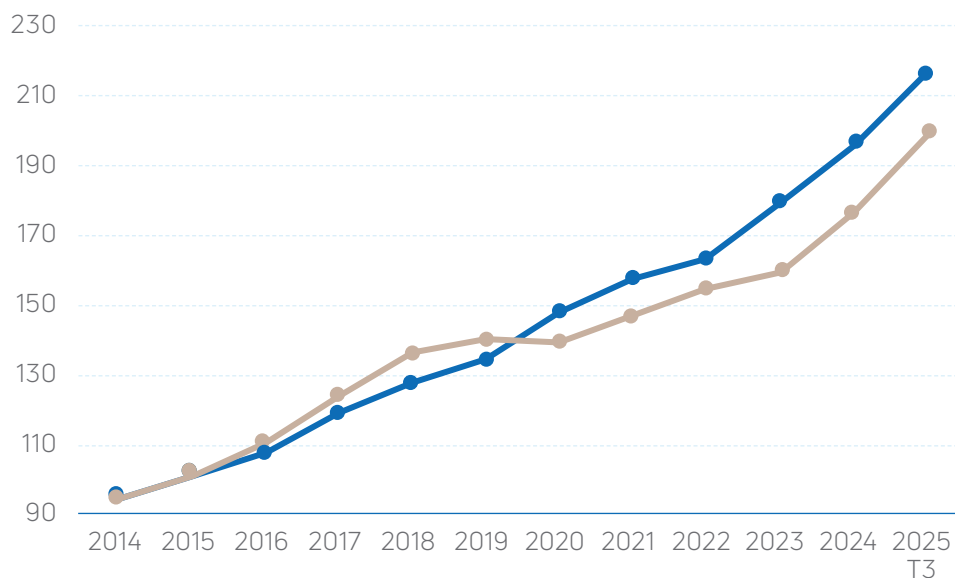
The aforementioned structural gap between supply and demand has been directly reflected in the trends of new housing prices, which have maintained a virtually uninterrupted upward trend since 2014. This increase has occurred even in a context in which construction costs have significantly moderated their growth rate in the last two years, which shows that the main pressure no longer comes from costs but from the insufficient supply available to meet structural demand. As a consequence of this imbalance, the average price of housing in the Madrid region was 4,585 €/m<sup>2</sup> in January 2026, according to the portal Idealista, reflecting the built-up tension in the regional residential market.

Building costs: residential sector



Source: MIVAU

Housing Price Index. Madrid region



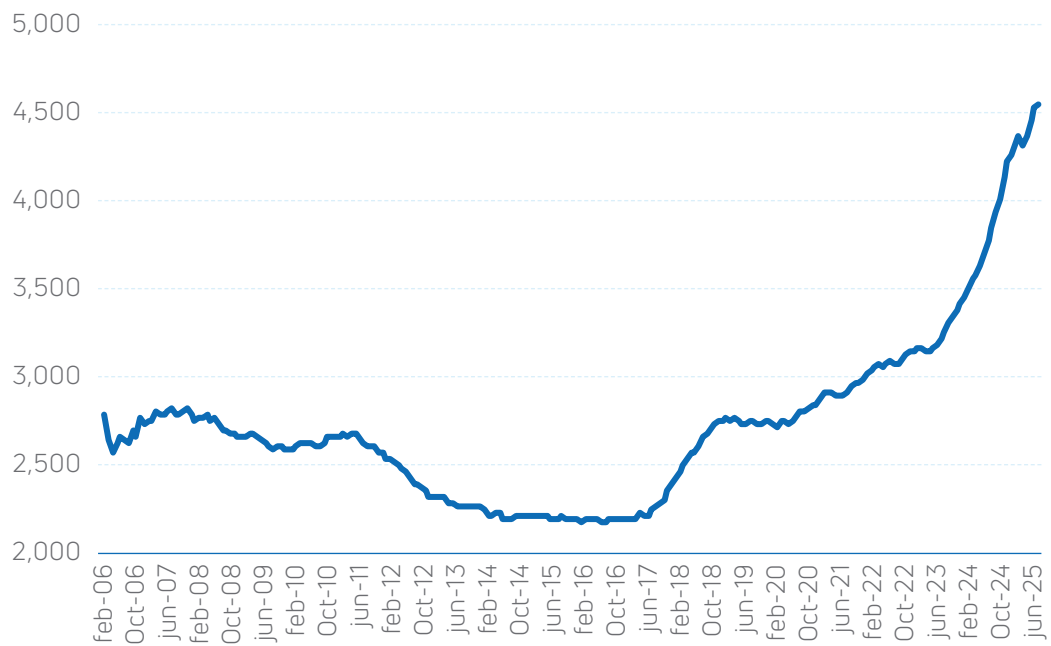
Source: INE

— New housing — Second-hand housing





Price of housing in Madrid region



However, this situation is not uniform throughout the territory. There are significant differences depending on the municipality and the specific location within the region, where the intensity of demand, the level of income and the availability of buildable land have a decisive influence on price formation.



| Municipalities             | Price per m <sup>2</sup><br>Jan 2026 | Monthly<br>change | Quarterly<br>change | Annual<br>change | All-time high                      | Change<br>from<br>peaks |
|----------------------------|--------------------------------------|-------------------|---------------------|------------------|------------------------------------|-------------------------|
| Alcalá de Henares          | 2,764 €/m <sup>2</sup>               | 0,80%             | 6,40%               | 23,20%           | 2,764 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Alcobendas                 | 3,838 €/m <sup>2</sup>               | 0,30%             | -2,90%              | 23,80%           | 3,953 €/m <sup>2</sup><br>Oct 2025 | -2,90%                  |
| Boadilla del Monte         | 3,868 €/m <sup>2</sup>               | 1,20%             | 2,70%               | 18,80%           | 3,868 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Colmenar Viejo             | 2,873 €/m <sup>2</sup>               | 0,80%             | 3,40%               | 18,80%           | 2,873 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Costlada                   | 3,062 €/m <sup>2</sup>               | -0,20%            | 5,50%               | 23,50%           | 3,069 €/m <sup>2</sup><br>Dec 2025 | -0,20%                  |
| Fuentlabrada               | 2,746 €/m <sup>2</sup>               | 2,20%             | 6,10%               | 22,70%           | 2,746 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Getafe                     | 3,078 €/m <sup>2</sup>               | 0,90%             | 3,10%               | 19,20%           | 3,078 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Humanes de Madrid          | 2,343 €/m <sup>2</sup>               | 2,60%             | 4,30%               | 17,80%           | 2,343 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Las Rozas de Madrid        | 3,963 €/m <sup>2</sup>               | 1,60%             | 4,30%               | 19,00%           | 3,963 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Leganés                    | 3,035 €/m <sup>2</sup>               | -0,70%            | 0,80%               | 17,80%           | 3,056 €/m <sup>2</sup><br>Dec 2025 | -0,70%                  |
| Madrid                     | 5,861 €/m <sup>2</sup>               | 0,70%             | 2,70%               | 14,80%           | 5,861 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Majadahonda                | 4,512 €/m <sup>2</sup>               | 1,00%             | 5,20%               | 18,10%           | 4,512 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Mejorada del Campo         | 2,283 €/m <sup>2</sup>               | -1,60%            | 2,20%               | 27,10%           | 2,320 €/m <sup>2</sup><br>Dec 2025 | -1,60%                  |
| Móstoles                   | 2,831 €/m <sup>2</sup>               | 1,20%             | 4,50%               | 27,00%           | 2,831 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Paracuellos de Jarama      | 2,764 €/m <sup>2</sup>               | 3,30%             | 1,60%               | 14,30%           | 2,764 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Parla                      | 2,193 €/m <sup>2</sup>               | 0,40%             | 3,20%               | 21,60%           | 2,256 €/m <sup>2</sup><br>May 2008 | -2,80%                  |
| Pinto                      | 2,694 €/m <sup>2</sup>               | 0,50%             | 1,30%               | 20,40%           | 2,694 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Pozuelo de Alarcón         | 4,904 €/m <sup>2</sup>               | 1,50%             | 2,10%               | 19,00%           | 4,904 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Rivas-Vaciamadrid          | 3,197 €/m <sup>2</sup>               | 2,00%             | 2,40%               | 22,60%           | 3,197 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| San Fernando de Henares    | 3,075 €/m <sup>2</sup>               | n.d.              | 13,60%              | 29,60%           | 3,075 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| San Sebastián de los Reyes | 3,764 €/m <sup>2</sup>               | 0,80%             | 1,80%               | 15,20%           | 3,764 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Torrejón de Ardoz          | 2,768 €/m <sup>2</sup>               | 0,60%             | 0,00%               | 17,40%           | 2,768 €/m <sup>2</sup><br>Jan 2026 | 0,00%                   |
| Tres Cantos                | 3,773 €/m <sup>2</sup>               | -1,40%            | -2,60%              | 17,50%           | 3,920 €/m <sup>2</sup><br>Nov 2025 | -3,70%                  |
| Velilla de San Antonio     | 2,466 €/m <sup>2</sup>               | -0,20%            | 2,80%               | 18,40%           | 2,472 €/m <sup>2</sup><br>Dec 2025 | -0,20%                  |
| Villanueva de la Cañada    | 2,897 €/m <sup>2</sup>               | -1,90%            | 6,40%               | 11,00%           | 2,953 €/m <sup>2</sup><br>Dec 2025 | -1,90%                  |
| Villanueva del Pardillo    | 3,178 €/m <sup>2</sup>               | -0,70%            | 0,40%               | 13,60%           | 3,199 €/m <sup>2</sup><br>Dec 2025 | -0,70%                  |
| Villaviciosa de Odón       | 3,257 €/m <sup>2</sup>               | 0,20%             | 6,90%               | 22,60%           | 3,257 €/m <sup>2</sup><br>Jan 2026 | 0                       |
| Madrid region              | 4,585 €/m <sup>2</sup>               | 0,50%             | 4,30%               | 19,10%           | 4,585 €/m <sup>2</sup><br>Jan 2026 | 0                       |

Source: Idealista



## 2.6 Conclusions from macro data of Madrid Region

- The Madrid region has structural indicators that are superior to those of other major Spanish metropolitan areas - Barcelona, Seville and Malaga - in terms of population, demographic structure, GDP, per capita GDP and the unemployment rate. This positive differential consolidates Madrid as the country's main economic and demographic engine.
- In comparison with large European regions with similar characteristics - Ile-de-France, London, Lazio and Berlin - only Ile-de-France and London outperform Madrid in terms of population and absolute volume of GDP. However, Madrid has a very strong competitive position vis-à-vis Lazio and Berlin, outperforming them on several key variables such as economic dynamism, relative growth and investment attractiveness.
- The region's demographic and economic dynamism reinforces its potential for future growth, while GDP per capita maintains a sustained growth path above the national average, increasing the structural purchasing power of the population.
- This favourable economic context consolidates Madrid as a powerful magnet of migratory attraction. According to projections by the National Statistics Institute, the population of the Madrid region will increase by more than one million inhabitants by 2039. This means an average addition of about 71,000 new residents per year, with peaks that could exceed 120,000 in the first years of the projected period. To absorb this population growth and correct the accumulated structural deficit, it will be necessary to reach a production rate of around 50,000 housing per year on a sustained basis.
- The combination of high structural demand and limited supply - mainly due to insufficient availability of buildable land - is putting sustained pressure on the residential market.
- As a result of this imbalance, sales prices of new housing in the Madrid Region are at record highs, reflecting the tension between population growth, economic capacity and shortage of supply.



# 03

## Madrid as a lifestyle model

Madrid's attractiveness as a place to live is also reflected in other aspects of the economy and society, such as:

### 3.1 Madrid as a magnet for tourism

In 2025, according to INE data, Spain received 96.8 million international tourists, which represents a year-on-year increase of 3.2% and consolidates the recovery and expansion of the sector following the pandemic. Tourism expenditure reached an all-time high of 135 billion euros, reflecting not only an increase in the number of visitors, but also higher spending capacity per tourist.



### International tourist arrivals by country of residence

|                    | Monthly data     |                | Cumulative data   |                |
|--------------------|------------------|----------------|-------------------|----------------|
|                    | Value            | Yoy change (%) | Value             | Yoy change (%) |
| <b>TOTAL</b>       | <b>5,286,397</b> | <b>0,42</b>    | <b>96,770,515</b> | <b>3,21</b>    |
| Germany            | 596,042          | -4,41          | 12,016,418        | 0,65           |
| Belgium            | 174,248          | 2,32           | 3,061,054         | 0,03           |
| France             | 707,513          | -8,36          | 12,796,815        | -0,98          |
| Ireland            | 149,753          | 3,65           | 3,049,053         | 10,13          |
| Italy              | 354,156          | -5,75          | 5,681,150         | 3,34           |
| The Netherlands    | 249,530          | 9,89           | 4,995,561         | 4,40           |
| Nordic countries   | 343,566          | -3,48          | 5,171,651         | 0,89           |
| Portugal           | 222,625          | -1,24          | 3,371,756         | 13,00          |
| United Kingdom     | 900,208          | 0,11           | 19,068,319        | 3,73           |
| Russia (*)         |                  |                |                   |                |
| Switzerland        | 148,172          | 31,84          | 2,258,367         | 6,37           |
| Rest of Europe (*) | 545,508          | 6,31           | 9,698,866         | 6,27           |
| United States      | 214,917          | 0,29           | 4,451,770         | 4,33           |
| Rest of America    | 306,785          | 0,87           | 5,324,693         | 3,15           |
| Rest of the world  | 373,374          | 14,30          | 5,825,043         | 3,73           |

With these figures, Spain remains the world's second largest tourist destination in terms of international arrivals, behind only France, consolidating its position as one of the major global tourism powers in terms of both volume and revenue generation.

Looking ahead to 2026, the tourism sector is expected to maintain its growth, albeit at a more moderate pace. CaixaBank Research's projections in the Tourism Sector Report point to a 2.5% increase in tourism GDP in real terms, figures that are similar to those of the previous year. Even so, the sector will continue to grow at a faster pace than the Spanish economy as a whole, with tourism GDP reaching 12.8% of the total economy, compared to the 12.7% in 2025.

In conclusion, the Spanish tourism sector continues to show great resilience and capacity to adapt, on the back of both the dynamism of international markets and of strategies that reinforce its global competitiveness.

The Madrid Region, for its part, received 13,387,649 Spanish and international tourists last year, second only to Catalonia (22,582,531) and Andalusia (20,359,284). It has also overtaken regions that were traditionally stronger in tourism and with a large hotel presence such as the Balearic Islands (-12,434,144) and the Canary Islands (11,287,064). This means that Madrid is an international hub of urban tourism.

In 2025, the city of Madrid has strengthened its international position in the tourism sector through high-profile distinctions:



- World's Leading Meetings & Conference Destination ([World Travel Awards 2025](#))

The city of Madrid was distinguished as “World's Leading Meetings & Conference Destination 2025” at the 32nd edition of the World Travel Awards, one of the most prestigious awards in the global tourism industry.

- Madrid became the first city in the world to win the award seven times since 2013.
- This distinction underlines its global leadership as a venue for meetings and conference tourism, surpassing such prominent candidates as Singapore, Paris and Dubai.

- Best European destination for meetings and conference tourism

At the European regional edition of the World Travel Awards 2025, Madrid won the award as “[Europe's Leading Meetings & Conference Destination 2025](#)” for the eighth consecutive year, consolidating its leadership in the MICE segment in Europe.

- [Spain Travel Awards 2025](#) (Madrid Unique Destination project)

In the first edition of the Spain Travel Awards 2025, Madrid stood out for its high-impact tourism model. The Madrid Unique Destination product club, which brings together more than 70 entities from the city's tourism sector, was recognised for its innovation, sustainability and focus on quality experiences.

These awards underline Madrid's leadership in business tourism, as well as in quality, innovation and sustainability of global urban tourism.

In addition, its diverse and quality leisure offer makes it an outstanding destination on a global level. In the cultural sphere, the city stands out for hosting three internationally renowned museums: the Prado Museum, Reina Sofía and the Thyssen, which attract millions of visitors a year, in numbers comparable to iconic places such as the Acropolis in Athens and the MoMA in New York. In addition, Madrid stands out for its commitment to the environment. It is the city with the second largest number of trees in its streets in the world and, for the fifth consecutive year, it has been recognised as a “Tree City of the World”. In other sectors, such as fashion and



retail, the Spanish capital is becoming a benchmark for luxury. In the aftermath of the pandemic, investment in the most exclusive shopping streets has experienced an unprecedented boom.

The growing interest of international tourists in the Madrid region has led to significant growth in the number of hotel beds in the region. Significant expansion of accommodation has been essential to meet growing visitor demand.

Despite the impact of the COVID-19 crisis in 2020, which caused a drastic drop in tourism, the region has shown remarkable resilience. In 2023, it managed to reach the levels seen in 2019, exceeding 25 million overnight stays. In 2025, tourism demand continues to grow and has set a new record, with an estimated increase of 2.5%, with 27.6 million overnight stays.

|                      | Traveller   | Overnight stays |
|----------------------|-------------|-----------------|
|                      | 2025        | 2025            |
| Spain                | 118,392,205 | 366,709,591     |
| Andalusia            | 20,359,284  | 57,143,535      |
| Aragon               | 3,046,043   | 5,923,696       |
| Asturias             | 1,967,491   | 3,847,234       |
| Balearic Islands     | 12,434,144  | 63,604,958      |
| Canary Islands       | 11,287,064  | 72,828,582      |
| Cantabria            | 1,375,419   | 2,964,187       |
| Castilla y León      | 5,332,205   | 8,902,553       |
| Castilla - La Mancha | 2,425,568   | 4,293,813       |
| Catalonia            | 22,582,531  | 60,691,819      |
| Valencia Region      | 10,044,910  | 31,612,213      |
| Extremadura          | 1,419,525   | 2,494,284       |
| Galicia              | 5,351,978   | 9,845,824       |
| Madrid region        | 13,387,649  | 27,609,369      |
| Murcia               | 1,539,901   | 3,550,411       |
| Navarre              | 1,120,315   | 2,168,542       |
| Basque Country       | 3,903,677   | 7,791,087       |
| La Rioja             | 676,012     | 1,158,356       |

Source: INE



In order to reach these visitor figures and consolidate its position as one of Europe's leading urban destinations, the Madrid Region has had to couple the growth in tourist demand with a sustained increase in its accommodation capacity. At present, Madrid has 1,211 hotel establishments open and an estimated supply of 125,060 beds, according to INE data (December 2025).

|                      | Estimated number of<br>open establishments | Estimated number<br>of beds |
|----------------------|--|-----------------------------|
|                      | 2025M12                                    | 2025M12                     |
| Spain                | 12,434                                     | 1,190,546                   |
| Andalusia            | 2,165                                      | 200,139                     |
| Aragon               | 616  | 34,566                      |
| Asturias             | 345  | 17,882                      |
| Balearic Islands     | 181  | 24,820                      |
| Canary Islands       | 593  | 265,616                     |
| Cantabria            | 239  | 11,496                      |
| Castilla y León      | 1,067                                      | 52,446                      |
| Castilla - La Mancha | 654  | 31,419                      |
| Catalonia            | 1,845                                      | 181,371                     |
| Valencia Region      | 997  | 113,113                     |
| Extremadura          | 343  | 17,032                      |
| Galicia              | 1,115                                      | 48,170                      |
| Madrid region        | 1,211                                      | 125,060                     |
| Murcia               | 146  | 14,816                      |
| Navarre              | 236  | 10,653                      |
| Basque Country       | 541  | 33,880                      |
| La Rioja             | 123  | 6,451                       |
| Ceuta                | 11   | 772                         |
| Melilla              | 8  | 845                         |

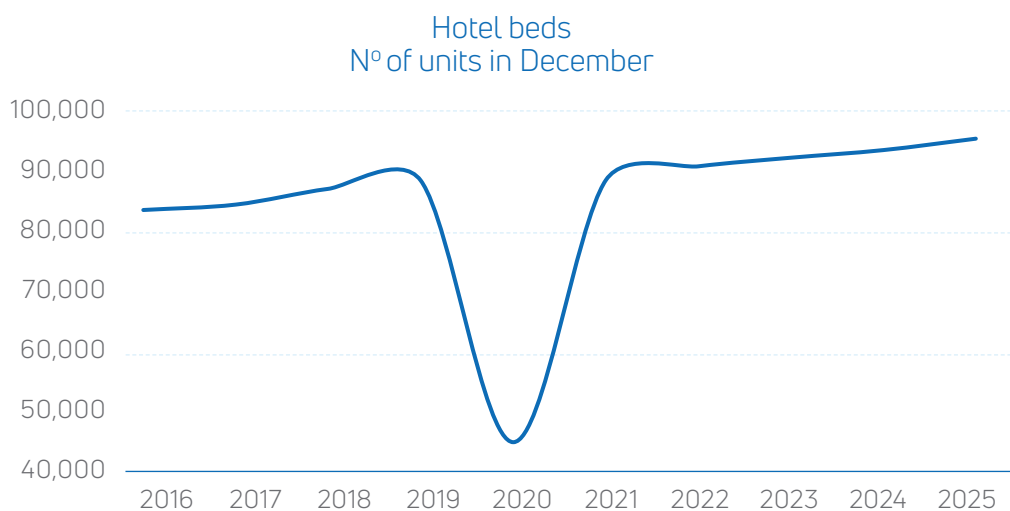
Source: INE





This position is not the result of chance, but of the sustained efforts of the real estate and hotel sector, which has increased hotel bed capacity by around 13% in the last eight years. Such growth has made it possible to absorb the increase in international tourism demand, strengthen the region's competitiveness as a global destination and consolidate its appeal for international events, cultural, sports and conference tourism.

The growth in hotel infrastructure is, therefore, an additional indicator of the economic dynamism of the Madrid region and of its capacity to anticipate and accompany the growth in demand, and to transform it into productive activity and wealth generation.



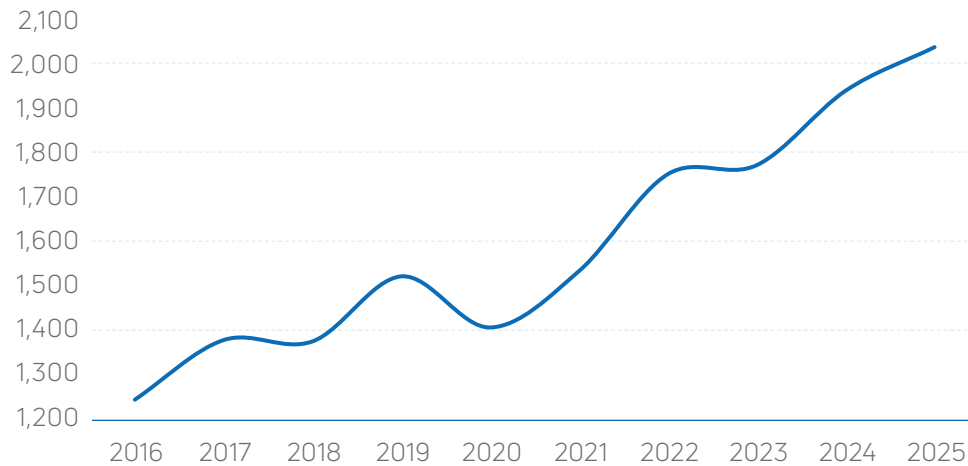
2016 vs 2025  
**+13%**

Source: INE



Moreover, the Madrid region has not only increased the volume of visitors, but has also managed to attract a higher quality tourist profile with more purchasing power. In recent years, the average spend per stay has increased by more than 63%, thus reflecting a substantial improvement in the positioning of the destination towards higher value-added segments, linked to urban, cultural, gastronomic, sports and conference tourism. This qualitative change has a direct impact on the generation of wealth, economic activity and the consolidation of Madrid as an international city.

### Average spending by international tourists



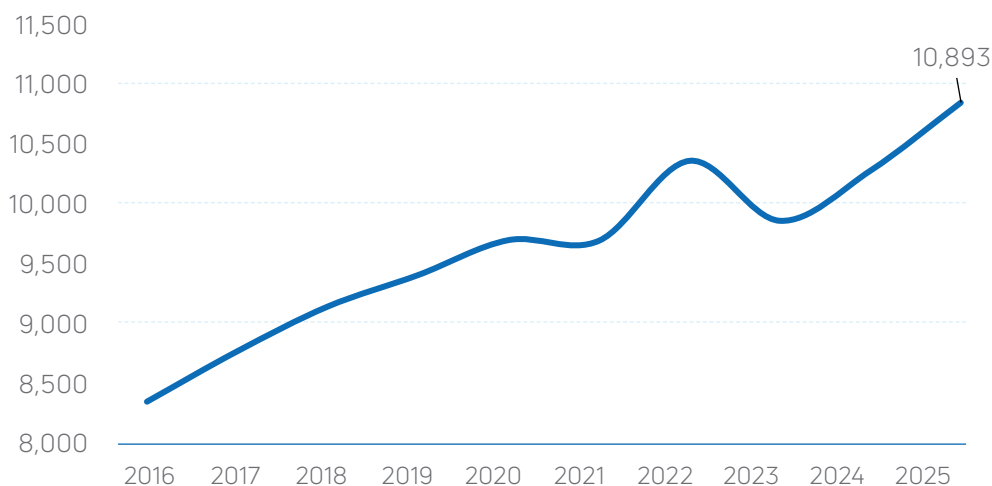
2016 vs 2025  
**+63%**

Source: INE

And all of this is supported by a culinary offer that combines diversity and excellence. The Madrid region has 10,893 catering establishments, which is evidence of the magnitude and diversity of its hospitality sector. In addition, the city of Madrid currently has 32 Michelin-starred restaurants, second only to Paris and London and ahead of the other major European capitals.

### Restaurants and food stalls

Units



2016 vs 2025  
**+29%**

Source: INE



In terms of award-winning establishments, Madrid continues to consolidate its position as an international culinary capital after adding six new Michelin-starred restaurants in the last year, bringing the total to 32 in the 2025 edition of the Michelin Guide.

This growth not only reflects the dynamism and maturity of Madrid's culinary ecosystem, but also the diversification of its offer: from creative and avant-garde haute cuisine to more contemporary and specialised concepts that broaden the city's culinary appeal.

The increase in the number of restaurants recognised by the Michelin Guide:

- Reinforces the Madrid brand as a top-tier culinary destination in Europe.
- Increases its capacity to attract international tourism with high added value.
- Consolidates a competitive and constantly evolving hospitality business sector.
- Contributes to the positioning of the city in international rankings of culinary capitals.

Against a backdrop of strong European competition, the sustained growth in the number of Michelin-starred establishments confirms that Madrid is not only maintaining its relevance, but also continues to gain weight on the international culinary map.

With respect to trade fairs and conferences, in 2025, IFEMA Madrid consolidated its position as one of Europe's leading trade fair and conference operators, reinforcing Madrid's strategic role as an international destination for professional events.

During the year, 96 trade fairs, congresses and major events were held, occupying more than one million square metres of exhibition space. The event attracted more than four million visitors, with a growing presence of international professionals and attendees, as well as thousands of exhibiting companies from many countries.

The programme included:

- International benchmark trade fairs in areas such as agri-food, industry, real estate, energy, technology, mobility and tourism.
- European-wide medical and scientific conferences.
- Business meetings, sectoral forums and corporate conventions.
- Large public events with a high attendance capacity.

The impact of this activity goes beyond the exhibition centre itself. It generates a significant pull effect on the regional economy, especially in the hotel, catering, transport and ancillary services sectors, and confirming Madrid as one of the main European hubs in the Meetings, Incentives, Conferences and Exhibitions (MICE) segment.

In strategic terms, 2025 reaffirmed IFEMA Madrid's role as a key infrastructure for international projection, economic dynamism and attracting investment and talent to the city.

## 3.2 Sports tourism

The Madrid Region has organised more 400 sporting events in 70 municipalities during 2025, once again consolidating its position as a sports reference both in Spain and internationally. This intense calendar of competitions - encompassing both professional and amateur disciplines - reinforces the region's position as a regular venue for major events, boosting economic, tourist and commercial activity in the region as a whole.

One of the major milestones of Madrid's sport calendar is the return of Formula One to the region from 2026, after four decades of absence, with the hosting of the Spanish Grand Prix in Madrid. The event will be promoted



by IFEMA Madrid and is estimated to generate an annual economic impact of 450 million euros and create approximately 10,000 direct jobs.

The incorporation of Formula 1 not only means regaining a sporting event of optimum international projection, but also it also boosts Madrid's strategy as a global capital of major events, with the capacity to attract investment, visitors and international notoriety, consolidating its brand as an open, competitive city with infrastructures ready to host top-tier events.

## Así es el Circuito Ifema Madrid F1

Con la firma del acuerdo, hasta 2035, la F1 volverá a Madrid a partir de 2026 tras 45 años de ausencia.



Source: INE

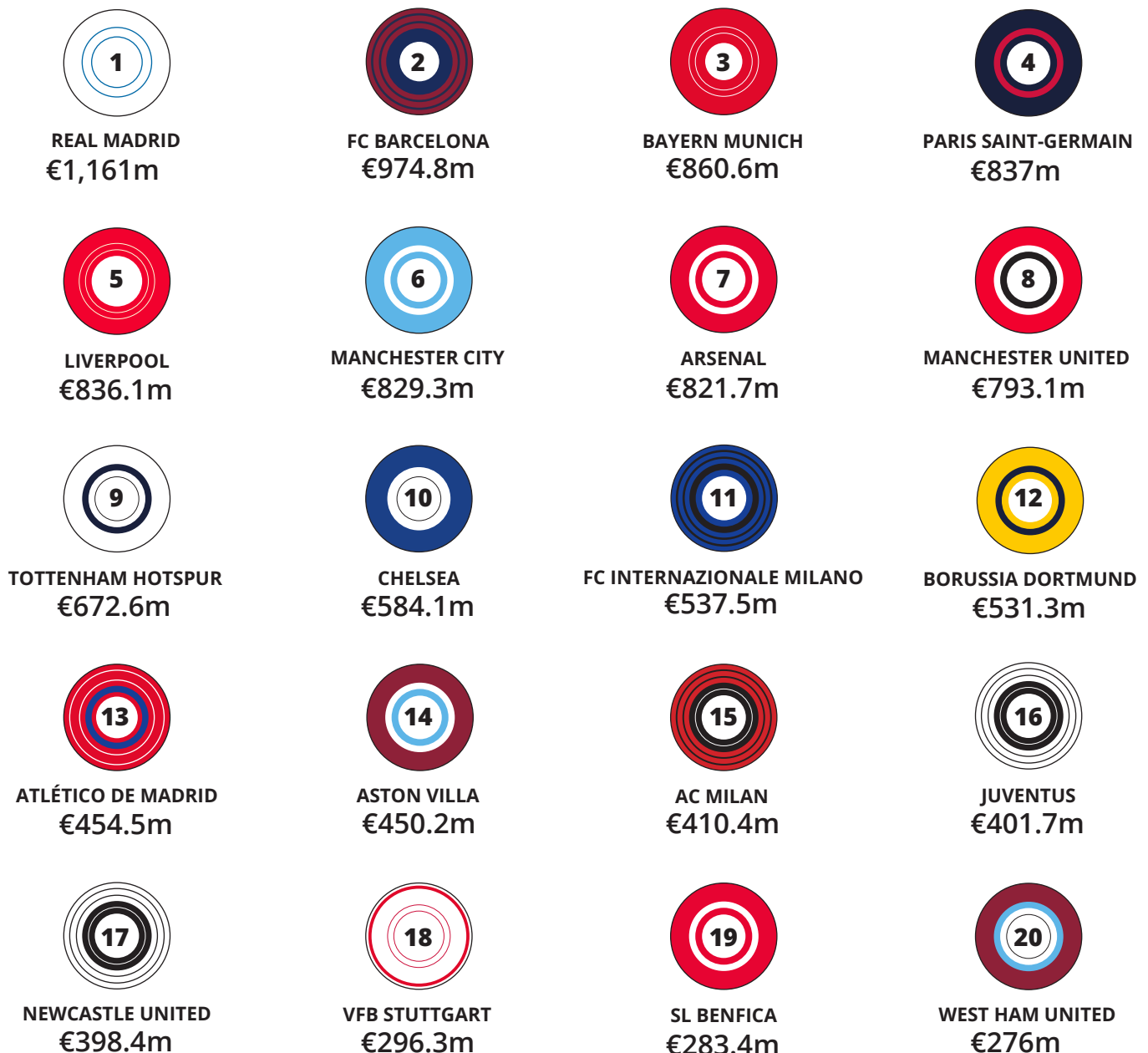


The sporting and cultural events with the greatest economic and media impact in 2025 include the following:

- The Laureus World Sports Awards, of global renown, which generated an estimated impact of 20 million euros.
- Rock 'n' Roll Madrid Marathon, with an economic impact of 41 million euros.
- Premier Padel P1 Madrid, which achieved an estimated advertising return of 25 million euros.
- Movistar Media Marathon, with a contribution of 17 million euros in economic impact.

In addition to these events, there were nearly 130 activities sponsored or promoted by the regional government, in which more than 500,000 citizens participated, generating a significant effect on the social and sporting dynamism of the Madrid region.

And, of course, Madrid has both Real Madrid and Atlético de Madrid which are among the biggest football clubs by revenue according to UEFA.



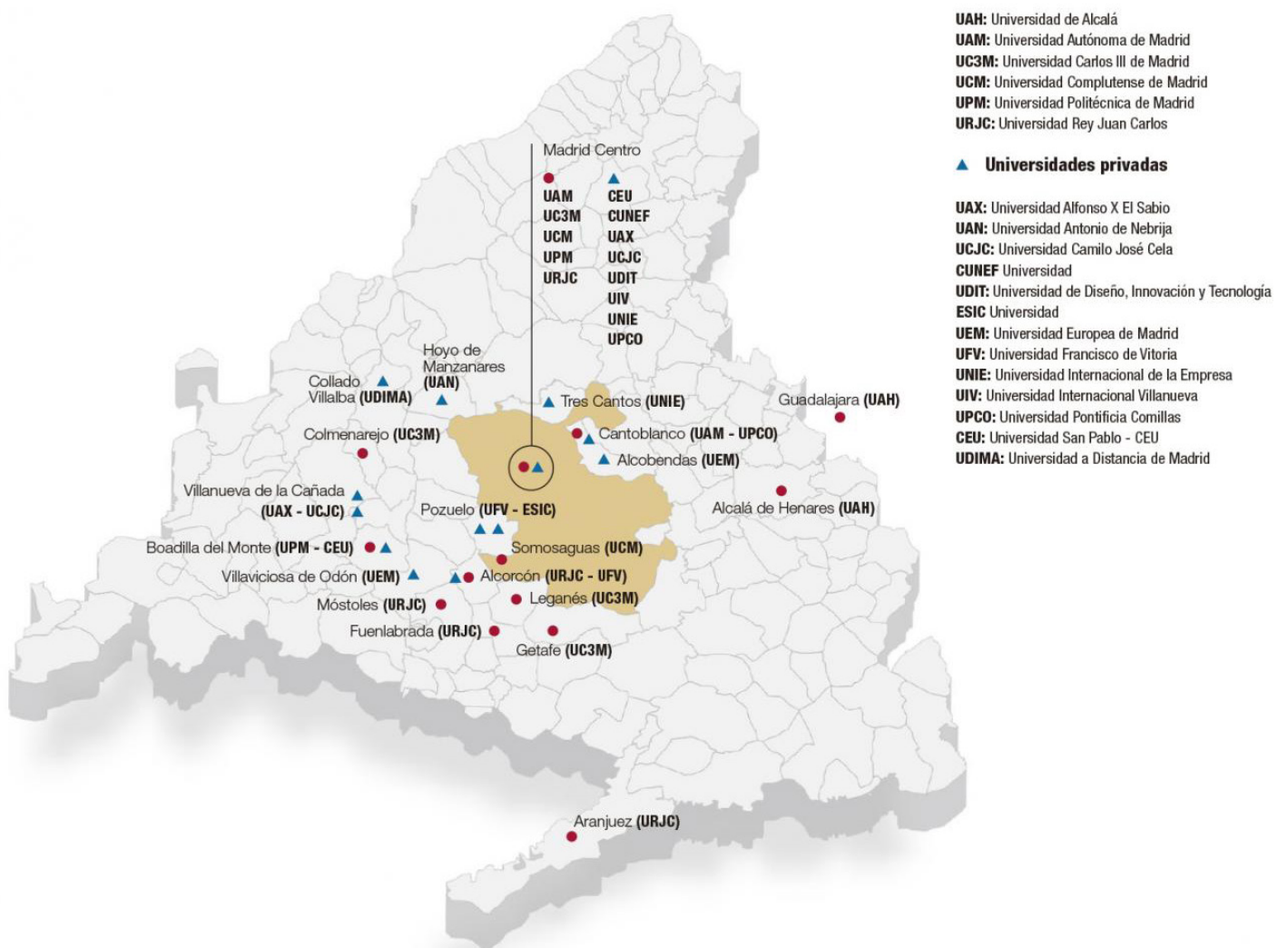
Source: Deloitte Football Money League 2026



### 3.3 Madrid receives students from all over the world

The Madrid region is home to the largest concentration of students in Spain, and among the largest in Europe, including the following in 2024-2025:

- Six public universities: Alcalá, Autónoma, Carlos III, Complutense, Politécnica and Rey Juan Carlos,
- 13 private universities: Alfonso X el Sabio, Antonio de Nebrija, Camilo José Cela, CUNEF Universidad, ESIC Universidad, Europea de Madrid, Francisco de Vitoria, Universidad de Diseño, Innovación y Tecnología (UDIT), Internacional de la Empresa, Internacional Villanueva, San Pablo CEU, UDIMA,
- One of the Catholic Church: Pontificia Comillas,
- and the headquarters of the UNED, which is the largest concentration of students in Spain and one of the largest in Europe.



Source: Madrid region



The number of students enrolled in the region in the academic 2024-2025 was as follows:

|                              | Grade and Course of Study | Master's degree | PhD    | Total   |
|------------------------------|---------------------------|-----------------|--------|---------|
| Social and legal sciences    | 117,973                   | 38,816          | 4,460  | 161,249 |
| Engineering and architecture | 59,735                    | 12,325          | 3,930  | 75,990  |
| Arts and humanities          | 20,668                    | 3,945           | 2,802  | 27,415  |
| Health sciences              | 53,029                    | 8,323           | 4,522  | 65,874  |
| Science                      | 13,328                    | 2,002           | 3,122  | 18,452  |
| Total                        | 264,733                   | 65,411          | 18,836 | 348,980 |
| % ESP                        | 18,7%                     | 20,9%           | 19,3%  | 19,1%   |

Source: Ministry of Science, Education and Universities. 2024-2025 academic year

In total, **348.980 students** are enrolled in these institutions.

A decisive contribution to this huge number of university education in the Madrid region is the large number of students from other autonomous regions and from numerous foreign countries, especially from Latin America and Europe.

There are three main reasons for this influx:

- 1. Academic:** the wide and diversified number of undergraduate and postgraduate degrees and specialisation programmes, together with the prestige and international positioning of Madrid's universities.
- 2. Socio-economic:** the economic dynamism of the region, which accounts for a substantial portion of the country's business activity and advanced services, offering students high expectations of employment and professional advancement.
- 3. Urban and cultural appeal:** Madrid stands out for its intense cultural life, its entertainment, its international connectivity and its recognised status as an open, plural and cosmopolitan city, making it a special space for interaction and academic exchange.

For its part, vocational training (VET) in the Madrid education system - structured in basic, intermediate and higher levels, as well as specialised courses - constitutes a curriculum in clear expansion, oriented towards qualified learning and labour market entry

In the latest academic year with complete data, the number of students enrolled in VET in the region exceeded 167,000 students, which confirms the growing importance of this educational pathway within the Madrid system as a whole and its strategic weight for the qualification of human capital.



# 04

## Transport and Communications

Madrid stands out in Europe for this combination of a special geo-strategic location and a system of infrastructures of international scope that brings together top-tier air, rail, road and digital connections.

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### Air connections

International airport with 86 airlines  
204 destinations in 78 countries

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### Air traffic

68.2 million passengers in 2025 (+3% on 2024)  
3rd leading European airport, 15th airport in the world  
51.3 million international passengers, 16.7 million domestic passengers  
840 tonnes of goods (+9.6% on 2024)

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### Train

57 destinations in Spain via high-speed trains  
283 direct rail destinations  
+3,900km of high speed tracks in service

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### Roads

Centre of a radial system with more than 17,500 km of high-capacity roads

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### Metro

297 km y 303 stations  
The Metro of Madrid is the fifth largest network in the world in number of stations  
2 million users per day (736.8 million in 2025)

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Source: Invest in Madrid and AENA



## Geostrategic location

Located at the heart of the Iberian Peninsula, Madrid is kilometre zero of Spain's extensive transport network and a natural crossroads between Europe, Africa and Latin America. This strategic position, combined with high multi-modal connectivity and solid digital infrastructures, reinforces its attractiveness for companies, technological institutions and international organisations.

The region combines advanced transport, long-term spatial planning and high-capacity digital networks, creating an environment where people, capital and ideas converge with ease and project activity on a global scale.

## Hub airport

Adolfo Suárez Madrid-Barajas Airport is one of Europe's major intercontinental hubs. It connects Madrid with 204 destinations in 78 countries and plays a key role in the flows between Europe and Latin America.

Having hosted 68 million passengers in 2023, thus consolidating its position as the third largest airport in the European Union and the fifteenth largest in the world, it is now facing an expansion with investments of more than 1,600 million euros that will enable it to increase its capacity to 80 million passengers in the coming years.

**86**

**Airlines connecting with  
204 direct destinations  
in 78 countries**

**3<sup>er</sup>**

**Largest airport in the  
European Union,  
15th in the world**

**68**

**Million passengers  
in 2023**

**430,600 take-offs and  
landings**

**840**

**Tonnes of freight  
in 2025**



### Hub of the national overland network

Madrid is the epicentre of a highly competitive radial system of land-based infrastructures. It has one of the most extensive high speed train networks in the world, with more than 3,900 km in operation, with investment plans to expand it further, as well as a powerful high-capacity road network of more than 17,500 km.

Logistics is reinforced by strategic facilities near the airport that optimise the transport of freight, reducing costs, emissions and transit times.

Noteworthy here is Mercamadrid, the second largest fresh food market in the world and the first in Europe, with 222 hectares and more than 800 companies, as well as the Dry Port of Coslada, which provides direct access to the main Spanish ports.

### Telecommunication and data hub of southern Europe

In addition to leadership in physical infrastructures, Madrid enjoys an ever stronger position in the digital arena. Investments in fibre optics, mobile connectivity, neutral traffic exchange points and data centres have made Madrid one of the main digital hubs in southern Europe.

The region is home to key interconnection infrastructures and has established itself as a strategic destination for the cloud regions of large multinational technology companies.

By mid-2025, fibre optic coverage reached 98.8% of households, with almost universal mobile coverage (99.9% in 4G and 97.3% in 5G), making the Madrid region a leader in connectivity and digital transformation.

**49**

**Data centres in the Madrid region**

**85% of Spain**

**216**

**MW of installed capacity**

**2.000**

**MW of estimated installed capacity in the coming years**



# 05

## Housing demand in Madrid region

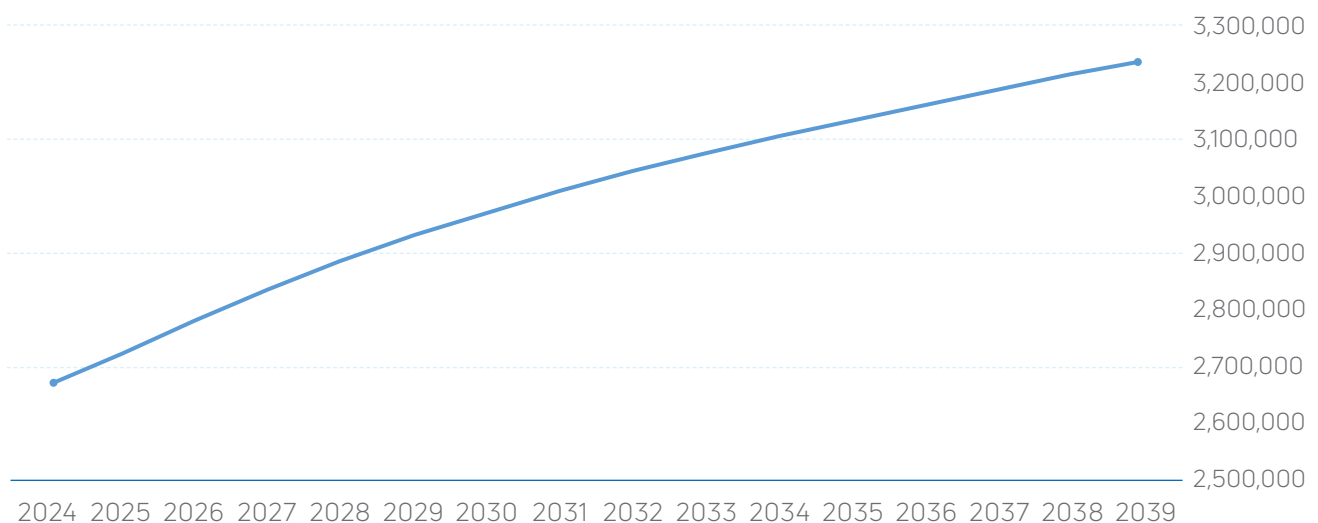
As mentioned above, the dynamism of the Madrid region as the main focus of national growth and generation of opportunities is driving a yearly population increase that came to more than 100,000 in the last year. However, in more than half of these cases, no adequate response is being provided in terms of housing production, revealing a structural and growing gap between residential demand and supply.

The medium-term outlook reinforces this trend. According to the latest estimates of the National Statistics Institute (INE), around 50,000 new households are expected to be created annually in the Madrid region over the next five years.

Against this pace of potential demand generation, actual new housing production in recent years has averaged around 18,000 completed housing units a year.

This quantitative gap - in excess of 30,000 housing units a year - is evidence of a significant imbalance between the generation of new households and the current supply capacity. If uncorrected, this structural divergence will tend to intensify tensions on prices, accessibility and residential mobility, making a substantial and sustained increase in housing production essential, accompanied by measures to facilitate land management, legal certainty and administrative flexibility.

Projections of households. Madrid region



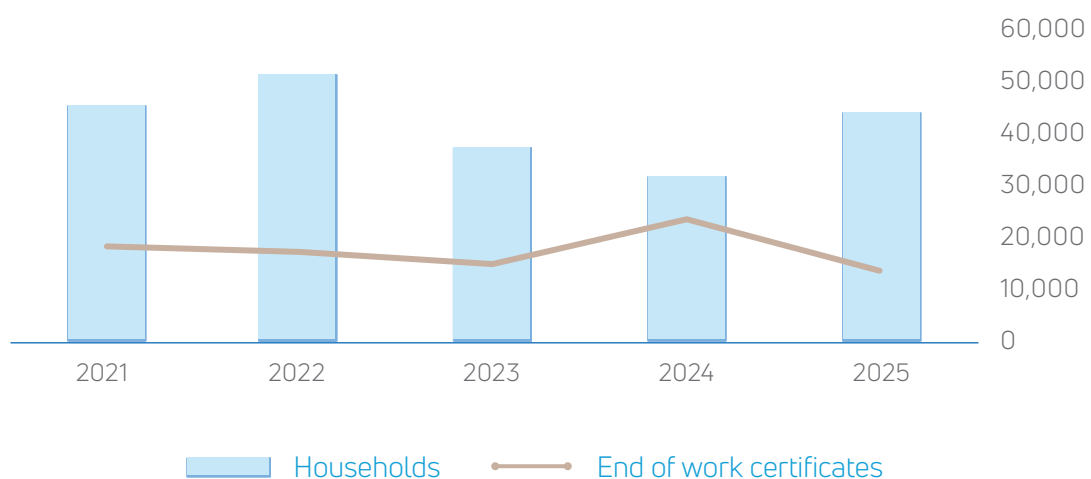
Source: INE



| Madrid region | Total     | New Households |
|---------------|-----------|----------------|
| 2039          | 3,251,492 | 24,932         |
| 2038          | 3,226,560 | 25,958         |
| 2037          | 3,200,602 | 26,988         |
| 2036          | 3,173,614 | 27,829         |
| 2035          | 3,145,785 | 28,782         |
| 2034          | 3,117,003 | 29,915         |
| 2033          | 3,087,088 | 32,143         |
| 2032          | 3,054,945 | 34,578         |
| 2031          | 3,020,367 | 37,572         |
| 2030          | 2,982,795 | 41,790         |
| 2029          | 2,941,005 | 46,634         |
| 2028          | 2,894,371 | 50,345         |
| 2027          | 2,844,026 | 53,830         |
| 2026          | 2,790,196 | 57,004         |

In fact, a construction deficit of more than **118.000 housing units** has accumulated over the last five years, as a result of the sustained gap between the creation of households and the number of housing completions.

Household creation vs end of work certificates. Madrid region



Source: INE and MIVAU



However, population growth is not the only factor to consider. In addition, Spain has one of the lowest youth emancipation rates in Europe. In the case of the Madrid region, data from the Emancipation Observatory for the second half of 2024 show that a very significant proportion of employed young people have been unable to access housing independently.

Specifically, excluding those under 25 and over 34 years of age - an already restrictive criterion compared to other European countries - 63.4% of 25-29 year olds and 29.8% of 30-34 year olds with a job continue to live with their parents. In absolute terms, this means approximately **214,000 young people who are not emancipated** in the region.

#### Employed non-emancipated population (2H 2024)

| Madrid                      | Total   | Emancipation rate | Emancipated youth |
|-----------------------------|---------|-------------------|-------------------|
| Youth population            | 888,180 |                   | 478,349.4         |
| 25-29 years of age          | 432,003 | 36,6%             | 158,113.1         |
| 30-34 years of age          | 456,177 | 70,2%             | 320,236.3         |
| Employed 25-34 years of age | 692,047 |                   |                   |
| Unemancipated employed      | 213,698 |                   |                   |

Source: Emancipation Observatory

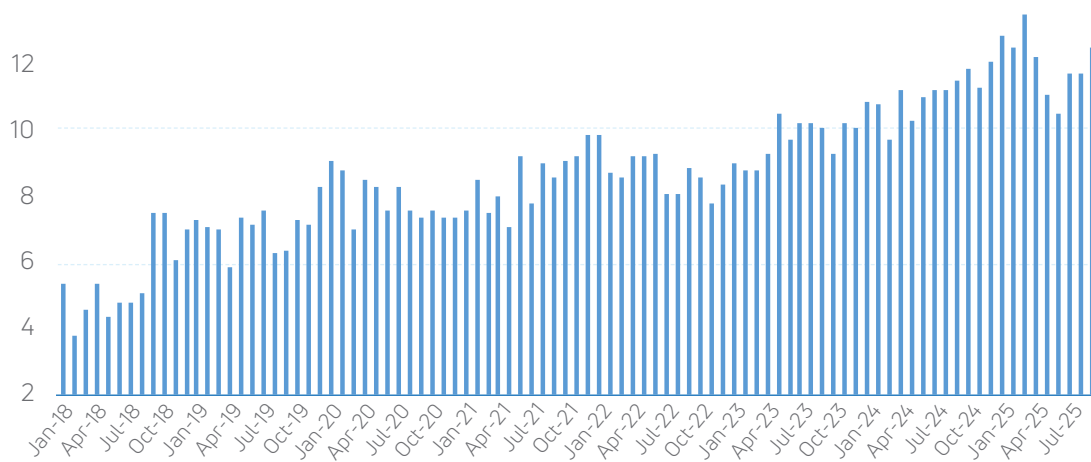


This figure is particularly relevant, since we are not dealing with an unemployed or inactive population, but with employed people who are unable to access housing despite having an income. It is therefore a latent demand with partial economic capacity, but limited by current conditions of entry.

If we add this reality to the accumulated construction deficit estimated at more than 118,000 housing units over the last five years, the potential mismatch between supply and demand may, in a conservative scenario, come to about **218,000 housing units** (118,000 due to the accumulated deficit plus approximately 100,000 derived from the emancipation analysis), compared to a current production that barely comes out to 18,000 housing units a year.

This background explains why home purchase intentions remain at historically high levels, showing that the demand exists, but that there are significant barriers to access.

Purchasing intent within the next year (in % of total)



Source: CIS

Faced with this situation, the various public administrations have begun to adopt measures aimed at facilitating access to housing: these the issuing of public guarantees for the acquisition of housing by solvent households that do not have sufficient savings, the promotion of affordable housing supply through instruments to support the acquisition and development of land and the promotion of public-private partnerships on public land. In this area, more than 12,500 homes have been planned in the Madrid region during the current legislature, of which more than 5,000 have already been delivered under the Plan Vive.



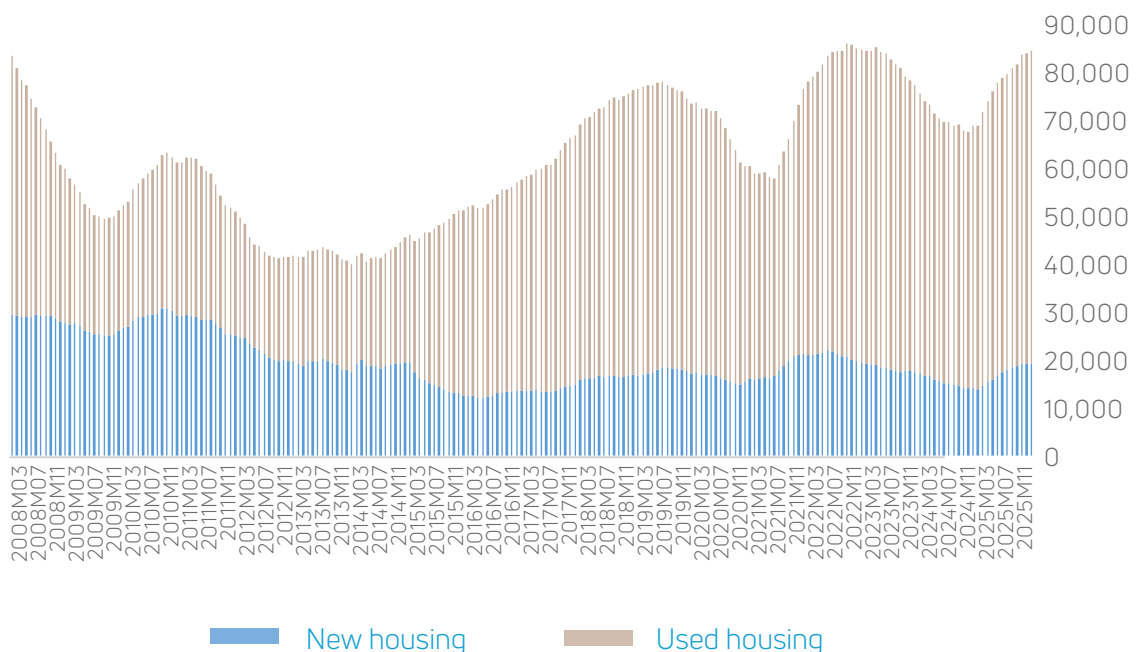
# 06

## Housing supply in the Madrid region

In order to properly understand the Spanish housing market - and, by extension, that of the Madrid region - it is necessary to start from several structural realities relating to supply trends.

First of all, production of new affordable housing has been losing relative weight in total transactions. At the turn of the century, new housing accounted for more than 40% of all sales, whereas today it accounts for barely half of that proportion, according to data from the National Statistics Institute (INE). This shows a growing dependence on the second-hand market and an insufficient replenishment of residential stock.

Housing transactions, Madrid region-Cumulative total of 12 months



Source: INE

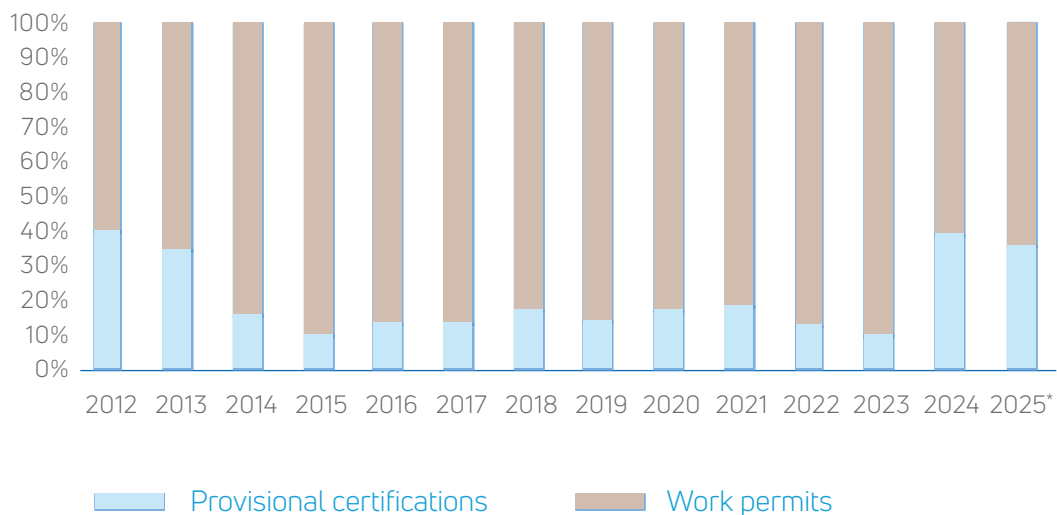




Second, the production of affordable housing has lost significant weight in total new housing, although in recent years - as a result of public-private collaboration processes - the volume of subsidised housing starts and completions has seen a recovery, according to information from the Ministry of Housing and the Urban Agenda (MIVAU).

However, the accumulated decline in relative terms has limited the system's capacity to absorb demand from groups with lower saving capacity and greater difficulties in accessing the residential market.

### Provisional zoning vs work permits

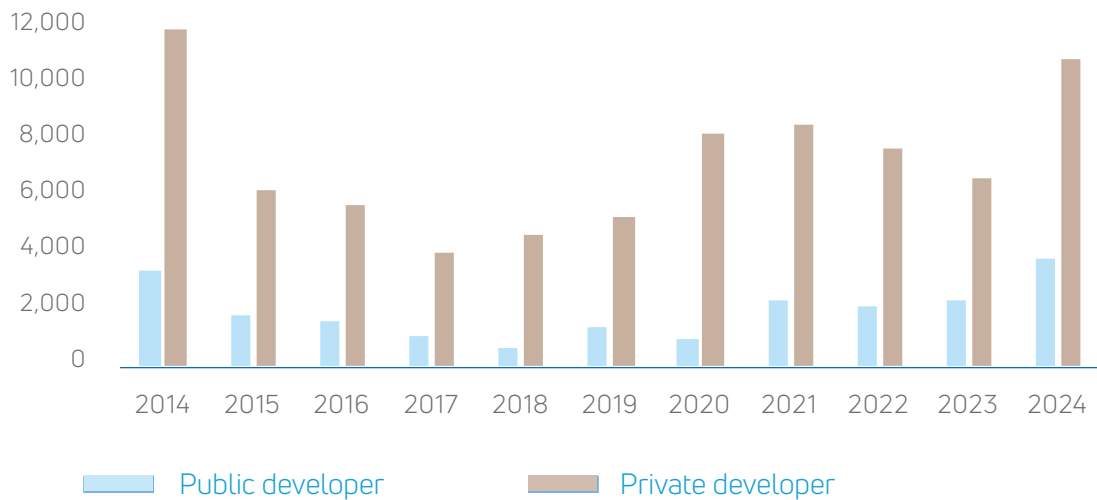


Source: INE



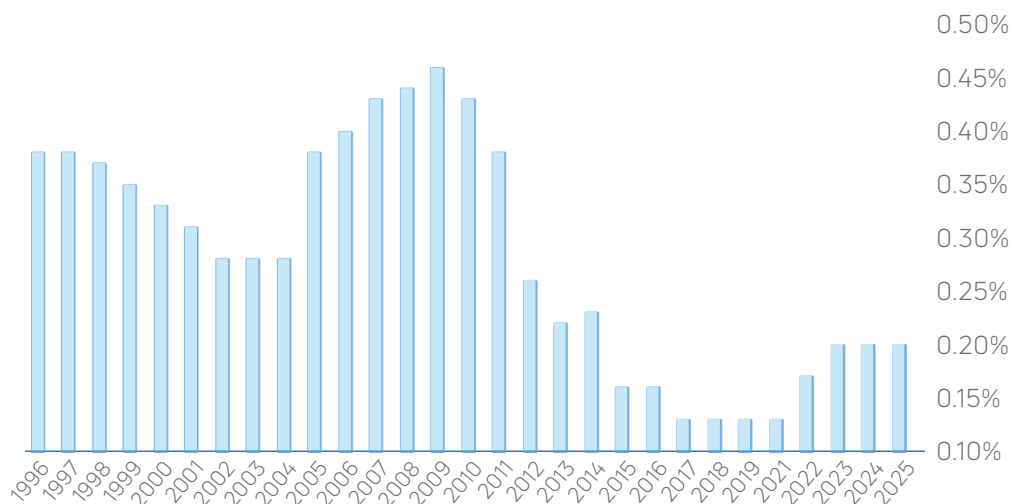
Moreover, it is worth recalling that historically most affordable housing has been developed on private initiative, given that the budgetary resources allocated to this policy have been small in relative terms. In the latest approved budgets, the specific allocation for housing was around 0.2% of total expenditure, which is clearly insufficient to meet the magnitude of the challenge.

Production of subsidised housing Private vs public developer



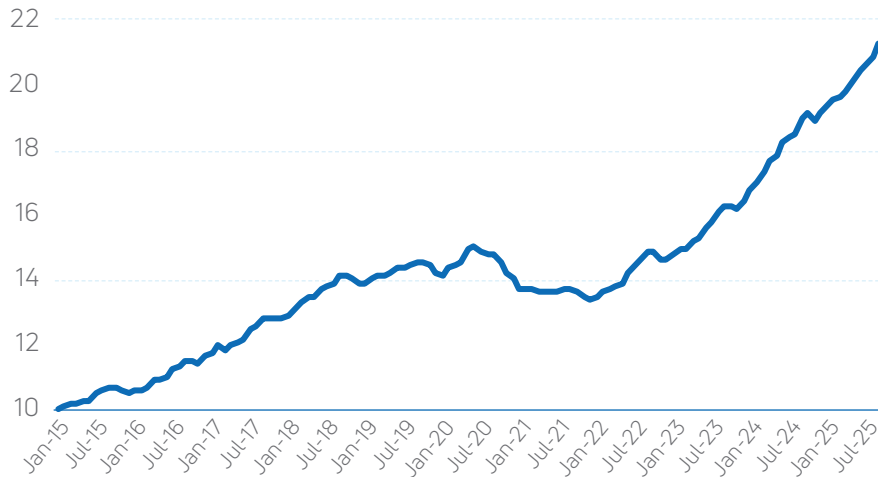
Source: MIVAU

Percentage for housing in state budget (ex MRR)



This lack of affordable supply, together with the lack of previous savings among a significant proportion of young people, not only makes access to property ownership difficult, but also puts pressure on the rental market, raising prices and reducing accessibility. According to data from specialised portals such as Idealista, the sustained increase in rental demand has been accompanied by a significant increase in rents.

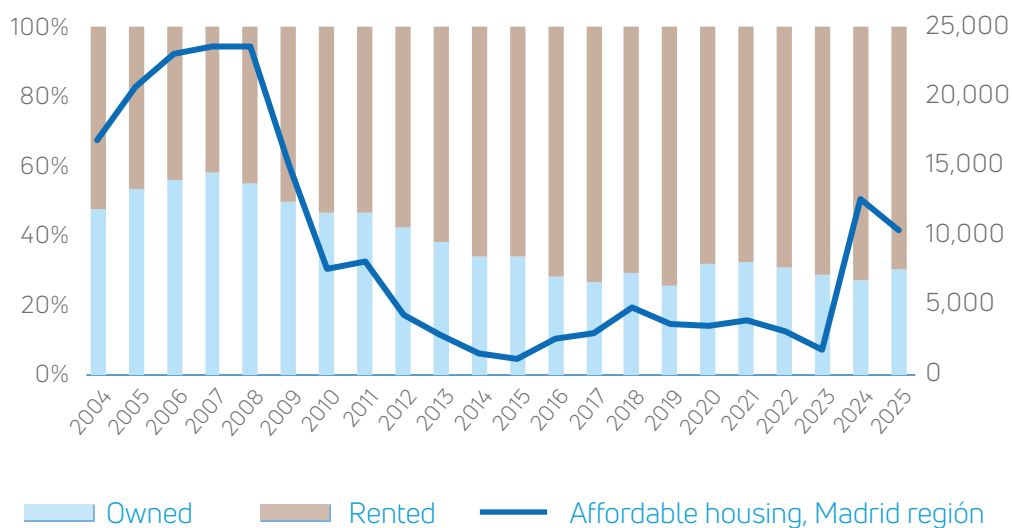
Rental prices €/m<sup>2</sup>. Madrid region



Source: Idealista

In fact, and as expected, the propensity to rent has advanced in parallel to the fall in the production of affordable housing, as reflected in the INE and MIVAU statistics, suggesting a direct relationship between lower affordability and greater pressure on the rental market.

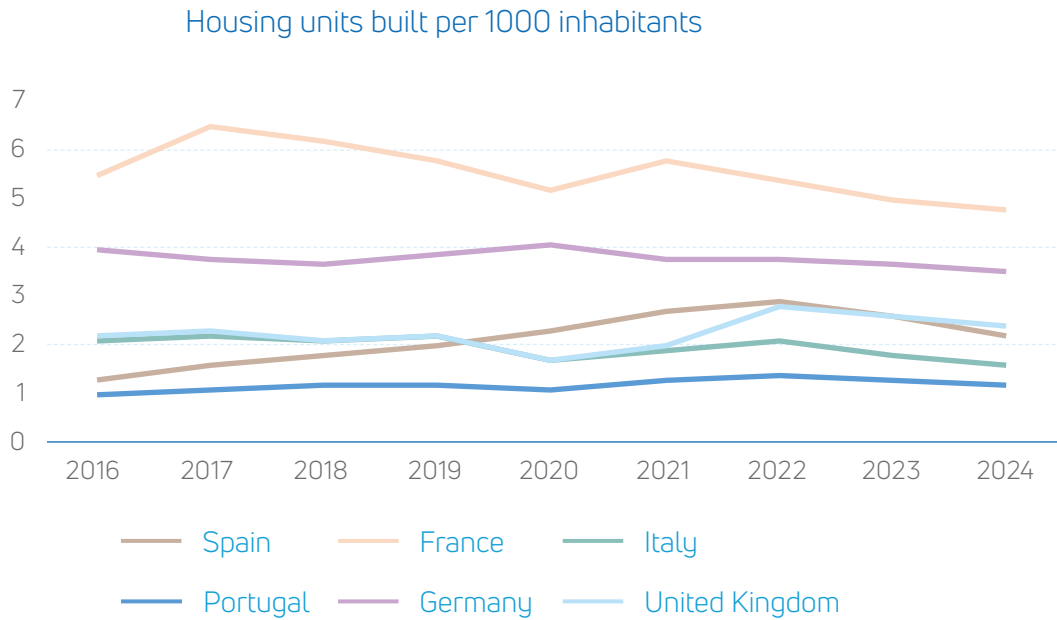
Percentage of rental vs sale (age 16-29) and affordable housing



Source: INE and MIVAU



Lastly, compared with neighbouring countries, the chart shows that Spain has a significantly lower construction intensity - measured in housing units built per 1,000 inhabitants - than the main European economies. This structural gap can also be transferred to the Madrid region, where the rate of production falls short of the necessary levels to match the standards of the major EU regions.

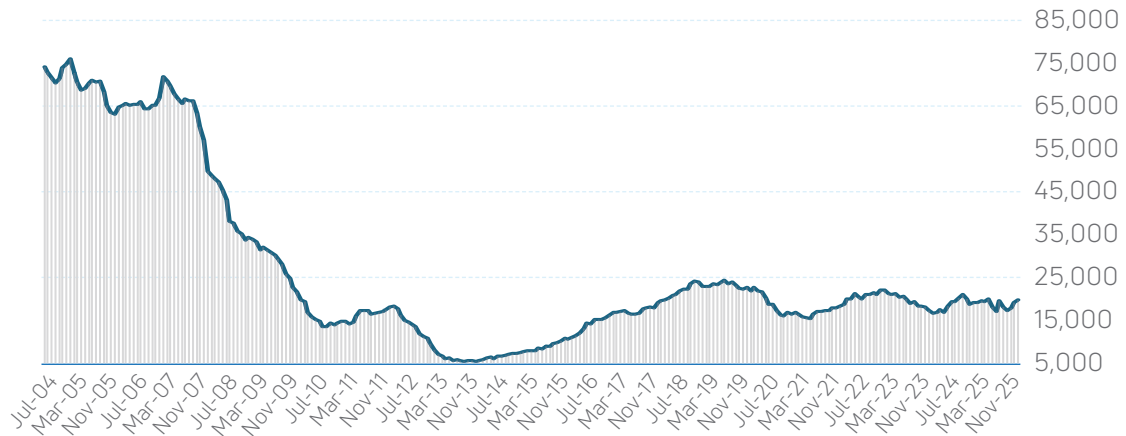


Source: Euroconstruct



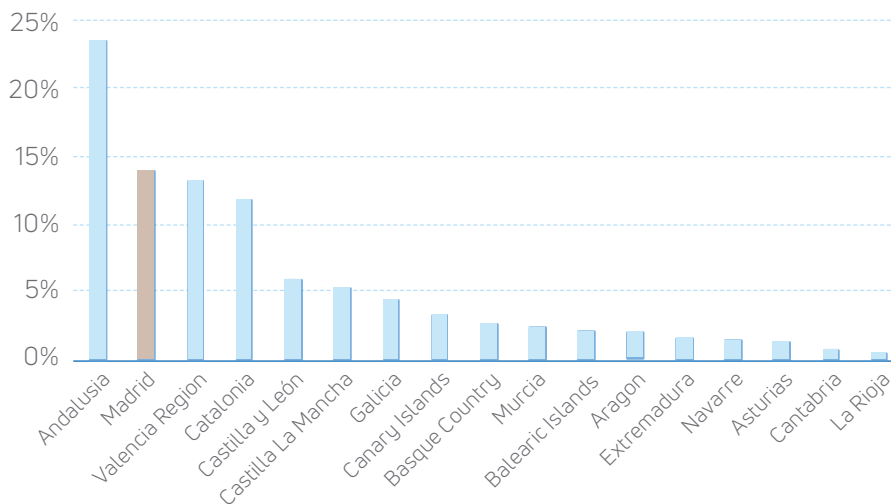
Consequently, given the demographic and economic dynamism discussed in the previous chapter, the current productive capacity is clearly insufficient. Completed housing figures are similar to those recorded in 2010 and 2011, in a radically different demographic and demand context. Although the Madrid region is currently the region with the second largest housing production in Spain -only behind Andalusia-, the absolute volume is still clearly deficient in relation to the structural needs of the market.

### Housing starts. Madrid region



Source: MIVAU

### % work permits out of national total



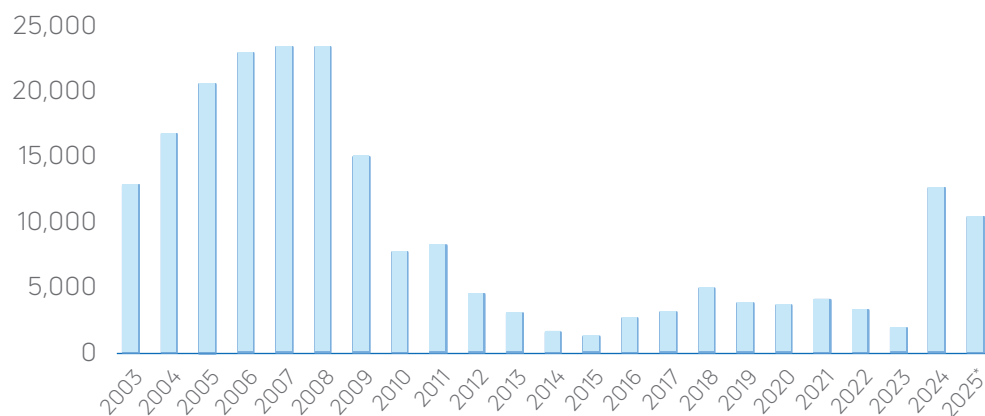
Source: MIVAU



Specific mention should be made of the production of affordable housing, which in the last twelve months has totalled around 10,500 units delivered. This figure was largely driven by the short-term deliveries linked to the Plan Vive, without which the actual volume would have been around half. Despite this isolated upturn, current production remains clearly insufficient in relation to the real needs of the population and to the magnitude of the deficit accumulated in recent years.

However, medium-term prospects point to a gradual improvement of this productive capacity. Estimates put potential production at around 13,000 units a year on average by 2029, supported by several structural vectors: the entry to the market — already taking place— of large pockets of land currently going through the administrative process, the adoption of urban planning flexibility measures aimed at favouring the development of affordable housing -including increases in buildability and density on land allocated to affordable housing- and the updating upwards, by between 25% and 35%, of the maximum prices set by the authorities for this type of development, also establishing annual review mechanisms linked to the CPI, which improves the economic viability of the projects and facilitates their availability.

Affordable housing starts. Madrid region



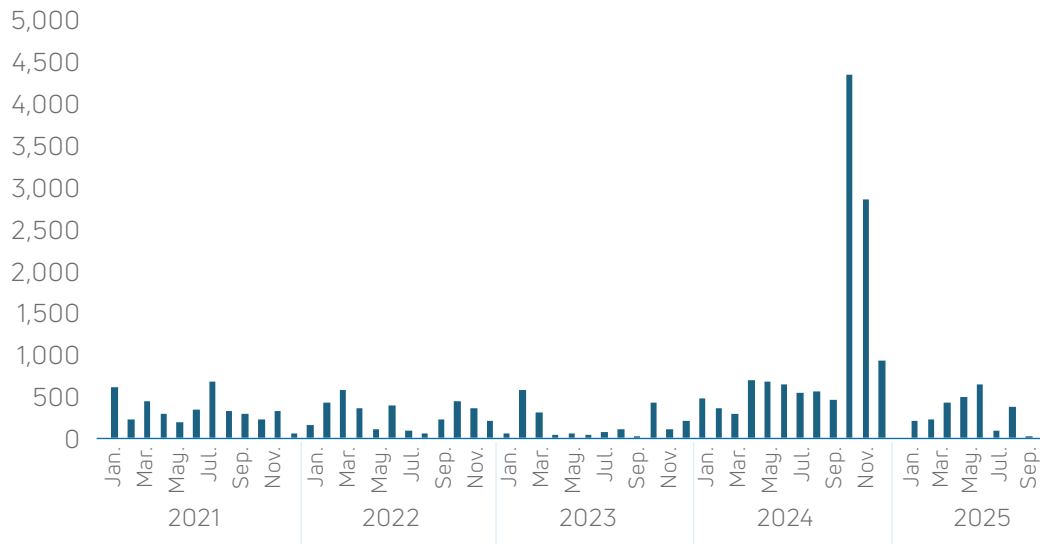
Source: MIVAU



In monthly terms, the figures allow make the trend more visible, which should put us at a production rate of over 1,000 housing units a month to begin in order to approach the necessary levels of balance between supply and demand.

### Provisional zoning, Madrid region

#### Monthly figure



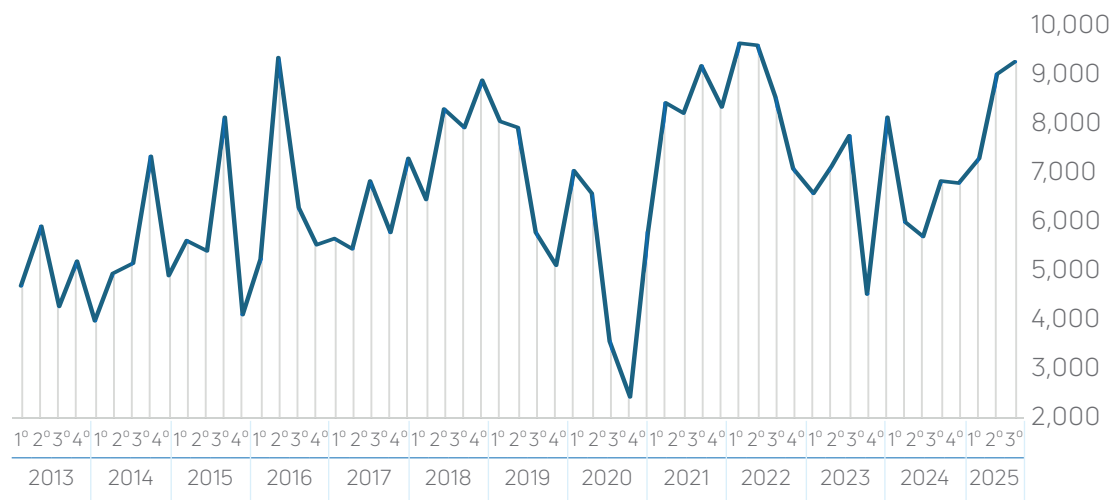
Source: MIVAU



But what is the main cause of this underproduction of housing? The answer lies mainly in the insufficient availability of buildable land, i.e. in the hitherto persistent shortage of the main raw material for the development sector. Without fully buildable land, the productive capacity of the market is structurally limited, irrespective of the strength of demand or the availability of finance.

In fact, the volume of land transferred remains at levels similar to those recorded at the beginning of the decade, when it should be significantly higher to keep pace with population growth and the creation of new homes, according to data from the Ministry of Housing and the Urban Agenda (MIVAU). This gap between the structural needs of the market and the effective availability of land is the main bottleneck in Madrid's residential system.

Land area under processing, national  
Quarterly figures. Thousands of m<sup>2</sup>



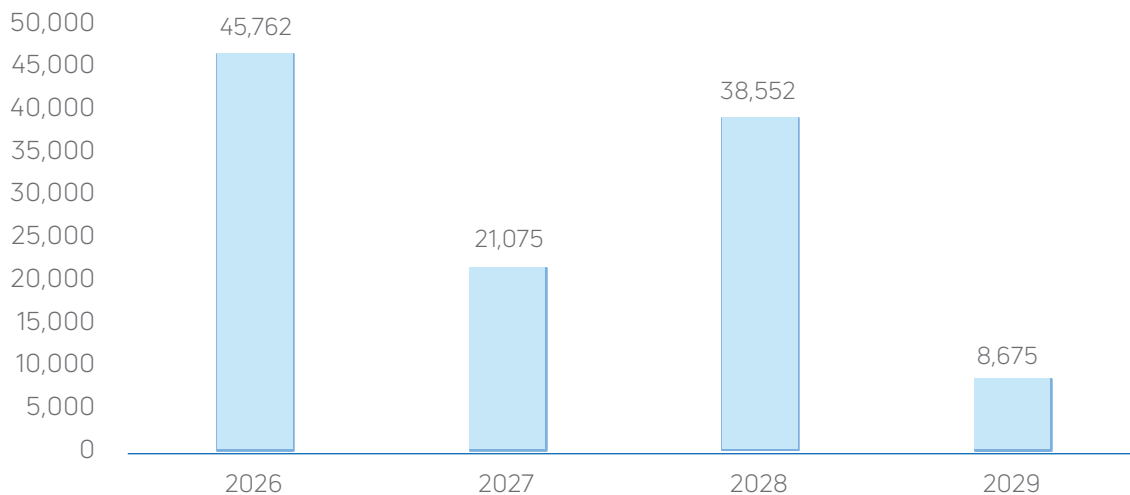
Source: MIVAU



As an indication of this tension in supply, the data provided by our members show that about 90% of the production planned for delivery in 2026 is already sold, and that about 60% for 2027 has been sold. This is a symptom of a market with a very high rate of absorption and little margin of available stock.

Given this scenario, what are the prospects for land availability in the Madrid region? In the short and medium term, and solely in terms of new developments, the availability of urbanised land with the capacity for more than **114,000 housing units** is expected by 2029

Projection of number of housing units eligible to apply for licence



Source: LandCam

Now, can these 114,000 housing units be considered as a solution to the housing shortage? The answer, in the light of the household creation forecasts of the Spanish National Statistics Institute (INE), is clearly no. This volume would cover little more than two years of potential demand, when estimates put the number of housing units needed until 2029 to start restoring market balance at more than 300,000.

This means that, even under the most favourable scenarios for land supply, housing supply will continue to grow at a lower rate than required by structural demand. Accordingly, the market will continue to operate under a situation of relative scarcity, which is likely to keep up the pressure on new house prices as long as there is no sustained quantitative jump in production.

In a broader framework, estimates derived from the LandCam monitoring tool project a scenario of development that, once completed, would generate land with the capacity for almost 369,000 housing units. This residential potential could accommodate more than a million people, mostly concentrated in the south of the region.



| Desarrollo                          | Localización               | Superficie de suelo total (m <sup>2</sup> ) | Proyección de número de viviendas <sup>5</sup> |
|-------------------------------------|----------------------------|---|--|
| Valdecarros                         | Madrid                     | 19,279,691                                  | 51,656   |
| Ensanche Norte                      | Alcorcón                   | 12,300,000                                  | 40,000   |
| Los Berrocales                      | Madrid                     | 8,305,818                                   | 22,285   |
| Nueva Centralidad Este              | Madrid                     | 5,110,044                                   | 20,000   |
| Los Ahijones                        | Madrid                     | 5,762,672                                   | 18,724   |
| Nuevo Brunete                       | Brunete                    | 2,723,086                                   | 17,572   |
| Los Cerros                          | Madrid                     | 4,734,060                                   | 16,624   |
| Cristo de Rivas                     | Rivas-Vaciamadrid          | 2,663,236                                   | 10,740   |
| Campamento                          | Madrid                     | 8,916,568                                   | 10,700   |
| Madrid Nuevo Norte                  | Madrid                     | 3,356,196                                   | 10,500   |
| Valgrande                           | Alcobendas                 | 2,174,160                                   | 8,600  |
| S9 Punctum Millenium                | Pinto                      | 4,229,447                                   | 8,459  |
| MPPGOU PAU 2 SGR Ronda Norte        | Paracuellos de Jarama      | 1,211,983                                   | 7,233  |
| Arpo                                | Pozuelo de Alarcón         | 2,399,640                                   | 5,500  |
| El Molar (SAU-21)                   | El Molar                   | 2,300,000                                   | 5,374  |
| SUS 15                              | Navalcarnero               | 1,461,205                                   | 5,165  |
| Programa de Actuación Urbanística 2 | Paracuellos del Jarama     | 1,835,030                                   | 5,000  |
| Sector 2 Cerro de los Sotos         | Ciempozuelos               | 1,596,621                                   | 4,709  |
| Barrio del Jarama                   | Costlada                   | 758,152                                     | 4,440  |
| Sus R1                              | Móstoles                   | 1,308,680                                   | 4,040  |
| Arco de Poniente                    | Majadahonda                | 1,308,932                                   | 3,710  |
| Cerro del Baile                     | San Sebastián de los Reyes | 1,280,000                                   | 3,664  |
| Retamar de la Huerta                | Alcorcón                   | 1,140,915                                   | 3,503  |
| Sector 3 Asomadilla                 | Ciempozuelos               | 1,073,577                                   | 3,221  |
| Valenoso                            | Boadilla del Monte         | 1,017,443                                   | 3,000  |
| Sector 1 Los Pocillos               | Villanueva de la Cañada    | 1,443,668                                   | 2,975  |
| SUS R2                              | Móstoles                   | 1,010,179                                   | 2,940  |
| Sector 4 Altos de Palomero          | Ciempozuelos               | 954,682                                     | 2,864  |
| Monte de la Villa                   | Villaviciosa de Odón       | 1,352,556                                   | 2,709  |
| SUS PPA Mirador Sur                 | Rivas-Vaciamadrid          | 1,106,384                                   | 2,652  |
| SUS R5                              | Móstoles                   | 1,135,596                                   | 2,352  |
| SUS R3                              | Móstoles                   | 724,528                                     | 2,104  |
| SUS A                               | Meco                       | 668,781                                     | 1,924  |
| PP II 1 Albarreja                   | Fuenlabrada                | 550,116                                     | 1,923  |
| SUS-R4                              | Móstoles                   | 713,811                                     | 1,904  |
| SUP 9 Camino Lavanderas             | Colmenar Viejo             | 566,124                                     | 1,781  |
| El Postiguillo                      | Valdemoro                  | 346,274                                     | 1,780  |
| Sector 3-1 El Castillo              | Villanueva de la Cañada    | 886,146                                     | 1,773  |
| SUS C                               | Meco                       | 581,704                                     | 1,745  |
| Sector R 10N Majuelo Norte          | Valdemoro                  | 587,525                                     | 1,712  |
| Aldovea                             | Torrejón de Ardoz          | 365,558                                     | 1,688  |
| Sector R 10S Majuelo Sur            | Valdemoro                  | 209,970                                     | 1,622  |

<sup>5</sup> En los desarrollos pertenecientes al municipio de Madrid, la fuente utilizada es el Visor Urbanístico del propio Ayuntamiento.



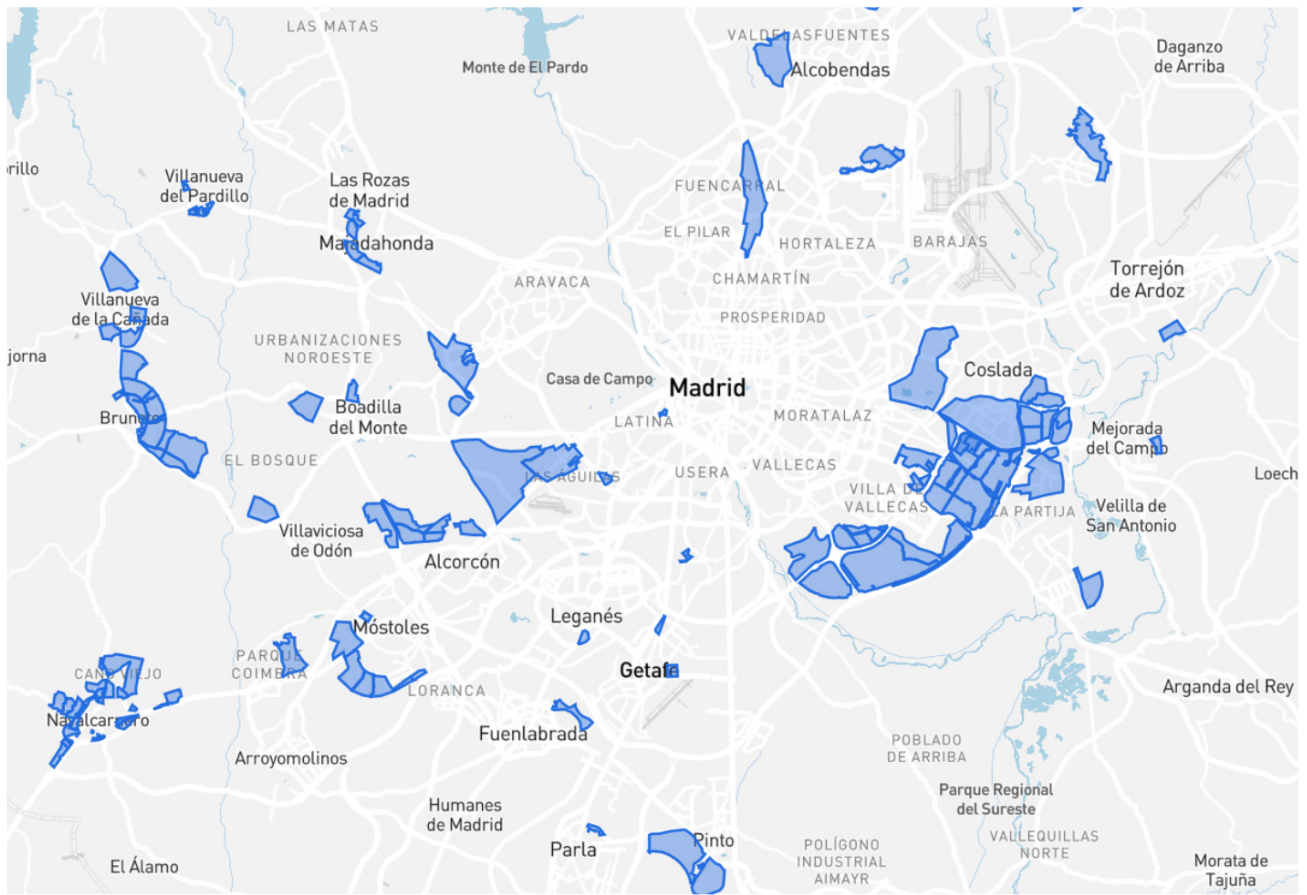
| Desarrollo                         | Localización            | Superficie de suelo total (m <sup>2</sup> ) | Proyección de número de viviendas <sup>5</sup> |
|------------------------------------|-------------------------|---|--|
| Getafe (ACAR)                      | Getafe                  | 220,300                                     | 1,450  |
| Solana de Valdebebas               | Madrid                  | 1,096,164                                   | 1,393  |
| Sector R11 Los Yesares             | Valdemoro               | 316,611                                     | 1,300  |
| Sector 3 Salomón                   | Fuente el Saz           | 550,116                                     | 1,296  |
| Sector 1 Mocatelares               | Fuente el Saz           | 1,266                                       | 1,266  |
| AA.04 Puerta de Getafe             | Getafe                  | 145,644                                     | 1,175  |
| PAU 4                              | Navalcarnero            | 350,266                                     | 1,099  |
| Sector R-9S Zanjas Sur             | Valdemoro               | 207,955                                     | 1,082  |
| Montegancedo                       | Pozuelo de Alarcón      | 688,470                                     | 1,050  |
| SUNC-4 Granada-Corte Inglés        | Móstoles                | 94,348                                      | 1,000  |
| SUS D                              | Meco                    | 307,447                                     | 922  |
| Pau 2 Pozos Viejos                 | Navalcarnero            | 285,357                                     | 915  |
| Bosch La Garena                    | Alcalá de Henares       | 86,241                                      | 913  |
| PAU 3                              | Navalcarnero            | 302,378                                     | 904  |
| AA 6 Prado-Estacion                | Valdemoro               | 149,033                                     | 903  |
| Puerta de Fuenlabrada              | Leganés                 | 163,948                                     | 852  |
| SAU 1                              | San Lorenzo el Escorial | 274,561                                     | 824  |
| El Encinar                         | Boadilla del Monte      | 800   |  |
| Huerta Grande                      | Pozuelo de Alarcón      | 285,142                                     | 776  |
| Sector II-6 Caño Viejo             | Navalcarnero            | 216,037                                     | 764  |
| Sector 7 Valle de San Sebastian    | Valdemoro               | 169,168                                     | 748  |
| Sector II 11 La Candelaria         | Navalcarnero            | 269,965                                     | 679  |
| Cárcel de Carabanchel              | Madrid                  | 172,144                                     | 652  |
| S7 El Olivar Grande                | Mejorada del Campo      | 209,628                                     | 629  |
| Sector II - 1 Los Manzanos         | Navalcarnero            | 292,061                                     | 626  |
| Arroyo del Arcipreste              | Majadahonda             | 363,660                                     | 618  |
| AR 20 Huerto del Parrito           | Majadahonda             | 372,698                                     | 527  |
| Sector II-7 Cuesta de Pajares      | Navalcarnero            | 170,813                                     | 519  |
| AA 7 Camino de las Salinas         | Valdemoro               | 92,604                                      | 514  |
| Sector I-10                        | Navalcarnero            | 336,726                                     | 505  |
| Ermita del Santo                   | Madrid                  | 44,149                                      | 503  |
| UE 9 Fabregas                      | Ciempozuelos            | 99,231                                      | 496  |
| PAU 1 El mingó                     | Navalcarnero            | 367,907                                     | 480  |
| AR 19 Valle de la mina             | Majadahonda             | 355,511                                     | 476  |
| La Carrascosa                      | Alcobendas              | 92,681                                      | 450  |
| sector II-9 San Cosme y San Damian | Navalcarnero            | 181,178                                     | 440  |
| Arroyo Butarque                    | Madrid                  | 90,997                                      | 439  |
| Cerca de Tejera                    | Colmenar Viejo          | 242,462                                     | 430  |
| Sector 2 Paeque                    | Fuente el Saz           | 217,719                                     | 426  |
| Sector II - 2 El Señorío           | Navalcarnero            | 135,308                                     | 419  |
| UE 10                              | Ciempozuelos            | 81,689                                      | 408  |
| SUS B                              | Meco                    | 127,838                                     | 384  |
| Sector 5 Dehesa de los Panes       | Guadarrama              | 87,483                                      | 370  |
| Sector II 5 Barrio San Anton       | Navalcarnero            | 108,609                                     | 359  |



| Desarrollo                         | Localización            | Superficie de suelo total (m <sup>2</sup> ) | Proyección de número de viviendas <sup>5</sup> |
|------------------------------------|-------------------------|---|--|
| SAU 3 La Estacion                  | Cobeña                  | 160,647                                     | 337  |
| AR 22 La Carravieja                | Majadahonda             | 239,700                                     | 322  |
| Novacimpozuelos                    | Ciempozuelos, Madrid    | 100,000                                     | 300  |
| Suz II 8                           | Villanueva del Pardillo | 104,928                                     | 300  |
| SUP 5 Las Amapolas                 | Colmenar Viejo          | 161,289                                     | 296  |
| API 02                             | Fuente el Saz           | 126,291                                     | 296  |
| Sector 5 Nemesionos                | Fuente el Saz           | 128,507                                     | 293  |
| Sector I-5                         | Navalcarnero            | 127,678                                     | 290  |
| Sector 3-2 El Castillo             | Villanueva de la Cañada | 419,256                                     | 280  |
| Suz II 5                           | Villanueva del Pardillo | 68,567                                      | 240  |
| Sector 4 Mostrenca                 | Fuente el Saz           | 116,384                                     | 229  |
| Sector 1.3 Prado Manzano           | Collado Villalba        | 51,941                                      | 216  |
| Suz II 7                           | Villanueva del Pardillo | 83,543                                      | 210  |
| Suz II 2                           | Villanueva del Pardillo | 62,352                                      | 204  |
| SAU 19                             | El Molar                | 98,158                                      | 202  |
| Sector 6 Portero                   | Fuente el Saz           | 101,265                                     | 200  |
| Prado Redondo Sur                  | Ciempozuelos            | 90,060                                      | 198  |
| Sector II 3 San Sebastian          | Navalcarnero            | 112,067                                     | 188  |
| Suz II 6                           | Villanueva del Pardillo | 50,261                                      | 182  |
| Sector II 4 Buenavista             | Navalcarnero            | 68,684                                      | 176  |
| PP2 Buena Vista                    | Parla                   | 147,391                                     | 165  |
| Sector I-6 Acceso Sevilla la Nueva | Navalcarnero            | 57,013                                      | 139  |
|                                    |                         | <b>124,550,253</b>                          | <b>368,911</b>                                 |

Source: LandCam





Source: LandCam

We will now analyse some of the most significant developments that are expected to be executed in the short and medium term. These correspond to sectors with planning already approved -or close to being approved- and some of them are currently in the phase of simultaneous urban development and building works, which allows construction to begin in certain stages while urban development work progresses in others.

The municipality of Madrid contains the largest pockets of residential land in Europe, with capacity for approximately 120,000 housing units and an estimated population of 360,000 inhabitants. These are areas whose planning began at the beginning of the century and which, after passing through the various administrative and judicial phases, are now in a position to move towards their building materialisation.

The main developments are as follows:



## 6.1 Los Berrocales

Los Berrocales is located in the southeast of Madrid, specifically in the district of Vicálvaro, between Ensanche de Vallecas and Santa Eugenia, at Km. 11.250 of the A-3 motorway between Madrid and Valencia.

The area is bounded by the M-50 to the east, Metro line 9 to the north, the A-3 to the south and the M-45 to the west, which gives it a strategic position and high accessibility both by road and public transport (metro and bus). It is therefore one of the best connected developments in the south-east of the capital.

The full development envisages the execution of **22,285 housing units**. In terms of progress, Phase I already has developments licensed on several plots, out of a planned total of 4,431 housing units. Both this phase and Stage III, with 5,386 homes planned, have already been urbanised, which allows for the simultaneous construction to progress and accelerate the incorporation of new supply into the Madrid residential market.

### Phase 1

Market-price residential: 14 plots  
Residencial PL: 8 plots  
Residencial VPO: 24 plots

### Phase 2

Market-price residential: 32 plots  
Residencial PL: 30 plots  
Residencial VPO: 4 plots

### Phase 3

Market-price residential: 46 plots  
Residencial PL: 14 plots  
Residencial VPO: 14 plots

### Phase 6

Market-price residential: 58 plots  
Residencial PL: 50 plots  
Residencial VPO: 20 plots



Source: LandCam



| Development                                       | Los Berrocales   |
|---|--|
| Location  | Madrid   |
| Enlace a Maps                                     |  |
| Total land area (m <sup>2</sup> )                 | 8,305,818  |
| Green areas (m <sup>2</sup> )                     | 2,147,996  |
| Total residential use land area (m <sup>2</sup> ) | 5,063,354  |
| Total tertiary use land area (m <sup>2</sup> )    | 455,411  |
| Total industrial use land area (m <sup>2</sup> )  | 639,057  |
| Estimated residential units                       | 22,285   |
| Estimated population                              | 66,855   |
| Public protection                                 | 50%  |
| Years to completion                               | No data  |
| Current status                                    | Phase 1 urbanisation completed and more than 1,250 homes under construction; first key handovers expected in early 2026. Phase 3 with simultaneity application and works in progress |
| Number of phases                                  | 6  |
| Phase I   | 4,431 housing units + 92,800m <sup>2</sup> industrial + 18,075 tertiary  |
| Phase II  | 5,431 housing units  |
| Phase III   | 5,386 housing units + 4,667m <sup>2</sup> industrial + 15,193m <sup>2</sup> tertiary   |
| Phase IV  | 890 housing units  |
| Phase V   | 930 housing units  |
| Phase VI  | 5,217 housing units  |
| Phase VII   | n.a  |
| Phase VIII  | n.a  |

Source: LandCam

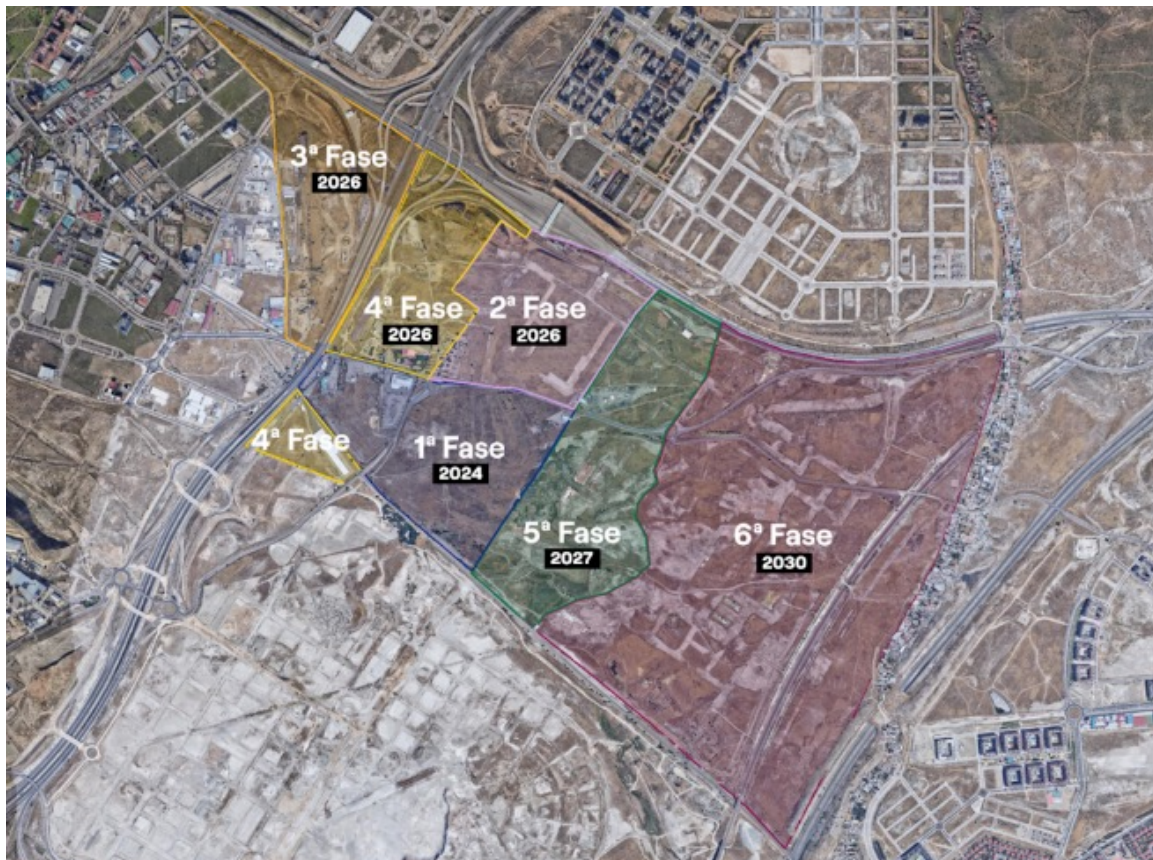


## 6.2 Los Ahijones

Los Ahijones is located in the south-east of Madrid and is bounded by the M-45, M-50 and Radial 3 motorways and the Metro lines that run above ground.

The area has direct access from the M-45 and the M-823, a connection with El Cañaveral via the Gran Vía del Sureste and three parallel collector roads, with Los Berrocales via the same Gran Vía del Sureste and four additional collector roads, and with Vicálvaro via the Vicálvaro Industrial Estate, which gives it high accessibility and urban continuity with neighbouring developments.

The development is planned to have a total of **18,724 housing units**. With regard to its state of execution, the City Council has granted simultaneity in Stage I, which allows construction to begin while the urban development work progresses. In this first phase, 3,132 housing units are planned, and the first developments have already begun to be built.



Source: LandCam



| Development                                       | Los Ahijones   |
|---|--|
| Location  | Madrid   |
| Total land area (m <sup>2</sup> )                 | 5,700,000  |
| Green areas (m <sup>2</sup> )                     | 1,000,000  |
| Total residential use land area (m <sup>2</sup> ) | 4,438,310  |
| Total tertiary use land area (m <sup>2</sup> )    | 111,020  |
| Total industrial use land area (m <sup>2</sup> )  | 150,670  |
| Estimated residential units                       | 18,724   |
| Estimated population                              | 56,172   |
| Public protection                                 | 58%  |
| Years to completion                               | 10   |
| Current status                                    | Phase I: urban development works, first developments under construction      |
| Number of phases                                  | 5  |
| Phase I   | 3,132 housing units + 172,000m <sup>2</sup> buildable area economic activity |
| Phase II  | 4,245 housing units + 95,000m <sup>2</sup> buildable area economic activity  |
| Phase III + IV                                    | 284,000m <sup>2</sup> buildable area economic activity                       |
| Phase V   | 4,441 housing units + 183,000m <sup>2</sup> buildable area economic activity |
| Phase VI  | 6,906 housing units + 59,000m <sup>2</sup> buildable area economic activity  |

Source: LandCam



## 6.3 Valdecarros

Valdecarros is located in the southeast of Madrid and is crossed by the M-31, M-45 and M-50 high-capacity roads, as well as bordering the A-3, which allows a direct connection of its roads with these strategic infrastructures.

The Gran Vía del Sureste also runs through the area, a key municipal artery that will connect the different developments of the Southeast Strategy parallel to the M-45, thus reinforcing urban continuity and internal connectivity.

This is the largest development in terms of both surface area - approximately 19 million m<sup>2</sup> - and residential capacity, with **51,656 housing units planned**. Phase I is currently in the final administrative stages, with the aim of making urban land available to developers in 2026 for the construction of 2,580 housing units, which will allow construction of the first developments to begin in the short term.



Source: LandCam



| Development                                       | Valdecarros  |
|---|--|
| Location  | Madrid   |
| Total land area (m <sup>2</sup> )                 | 19,000,000   |
| Green areas (m <sup>2</sup> )                     | 7,000,000  |
| Total residential use land area (m <sup>2</sup> ) | 11,536,000   |
| Total tertiary use land area (m <sup>2</sup> )    | 464,000  |
| Total industrial use land area (m <sup>2</sup> )  | 0  |
| Estimated residential units                       | 51,656   |
| Estimated population                              | 154,968  |
| Public protection                                 | 55%  |
| Years to completion                               | 18   |
| Current status                                    | Phase I: town development works  |
| Number of phases                                  | 8  |
| Phase I   | 2,580 housing units + 116,666m <sup>2</sup> industrial + 1,800m <sup>2</sup> retail  |
| Phase II  | 4,607 housing units + 21,632m <sup>2</sup> office space + 7,500m <sup>2</sup> office space                                 |
| Phase III   | 6,184 housing units + 33,883m <sup>2</sup> industrial + 30,014m <sup>2</sup> office space + 40,702m <sup>2</sup> retail    |
| Phase IV  | 2,663 housing units + 75,400m <sup>2</sup> retail  |
| Phase V   | 2,611 housing units + 875,072m <sup>2</sup> industrial + 1,200m <sup>2</sup> retail  |
| Phase VI  | 20,384 housing units + 524,548m <sup>2</sup> industrial + 53,770m <sup>2</sup> office space + 245,007m <sup>2</sup> retail |
| Phase VII   | 2,052,281m <sup>2</sup>  |
| Phase VIII  | 12,627 housing units + 149,251m <sup>2</sup> industrial + 588,915m <sup>2</sup> office space + 89,479m <sup>2</sup> retail |

Source: LandCam



## 6.4 Los Cerros

Los Cerros is located between El Cañaveral, Coslada, San Fernando de Henares and Rivas-Vaciamadrid, within the district of Vicálvaro, in the municipality of Madrid. It has direct access from the M-45, the M-203 and the M-206, as well as connection with the R-3 motorway, which gives it high metropolitan accessibility.

Urbanisation work is currently under way on Phase I, which comprises 4,175 housing units. The development is planned to have a total of **13,691 housing units**, consolidating itself as one of the strategic areas of Madrid's south-east axis.

### Phase 1

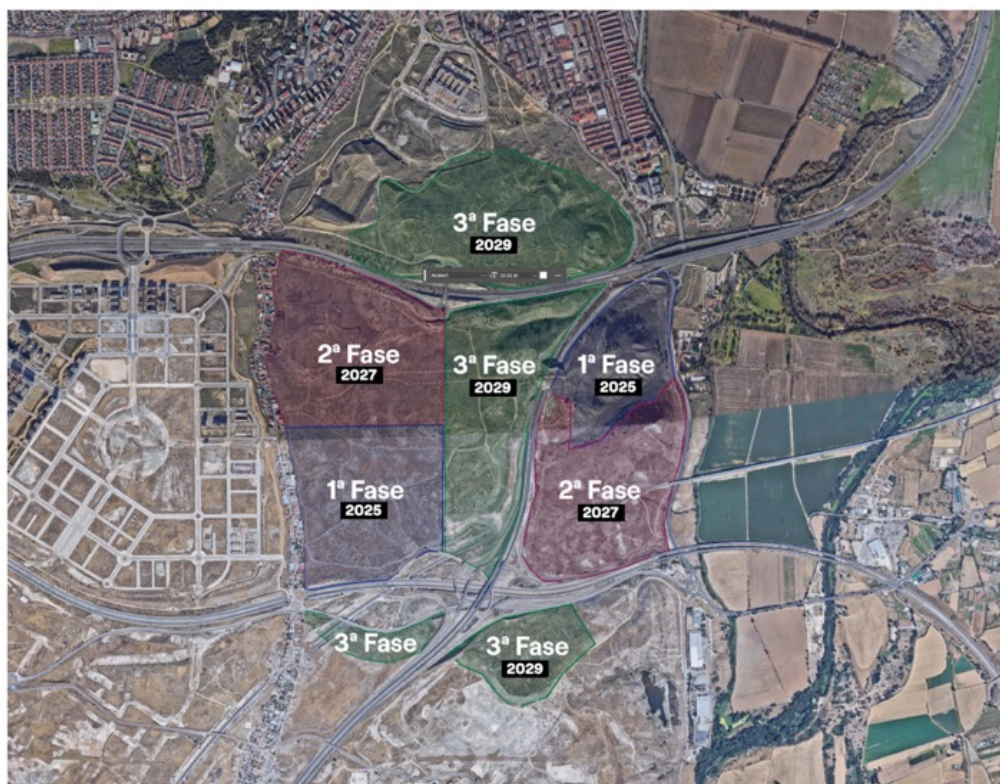
Market-price residential: 5 plots  
Residencial PL: 2 plots  
Residencial VPO: 9 plots

### Phase 2

Market-price residential: 11 plots  
Residencial PL: 12 plots

### Phase 3

Market-price residential: 7 plots  
Residencial PL: 5 plots  
Residencial VPO: 4 plots



Source: LandCam



| Development                                       | Los Cerros  |
|---|---|
| Location  | Madrid  |
| Total land area (m <sup>2</sup> )                 | 4,742,122   |
| Green areas (m <sup>2</sup> )                     | 1,589,659   |
| Total residential use land area (m <sup>2</sup> ) | 2,601,813   |
| Total tertiary use land area (m <sup>2</sup> )    | 550,650   |
| Total industrial use land area (m <sup>2</sup> )  | 0   |
| Estimated residential units                       | 16,324  |
| Estimated population                              | 48,972  |
| Public protection                                 | 50%   |
| Years to completion                               | 5   |
| Current status                                    | Urban development of Phase 1 is over 65% complete and Phase 2 has begun. Re-parcelling Project approved to start the first buildings in the next few months |
| Number of phases                                  | 3   |
| Phase I   | 4,175 housing units   |
| Phase II  | 6,368 housing units   |
| Phase III   | 3,148 housing units   |

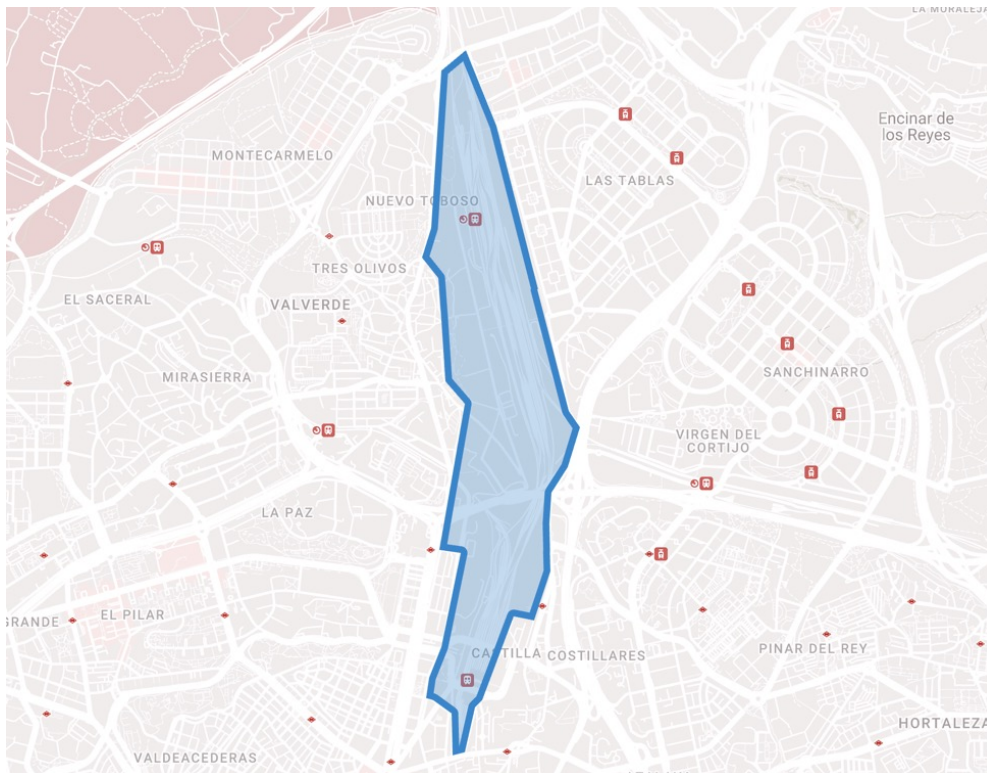
Source: LandCam



## 6.5 Castellana Norte District

Madrid Nuevo Norte, located in a strategic position within the city of Madrid, is finalising the procedures prior to its entry into the development phase, scheduled for next year, with the first buildable plots available in 2028.

The development is planned to have an approximate total of comprises **10,500 housing units** and it stands out as one of the largest urban interventions in Europe, with work on a 5.6 km-long strip of land. The project integrates a marked character of new urban centrality, as an authentic “city” of Madrid that will combine residential, tertiary and service uses, and will redefine the northern axis of the capital.



Source: LandCam





## Development

## Madrid Nuevo Norte

|   |   |
|---|---|
| Location  | Madrid  |
| Total land area (m <sup>2</sup> )                 | 3,356,196   |
| Green areas (m <sup>2</sup> )                     | 400,000   |
| Total residential use land area (m <sup>2</sup> ) | 1,347,418   |
| Total tertiary use land area (m <sup>2</sup> )    | 1,608,778   |
| Total industrial use land area (m <sup>2</sup> )  | 0   |
| Estimated residential units                       | 10,500  |
| Estimated population                              | 31,500  |
| Public protection                                 | 38%   |
| Years to completion                               | 27  |
| Current status                                    | PGOU modification approved. Compensation Board constituted in 2025; initial approval of the Urbanisation Project for the first area (Las Tablas Oeste). Start of urban development works planned for the first half of 2026, with building overlap in 2027. |
| Number of phases                                  | 3   |

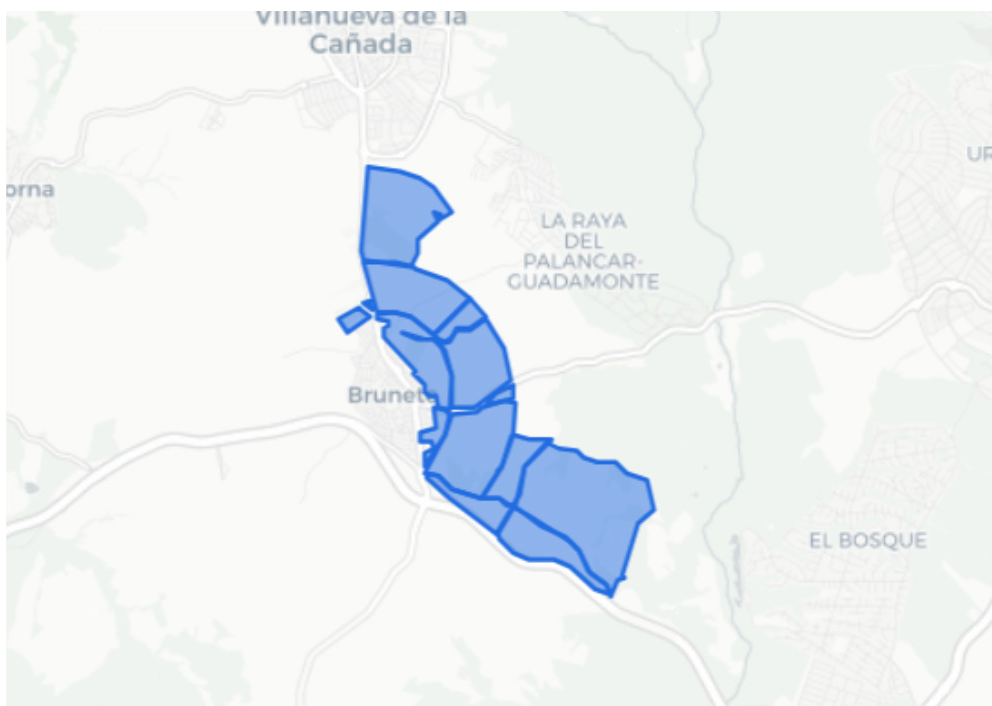
Source: LandCam

In addition to the areas located within the municipality of Madrid, large-scale, high-capacity residential developments are ongoing in various municipalities in the metropolitan area, including the following:



## 6.6 Nuevo Brunete

The development of Nuevo Brunete, promoted by the City Council of Brunete, is one of the largest residential growth projects planned in the southwest of the Madrid region. The project is a response to the need to increase the supply of housing in a municipality with growing demand and good metropolitan accessibility. The planning envisages the construction of approximately 17,572 new housing units, comprising a large-scale expansion that will reinforce the residential positioning of the municipality. The project incorporates reserves for public facilities, green areas and installations, with an orderly growth model, integrated into the existing urban environment and connected to the main road axes of the southwest area.



Source: LandCam



| Development                                    | Brunete   |
|--|---|
| Location                                       | Brunete   |
| Total land area (m <sup>2</sup> )              | 2,723,086   |
| Green areas (m <sup>2</sup> )                  | 0   |
| Residential area (m <sup>2</sup> )             | 0   |
| Total tertiary use land area (m <sup>2</sup> ) | 0   |
| Industrial area (m <sup>2</sup> )              | 0   |
| Remaining residential units                    | 17,572  |
| Estimated population                           | 52,716  |
| Public protection (%)                          | 28  |
| Current status                                 | Approved re-parcelling of key sectors: SR-5 "Ensanche Sur" (development works started in 2025) and SR-1 "Primera Corona" approved in 2025. Urban development Project for the SR-2 "El Olivar" sector also approved. |
| Number of phases                               | 8   |
| Phase 1  | 2,696 housing units   |
| Phase 2  | 2,861 housing units   |
| Phase 3  | 2,092 housing units   |
| Phase 4  | 2,481 housing units   |
| Phase 5  | 2,696 housing units   |
| Phase 6  | 980 housing units   |
| Phase 7  | 1,980 housing units   |
| Phase 8  | 2,016 housing units   |

Source: LandCam



## 6.7 Retamar de la Huerta

The Retamar de la Huerta development, located in the municipality of Alcorcón, represents one of the main areas of residential expansion in the southwest of metropolitan Madrid. With a surface area of approximately 114 hectares, the project plans for the building of around 3,503 housing units, a significant portion will be for housing with some form of subsidy, thus contributing to increasing the residential supply in an environment of high demand pressure. The planning defines a neighbourhood model of moderate density, with large green areas, public facilities and adequate road connectivity - near the M-50 and the M-506 - as a strategic action to strengthen the balanced growth of the municipality.



| Development                                    | Retamar de la Huerta  |
|--|---|
| Location                                       | Alcorcón  |
| Total land area (m <sup>2</sup> )              | 1,140,915   |
| Green areas (m <sup>2</sup> )                  | 306,133   |
| Residential area (m <sup>2</sup> )             | 393,384   |
| Total tertiary use land area (m <sup>2</sup> ) | 0   |
| Industrial area (m <sup>2</sup> )              | 0   |
| Remaining residential units                    | 3,503   |
| Estimated population                           | 10,509  |
| Public protection (%)                          | 32  |
| Years to completion                            | 4   |
| Current status                                 | Special infrastructure plan approved.<br>Start of works in 2025 |
| Number of phases                               | 2   |
| Phase I  | 3.503 housing units   |

Source: LandCam



## 6.8 Valgrande

The Valgrand development, located in the municipality of Alcobendas, represents one of the main areas of residential expansion in the north of the Madrid metropolitan area. This is a strategic sector due to its location, its connectivity with the A-1 and its proximity to significant consolidated business centres.

The area has an approximate surface area of 2.17 million m<sup>2</sup> and an estimated capacity for the development of around **8,600 housing units**, with a significant proportion of subsidised housing. Its planning responds to criteria of urban sustainability, landscape integration and a balance between residential uses, public services and green areas.

Valgrande is therefore one of the main pockets of residential land in the north of the metropolitan area, with the capacity to absorb a significant part of the structural demand from both local households and workers of the surrounding business parks.



Source: LandCam



| Development                                    | Valgrande  |
|--|--|
| Location                                       | Alcobendas   |
| Total land area (m <sup>2</sup> )              | 2,174,160  |
| Green areas (m <sup>2</sup> )                  | 600,000  |
| Residential area (m <sup>2</sup> )             | 878,334  |
| Total tertiary use land area (m <sup>2</sup> ) | 20,136   |
| Industrial area (m <sup>2</sup> )              | 0  |
| Remaining residential units                    | 8,600  |
| Estimated population                           | 25,800   |
| Public protection (%)                          | 55   |
| Years to completion                            | 10   |
| Current status                                 | Partial Plan (Sector S-1 Alcobendas) finally approved in November 2025, after overcoming legal challenges. Redevelopment project under way |
| Number of phases                               | 1  |
| Phase 1  | 8,600  |

Source: LandCam

In short, the developments described above represent just a sample of the urban transformation underway, with magnitudes well above the average recorded over the last fifteen years. The processing of a new Land Law (LIDER) with greater flexibility, together with the measures already approved by various city councils to reinforce administrative flexibility, will foreseeably contribute to accelerate the availability of new areas and increase the volume of production.

However, in light of the macroeconomic estimates for the Madrid region and the population and household creation projections, supply is expected to continue to lag behind demand, especially in the affordable housing segment. This sustained imbalance between need and production creates a scenario of high absorption and market potential, which represents a clear opportunity for investment and residential development in the region.



# 07

## Investment opportunities the time is now

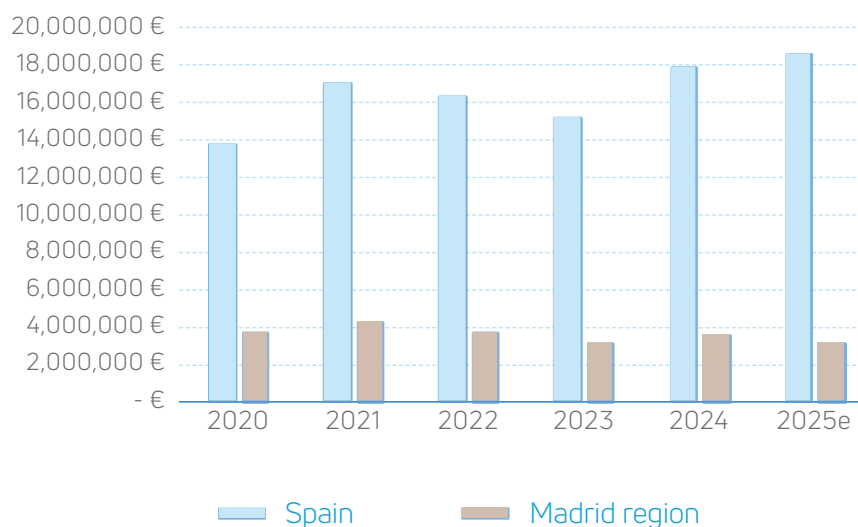
Having made an overall analysis of the trend in demand and the current supply capacity, and taking into account that the Madrid region has the largest stock of urban land under development in Europe, it is necessary to make a rigorous estimate of the investment required to bring all of these areas into use.

This exercise will not only allow for calculating the scale of the necessary financial effort, but also to adequately plan the pace of implementation, the needs for infrastructures and associated services and the public-private coordination essential for its effective development.

### 7.1 Investment needs for new construction

#### 7.1.1 Initial data

Business volume, market-price housing



#### Business volume, market-price housing

|                | 2021         | 2022         | 2023         | 2024         | 2025         |
|----------------|--------------|--------------|--------------|--------------|--------------|
| Spain          | 16,880,325 € | 16,229,221 € | 15,075,006 € | 17,768,174 € | 18,514,349 € |
| Madrid region  | 4,159,229 €  | 3,625,217 €  | 3,051,106 €  | 3,524,624 €  | 3,114,178 €  |
| %Madrid región | 25%          | 22%          | 20%          | 20%          | 17%          |

Thousands of euros

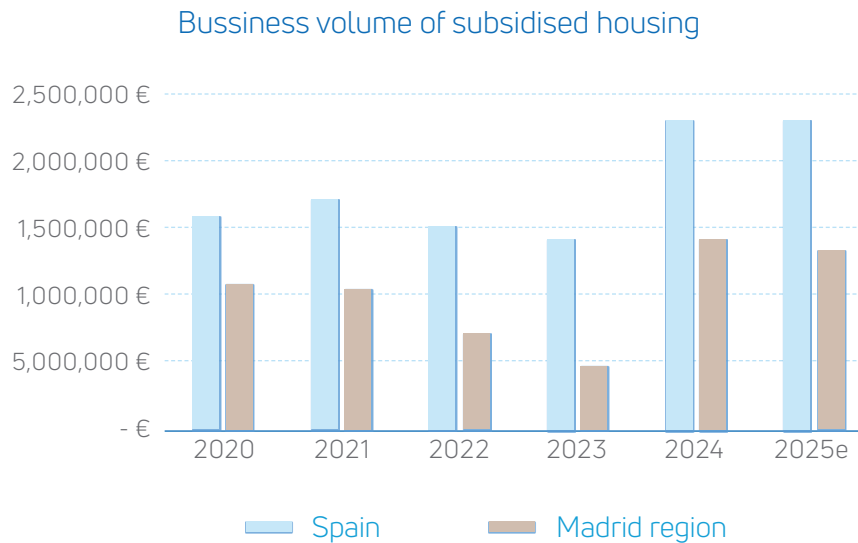


According to data from the Ministry of Housing and Urban Agenda (MIVAU), the business volume associated with the production of new market-price housing in the last five years stands in a range between 15.075 billion euros - with its lowest value in 2023 - and the more than 18.500 billion euros recorded last year.

If we focus the analysis on the Madrid region, business volume has ranged from 3.051 billion euros (2023) to just over 4.1 billion euros in 2021, a year in which it accounted for approximately 25% of the national total.

This relative weight, however, has been gradually decreasing in recent years. This trend is expected to start to reverse with the commissioning of the developments in the southeast - already in the licence application process - as well as other areas that will reach this phase in the short term, once again reinforcing the Madrid region's contribution to the national residential market as a whole.

However, there are no like-for-like official data that allow for estimating the business volume of affordable housing with the same degree of precision. For this reason, ASPRIMA has made its own estimate, consisting of multiplying the average price of an affordable home by the number of definitive qualifications granted, both nationally and in the Community of Madrid. This methodology makes it possible to approximate the economic volume associated with this segment, although we are aware of the limitations arising from the lack of consolidated official statistics..



#### Business volume in affordable housing

|                | 2021        | 2022        | 2023        | 2024        | 2025        |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Spain          | 1,681,071 € | 1,518,764 € | 1,398,180 € | 2,731,065 € | 2,720,803 € |
| Madrid región  | 1,031,029 € | 712,714 €   | 456,704 €   | 1,375,459 € | 1,309,246 € |
| %Madrid región | 61%         | 47%         | 33%         | 50%         | 48%         |

Thousands of euros

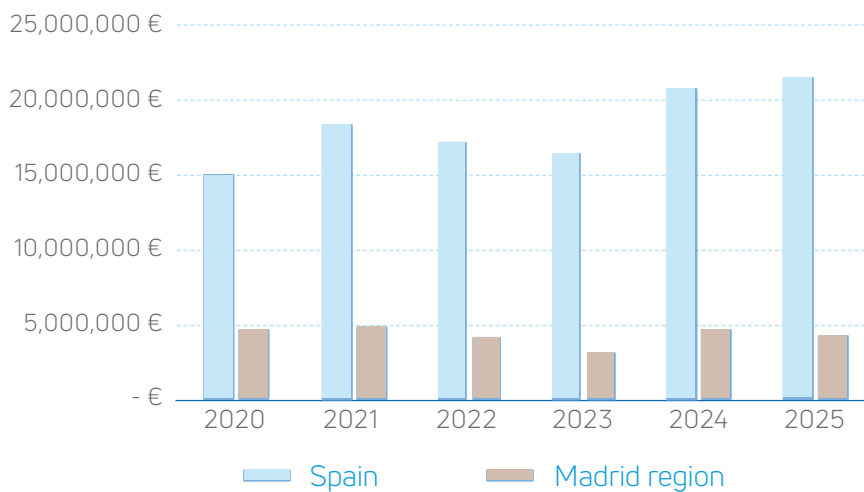


As can be seen, the weight of the Madrid region in the national total continues to be quite significant, despite the reduction in volume in recent years, fundamentally as a result of the scarcity of land for development, a limitation that has only recently begun to be overcome.

The data also reflect a sharp decline in the production of affordable housing in the region. This drop is largely explained by the fact that until 2024 construction costs exceeded the maximum allowable selling price, making many developments unviable. This circumstance not only significantly reduced regional production, but also had an impact on the national figure, given Madrid's high weight in this segment.

Once this mismatch is overcome by updating the price order, a gradual and significant revival of affordable housing production can be expected in the coming years, with a resulting pull effect at both regional and national level.

Total business volume market-price housing + affordable housing



Total business volume market-price housing + affordable housing

|                | 2021         | 2022         | 2023         | 2024         | 2025         |
|----------------|--------------|--------------|--------------|--------------|--------------|
| Spain          | 18,561,396 € | 17,747,985 € | 16,473,186 € | 20,499,239 € | 21,235,152 € |
| Madrid región  | 5,190,258 €  | 4,337,931 €  | 3,507,810 €  | 4,900,083 €  | 4,423,424 €  |
| %Madrid región | 28%          | 24%          | 21%          | 24%          | 21%          |

Thousands of euros



## 7.1.2 Housing investment projections for the period 2025-2028

Our business volume forecasts for the next few years for both affordable and market-price market housing, both nationally and in the Madrid region, are as follows:

- **In affordable housing**, as detailed below, the growth in investment required in the Madrid region will be particularly strong, driven by three main factors:

1. **The activation of subsidised housing** -up to 50% of the buildable area - in the new areas under development, which will significantly increase production volumes.

2. **The revision of maximum sale prices**, following the approval of the new price order, which has allowed them to be brought into line with real construction costs and restore the economic viability of the developments.

3. **The introduction of regulations aimed at increasing production in this segment**, such as Law 3/2024, which allows for a change of use from office tertiary to residential subsidised housing. This instrument will soon be extended by the future Law on urgent measures to increase the supply of publicly subsidised housing, extending the changes of **use to tertiary accommodation and private facilities**, and also incorporating measures to **increase buildability (10%) and density (20%)**.

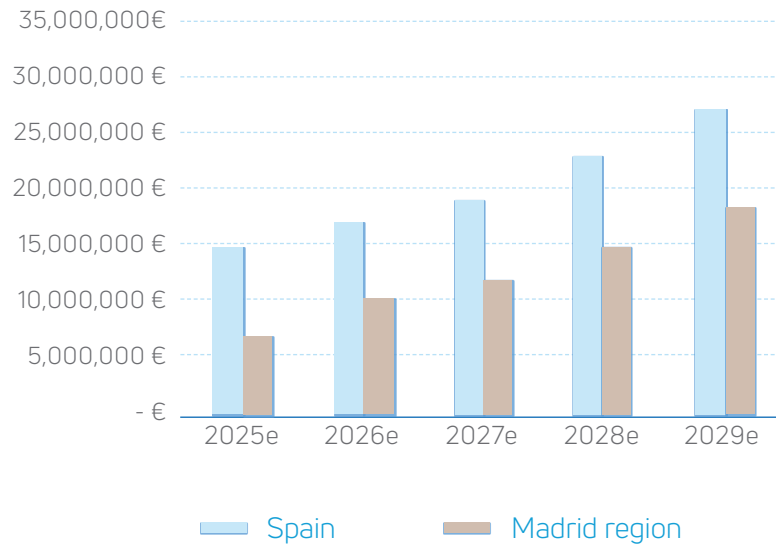
As a result of the above factors, in 2027, 2028 and 2029 it is estimated that approximately **seven out of every ten euros earmarked for investment in affordable housing** will be concentrated in the Madrid region, consolidating it as the main pole of attraction of capital for the development of this residential segment.

An additional element that favours investor interest is the strength of the Spanish banking system after the restructuring undertaken in the aftermath of the 2008 crisis. The current financing model, which is based on the requirement of certain percentages of pre-sales and the subsequent granting of developer loans under the subrogable mortgage guarantee scheme, has shown its capacity to accompany significant increases in the sector's production levels.

This will be dealt with in more detail in a later section.



## Projection of business volume of subsidised housing



## Projected business volume in affordable housing

|                | 2025        | 2026        | 2027        | 2028        | 2029        |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Spain          | 2,720,803 € | 3,047,299 € | 3,473,921 € | 4,133,966 € | 4,919,419 € |
| Madrid región  | 1,309,246 € | 1,898,352 € | 2,202,088 € | 2,686,547 € | 3,358,184 € |
| %Madrid región | 57%         | 63%         | 68%         | 72%         | 72%         |

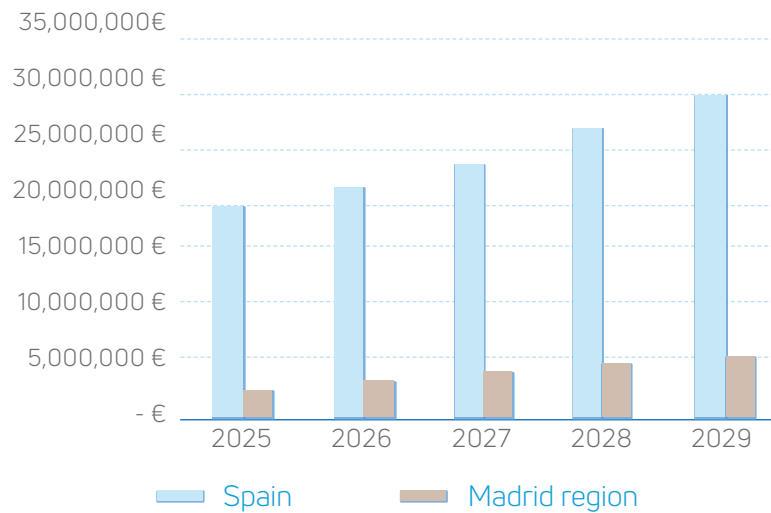
Thousands of euros



These figures are diluted when we analyse market-price housing, with the weight of the Madrid region in the national total standing at around 17% in the coming years.

Consequently, the increase in the relative weight of the Madrid region in the projected scenario is mainly explained by the higher production of social housing, which acts as the main differential factor in the volume of regional investment.

### Projections of business volume of market-price housing



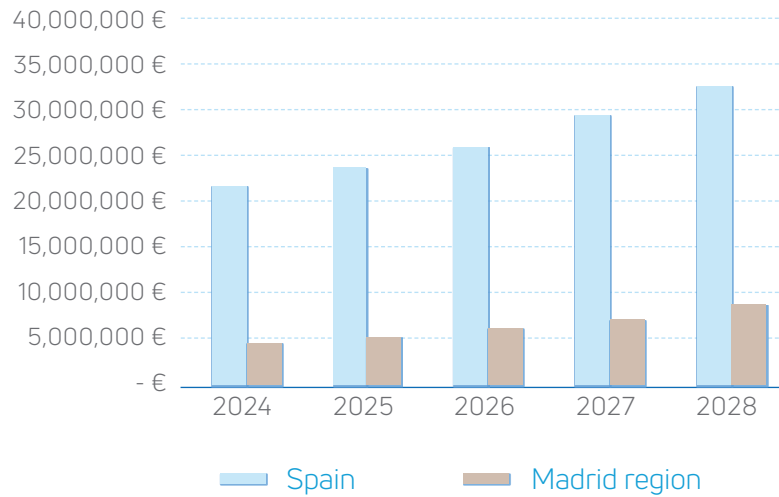
| Projected business volume in market-price housing | 2025         | 2026         | 2027         | 2028         | 2029         |
|---|--------------|--------------|--------------|--------------|--------------|
| Spain   | 18,514,349 € | 20,365,784 € | 22,402,362 € | 25,314,669 € | 28,605,576 € |
| Madrid región                                     | 3,114,178 €  | 3,425,596 €  | 3,768,155 €  | 4,295,697 €  | 4,983,009 €  |
| %Madrid región                                    | 17%          | 17%          | 17%          | 17%          | 17%          |

Thousands of euros



Thus, our estimates project the following figures for business volume needed in the coming years in new construction:

Projections of total business volume of market-price + affordable housing



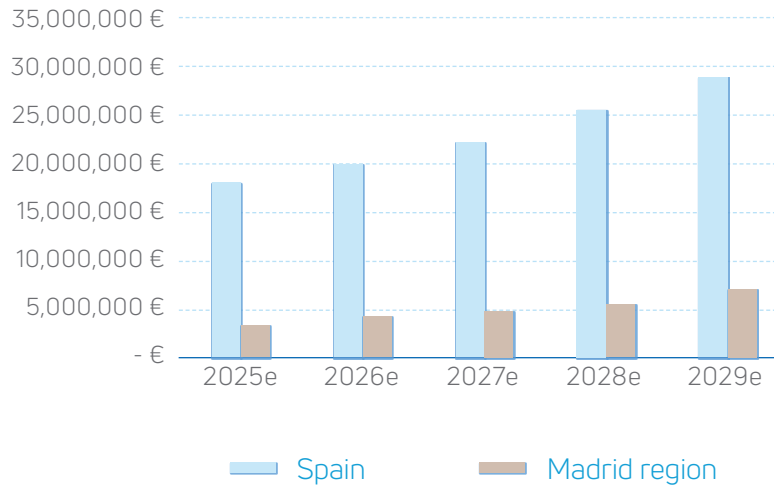
Projections of total business volume of market-price + affordable housing

|                | 2025         | 2026         | 2027         | 2028         | 2029         |
|----------------|--------------|--------------|--------------|--------------|--------------|
| Spain          | 21,235,152 € | 23,413,083 € | 25,876,283 € | 29,448,635 € | 33,524,996 € |
| Madrid región  | 4,423,424 €  | 5,323,947 €  | 5,970,243 €  | 6,982,244 €  | 8,341,193 €  |
| %Madrid región | 21%          | 23%          | 23%          | 24%          | 25%          |



In other words, in 2029 it will be necessary to mobilise around **29 billion euros of investment** at national level -assuming average profits of 16% of business volume-, of which the Madrid region would absorb approximately 25% of the total, i.e. around **7.2 billion euros**.

### Projection of investment

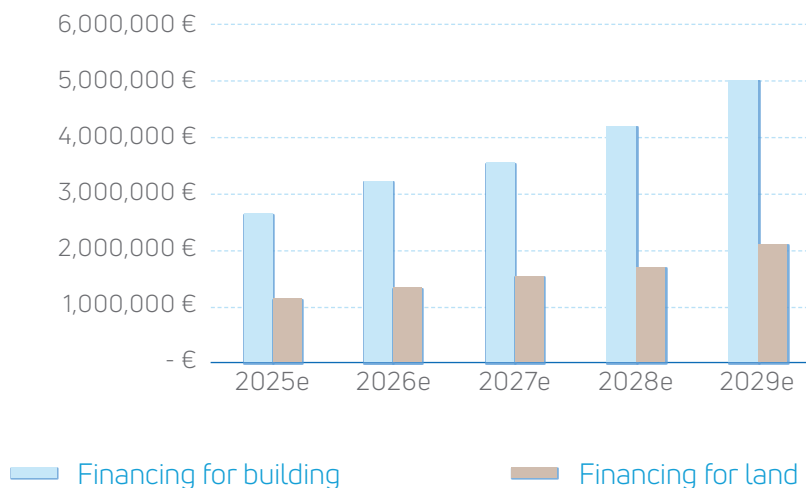


This would make it possible to reach an estimated production in the region of around **34,000 housing units per year**, a figure which, although it represents a very significant advance, still falls far short of the approximately 50,000 units necessary to adequately meet the structural demand.

If we analyse the distribution of this investment according to the usual industry standards - around 30% for land acquisition and 70% for development and construction costs - the aforementioned 7.2 billion euros could be broken down as follows:

- **2.2 billion euros** in financing for the purchase and availability of land.
- **5 billion euros** in financing for housing development and construction.

### Projection of Madrid region financing



## 7.2 Investment needs for alternative housing

In contrast to the market for new housing - where there are consolidated official statistics on approvals, housing starts, completions and investment volume - there are no like-for-like public data available for other alternative residential models, such as the different segments of so-called living (built to rent, flex living, student housing, senior living, etc.).

Consequently, in order to analyse the trends and volume of investment in these assets, it is necessary to turn to specialised sectoral sources. In this area, one of the most widely used references is **CBRE**, through its research division **CBRE Research**, which publishes regular reports on real estate investment by segment.

The main data published by CBRE Research relating to investment in the different sub-segments of living in Spain are set out below.

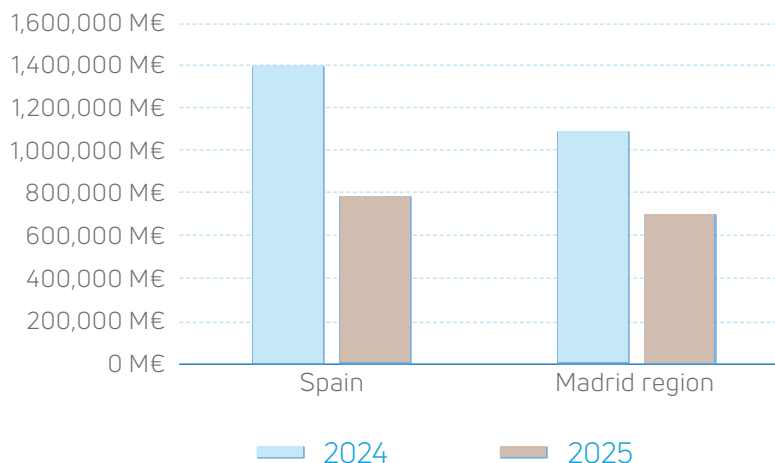
### 7.2.1 Investment in flex living

The flex living segment has seen an adjustment in the total investment volume in 2025 to 789 million euros, compared to 1.41 billion euros in 2024. However, this correction reflects a normalisation of the investment cycle rather than a structural loss of attractiveness of the product.

The market remains in a strong position, with a clear concentration of capital in prime locations and high quality projects. In this context, Madrid is strengthening its leadership position as the main pole of attraction for investment, accounting for approximately 90% of the total volume transacted in 2025, equivalent to 712 million euros.

This leadership reaffirms the structural strength of the Madrid market and its ability to continue to attract capital, even in a context of greater investor selectivity.

Flex Living investment



|               | 2024     | 2025   |
|---------------|----------|--------|
| Spain         | 1,410 M€ | 789 M€ |
| Madrid region | 1,079 M€ | 712 M€ |
|               | 76%      | 90%    |



The figures show that the adjustment in 2025 was largely due to the exceptional nature of 2024, which was an atypical year in terms of investment volume. Looking at the evolution compared to 2023, the segment maintains a growth trajectory, confirming the strength of its underlying trend.

Thus, forecasts suggest that, in the coming years, a path of sustained expansion may be consolidated, with estimated annual increases of between 5% and 10%, placing investment at around an average of 1.2 billion euros in a conservative scenario.

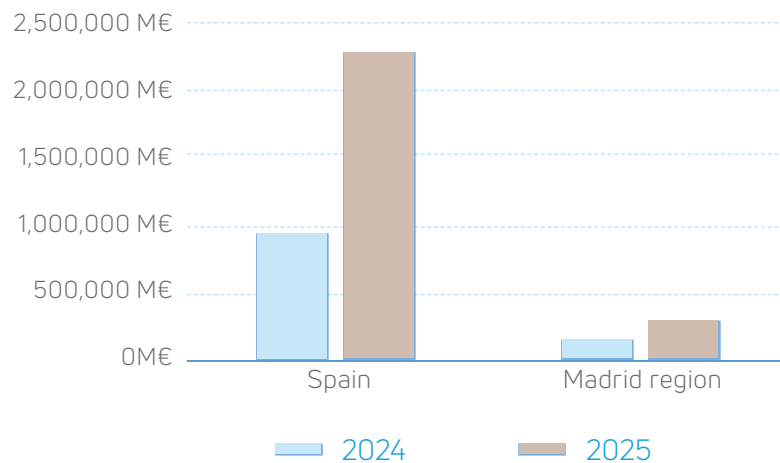
However, this will depend on key factors such as the adaptation of the regulatory framework to these new uses, the capacity to anticipate socio-economic changes and the strengthening of mechanisms to attract investment in these new housing solutions.

## 7.2.2 Investment in student residences

In the student housing segment, recent developments reflect a remarkable investment dynamism. In 2024, the volume of investment in Spain came to 985 million euros, while in 2025 it was 2,319 million euros, in an exceptional context that is difficult to replicate in the short term. This sharp increase was largely due to the conclusion of large transactions and a particularly favourable market environment for this type of alternative asset.

In territorial terms, the Madrid region once again stands as one of the main centres of attraction, with 132 million euros in 2024 and 303.4 million euros in 2025, maintaining a stable share of 13% of the national total in both years. This percentage stability, even in a year of strong growth in the aggregate volume, is evidence of the structural solidity of the Madrid market within the national market as a whole.

Student accommodation investment



|               | 2024   | 2025     |
|---------------|--------|----------|
| Spain         | 985 M€ | 2,319 M€ |
| Madrid region | 132 M€ | 303 M€   |
|               | 13%    | 13%      |



As noted in previous sections, the Madrid region has established itself as one of the main university destinations for both Spanish and international students. This position is due to the high concentration of public and private universities, the diversity of its academic offerings and the growing appeal of the region in Europe and Latin America.

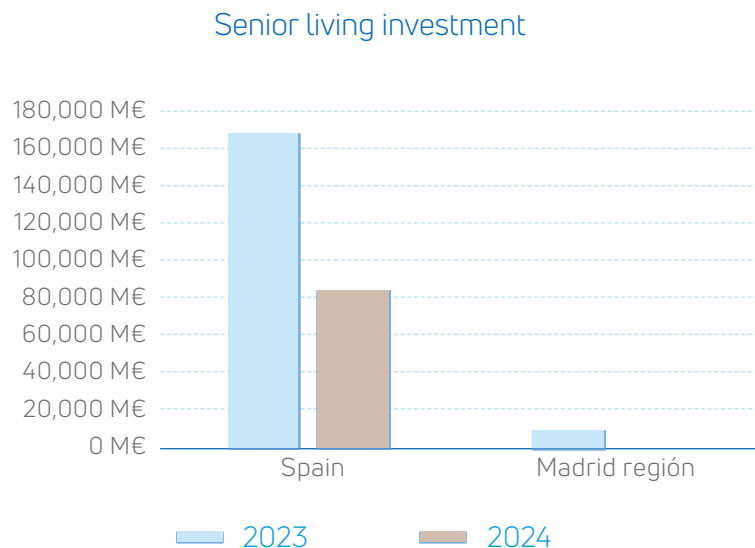
The sustained growth of academic mobility, together with Madrid's position as the country's main university hub, sustains a structural, solvent and diversified demand for accommodation, which transcends cyclical cycles and reinforces the investment appeal of the student residence segment.

In view of these figures and considering the cyclical nature of the volume transacted, it is reasonable to project average investment needs in the region of 1.5 billion euros per year in a normalised scenario, aimed at accompanying the sustained growth of the sector in the coming years. In this context, the Madrid region could absorb around one third of the national volume, reinforcing its role as the main institutional market within the segment.

### 7.2.3 Investment in senior living and other

In the field of **Senior Living**, the Madrid region (CAM), both in terms of product type and - above all - location, is not one of the main centres of attraction for real estate investment at a national level. Market logic suggests that this type of assets will continue to be concentrated mainly in coastal environments, where demographic, climate and lifestyle factors are particularly attractive to the senior population, along Spain's more than 3,500 kilometres of coastline.

According to CBRE Research data, investment in Senior Living has shown the following recent developments:



|               | 2024   | 2025  |
|---------------|--------|-------|
| Spain         | 168 M€ | 83 M€ |
| Madrid región | 10 M€  | 0 M€  |
|               | 6%     | 6%    |





The figures show a fall in the volume invested at national level in 2025 and, in the specific case of the Madrid region, the absence of transactions recorded in the most recent year analysed.

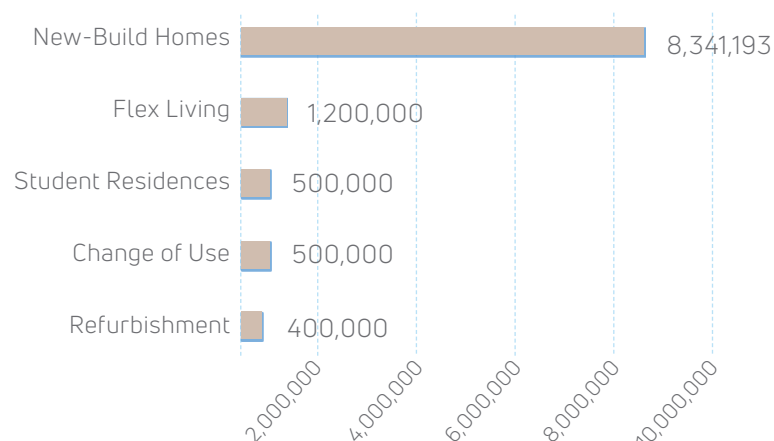
This context poses a strategic challenge for the sector: to develop a real industry capable of offering housing solutions adapted to the needs, living habits and economic capacity of the elderly population. Spain has clear competitive advantages for this, supported by its extensive experience in the tourism and residential sectors, as well as its international positioning as a retirement destination.

Along with this segment, one must add the necessary investment in the following:

- **Rehabilitation of the residential stock**, especially in the city of Madrid, where there is an ageing housing stock that will require significant investment in energy efficiency, accessibility and modernisation.
- **Transformation of uses**, mainly from commercial premises and offices to housing, in a context of an oversupply of tertiary space in certain peripheral areas and structural changes in demand patterns.

Consequently, if we incorporate asset refurbishment and reconversion, Madrid's property sector faces a scenario of very significant investment needs by 2029, thus giving rise a new vector of activity complementary to traditional residential development.

### Forecast of business volume in 2029 (in thousands)



# 08

## The solvency of spanish banks as a guarantee for the flow of credit

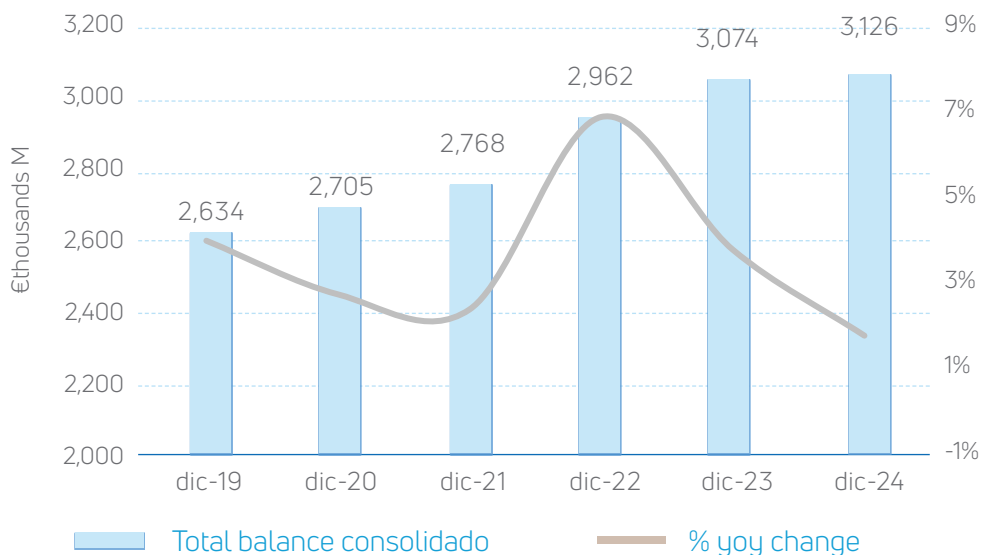
### 8.1 Key aggregates of the Spanish banking sector

The Spanish banking industry is internationally recognised for its high degree of development and modernisation. Over the years, it has achieved a profound bancarisation of the economy, with one of the densest branch networks in Europe and a high ratio of ATMs per inhabitant in the EU. It has pursued operational standardisation through instruments such as the CSB series, subsequently adopted as a reference in other markets, and has developed innovative financial products, such as reverse factoring, which are now widely used internationally.

This track record has favoured a strong projection abroad of the main institutions, with a significant presence in around thirty countries and a combined workforce of over 350,000 employees worldwide. In macroeconomic terms, banking activity represents approximately 2.7%-2.8% of Spanish GDP (measured as gross value added), thus showing the sector's structural weight in the national economy.

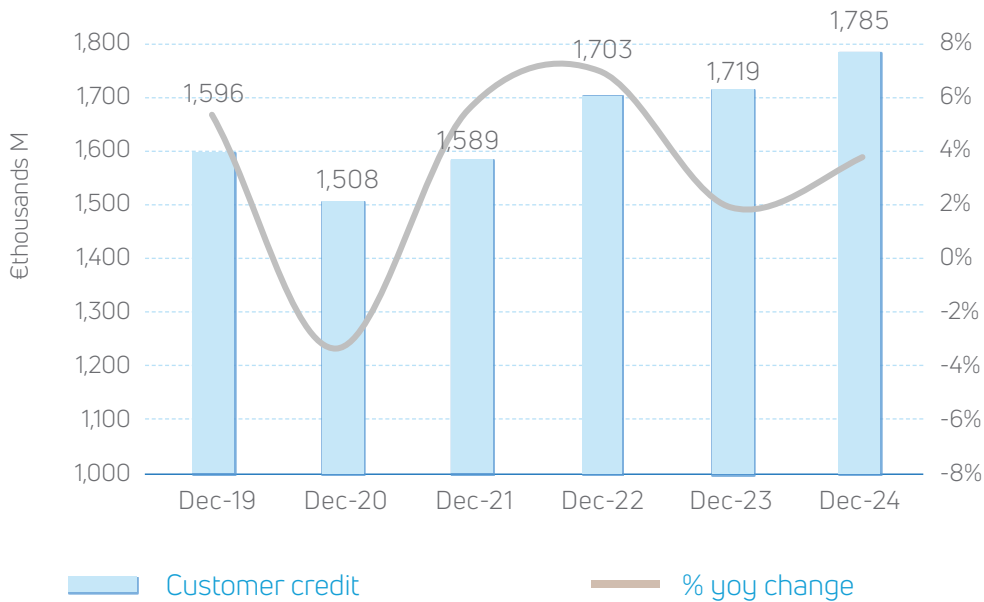
In addition, five financial institutions form part of the IBEX 35 - an index of the 35 Spanish companies with the highest levels of capitalisation and liquidity - which reinforces the importance of the sector in the capital markets. In tax matters, the annual contribution of banks exceeds 12 billion euros, including corporate tax, specific levies and other tax burdens.

According to data published by the Spanish Banking Association (AEB), which represents approximately 66% of the sector, the aggregate balance sheets of its member institutions amount to a total volume of assets, on a consolidated basis, of 3.1 trillion euros as at 31 December 2024, with annual growth of 1.7%, down from 3.8 % the previous year.



The outstanding amount of credit granted to customers resident in Spain -households and companies- amounted to 1.78 trillion euros at the end of 2024.

This figure represents a year-on-year increase of 3.8% over the previous year and represents approximately 57% of the total consolidated assets of the associated institutions. This also highlights the structural weight of financing to households and the business fabric within the bank balance sheet and its essential role in sustaining economic activity.



Source:AEB

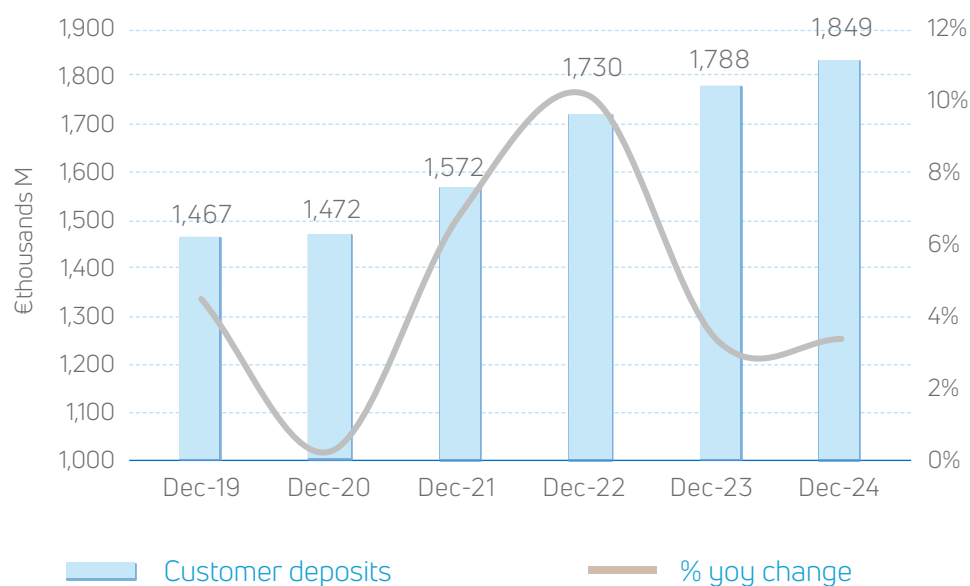


The ratio of non-performing loans stood at 3.3% at the end of the year, compared with 3.5% a year earlier, consolidating the trend of progressive improvement in asset quality.

Furthermore, non-performing assets have a coverage ratio of 69%, reflecting an adequate provisioning buffer against any impairment and showing the soundness of the banking system in terms of credit risk management.

On the liabilities side, customer deposits continue to be by far the main source of funding for retail commercial banks. They account for about 59% of the consolidated balance sheet total and recorded year-on-year growth of 3.4% in the global business of the member institutions of the Spanish Banking Association.

As a result of this combined development of lending and deposits, the loan to deposit ratio (LtD) stood at 97%, reflecting a balanced funding structure, and is indicative of the absence of liquidity strains stemming from this factor as it remains within appropriate prudential parameters.



Source: AEB

In terms of regulatory capital, the Common Equity Tier 1 (CET1) ratio rose to 12.8% from 12.5% a year earlier, thus strengthening the system's solvency position.

In addition, credit institutions now present an excess of eligible own funds of 80,000 million euros over the minimum regulatory and supervisory requirements, which represents a buffer of more than 75% of eligible capital. This capital margin is evidence of the sector's capacity to absorb any tensions and to accompany credit growth in a context of expanding economic activity.

In this area of solvency, the results of the stress test carried out in 2023 by the European Banking Authority (EBA) placed Spanish banks among the systems with the least capital destruction in the adverse scenario.

Specifically, Spanish institutions recorded an average reduction of 242 basis points in their CET1 ratio, compared with an average fall of 459 basis points for the European banking systems as a whole participating in the test.

These results bear out the structural soundness of the Spanish banking system and the high resilience of its business model, confirming its capacity to absorb severe macroeconomic scenarios without compromising compliance with regulatory capital requirements.

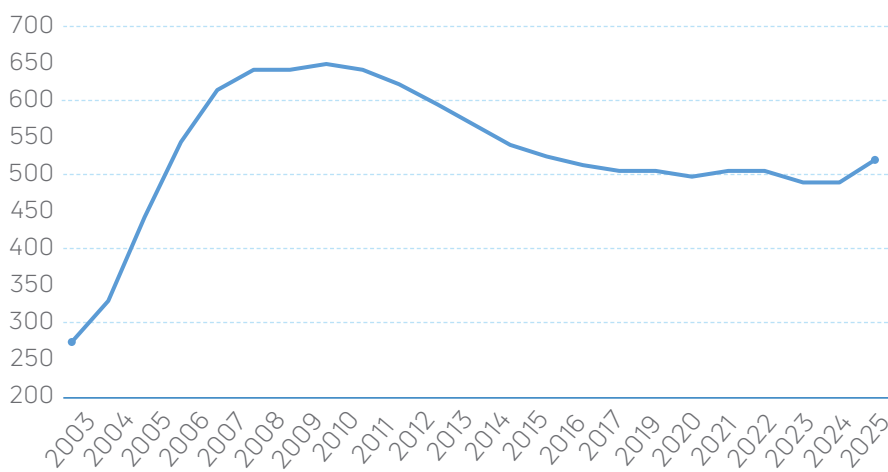


## 8.2 Banking accompanies the mortgage business

In mortgage matters, Spain has traditionally been a country of homeowners. However, in recent years, various social and economic factors have led to a progressive increase in renting within the residential model.

The outstanding balance of mortgage credit in Spain stood at 515,438 million euros in December, which represents an increase of 3.7% with respect to the end of 2024, thus reflecting a sustained recovery in financial activity linked to housing.

Housing loans by credit institutions to households



Source:AEB

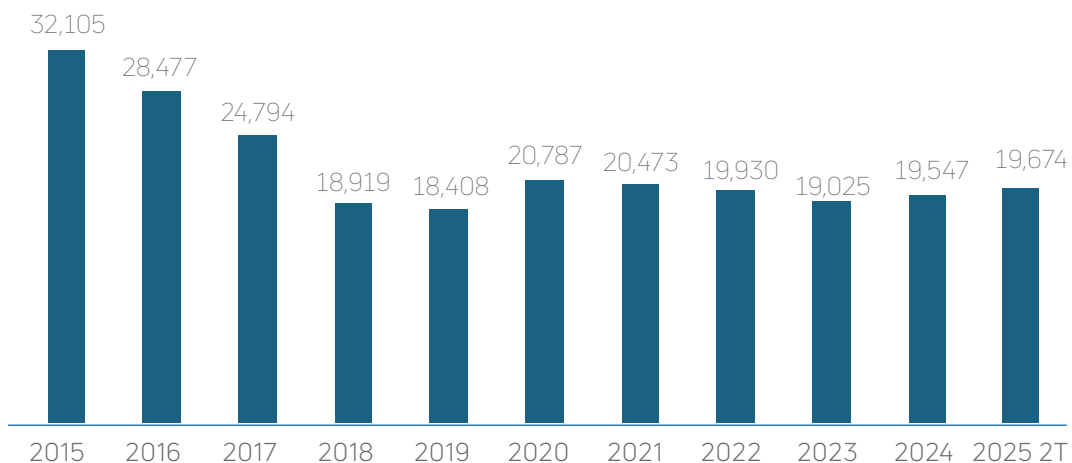


In terms of new business, the monthly volume reached approximately 7.4 billion euros in November 2025, which is equivalent to an annualised volume of about 80.5 billion euros. This figure is high by historical standards, at levels only comparable to those recorded in 2009, which is evidence of a dynamic mortgage market with a high absorption capacity.

With regard to the cost of financing, the average interest rate on residential mortgages stood at 2.97% in November (3.01% for variable-rate transactions and 2.94% for fixed-rate transactions), with an average term of about 25 years. The market structure maintains a clear preference for the fixed rate, which accounts for 61.5% of new mortgages, compared with 38.5 % at variable rates, a proportion that is relatively stable over time and which provides greater protection for households against any interest rate rises.

Finally, with regard to sectoral financing, outstanding credit for financing development activity -excluding public works- has been practically flat since 2022, at around 19 billion euros. This suggests that the supply restriction is not due to excessive leverage, but rather to underlying factors linked to land, administrative processes and production costs.

Total outstanding credit to financing building activity (exc. public works)



Source: Bank of Spain

### 8.3 Developer mortgage loans as a paradigm of best practice in the developer business

Housing finance markets are a key part of a modern economy. In Europe, these markets have seen significant growth in the last decade since the return to developer financing following the financial crisis in Spain, which began in September 2007 and subsided from 2016.

The importance of mortgage lending varies between European countries, depending on the housing trend towards ownership or renting. Historically, Spain has been, due to circumstances surrounding the welfare economy, closer to ownership than to renting, although the two markets coexist side by side.

The relative size of European mortgage markets reflects national differences in demographics, the regulation of financial markets, the design of mortgage institutions and the type of lending available, and the influence of the greater or lesser rate of ownership in the housing market.

The expansion of European mortgage markets is due to both structural and cyclical factors. In Spain, and from a structural point of view, the population has been growing in recent years thanks to the phenomenon



of immigration. At the same time, the size of households has been decreasing, falling below 2.5 persons/household due to changes in values and the creation of single-person households, and also due to the increase in life expectancy.

This potential increase in demand for housing driven by structural factors is stronger at present due to the improvement in economic expectations and employment rates that have remained stable.

The financing of this increase in the numbers of new housing on the market since 2016 would not have been possible without the financial product known as the "developer mortgage loan" (PHP in Spanish), which provides financing solutions to the Spanish real estate sector from within the country's own financial system.

Advantages of PHP:

- It provides a range of different financing types and solutions for making capital contributions in small, medium and large scale construction and refurbishment of homes for sale. It enables access to significant amounts of financing that would not be possible with traditional personal loans.
- It affords real estate developers grace periods during the construction phase, during which only the interest accrued on the drawn down part of the loan is paid.
- It affords home buyers the option of subrogating into any of the mortgage options they choose. It allows families to plan financially when making payments on account for the purchase of a home over 20 months without having to make a 20% contribution at the start. It generates prospects for savings. Home buyers have direct access to financing of up to 80% of the price of the property, depending on the risk criteria of a given bank.
- It facilitates the sale of the houses once they have been built.
- It requires compliance with financial standards reported to the Bank of Spain by the banks, which ensure finality, certainty and professionalism in the analysis
- It allows for meeting the capital consumption standards set in Banks in the financing of CNAE 4110.
- A project finance model that establishes from the outset the financial structuring conditions that generate a commercial and financial fit.
- A professional analysis model with commercial, technical, urban, legal and economic due diligence, which supplements and contrasts with the information provided by the entrepreneur.
- It allows for comprehensive management of the project at every stage, with advice on the best solutions for collections and payments during the construction and sales processes.
- It enables access to partial financing of the purchase of land in a first tranche of up to 50% of the lower appraised value or price, provided that several preconditions are met.
- It allows access to financing of up to 100% of the work certifications.
- It enables compliance with the legal regulations on amounts paid on account under Law 38/99, with the opening of special separate accounts for the payment of the amounts paid on account.
- It allows for setting a reverse factoring limit for payment to the construction company and suppliers without consuming CIRBE risk.
- It allows access to a line of bank guarantees that secure the amounts paid on account for the purchase of a home, establishing the counter-guarantees of reimbursement rights.
- It requires monthly monitoring of real estate transactions, which makes it possible to anticipate any deviations.
- Scalability when taking mortgage collateral. A larger number of transactions with a single customer.
- It requires compliance with and monitoring of Order ECO /805/2003 of 27 March, on rules for the valuation of real estate and certain rights for certain financial purposes in relation to developer credit.





- These established hedges and valuations allow the securitisation of PHP with financial instruments in international bank funding markets.
- It jointly analyses compliance with ESG and Green Finance criteria that are currently having a significant impact on our society and our environment. Transactions with high quality standards are rewarded with high energy certification both in terms of non-renewable primary energy consumption and CO<sub>2</sub> emissions.



# 09

## Tax on housing and legal certainty

Foreign direct investment in Spain came to 39.07 billion euros in gross terms in 2024, the fourth highest figure since the beginning of the historical series in 1993, according to official data from the DataInVex Foreign Investment Register, which is part of the Secretary of State for Trade.

In this context, the Madrid region once again consolidated its position as the main recipient of international capital, attracting more than 26.4 billion euros, equivalent to approximately 68% of the national total.

This strong positioning is due to a combination of structural factors. These include a particularly competitive tax system at regional level, characterised by stability and predictability over time, as well as a regulatory framework that offers higher levels of legal certainty compared to other autonomous regions.

Added to this is the region's economic dynamism, the concentration of corporate head offices and business decision-making centres, and an institutional environment that favours investment and productive activity.

Taken together, these elements explain why Madrid accounts for more than two thirds of the foreign investment that arrives in Spain, reinforcing its position as the country's main pole of attraction for international capital.



|                          | 2023       |          | 2024       |          | %Chg<br>24/23 |
|--------------------------|------------|----------|------------|----------|---------------|
|                          | Gross Inv. | %s/total | Gross Inv. | %s/total |               |
| All Spain                | 31,197,943 |          | 39,070,686 |          | -6,74         |
| ANDALUSIA                | 595,416    | 2%       | 970,972    | 2%       | -51,51        |
| ARAGON                   | 263,291    | 1%       | 928,988    | 2%       | -41,51        |
| CANTABRIA                | 2,076      | 0%       | 32,291     | 0%       | -78,84        |
| CASTILLA Y LEON          | 84,481     | 0%       | 208,613    | 1%       | -82,18        |
| CASTILLA-LA MANCHA       | 294,473    | 1%       | 273,865    | 1%       | -48,03        |
| CATALONIA                | 4,996,881  | 16%      | 5,251,572  | 13%      | 34,49         |
| MADRID REGION            | 17,625,527 | 56%      | 26,423,443 | 68%      | 6,70          |
| VALENCIA REGION          | 3,443,317  | 11%      | 1,119,926  | 3%       | 62,96         |
| EXTREMADURA              | 107,033    | 0%       | 3,272      | 0%       | 1,102,12      |
| GALICIA                  | 462,817    | 1%       | 546,983    | 1%       | 138,47        |
| BALEARIC ISLANDS         | 485,709    | 2%       | 735,325    | 2%       | -0,27         |
| CANARY ISLANDS           | 260,998    | 1%       | 138,035    | 0%       | 80,12         |
| LA RIOJA                 | 896        | 0%       | 16,249     | 0%       | -99,50        |
| NAVARRRE                 | 6,505      | 0%       | 419,554    | 1%       | -99,13        |
| BASQUE COUNTRY           | 1,561,444  | 5%       | 1,071,226  | 3%       | -71,72        |
| PRINCIPALITY OF ASTURIAS | 528,461    | 2%       | 619,459    | 2%       | 76,41         |
| REGION OF MURCIA         | 475,769    | 2%       | 310,661    | 1%       | -12,79        |
| CEUTA AND MELILLA        | 2,849      | 0%       | 252        | 0%       | 668,03        |

The following section examines the main taxes under regional jurisdiction, comparing the position of the Madrid region with that of the other autonomous communities, in order to assess their relative tax competitiveness and their potential impact on attracting investment and economic activity.

## 9.1 IRPF -Personal Income Tax-

The autonomous regions have regulatory power over 50% of personal income tax, corresponding to the so-called regional tax bracket. On this portion they can set their own tax rates, or approve specific tax deductions and benefits.

The state tax bracket is common to the whole territory, so that the effective difference in taxation between regions is exclusively in the regional component. In addition, regions can introduce deductions related to personal and family circumstances -such as number of children, disability or dependency- that affect the final tax burden.

It should be noted that the Government of Navarre and the provincial treasuries of the Basque Government have transferred the entire tax, exercising full regulatory powers over personal income tax.



| Region             | Minimum | Maximum |  |
|--------------------|---------|---------|--|
| Madrid             | 18.00%  | 45.00%  |  |
| Castilla y León    | 18.50%  | 46.00%  |  |
| Galicia            | 18.50%  | 47.00%  |  |
| Andalusia          | 19.00%  | 47.00%  |  |
| Castilla la Mancha | 19.00%  | 47.00%  |  |
| Murcia             | 19.00%  | 47.00%  |  |
| Cantabria          | 19.00%  | 49.00%  |  |
| Basque Country     | 23.00%  | 49.00%  | The entirety of income tax has been devolved |
| Balearic Islands   | 18.50%  | 49.25%  |  |
| Extremadura        | 17.50%  | 49.50%  |  |
| Aragon             | 19.00%  | 50.00%  |  |
| Asturias           | 19.50%  | 50.00%  |  |
| Catalonia          | 20.00%  | 50.00%  |  |
| Canary Islands     | 18.50%  | 50.50%  |  |
| La Rioja           | 17.50%  | 51.50%  |  |
| Navarre            | 13.00%  | 52.00%  | The entirety of income tax has been devolved |
| Valencia Region    | 18.50%  | 54.00%  |  |

As can be seen, the Madrid region has the following in 2025:

- The lowest maximum rate of the common tax system (45%).
- One of the lowest minimum rates.
- No additional regional taxes.

This tax scheme makes it one of the regions with the lowest effective tax burden within the common system, reinforcing its competitiveness in attracting talent, investment and high-income taxpayers.

In addition, in 2024, a 20% deduction was approved in the autonomous region's personal income tax bracket for non-residents who move their tax residence to Madrid. The measure aimed to enhance the attraction for international taxpayers and favour investment -including residential investment- by new foreign residents.

## 9.2 Wealth tax

The Wealth Tax is a direct and personal tax, devolved to the autonomous regions, which is levied on the net wealth of individuals, i.e. all assets and rights of economic content after deducting charges and debts. The autonomous regions have the regulatory capacity to regulate minimum exemptions, tax scales and allowances, which generates significant differences in the effective tax burden between territories.





Currently, within the common system, the Madrid region, the Regional Government of Andalusia, the Government of Cantabria and the Regional Government of Extremadura apply a general 100% rebate, which in practice means the elimination of the tax in these autonomous regions. For its part, the Government de Galicia maintains a 50% rebate, while the Region of Murcia has announced its intention to approve a total rebate, which is still pending regulatory implementation.

However, since 2023, the Temporary Solidarity Tax on Large Fortunes (ITSGF), a supplementary state tax on net assets of more than 3,000,000 euros, has been in force. This tax allows for the deduction of the amount actually paid for Wealth Tax, but in those regions where there is a 100% regional rebate it can generate an effective tax liability when the established threshold is exceeded. Its purpose is to ensure uniform minimum taxation throughout the national territory and to limit the effect of the total regional rebates.

Using as a reference a taxable base of 15 million euros, the tax payable shows significant differences between territories. In regions such as Valencia, the charge exceeds 360,000 euros, while in others such as Asturias, Aragón, Galicia and Castilla y León it is around 309,000 euros. In the regions of Madrid, Andalusia, Cantabria, La Rioja and Navarre the theoretical tax liability is less than 280,000 euros, and in Extremadura it is zero due to the total rebate. In the territories of the Basque Country, taxation is even lower in some cases.

In comparative terms, the Madrid region is among the territories with the lowest effective tax burden within the common system. Although the existence of the ITSGF introduces a state harmonisation mechanism - to be taken into account where it applies - the autonomous design of the tax continues to be a significant element in inter-territorial tax competition and in the location of large fortunes and economic decision-making centres..



| Autonomous region        | Amount  |
|--------------------------|---------|
| Valencia Region          | 362,202 |
| Region de Murcia         | 328,524 |
| Principality of Asturias | 322,826 |
| Aragon                   | 309,810 |
| Galicia                  | 309,810 |
| Canary Islands           | 309,810 |
| Castilla y León          | 309,810 |
| Castilla-La Mancha       | 309,810 |
| Catalonia                | 297,464 |
| Balearic Islands         | 296,441 |
| Andalusia                | 278,364 |
| Cantabria                | 278,364 |
| Madrid region            | 278,364 |
| La Rioja                 | 278,364 |
| Navarre                  | 278,364 |
| Gipuzkoa                 | 257,300 |
| Álava                    | 254,800 |
| Bizkaia                  | 210,400 |
| Extremadura              | 0       |

Source: Register of Tax Adviser Economists

### 9.3 Inheritance and gift taxes

The Inheritance and Gift Tax (ISD) is a state tax devolved to the autonomous communities that is levied on monetary gains by individuals, whether via inheritance (mortis causa) or via a gift (inter vivos). The autonomous regions have broad regulatory powers in terms of reductions, rates, multiplier coefficients and rebates, which generates very significant differences in effective taxation between territories.

Calculation of Inheritance Tax

Determining the tax liability of an inheritance requires the following steps:

#### 1. Determination of the net estate

This is based on the actual value of the assets and rights at the time of death (gross estate), from which deductible debts and charges are subtracted. The result constitutes the tax base.



## 2. Application of reductions

The taxable base is subject to the reductions provided for in state and autonomous region regulations, which depend primarily on the degree of kinship with the deceased and the nature of the inherited assets (customary residence, family business, disability, etc.).

The result is the individual taxable income for each heir.

## 3. Application of the rate

The tax base is applied to the taxable base according to the progressive scale of the tax, whose state rates range from approximately 7.65% to 34%, although they may be modified by regional regulations.

## 4. Multiplier coefficient

The resulting share is multiplied by a coefficient depending on the pre-existing wealth of the heir and his or her degree of kinship, which can range from 1 to 2.4.

## 5. Allowances and deductions

Finally, the allowances and deductions provided for in regional and national legislation are applied to obtain the effective tax payable.

In the Madrid region, inheritance tax has one of the most favourable regimes in the country, as transfers between parents and children (Group I and II) are subsidised at 99%, which in practice reduces the tax to a token charge.

Significant allowances also apply to second-degree relatives (siblings, grandparents and grandchildren), although to a lesser extent.

Consequently, in the Madrid region, the tax is practically non-existent in direct transfers between parents and children, which is one of the differentiating elements of its tax policy within the national context.

### 9.3.1 Inheritance and gift tax in Madrid 2025

Since 1 January 2017, in the Madrid region, the spouse and direct relatives of the deceased or donor (Groups I and II: descendants, ascendants and spouse) can apply a 99% rebate on the tax liability for Inheritance and Gift Tax. This rebate applies both to gains via inheritance and to gifts, which means that the taxpayer pays only 1% of the resulting tax liability. In practice, the tax is virtually non-existent in transfers between parents and children in this region.

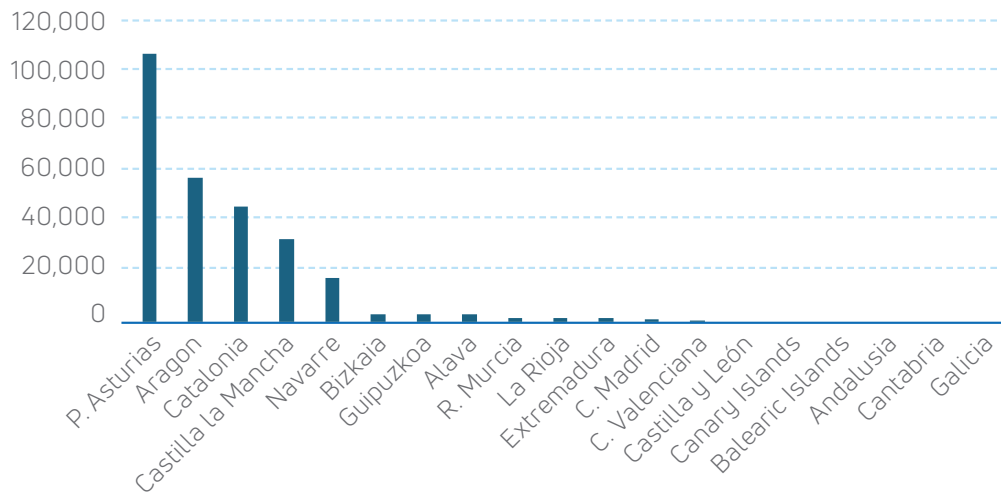
In addition, Madrid legislation establishes a 25% allowance for siblings, uncles, aunts and nephews and nieces (Group III), which is also a favourable tax treatment compared to other autonomous regions.

The situation is different in other territories. In Andalusia, although there is no general allowance of 99% as in Madrid, a very high regional reduction is applied of up to 1,000,000 euros for family members in Groups I and II, which considerably reduces taxation on medium-value inheritances. In Catalonia, on the other hand, there are reductions depending on kinship, but the effective tax burden is usually higher than in Madrid for inheritances of a significant amount.

According to the calculations of the Register of Tax Advisor Economists (REAF), if a 30-year-old single person inherits assets worth 800,000 euros from his father, the taxation varies significantly depending on the autonomous region of residence. In this case, the tax burden would be highest in the Principality of Asturias, while it would be among the lowest in the Canary Islands and the Madrid region. These differences highlight the importance of inheritance and gift tax as one of the main elements of inter-territorial tax competition.



## 30 year-old single person inherits estate worth €800,000



Source: Overview of regional taxation in 2025

|                    | Housing reduction | Kinship reduction | Reduction own | Rate   | Quota Int. | Rebate  | Payable tax |
|--------------------|-------------------|-------------------|---------------|--------|------------|---------|-------------|
| P. Asturias        | 122,606           | 300,000           |               | 31.25% | 103,135    |         | 103,135     |
| Aragon             | 200,000           | 15,957            | 284,043       | 25.50% | 55,467     |         | 55,467      |
| Catalonia          | 190,000           | 100,000           |               | 24.00% | 83,400     | 38,831  | 44,569      |
| Castilla la mancha | 122,606           | 15,957            |               | 29.75% | 158,796    | 127,037 | 31,759      |
| Navarre            | 0                 | 0,00              |               | 4.00%  | 17,000     |         | 17,000      |
| Bizkaia            | 190,000           | 400,000           |               | 1.50%  | 3,150      |         | 3,150       |
| Gipuzkoa           | 190,000           | 400,000           |               | 1.50%  | 3,150      |         | 3,150       |
| Alava              | 190,000           | 400,000           |               | 1.50%  | 3,150      |         | 3,150       |
| R. Murcia          | 122,606           | 15,957            |               | 31.75% | 164,049    | 162,409 | 1,640       |
| La rioja           | 122,606           | 15,957            |               | 29.75% | 158,796    | 157,208 | 1,588       |
| Extremadura        | 122,606           | 500,000           |               | 21.25% | 26,837     | 26,566  | 1,588       |
| Madrid region      | 123,000           | 16,000            |               | 29.75% | 158,603    | 157,018 | 1,586       |
| Valencia region    | 150,000           | 100,000           |               | 29.75% | 126,388    | 125,124 | 1,264       |
| Castilla y león    | 122,606           | 60,000            | 217,394       | 29.75% | 81,019     | 80,209  | 810         |
| Canary Islands     | 198,000           | 23,125            |               | 29.75% | 134,235    | 134,100 | 134         |
| Balearic Island    | 200,000           | 25,000            |               | 1.00%  | 5,750      | 5,750   | 0           |
| Andalusia          | 198,000           | 1,000,000         |               | 7.00%  | 0          |         | 0           |
| Cantabria          | 125,000           | 50,000,00         |               | 29.75% | 147,956    | 147,956 | 0           |
| Galicia            | 194,000           | 1,000,000         |               | 5.00%  | 0          |         | 0           |



## 9.4 Regional housing taxes

With regard to the taxation of house purchases, a distinction should be made between new and second-hand housing. In the case of new housing, the transfer is subject to Value Added Tax (VAT), generally at 10% throughout the country, as it is a harmonised state tax with no regional differences in the applicable rate.

Conversely, in second and subsequent transfers, the transaction is not subject to VAT, but to the Transfer Tax (ITP), the regulation of which with respect to tax rates is the responsibility of the autonomous regions. To this must be added Stamp Duty (AJD), which is levied on the formalisation in public deeds of certain registrable acts -such as the purchase of a home with a mortgage guarantee- and which is also the responsibility of the autonomous region in terms of tax rates.

It is precisely in these devolved taxes where significant differences between territories arise. In comparative terms, and according to official data published by the autonomous regions themselves, the Madrid is among the regions with the lowest effective tax burden on the purchase of used homes and on the formalisation of notarial documents related to the same. This makes it one of the most competitive tax frameworks in the real estate sector in Spain as a whole.

ITP AND AJD RATES FOR RESIDENTIAL CONVEYANCING IN 2025

| Autonomous region  | ITP General rate | ITP main residence | AJD rate | AJD main residence |
|--------------------|------------------|--------------------|----------|--------------------|
| Andalucía          | 7%               | 6%                 | 1.20%    | 1%                 |
| Aragón             | 8-10%            | 8-10%              | 1.50%    | 1.50%              |
| Asturias           | 8-10%            | 8-10%              | 1.20%    | 1.50%              |
| Balearic Islands   | 8-13%            | 4%                 | 1.50%    | 1.2%               |
| Canary Islands     | 6,50%            | 5%                 | 0.75%    | 0.40%              |
| Cantabria          | 9%               | 7-9%               | 1.50%    | 1%                 |
| Castilla y León    | 8-10%            | 8-10%              | 1.50%    | 1.5%               |
| Castilla-la Mancha | 9%               | 6%                 | 1.50%    | 0.75%              |
| Catalonia          | 10-11%           | 10-11%             | 1.50%    | 1.50%              |
| Valencia Region    | 10-11%           | 10-11%             | 1.50%    | 0.10%              |
| Extremadura        | 8-11%            | 7%                 | 1.50%    | 0.75%              |
| Galicia            | 8%               | 7%                 | 1.50%    | 1%                 |
| Madrid Region      | 6%               | 6%                 | 0.75%    | 0.4-0.75%          |
| Murcia             | 8%               | 8%                 | 1.50%    | 1.50%              |
| Navarre            | 6%               | 5%                 | 0.50%    | 0.50%              |
| Basque Country     | 7%               | 4%                 | 0.50%    | 0.50%              |
| La Rioja           | 7%               | 7%                 | 1%       | 1%                 |



## 9.5 Municipal property taxes: IBI and ICIO

In addition to the regional and state taxes levied on the purchase of housing, there are two particularly significant taxes at the local level which are the responsibility of local councils: the Property Tax (IBI) and the Tax on Building, Installations and Works (ICIO).

### 9.5.1 Property Tax (IBI)

Property tax is a municipal tax levied on the owners of urban and rural properties, both land and buildings, according to their property register value. It is one of the main sources of funding for local finances.

In the case of Madrid City Council, the tax rates in force in the city of Madrid are as follows:

- Urban property: 0.428%
- Rural property: 0.567%
- Property with special characteristics: 1.1411%

These rates are at moderate levels, within the range allowed by state regulations.

In terms of rebates, the one applicable to urban development, building and property development companies is particularly noteworthy. In accordance with Article 73 of the Consolidated Text of the Law Regulating Local Treasuries, local councils can establish a compulsory rebate of between 50% and 90% on the full amount of IBI for the properties that constitute the object of the activity of these companies - both in new construction and in comparable rehabilitation - provided that they are not recorded as fixed assets and that the application is made before the start of the works. The Madrid City Council applies the legal maximum of 90%, which significantly reduces the tax burden during the development phase.

### 9.5.2 Tax on buildings, installations and works (ICIO)

ICIO is an indirect municipal tax levied on the carrying out of any building, installation or work for which an urban planning licence or responsible declaration is required, regardless of whether or not the licence has actually been granted.



In Madrid city, the tax rate is 3.75%, and is applicable to the real and effective cost of construction. For the purposes of the calculation, VAT, municipal taxes, professional fees and the builder's business profit are not included, but only the cost of the material execution of the work.

There is also a municipal commitment to progressively reduce the rate to 3% by the end of the legislature.

The ICIO also allows for significant rebates, notably the following:

- Rebate for declaration of special municipal interest or utility.
- 20% rebate for the installation of charging points for electric vehicles.

Overall, local tax policy in Madrid, both in property tax and ICIO, incorporates tax moderation mechanisms and rebates that reduce the tax cost of development and building activity, contributing to a more favourable environment for residential development and real estate investment.

## 9.6 Legal certainty in housing

In the field of legal certainty,, the **Madrid region** and the different city councils in the region are developing a coordinated strategy aimed at modernising the regulatory framework for urban planning. The aim is to move towards a more agile, pragmatic regulation adapted to the dynamics of the 21st century, reducing management times and streamlining administrative procedures.

### Regulatory highlights:

#### 1. Law 11/2022 (Omnibus Law)

Law 11/2022, of 21 December, on Urgent Measures for the Promotion of Economic Activity introduces significant amendments to Law 9/2001, on Land, of the Madrid region, incorporating significant measures for streamlining and simplification of urban planning.

Among its main effects:

- Streamlining of administrative procedures.
- Extending the purposes of public land holdings.
- Inclusion of public housing on vacant land for the network of services or facilities.

This regulation has been key to clearing the way for the development of thousands of housing units in the Plan Vive.

#### 2. Ordinance 6/2022 of the Madrid City Council

Ordinance 6/2022 of 26 April introduces important new features:

- Implementation of the basic licence.
- Administrative processing through Urban Planning Collaboration Entities (ECUs).
- Replacement of the licence of first occupancy by an affidavit.

These measures have reduced administration times:

- Building permits: from approximately 12 months to 4 months.
- Delivery of housing units: from approximately 4 months to 1 month.

At the same time, Madrid City Council is moving forward with an ambitious digitalisation process with the aim of achieving a high degree of automation in the granting of licences, which has already been put out to tender.





### 3. Modification of the Urban Development Regulations of the General Urban Development Plan of Madrid

The update of the current planning incorporates regulatory adjustments aimed at making uses more flexible, improving the adaptability of the urban setting and fomenting the regeneration of consolidated land.

#### 4. Law 3/2024

This law which allows the change of use from tertiary offices to rented subsidised housing - which becomes market-price housing after the legal period of protection (15 years in the Madrid region) - with no need to modify the planning.

A Law on urgent measures for the increase of subsidised housing is currently in the process of under consideration:

- It extends the measure to tertiary accommodation and private residential use.
- It allows for an increase in buildability of up to 10%.
- It allows density to be increased by up to 20% on land earmarked for subsidised housing.

According to sectoral studies (Savills), the theoretical conversion capacity exceeds 17,000 housing units. Since its entry into force in November 2024, identified projects exist for more than 4,000 housing units, with a similar volume in the pipeline.



## 5. Revision of maximum prices for subsidised housing

The revision of subsidised housing modules - with annual revision in line with the CPI - has allowed prices to be adapted to real construction costs, clearing the way for developments whose economic viability was compromised.

## 6. Land financing through mutual guarantee companies

Through Avalmadrid, backed by the Madrid region, financing of up to 80% of the value of land for subsidised housing is provided.

This instrument aims to mobilise up to 893 million euros and facilitate the construction of approximately 10,000 social housing units over the lifetime of the programme.

## 7. Law 7/2024

It amends the Land Law by defining the Strategic Municipal Plans as taking precedence over the General Municipal Development Plan (PGOU) in order to streamline land management.

It includes the following measures:

- New territorial planning instruments.
- Modifications in collaborating urban planning entities.
- Extension of limitation periods.
- The ability to apply for licences upon the final approval of the re-parcelling.
- Simultaneous processing of strategic environmental assessment and environmental impact assessment.

## Regulatory challenges in the current legislature

Four major strategic initiatives - all in their final drafting stages - are identified that will further strengthen the legal certainty and productive capacity of the sector:

1. New Land Law (LIDER) for the Madrid region.
2. New Regulation on Subsidised Housing.
3. New Municipal Strategic Plan -replacing the PGOU- in the city of Madrid.
4. New State Housing Plan (over 7 billion euros) together with the España Crece sovereign wealth fund (13.3 billion euros of public funds), which plans to finance 15,000 affordable housing units per year.



# 10

## ESG in the housing sector in Madrid: Investing in a sustainable future

The growing global environmental crisis has highlighted the urgent need for the real estate sector to respond proactively to environmental and social challenges.

The Roadmap for the Total Decarbonisation of Buildings in Spain aims to make Spain and Europe climate neutral and limit global warming to 1.5 degrees by 2050. This means rehabilitating 35 million housing units in Europe by 2030, or 1.2 million housing units in Spain. Today, however, it is estimated that this figure needs to be tripled in order to achieve the planned decarbonisation targets.

In this context, the integration of ESG (environmental, social and corporate governance) criteria in the real estate market presents a unique opportunity for investors seeking not only financial returns, but also a positive impact on the environment. Energy efficiency and emission reduction, the introduction of CO<sub>2</sub> absorbing materials and increasingly stringent regulatory requirements have therefore become building trends.

Of the efforts being made along these lines, Madrid stands out as the epicentre of innovation and sustainability in Spain and is positioned as an attractive destination for players committed to more sustainable construction, as we will see later.

### 10.1 Relationship of Buildings to the SDGs

The UN Sustainable Development Goals (SDGs) are a guide for actions aimed at sustainable development at the global level. Sustainable buildings are aligned with several SDGs, such as SDG 7 (Affordable and Clean Energy), SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action), contributing significantly to the achievement of these global goals.

These actions not only contribute to mitigating climate change, but also promote the creation of healthier and more sustainable urban environments for their inhabitants.

When discussing the SDGs in buildings we must consider: the circular economy; health and energy efficiency; refurbishment; new materials; industrialisation.

Thus, the **circular economy** becomes a key pillar in this process, where the proper management of construction and demolition waste is crucial. It is not only a matter of considering waste as a resource, but also of applying a regenerative design that takes into account the future deconstruction of buildings.

As 90% of citizens' time is spent indoors, it is crucial to ensure **sanitary and energy-efficient** conditions. It is particularly important to introduce innovations that control air quality in buildings, bearing in mind that pollution can come from both people and materials. Likewise, the discourse on energy efficiency is beginning to change to the extent that it is assumed that comfort is adaptive and that, therefore, thermal comfort conditions can vary and it is important to reduce consumption while maintaining appropriate conditions for that moment of comfort.



In a context where energy efficiency and the reduction of CO<sub>2</sub> emissions are a priority, building **refurbishment** arises as a key solution to achieve zero emissions.

In the Madrid market, energy refurbishment is particularly important due to the high concentration of older buildings that require significant upgrades in terms of efficiency and sustainability. This entails replacing conventional heating systems with more efficient technologies, the implementation of renewable energies (such as aerothermal energy and the incorporation of photovoltaic solar panels) and, of course, improving the insulation of the building envelope.

The emergence of **new materials**, such as wood in construction or concrete that requires less thickness for the same structural performance, represent an opportunity to boost the local economy, create jobs and reduce the environmental footprint of construction projects.

The industrialisation of building means lower CO<sub>2</sub> emissions, as an industrially designed project works with much more precise measurements and generates less leftovers and waste. In addition, industrialisation represents a paradigm shift in construction as it innovates throughout entire process and has a significant impact on the ESG of the sector. By creating industry, it avoids the roaming nature of works and the migration of intellectual capital that is difficult to retain. This not only improves working conditions by attracting usually resistant groups (such as women and young people), but also creates spaces for innovation and wealth creation for the region.

## 10.2 Importance of ESG in the real estate market

ESG criteria have become increasingly important in the real estate market, as they allow for evaluating the environmental, social and corporate governance performance of assets. The adoption of sustainable practices not only meets the demands of today's society, but also translates into long-term benefits in terms of profitability, resilience and reputation for investors.

Indeed, the consideration of ESG criteria in real estate valuation is fundamental to assess the potential of an asset in terms of long-term sustainability and profitability. Buildings with high sustainability standards tend to be more valued by investors, as they offer tangible benefits such as energy savings, lower CO<sub>2</sub> emissions and greater attractiveness to sustainability-conscious tenants. Therefore, the integration of ESG into real estate valuation not only reflects a holistic view of the risks and opportunities associated with an asset, but also drives the adoption of more responsible practices in the sector.

ESG measures for each stage of the real estate life cycle:

- Due diligence - Conduct a thorough assessment of the environmental, social and governance aspects of the properties prior to acquisition to identify potential ESG risks and opportunities.
- Acquisitions- Prioritise the purchase of real estate assets that meet ESG standards, such as sustainability or energy efficiency certifications.
- Leasing - Encourage sustainable practices among tenants, promoting energy efficiency, waste management and other initiatives that improve tenants' environmental and social performance.
- Asset management - Implement strategies to improve the energy efficiency of buildings, reduce the carbon footprint, promote occupant health and well-being, and ensure sound governance practices in the day-to-day management of properties.

However, the scope of ESG measures also involves considering social aspects that are very necessary in the sector, such as the commitment to the specific continuous training of workers by increasing their professional qualifications. In addition, education must promote training in new technologies by drawing up action plans to increase the integration of young people in the sector.

Lastly, public-private partnerships must continue to be encouraged in order to ensure that the construction sector contributes fully to the ESG.

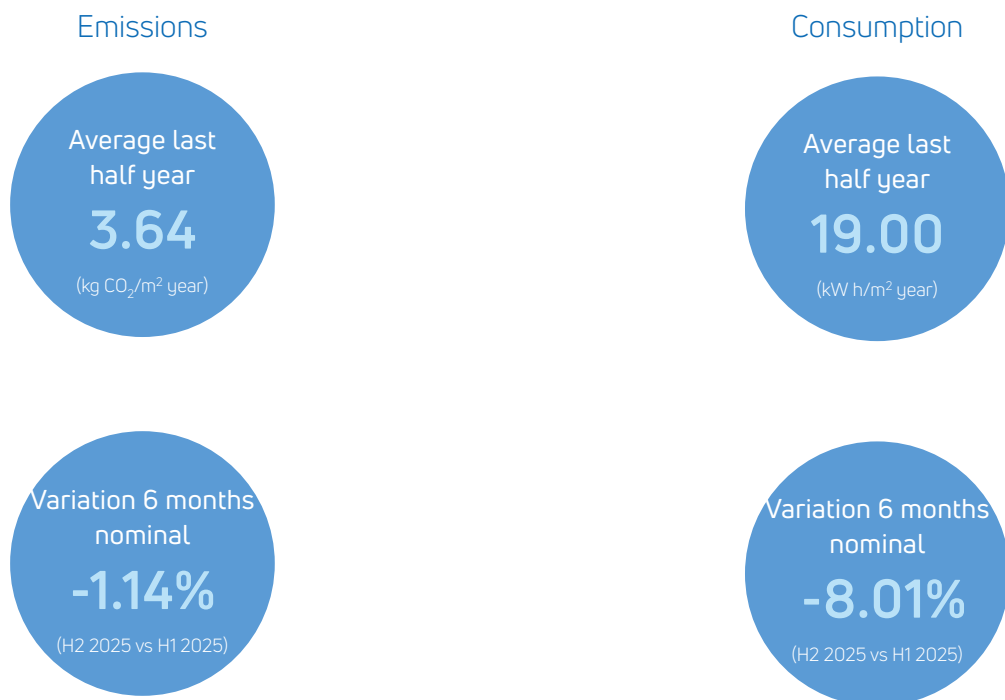


### 10.3 Madrid and its commitment to ESG

The Madrid region stands out for its commitment to sustainability in the real estate sector, maintaining a clear relationship between its vision of the urban environment and the SDGs. Let us bear in mind that new developments and the volume of housing they contain also - as never before - put a spotlight on sustainability criteria.

In fact, real estate developers in Spain have long understood that the sector would not exist if it failed to improve both energy efficiency and decarbonisation, regardless of the legislative standards imposed by the EU.

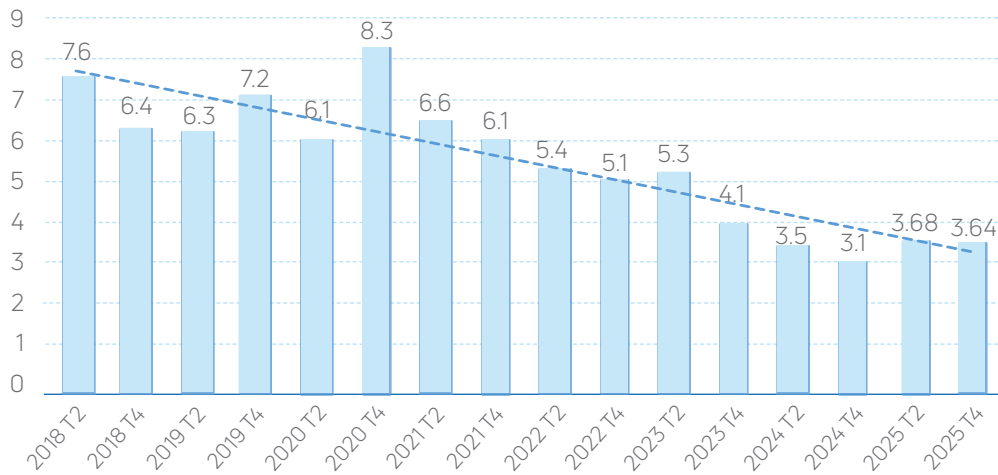
So much so that, according to the report "Trends in the real estate sector" published in January 2026 by Sociedad de Tasación, 75% of newly developed housing achieved the highest possible rating in terms of emissions, while 81% achieved maximum efficiency in energy consumption.



Source: Valuation Society

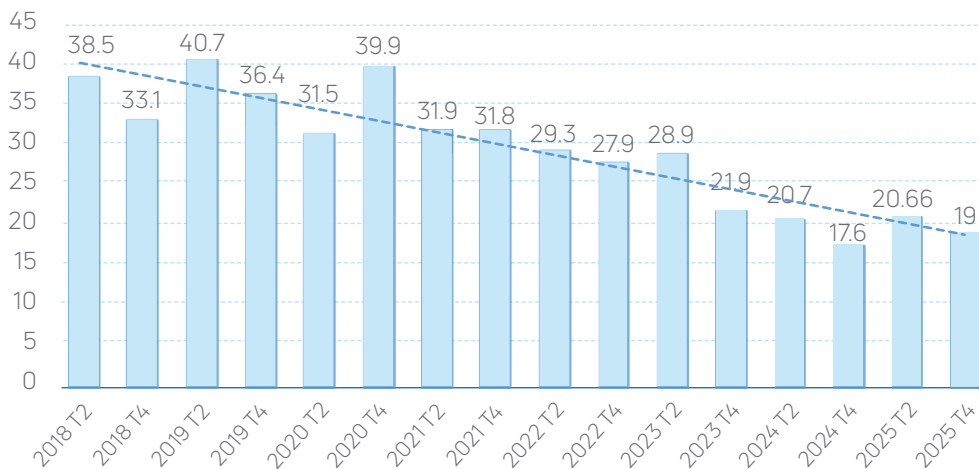


Emissions (kg CO<sub>2</sub>/m<sup>2</sup> year)



Source: aluation Society

Consumption (kw h/m<sup>2</sup> year)



Source: Valuation Society

The region hosts projects that are being executed with new construction methods (e.g. industrialised systems - PLAN VIVE<sup>7</sup>), that incorporate new materials (such as wood), that introduce renewable energies (geothermal, aerothermal, etc.), that illustrate the focus on sustainability and the contribution to goals such as poverty reduction, gender equality and climate action.

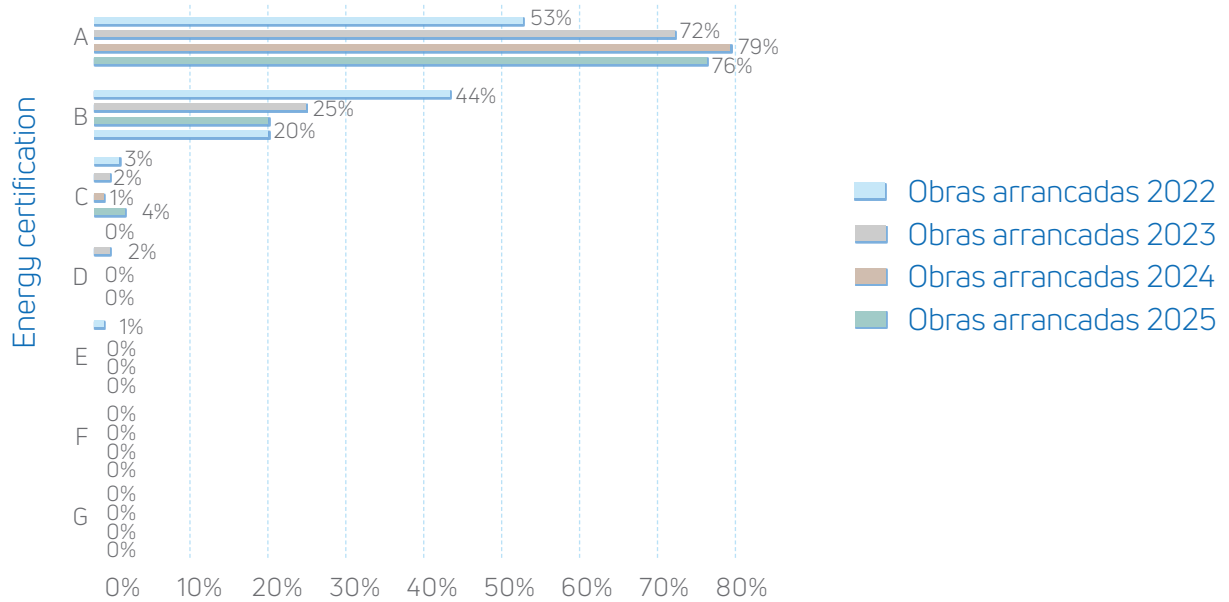
Emissions averaged 3.6 kg CO<sub>2</sub>/m<sup>2</sup> per year in the last six months, remaining steady compared to the previous six months. Average consumption came to 19 kWh/m<sup>2</sup> per year, which represents a drop of 8% compared to the first half of 2025.

<sup>7</sup> Administrative concessions on public domain land owned by the Madrid region for a period of 50 years, whose housing units are intended for affordable rent, i.e. with a limitation on the rental price set by the authority.



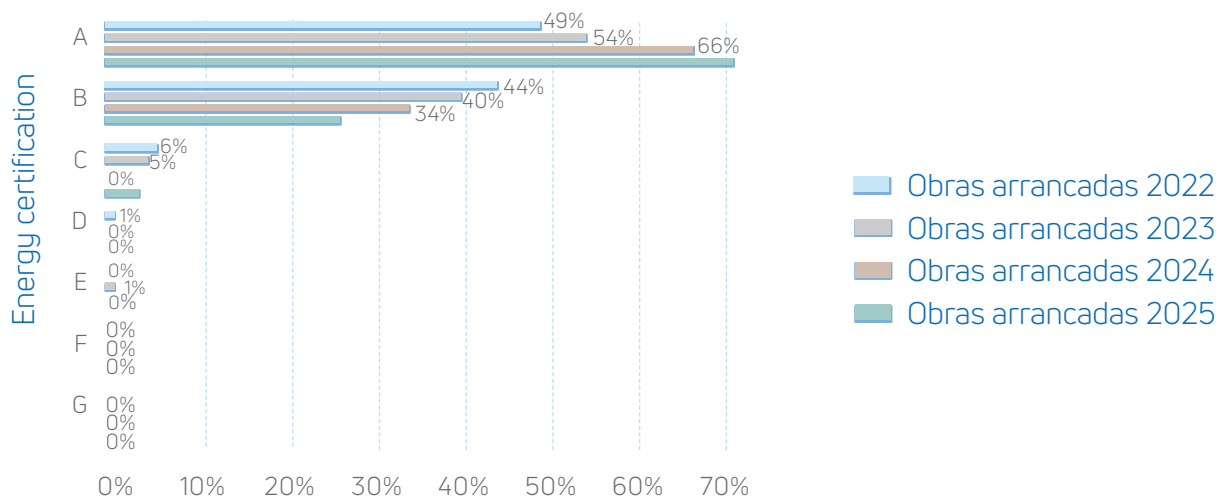
Thus, for developers in Madrid, constructing buildings with an “A” label has ceased to be considered an additional benefit of new development. It has become an essential feature of the new building market, as can be seen in the chart showing the market trend over the last few years.

Distribution of emissions energy rating in new works



Source: Valuation Society

Distribution of consumption energy rating in new works



Source: Valuation Society



*It is not only in building that we are leading Europe, but also in urban development. Crea Madrid Nuevo Norte stands out as one of the largest urban transformation projects in Europe. The project has a clear focus on sustainability by planning to use sustainable timber in its construction. In this respect, it will contribute to providing the stability of demand needed to drive changes in the timber supply chain.*



Source: Crea Madrid Nuevo Norte

## SOURCES OF ENERGY

*To achieve such energy efficiency and lower the energy dependence of our new homes, reduce consumption and therefore CO<sub>2</sub> emissions, we are innovating and installing new forms of energy in buildings. It is becoming quite common in our developments to install athermal -and to a lesser extent geothermal- capabilities with underfloor heating/cooling and even we now have pilots of renewable gas produced from bio-methane and green hydrogen.*

## INDUSTRIALISATION

*We believe that if energy efficiency and decarbonisation is the goal, industrialisation is one of the means. Also at the institutional level and, therefore, the Regional Minister for Housing, Transport and Infrastructures has announced that the Madrid region intends to become the largest industrialisation hub in Spain.*

*On a practical level, in Spain we are already industrialising certain building components: façades, bathrooms, stairs, wardrobes, etc., with ongoing outfitting of factories designed for this purpose.*

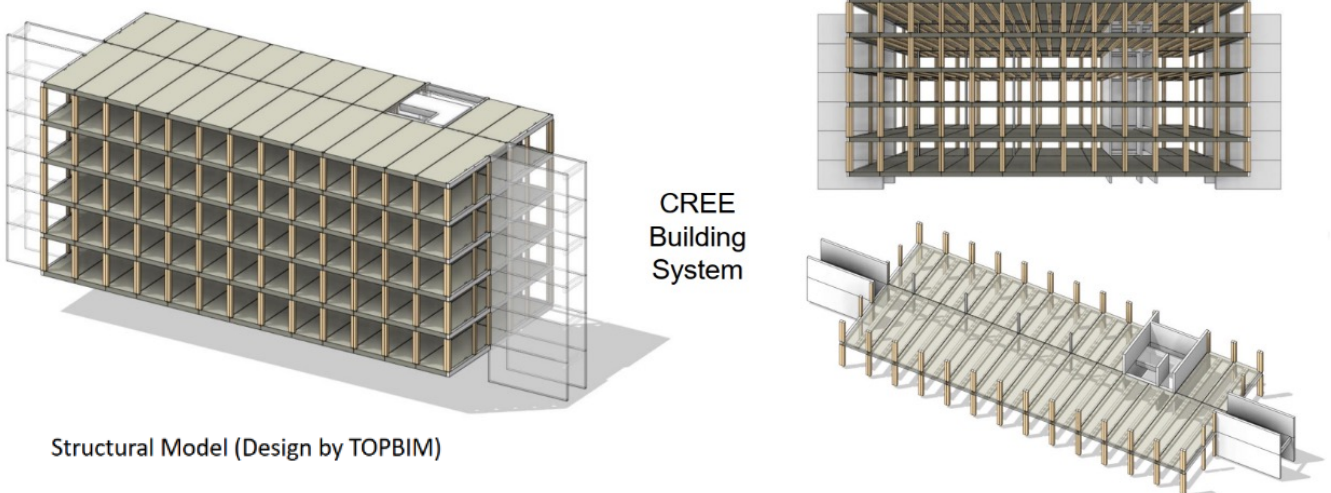


The main advantages are the following:

- Achieving economies of scale.
- Reducing costs and completing the work in a shorter time.
- Generating wealth in the region as the facility's production is delocalised.
- Better management of construction site waste.
- Of course, less energy and water consumption and less CO<sub>2</sub> generation.

For example, the benefits of hybrid wood-concrete systems include their extremely high sustainability standards, which is reflected in the building's BREEAM Excellent certification and the reduction of its carbon footprint by around 40% compared to traditional construction.

And its industrialised system reduces the work by 5 months and is also the paradigm of the circular economy, as the structure could be reusable.



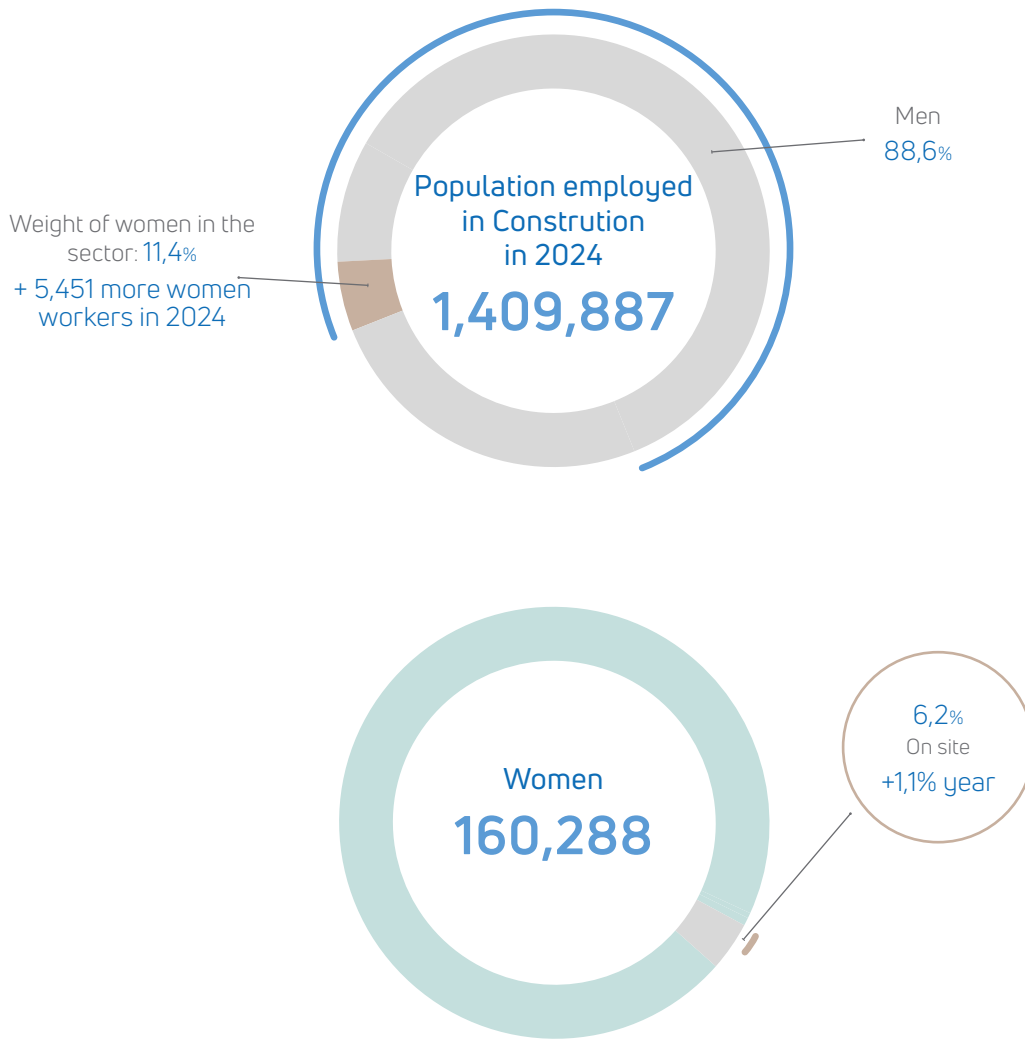
Source: ACR

- Finally, access to construction for segments previously excluded from it, such as young people and women.

In this sense, and according to data from the foundation *Fundación Laboral de la Construcción*, women are only on site in 6.2% of cases. At the regional level, there is an uneven distribution of female employment, with Madrid standing out with 21.4% which, together with the autonomous regions of Catalonia (14.9%) Valencia (13%) and Andalusia (10.9%), account for 60.2% of employment.

Progress in industrialisation will undoubtedly allow for progress in including women in this area.





### THE BUILDING CLUSTER

In 2021 ASPRIMA started an innovation and sustainability laboratory called *Clúster de la Edificación (Building Cluster)*, which currently has 95 members. These include private and public companies, research centres and universities. Our objectives include:

- Creating critical mass to boost R&D& in building.
- Improving the partners' profitability and competitive position.
- Championing visibility and outreach in this field.
- Boosting the digitisation of the sector.
- Reducing GHG emissions and creating circular economy projects.
- Promote training and employment in the sector (especially among women and young people).
- Launching public/private partnership projects.
- Increasing the international impact of the building sector.

We have achieved all this by defining strategic areas and more than 20 working groups for innovation in projects that have already received subsidies from the Ministry of Industry and Innovation.



# 11

## A free and open city. Architecture and human scale.

To understand Madrid's architecture, we need to understand the city's history. Both have developed logically and in step with one another, quietly, with dignity and with their own personality. The city's architecture has arisen from conditions that lend it an honest and vibrant identity that has proven capable of integrating avant-garde trends while also responding to the times effectively.

Madrid is and has been, from the start, a welcoming city, with a populace that, on settling in, becomes Madrid natives, regardless of their place of origin. As a result, Madrid natives, or "Madrileños," formed a society that was open to outsiders, in which no one felt like a stranger or a foreigner. This reality of intellectual and cultural openness would henceforth leave its mark on the city's identity. This is also reflected in its eclectic architecture and in the background of its architects.

As the population grew, the city's geographic space grew irresistibly towards its edges and beyond its borders as an inevitable consequence of its role as a centre of administration and consumer and retail spending. It was slowly shifting from being a city of services and consumption to an economically very complex city, with a wide variety of types of production. Architecture plays a vital role here in ensuring the quality of the planning required to unify its growth around an idea of a coherent city.

And it seems that the time is right: the political will is there, funds are recognising the rising value of Madrid and we architects are committed to watching over and advocating for the role played by the quality of our built-up spaces, in addition to supporting humanistic urban development that provides answers to an increasingly demanding society.



Madrid is an envied and desired place, a unique place because it is by no means impregnable. Moreover, it possesses an inner strength of independence that has come to the fore throughout history, which characterises it as a decisive defender of almost all freedoms.

Despite the emblematic nature of much of its architecture, its museums, its art centres, its galleries, its continuous exhibitions, its concerts, its vitality, Madrid is all that and much more. And Madrid continues to evolve and grow. It is proposing solutions that suit the times, preparing its future, competing on an equal footing, surpassing its own constraints and bringing its own personality to bear in being and asserting its own distinctive, open, diverse and free personality.

## 11.1 Innovation, technology, sustainability, health

The architects of Madrid are and wish to be part of this assimilated, tranquil, coherent, current vibrant and powerful transformation that will consolidate the city as a benchmark. The quality of its architecture has been and is undoubtedly continues to be the hallmark of its discretion, nobility and dignity. A beautiful city.

Madrid is now a place where, as Louis L. Kahn wanted, of availabilities. Madrid is, by its own history, an inclusive city, where this is not just an additive to its inherent features. The city's architecture represents the best of diversity and sustainability because it has managed to promote neighbourhoods, proximity and the territorial balance of a polycentric approach that has been fostered in open and welcoming public spaces, its green areas, its local commerce and its outdoor life.

The architecture of Madrid and its architects constitute a foundational element that has contributed to and driven a way of life of its own that is native to it and that continues to contribute the best training, commitment, rigour, technology and innovation to the new ways of life: these, as is always the case in the city, are naturally integrated into a Madrid society that is multicultural.

Madrid's architecture is at the cutting edge in Europe and the world. The architects of Madrid are carrying on the best architectural tradition by complementing it with the most advanced modern approaches that are respectful of urban centres, while pushing the envelope in new development. We are innovation and technology, contributing to the development of new ways of living, creating community and improving the urban landscape and outdoor life. We seek new beauty through spaces and experiences that are enriching, sustainable and inclusive, following the principles of the New European Bauhaus.

The COAM (the Official Association of Architects of Madrid) cooperates and coordinates with the public authorities and other actors in the construction process to defend the profession, expedite regulation and safeguard the rights of the public and the public function in architecture.

There has been a streamlining of the permit and licensing process. We will be the first city in Europe to achieve digitisation of the entire technical and administrative process. We are promoting and supporting constant regulatory changes to optimise and streamline processes, such as the recent Modification of the Madrid Urban Development Regulations. We are monitoring usage and housing trends in order to contribute to a more humanistic and flexible form of urban development.

Some 80% of the factors that affect our health are outside the health sector. The urban environment influences key aspects that affect physical and mental health, such as mobility, healthy food or spaces for relating to nature, which essential determinants of people's health and comfort. Architecture and urban design play a key role in our well-being, as they create the conditions that enable a healthy way of life.

In short, the architects of Madrid safeguard and promote the social, economic, cultural and environmental values of architecture for the benefit of people. We do so through our care of architectonic quality and its impact on the health, habitability, safety, comfort and quality of life of people, placing value on design, innovation, technology and sustainability.



# 12

## Conclusion: structural challenge and strategic opportunity

The Madrid region stands at a turning point. The analysis contained in this report confirms the existence of a structural imbalance between household creation and effective housing production, a gap that has intensified in recent years and continues to strain the residential market.

However, this scenario should not only be interpreted in terms of deficit, but also in terms of opportunity. The combination of sustained population growth, economic strength, leadership in attracting talent and capital, and business dynamism makes for one of the most demand-driven environments in southern Europe. The need to produce more housing in the coming years is not cyclical but structural, which gives both depth and visibility to the market.

Today, Madrid enjoys unique features: institutional stability, legal certainty, capacity for public-private collaboration, availability of large areas under transformation and a regulatory evolution aimed at streamlining urban planning, facilitating changes of use and increasing densities where feasible. These levers, if used in a coordinated manner, will enable the generation of new supply to be accelerated, especially in the affordable housing segment and in new residential types adapted to current social demands.

From an investment perspective, the current gap between supply and demand consolidates a market environment with high absorption capacity and potential for value generation in the medium and long term. Residential housing in Madrid - in its different formats: build-to-sell, build-to-rent, flex living, and affordable housing - presents a particularly attractive binomial: sustained structural demand and opportunity for development in a regulatory framework that is increasingly oriented towards facilitating production.

**In short, the time is now: to produce more housing, mobilise more investment and consolidate a sustainable growth cycle that combines social cohesion and long-term profitability.**



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## About ASPRIMA and ACI

### ASPRIMA

The **Association of Real Estate Developers of Madrid (ASPRIMA)** is a business organisation that brings together the leading companies in the value chain of the Madrid region's development sector which are responsible for more than 70% of the volume of housing produced in the region.

With a clear social vocation and a commitment to the continuous improvement of the real estate sector, its objectives include defending the interests of its members, promoting a stable and efficient regulatory environment, and playing a leading role in institutional dialogue with public authorities.

### ACI

The Spanish Association of Real Estate Consultancy Firms (ACI) brings together the leading real estate consultancy firms in Spain such as BNP Paribas Real Estate, Catella, CBRE, Colliers, Cushman & Wakefield, JLL, Knight Frank and Savills. Together they represent more than 90% of the market, directly and indirectly employing more than 4,300 people in Spain, and more than 300,000 internationally, thus reflecting the weight of this market in the real estate sector.

Since 2013 it has acted as the voice and technical benchmark in the sector. It represents the interests of its members and promotes professional and ethical standards. ACI's main aim is to contribute to professionalising the real estate consultancy market in Spain and thereby strengthen its transparency and good professional practice.





[www.asprima.es](http://www.asprima.es)

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