

## Viva España! A Magnet for Property Investment

### How Spain became Europe's hotspot for Economic growth and real estate investment

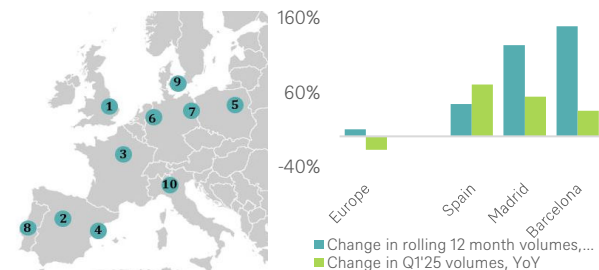
Spain is on a roll! Hardly a day goes by without headlines celebrating the country's remarkable economic momentum. Over the past two years, Spain's economy has delivered an exceptional performance, earning it recognition as one of Europe's most impressive success stories. According to Oxford Economics, Spain grew by a robust 3.2% during 2024, four times the eurozone average and more than the US which also performed strongly. Growth was driven by domestic demand and a strong boost from tourism.

Madrid and Barcelona have rapidly climbed the ranks in investor sentiment, now standing among the top European cities for real estate investment. According to CBRE's latest investment survey, Madrid has risen to second place overtaking Paris, while Barcelona secures fourth spot. This is no easy feat, particularly for a country that was among the hardest hit by the pandemic. Madrid's swift rise, from eighth to second place in five years, highlights its emergence as a key player on the investment stage.

increase. Prime yields stabilised across most asset types after reaching their peak earlier in the year; we now expect slight compression in most products during the course of 2025, including living, hotels, logistics and retail high street. At city level, transactional activity accelerated at a much faster rate in Madrid and Barcelona than at national and European levels. This strong momentum continued into Q1 2025, with strong growth recorded in both of Spain's major cities, whilst investment activity across the wider European region fell compared to the same quarter last year. In particular, investment in the living sector continued to show remarkable strength, with significant operations contributing to this solid performance.

Recent population flows have boosted domestic demand and rejuvenated the workforce. As such, unemployment is at its lowest since 2007. Another factor acting in Spain's favour is the effective use of the EU recovery funds. Looking ahead, we think Spain will continue to be one of the fastest-growing economies in the eurozone in 2025. Whilst tourism spending is slowing, it remains a key support for growth in the short term, alongside consumer spending. Whilst perceived risks have tilted to the downside in recent weeks due to global economic headwinds, Spain is well positioned to navigate some of these obstacles.

### 'Most attractive cities for cross-border investment' & Change in investment volume (offices, logistics, retail)



Source: CBRE, RCA, DWS, May 2025

According to CBRE, investment into Spanish real estate reached approximately €14 billion in 2024, exceeding the five-year average of €12 billion and representing a 20% y/y

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# Real Estate Research Team

## Office Locations

### Chicago

222 South Riverside Plaza  
34<sup>th</sup> Floor  
Chicago  
IL 60606-1901  
United States  
Tel: +1 312 537 7000

### Frankfurt

Mainzer Landstrasse 11-17  
60329 Frankfurt am Main  
Germany  
Tel: +49 69 71909 0

### London

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom  
Tel: +44 20 754 58000

### New York

875 Third Avenue  
26<sup>th</sup> Floor  
New York  
NY 10022-6225  
United States  
Tel: +1 212 454 3414

### San Francisco

101 California Street  
24<sup>th</sup> Floor  
San Francisco  
CA 94111  
United States  
Tel: +1 415 781 3300

### Singapore

One Raffles Quay  
South Tower  
20<sup>th</sup> Floor  
Singapore 048583  
Tel: +65 6538 7011

### Tokyo

Sanno Park Tower  
2-11-1 Nagata-cho  
Chiyoda-Ku  
18<sup>th</sup> Floor  
Tokyo  
Japan  
Tel: +81 3 5156 6000

## Teams

### Global

#### Kevin White, CFA

Global Co-Head of Real Estate Research

#### Simon Wallace

Global Co-Head of Real Estate Research

### Americas

#### Brooks Wells

Head of Research, Americas

#### Liliana Diaconu, CFA

Office Research

#### Ross Adams

Industrial Research

#### Sharim Sohail

Property Market Research

### Europe

#### Ruben Bos, CFA

Property Market Research

#### Tom Francis

Property Market Research

#### Siena Golan

Property Market Research

#### Rosie Hunt

Property Market Research

#### Carsten Lieser

Property Market Research

#### Martin Lippmann

Property Market Research

### Asia Pacific

#### Koichiro Obu

Head of Real Estate Research, Asia Pacific

#### Natasha Lee

Property Market Research

#### Hyunwoo Kim

Property Market Research

#### Seng-Hong Teng

Property Market Research

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Authors



**Karine Woodford**  
Property Market Research



**Ruben Bos, CFA**  
Property Market Research

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