ULI Knowledge Institute

ULI Spain

# LIVING RENTAL MARKET

2025Q4 Spanish Market

Confidential

# 0. INTRO

2025Q4 Spanish Market

## 0.1 URBAN LAND INSTITUTE – ULI

Urban Land Institute - ULI is the most influential research and educational organization of the built environment. It was established in the United States in 1936 and currently has more than 48.000 Members worldwide. ULI's Mission is to "shape the future of the built environment for transformative impact in communities worldwide”.

ULI Spain is the national chapter of the Urban Land Institute in Spain, which has two forums: ULI Barcelona and ULI Madrid, where we work with our 600 individual members and our 40 Corporate Partners to achieve ULI's objectives and priorities in our national council.

## 0.2 ULI SPAIN LIVING RENTAL TEAM + ULI SPAIN LIVING EXPERTS’ PANEL

Inline with ULI´s ambition to be the most influential Institute of research and knowledge, leading the way in providing solutions to major challenges facing our communities in the built world through applied collective experience, ULI Spain has developed the ULI Spain Living Rental Product Council. This PC is formed by real estate leaders, experts and senior professionals. This Product Council’s primary goal is to publish accurate, independent and valuable information about Spain’s rental housing, contributing to generate a deep debate, based on objective data and verified facts. ULI offers this report as a way of collaboration with public administrations, private sector and Universities (Academia), to seek solutions and address the current challenge of accessing housing in Spain.

ULI Spain here publishes its 6th edition of this **ULI Spain Living Rental Report**, analysing the Spanish rental housing sub-sector through 3 main axis analysis :

- **Supply**
- **Demand**
- **Payment Capacity**

This Report addresses these 3 axis from **2 different angles**:

**I. Quantitative Analysis:** a numerical analysis of the 9 most populated provincial capital municipalities, based on "big data”. In addition, the Report will show certain indices that allow to monitor the dynamics of demand, supply and payment capacity of the residential rental market over time. The Methodology used for the Quantitative Analysis has been developed by Big Data Methodologies. Big Data makes possible to interrelate diverse public data sources with a relevant level of spatial and temporal granularity, so that the heterogeneous behaviours of our neighbourhoods and cities can be segmented. This process is necessary to run accurate basic diagnosis, as it is the best approach for a political and social debate in search for solutions, but also for citizens and real-estate decision-making stakeholders.

**II. Qualitative Analysis:** ULI Living Experts’ Panel review the Quantitative Analysis through their vast daily experience, to put it in context and perspective. In this sixth edition, the Panel was formed by representatives of some of the most relevant entities in Spain in the residential for rent sub-segment:

J. Alonso | H. Beunza * | M.J. Piccio-Marchetti * | M.A. Peña | D. Botín | F. Pérez | P. Pérez de Acha | C. Olmos | A. Benavides

From ULI Spain, we would like to thank our Experts for their time and wisdom, and for the thought leadership they have contributed, the fundamental basis of the Qualitative Analysis in this Report.

We would also like to thank our members for making possible the publication of this sixth edition of this **ULI Spain Living Rental Report,** to be launched on May 2026 at SIMA Salón Inmobiliario de Madrid.

# 1. DEMAND

2025Q4 Spanish Market

## 1.1 CITY DYNAMISM INDEX

This Report measures Demand based on several parameters not directly related to the residential sector. Fundamentally: dynamic and number of households ('HH'), number of Social Security affiliates, and net disposable income per HH. The data shows that all three are growing steadily:

- The number of HHs is at a peak of the last 5 years in the 9 capital cities. It continues growing. In some cities, substantially;
- The number of people registered with the Social Security is at a historical all-time high in the nine capitals; and
- Net disposable income per HH has grown between 17.6% and 26.7% in the last five years. In 6 of the capitals, was above 20%.

**The Dynamism City Index** for the 9 capitals is high or very high and over percentile 75 of Spanish 150 top municipalities (those with over 50k inhabitants).

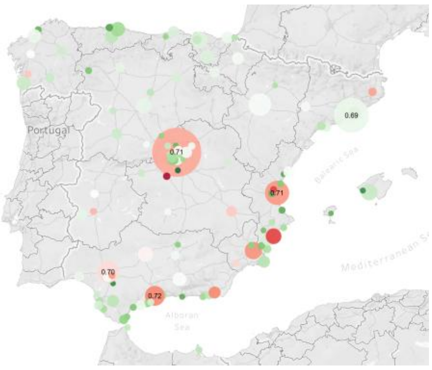


Fig: City Index Main Cities Map.

### City comparison

Demand: number of new HH being created continues to grow. In many locations, faster than Supply.

Net disposable income growth has ranged from 17.6% in Zaragoza to 26.7% in Málaga, over the last 5 years, representing a CAGR between +3.5% to +5.5%.

Affiliation in these 9 cities is also practically at its highest level (all 9 cities are at their peak from last 5 years). Similarly, the number of jobs per household ranges between 1.16 and 1.81 in the 9 capital cities, most of them above 1.5%. This, together with net disposable income, shows the financial health of demand.


Fig: City Index Main Cities Chart.

## 1.2 LIVING EXPERTS' PANEL MEMBER ANALYSIS

ULI Experts' Living Panel

The Experts pointed out that the Demand for rental housing is very high, specially –obviously- in the most dynamic locations. The main elements that make up such Demand (number of HH, affiliations to SS, and Net available income per HH), continue to grow.

Critically, the growing demand is only one key driver. As we will see later, the payment capacity of a large percentage of this unsatisfied demand is in the lower income segments and is made up of HH with different needs. Rental increases are excluding lower income segments (who are then piling up).

# 2. SUPPLY

2025Q4 Spanish Market

## 2.1 SUPPLY & DEMAND INDEX

The **Matching Supply and Demand Index** compares the existing supply of housing (for rent only) available, in relation to the number of transactions of such housing supply per quarter. It measures the market's capacity to absorb current available supply.
Absorption of second-hand housing Supply (for rent) is almost at a structural maximum: 81-93%. This means that around 90% of all second-hand housing Supply (for rent) is rented within one quarter. Withdrawal of product from the market continues, reducing Supply.
The structural obstacles preventing the stock of new built housing (for rent) from growing significantly, persist: very high cost (land, construction, tax, etc.), long administrative processes, limited industrial capacity, etc. High cost means low returns.

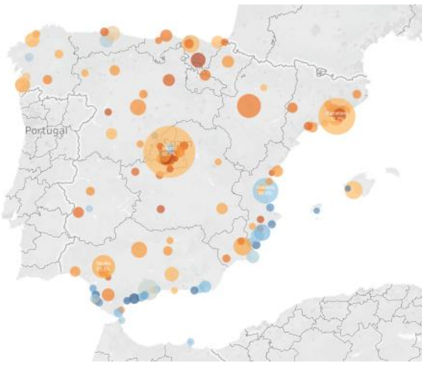


Fig: Absorption Rent LT Index Main Cities Map.

### City comparison

The stock (total built housing, for rent and for sale) is at a 5-year high in all the capitals studied (no data for Bilbao). Such stock of available housing remained stable in 8 of the 9 municipalities studied (no data for Bilbao).

Properties being rented during Q4 2025 remain significantly smaller than the average surface area of existing housing stock. This difference is growing, and ranges from 13,5-16.2% in Valencia, Alicante and Barcelona; 20.2-22.5% in Seville, Madrid and Malaga; and 30-35% in Murcia and Zaragoza.

The Experts agreed that what is needed -among other things- is more residential land as soon as possible, more investment (public and private, national and international), legal certainty, deeper public-private collaboration, increased efficiency in construction, increased profitability, etc. so that generating housing for rent is as attractive as –or more attractive than- developing housing for sale. Today, it is often not the case.

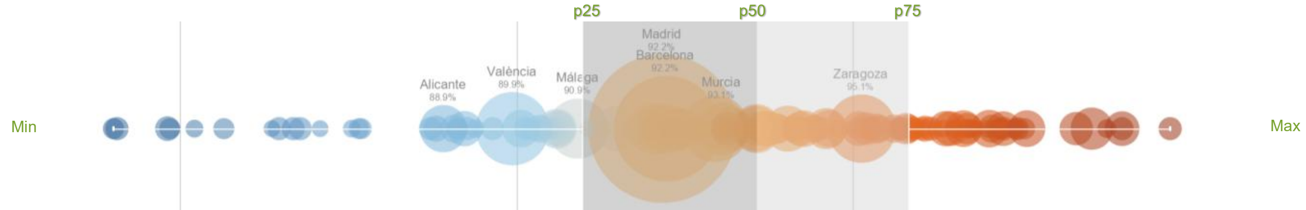


Fig: Absorption Rent LT Index Main Cities chart.

## 2.2 LIVING EXPERTS' PANEL MEMBER ANALYSIS

ULI Experts' Living Panel

The Experts referred to the accumulated lack of supply of housing for rent in certain cities. They agreed that this is being worsened by increased regulation and punitive measures. Also, housing for sale generates more attractive returns than housing for rent. This is also pushing down Supply of housing for rent.
This scarcity is pushing up the price of available rental properties.
More rental properties are needed, particularly for HH on low income, since the nine cities analyzed are very dynamic and are likely to continue growing substantially in the medium term.
Solutions (and hopefully, public-private collaboration) must be based on good data, well analyzed through practical experience.

# 3. PAY CAPACITY

ULI Spain

2025Q4 Spanish Market

## 3.1 AFFORDABLE SUPPLY INDEX

The **Rental Affordability Index** shows the percentage of available rental housing (Supply) at affordable prices: representing effort rates of no more than 35% of the net available income per HH.
There has been a slight improvement in payment capacity (annual data, published in December 2025).
As rents increase, more HH with medium and medium-high incomes move from buying to renting. This pushes a growing percentage of low and medium-low income HH out of the rental segment. HH with limited resources cannot afford to buy a home, and are finding it increasingly difficult to rent one. Some are focusing on medium or short-term alternatives.

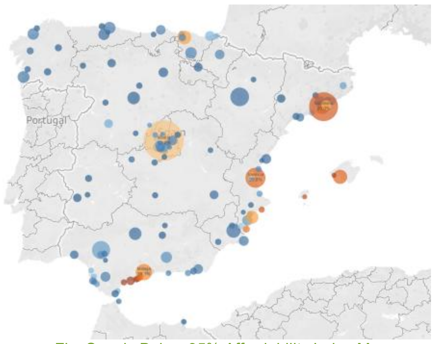


Fig: Supply Below 35% Affordability Index Map.

### City comparison

The median of rent level for new housing contracts ranges from 1,650 to 1,300 euros/month in Barcelona, Madrid and Valencia; 1,250 to 1,110 euros/month in Bilbao and Malaga; and 1.000 to 750 euros/month in Alicante, Seville, Zaragoza and Murcia. Rental cost growth over the last 12 months (median) has been modest in Seville (3,4%), but substantially higher in the other capitals: from 7% in Barcelona to 11,6% in Madrid.

Extensions to existing leases are granted at (sometimes substantially) lower rents than for new leases, due to legal limitations on the annual rent reviews. As shown in the above rental cost growth, the rent for new leases is increasing substantially more.

The Net available rent for HH has grown in the 20% range in the last 5 years (rather than in the 15% range), due to annual increases of 4.5-6%. This is above inflation, which is good news for HH's payment capacity. However, rental prices have increase substantially more than inflation in the nine capital cities analysed.

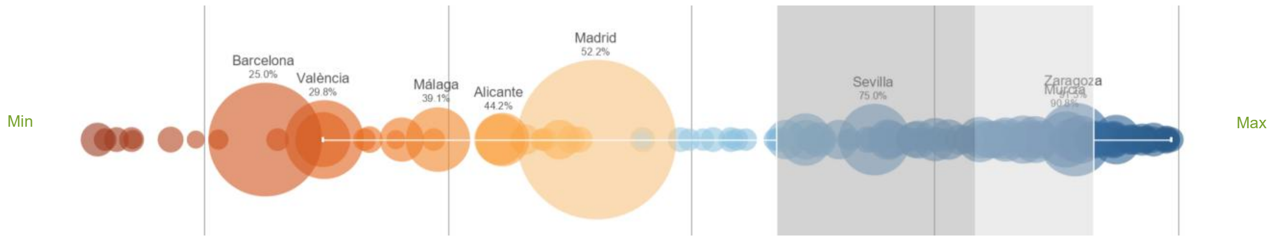


Fig: Supply Below 35% Affordability Index Main Cities chart.

## 3.2 LIVING EXPERTS' PANEL MEMBER ANALYSIS

ULI Experts' Living Panel

A conclusion made clear for the Experts: as prices continue to grow in more dynamic cities, more HH chose or are forced to rent.
The recent improvement in HH effort rates for housing may mask the displacement of HH with low and mid-low income HH from the rental market. Market rents represent a lower effort rate for HH with a higher net available income.
The majority of existing unsatisfied HH (Demand) are in the low and mid low-income range. They can only afford affordable housing for rent.
There was consensus that the housing issue demands detailed information (segmented by HH income), different solutions, and increased investment. The solutions currently being proposed are not progressing quickly enough.

ULI Knowledge Institute

ULI Spain

# LIVING RENTAL MARKET

## 2025Q4 Quantitative Executive Summary

Spanish 9 main cities

Confidential

ULI Knowledge Institute

ULI Spain

## METHODOLOGY CHANGE NOTICE

For the 5th edition, "Absorption Rent LT L4Q Index" replace "Absorption Sale+Rent LT L4Q Index", and "% HH Non Access to housing" as percentage of Households that today not have acces to any rental supply asset with affordable conditions is included; and

For the 3rd edition, the data on the % of rented and vacant have been extracted from new INE data (as of 2021-2023). The data of the 1st edition were those previously available, also from INE (as of 2011); and

New contracts Rental prices (€/month, and €/m2/month) in the 2nd and 3rd editions reflect the Median (50th percentile). In the 1st edition, they showed the Average of the same. Statistically the Median (50th percentile) is more appropriate and more stable. Due to this change in methodology, we have added another data: the evolution of the last year, to see dynamics.

## DISCLAIMER.