

# Madrid Insight

2025 / 26

Madrid seals its status as a global hub while further consolidating its prime residential market.

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## Introduction

This report takes a closer look at what's happening in Madrid at a key moment for its global standing. The Spanish capital has pulled ahead in recent years, becoming a veritable European powerhouse of economic and social success — underpinned by sustained growth, a stable institutional environment and a flair for attracting investment and talent from all over the world.

Today, Madrid is flourishing as a world-class business destination, offering a competitive tax landscape by European standards, modern infrastructure and an enticing quality of life. The city is building on its success through a series of strategic projects with global reach, further boosting its profile and competitiveness on the world stage.

A dynamism galvanising the prime residential market. With limited supply and growing demand, amplified by wealthy buyers both domestic and international, Madrid has shown solid price growth and a stable investment profile with plenty of long-term potential. A spate of ultra-prestigious launches and continued growth in the branded residences segment confirm its top-tier status in Europe's luxury real estate landscape.

Madrid has truly earned its position as a hotbed of prosperity, innovation, culture and quality of life, offering a new vision of urban living to rival any of its global peers.

We are here to help you to take a more in-depth look at the market and support you at this unique moment in the city's history.

**Daniel Caprarin**

Director, Head of Research, Marketing & PR

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# Why Madrid?

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Madrid has built a profile as one of Europe’s most sought-after destinations for high-net-worth buyers and investors. It’s also riding a sustained wave of growth that has prompted a surge in prime residential investment. This is, after all, a city synonymous with art, culture, world-class cuisine, education and an exceptional quality of life.

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And the pull of a sunny climate should not be underestimated. According to AEMET, Spain’s meteorological agency, Madrid promises close to 3,000 hours of sunshine per year (2,909, to be precise), based on the 30-year average. This makes it Europe’s sunshine capital, leaving other Mediterranean cities — including Athens (2,773 hours), Nice (2,810 hours), Rome (2,533 hours) and coastal Lisbon (2,895 hours) — in the shade.

Next, we can tick off a first-rate cultural and leisure scene and world-famous culinary flair: 31 Michelin-starred restaurants, no less.

Then there’s its reputation as a seat of learning, home to globally renowned institutions and, most notably, some of the world’s most prestigious business schools. Three are featured in the Financial Times ranking of world’s top 20 MBA providers: IESE, ESADE and IE Business School. IE Business School offers the top-rated online MBA programme, a powerful platform for attracting global talent and the crowning touch on Madrid’s academic reputation.

Madrid also has a strong claim to the title of “European capital of sport”, thanks to an impressive billing of major international events. Following the reopening of the newly upgraded Santiago Bernabéu Stadium, on 16 November 2025 the city became the backdrop for Spain’s very first NFL match, pitting the Miami Dolphins against the Washington Commanders.

**Madrid’s educational infrastructure is second to none — most notably, some of the world’s most prestigious business schools can be found here**



Madrid could also lay claim to the title of “European Capital of Sport”, having scored an impressive lineup of major international events

excellent connections to every part of the world, with an abundance of air, rail and road links that it easy to visit.

Provisionally scheduled for 2027, a direct rail line between Lisbon and Madrid will enable rapid travel between two of Europe’s most dynamic capitals — a new milestone for the city.

Madrid’s growing profile as a luxury shopping destination is reflected in its expanding offer of top international retail brands. Indeed, Chanel has chosen the Spanish capital to host its largest flagship store in Europe. Currently under refurbishment, 16 Calle José Ortega y Gasset is the illustrious future address of what promises to be a unique retail experience at the heart of the “Golden Mile”.

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## Economy and growth

Spain’s strong economic performance in recent years has played a key role in attracting buyers to the prime residential market. Between 2022 and 2024, its econ-

The eyes of the world will be back on Madrid in 2026, when the Formula 1 Spanish Grand Prix gets under way. Ticket sales have been extraordinary: the pre-sales allocation of 25,000 went in the space of two minutes.

The waiting list rapidly hit 235,000, for an estimated 110,000 spaces between stands, general entry and VIP areas. Days later, when tickets went on general sale, around 50% of seated capacity was accounted for in a matter of hours, amid feverish demand from international fans. In fact, almost 25% of all sales came from outside Spain, with the main buyers being from the United Kingdom, Mexico and the United States.

Madrid has also prospered as a cultural stronghold and thanks to its strong European transport connections. The Paisaje de la Luz (Landscape of Light), a UNESCO World Heritage Site, along with the future Royal Collections Museum and a cluster of world-class museums have made the city a must for history and art aficionados.

What’s more, it has the advantage of



omy grew faster than any of the other main European economies, outperforming Germany, the UK, France and Italy. Projections for 2025 put GDP at 2.9%, versus 1.3% for the UK, 0.5% for Italy, 0.7% for France and 0.2% for Germany.

Spain is on track to maintain the momentum in 2026, once again the favourite to top the European leaderboard with 2% GDP growth, compared with 1.3% in the UK, 0.9% in France and Germany and 0.8% in Italy (Figure 1).

This economic dynamism is largely thanks to Madrid, which for some years has been the driving force behind the country's growth. No other autonomous region contributes as much to national GDP, and the Spanish economy is increasingly centred on its capital. In 2023, Madrid accounted for almost 20% of Spanish GDP (Figure 2).

## Brand Madrid: a case study in the power

Many of the things that draw people to Madrid today — plenty of sunshine, culture, world-class dining, etc. — have

Figure 1. Growth in Spain's annual GDP vs other major European economies (%).

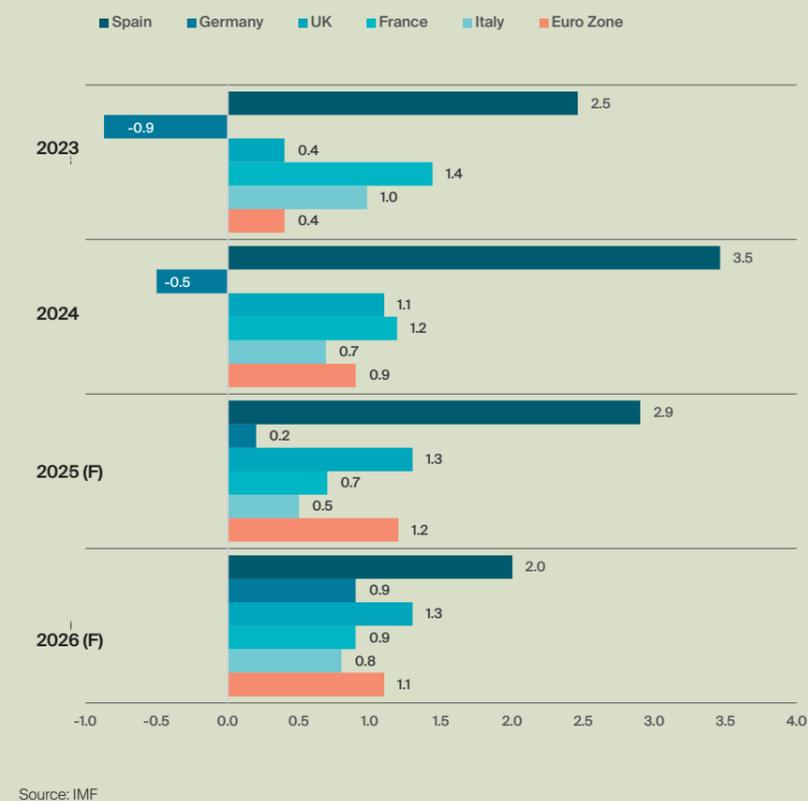
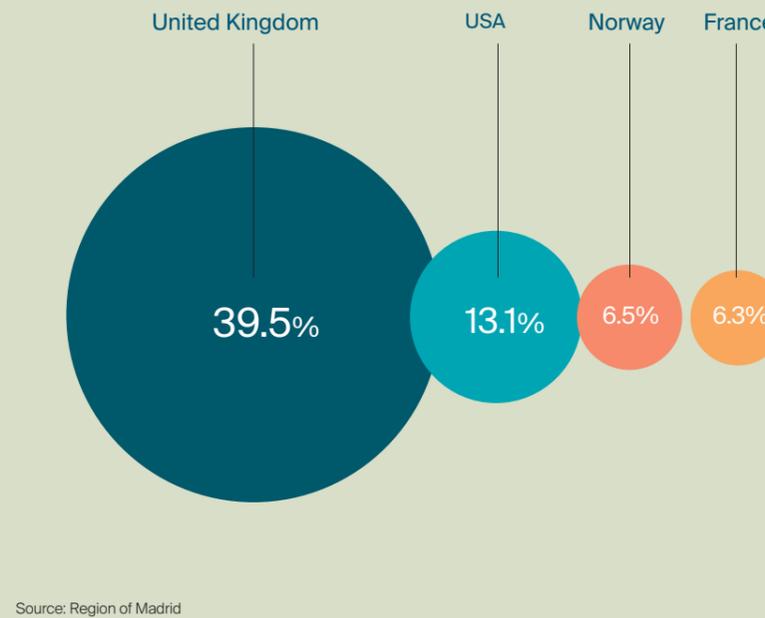


Figure 2. Spanish GDP Growth by Region.



Figure 3. International investment in the Community of Madrid by country of origin (2024).



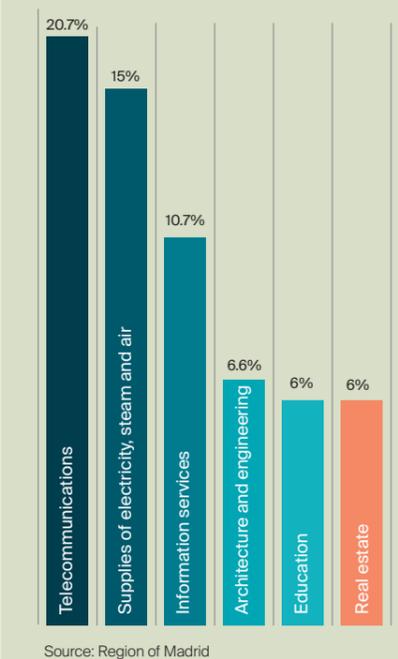
43% UHNWIs

Madrid is home to 43% of Spain's UHNWIs (Ultra-High-Net-Worth-Individuals), i.e., those in the US\$30-million+ bracket.

+10% > 2027

(1) Gross investment: non-resident transactions involving shareholdings in private Spanish companies; shareholdings exceeding 10% in publicly listed Spanish companies; establishment or expansion of capital for branches of overseas companies; or other forms of investment in entities or legally constituted bodies registered in Spain (foundations, cooperatives or economic interest groups) with capital investment of over €3 million.

Figure 4. Breakdown of international investment capital by sector. Region of Madrid (2024).



been here for many years. So why is Madrid soaring now?

The secret ingredient? Trust.

All this time, Spain has been steadily consolidating and amassing investor confidence. Madrid is a refuge of legal certainty in a world in flux, riven with political and economic upheaval.

Another factor: Madrid is home to 43% of the country's UHNWIs (Ultra-High-Net-Worth Individuals — those with fortunes of US\$30 million or more), making it the wealth and investment capital of Spain. Their numbers are expected to grow by 10% by 2027, while the ranks of HNWIs (with wealth equal to or greater than US\$1 million) will grow by 30%.

Data from the Community of Madrid reveals that the capital region strengthened its hold on Spain's foreign investment in 2024, bringing in 67.1% of the national total.<sup>(1)</sup>

The largest volumes (Figure 3) flowed from the United Kingdom (39.5%), the USA (13.1%), Norway (6.5%) and France (6.3%). By sector (Figure 4), these investors tended to favour telecommunications (20.7%), electricity, gas, steam and air supplies (15%), information services (10.7%), archi-

tectural and engineering services (6.6%), education (6%) and real estate (6%).

With Madrid firmly in the spotlight, the timing of the arrival of Forbes House is no mere coincidence. Out of all the cities in the world, Forbes selected Madrid as the setting of its first private club, a decision that can only boost its profile as a global business hive.

Forbes House Madrid will offer a unique package of benefits to its members (thought-leaders from the worlds of business, culture, media, politics and sport) as a spur for networking and collaboration.

## Spain: the second most visited country in the World

For many years, Spain has been the second-most visited country in the world, with its eyes firmly set on the crown.

Between 2010 and 2024, the number of international visitors soared by almost 80% on the back of a structural shift in the country's tourism profile.

Figure 5 shows the change in the pat-

tern of arrivals by month between 2016 and 2024. Comparing January 2024 with January 2016, we see an increase of 35%, representing almost 1.25 million people. The most pronounced change is in the number of international visitors arriving in January, February, March, November and December, while August shows more modest growth (just 9%) over the same period. This pattern confirms that Spain is no longer the preserve of summer sun-seekers, but a destination for all seasons.

Figures are expected to show that visitor numbers topped 100 million in 2025, ensuring a continued flow of international demand.

This is the primary factor behind the expansion of Madrid-Barajas Airport, poised to take its place among the largest in the European Union. This vital hub will see its capacity grow from 70 million passengers to 90 million by the time of completion, expected for 2031.

The estimated investment of €2,400 million, with talk of an uplift to €4,000

### Figures are expected to show that visitor numbers topped 100 million in 2025, ensuring a continued flow of international demand.

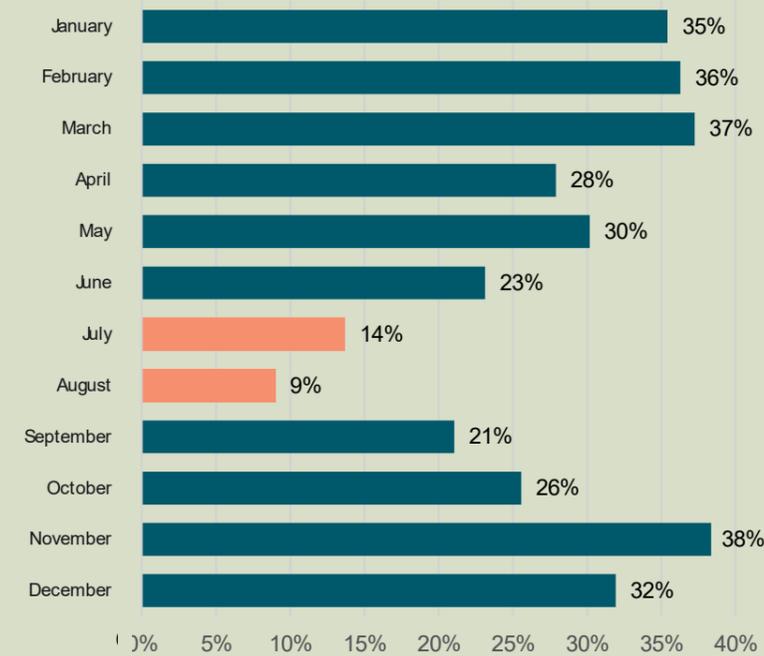
million in 2026, speaks to the unprecedented volume of air traffic generated in recent years.

The hospitality sector has lost no time in responding. Indeed, the city's hotel scene has entered a new golden age, ushered in by the arrival of some of the biggest names in luxury.

Since 2019, Madrid has seen the launch of no fewer than 11 luxury hotels, boosting the number of beds in this segment by some 1,550, approximately 15%.

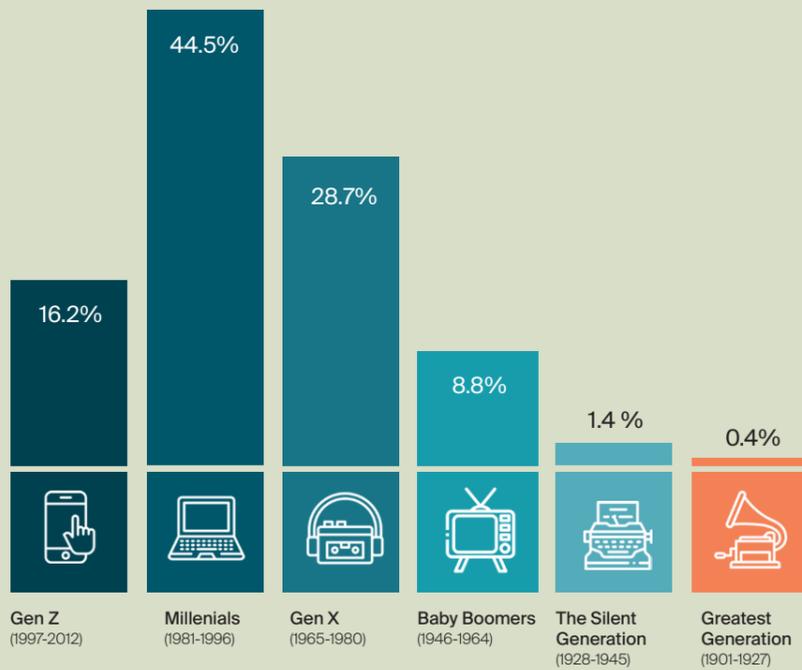
Another four are set to open their doors in 2027, adding more than 270 rooms to the city's supply. Knight Frank's expert research team monitors new hotel launches as an early predictor of future prime residential demand, on the premise that some of these luxury-seeking visitors will one day look to purchase a permanent home in

Figure 5. International tourist numbers 2016 vs 2024.



Source: INE

Figure 6. Breakdown of European Lifestyle Report survey participants by generation.



Source: Knight Frank Research

one of the city's most exclusive enclaves.

Altogether, these factors have thrust Madrid to third place in Europe for affluent buyers seeking to relocate. This is a key finding of Knight Frank's 2025 European Lifestyle Report, based on a survey of 700 HNWI's in 11 countries and territories, including the UK, the USA, Belgium, France, Germany, Italy, Ireland, the Netherlands, Portugal, Spain and Switzerland.

Respondents spanned more than 30 nationalities, with millennials making up the largest group (45%), followed by Generation X (29%) (see Figure 6).

### Who's buying?

Demand for Madrid's prime properties is fairly evenly split between domestic and international buyers.

As we see from Figure 7, Spanish buyers made up 55% of the total in 2025, down from 60% in 2023 and 70% in 2018. This gradual rebalancing confirms the growing influence of international demand, now behind 45% of all transactions.

Buyers from Latin America (26%), followed by the USA (8%) are particularly active in this market.

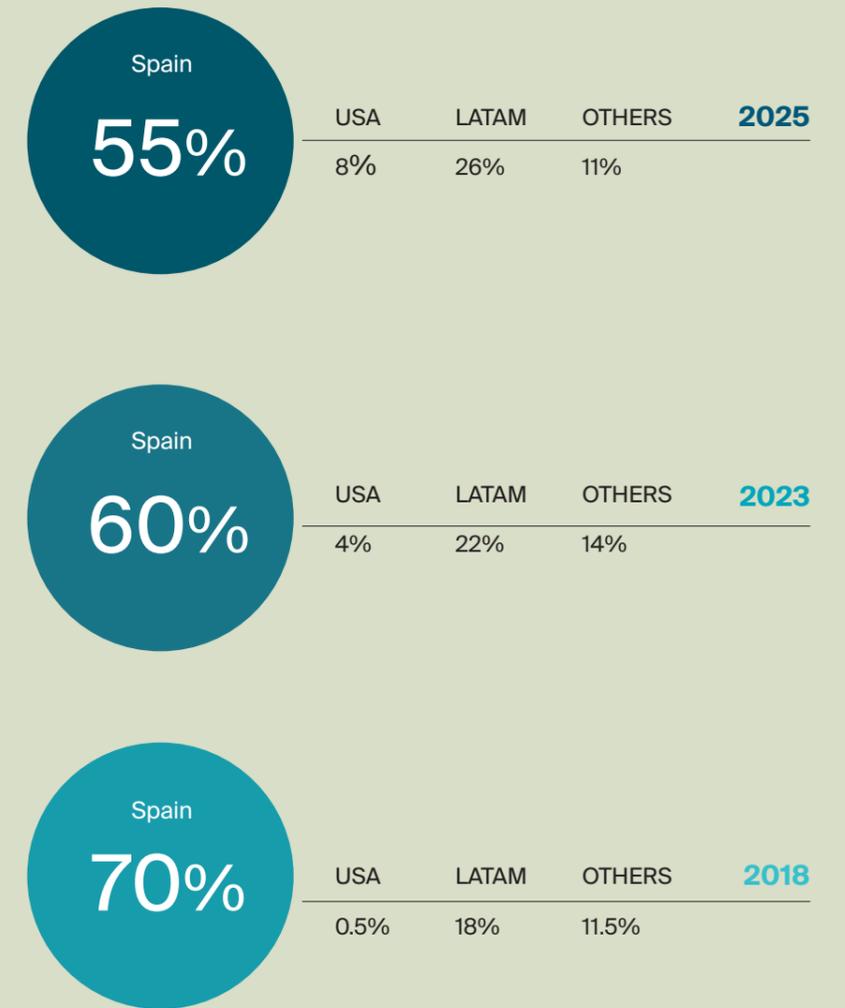
Indeed, the rising prominence of US buyers is worth addressing in more detail. As Figure 7 shows, back in 2018 barely 0.5% of prime buyers were from the USA.

This dramatic shift can be attributed to a number of factors, mainly linked to political stability and Madrid's heightening appeal as a vibrant global city.

The presence of US investors is a huge opportunity for the capital's prime residential market. The USA is home to more multimillionaires, and a greater concentration of wealth, than anywhere else on the planet: almost 40% of all individuals with a net worth of over US\$10 million, and 40% of the "ultra-rich" (US\$100 million-plus).

In parallel, recent months have seen a spike in activity among UK-based buyers, many of whom see Spain as a relatively tax-efficient choice, among other factors.

Figure 7. Prime residential buyers by origin.



Source: Knight Frank Research

### What's the outlook for demand?

The new generation of HNWI's are showing a clear preference for real estate. According to Knight Frank's 2025 Wealth

Report, 29.8% of Next Gen investors (aged 18-35) cite prime residential property as their priority target, valuing luxury homes above classic cars, private jets or artworks (Figure 8).

What's more, global wealth is expected to grow in 2025. In 2024, the number of individuals with a net worth of US\$10 million or more climbed 4.4% year on year. We find the same pattern in every

region of the world, with North America (5.2%) and Asia (5.0%) out in front and Europe recording more modest annual growth of 1.4%.

In other words, both up-and-coming prime investors and those already in the market will continue to drive the prime residential market.

That said, there are a few hurdles to navigate, including taxes, regulatory barriers, intense competition for available properties, as shown in Figure 9.

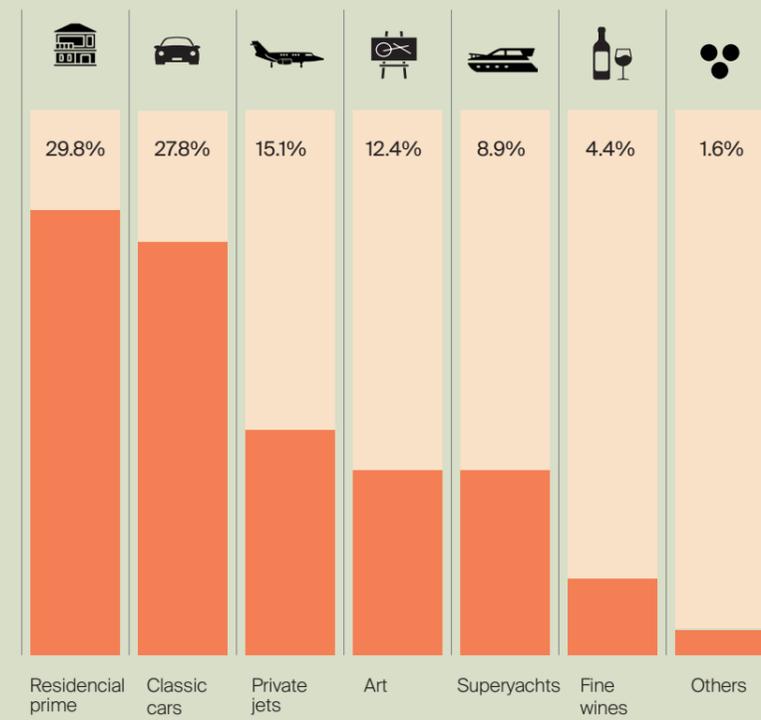
## Prime transactions and prices

The bulk of Madrid's prime residential property can be found inside the M-30 ring road, concentrated in five key districts: Salamanca, Chamartín, Chamberí, Centro and Retiro.

Outside the M-30, the main hotspot is La Moraleja, one of Madrid's most exclusive and well-established prime neighbourhoods.

As Figure 10 shows, Salamanca is still the epicentre of the market, with the highest

Figure 8. Where do high-net-worth individuals (HNWI) invest?



Source: Knight Frank *The Wealth Report 2025*

concentration of prime deals. Two of the highest priced Salamanca neighbourhoods, Castellana and Recoletos, currently command average prices between €13,000/sqm and €15,400/sqm.

This area boasts the capital's most prestigious addresses and its most high-end homes, bolstered by world-class retail and dining options.

Chamartín, where prices range from €9,700/sqm to €11,000/sqm, is the second area in terms of prime transactions. This district benefits from an attractive choice of established residential areas, the prestige of living alongside embassies and diplomatic buildings and direct access to transport links and upscale shops and services — all of which make it a popular choice for both families and international investors. Within Chamartín, the El Viso neighbourhood is sought-after for its peaceful atmosphere, tree-lined avenues and fine single-family homes and high-end apartments.

Chamberí and Centro are of particular appeal, with prices in the range of €11,300/sqm to €13,300/sqm. Investors with an interest in refurbished period properties and properties with character, combined with a convenient central location, often gravitate here.

The Almagro and Trafalgar neighbour-

hoods, both in Chamberí, are especially popular for their classical architecture, wealth of quality services and proximity to cultural and leisure attractions.

Meanwhile, those in search of a vibrant street life and cosmopolitan spirit would do well to look at Justicia in the Centro. Salesas, a select pocket within the Justicia neighbourhood, has made a name for itself in recent years thanks to a liberal sprinkling of designer boutiques, on-trend restaurants and covetable period homes right in the heart of Madrid.

In Retiro, buyers are catching on to its substantial uplift potential, with the average price now standing at €14,500/sqm. This district offers a winning blend of proximity to the Retiro Park, Madrid's most iconic green oasis, a rich cultural

life and some splendid prime properties. Nowhere captures this high-class feel quite like Jerónimos, with its stately buildings and enviable quality of life.

In terms of one of the primest areas outside the M-30 ring road, La Moraleja is an exclusive residential area, where luxury single-family homes are priced at an average of between €6,600/sqm and €7,100/sqm. Popular for its greenery, space and seclusion, La Moraleja has a lot more going for it than a more sedate pace of life: think international schools, sports clubs, golf courses and a multitude of retail and dining options. For families who put a premium on peace, safety and privacy, but are not ready to give up on all of the benefits of big city life, it's the perfect balance.

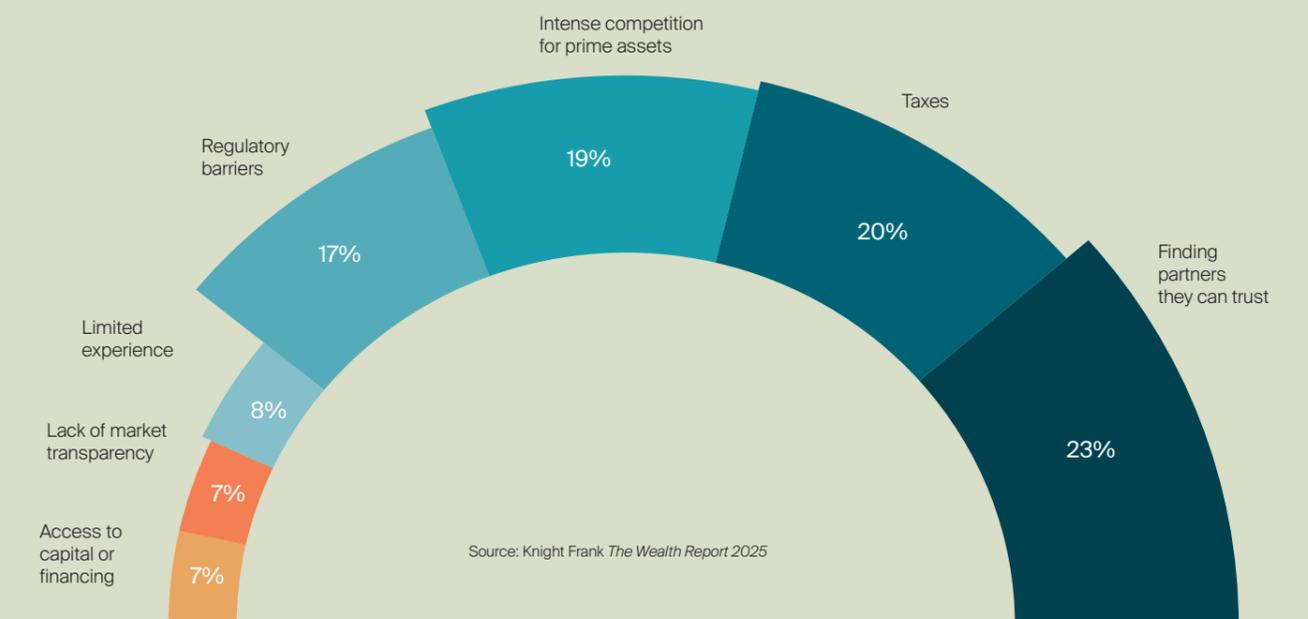
## What's the story with supply?

It is not easy to find prime new-build property in Madrid; nor is this likely to change in the short term, due to local regulations and the confines of the existing urban form.

This is why we do not tend to find the

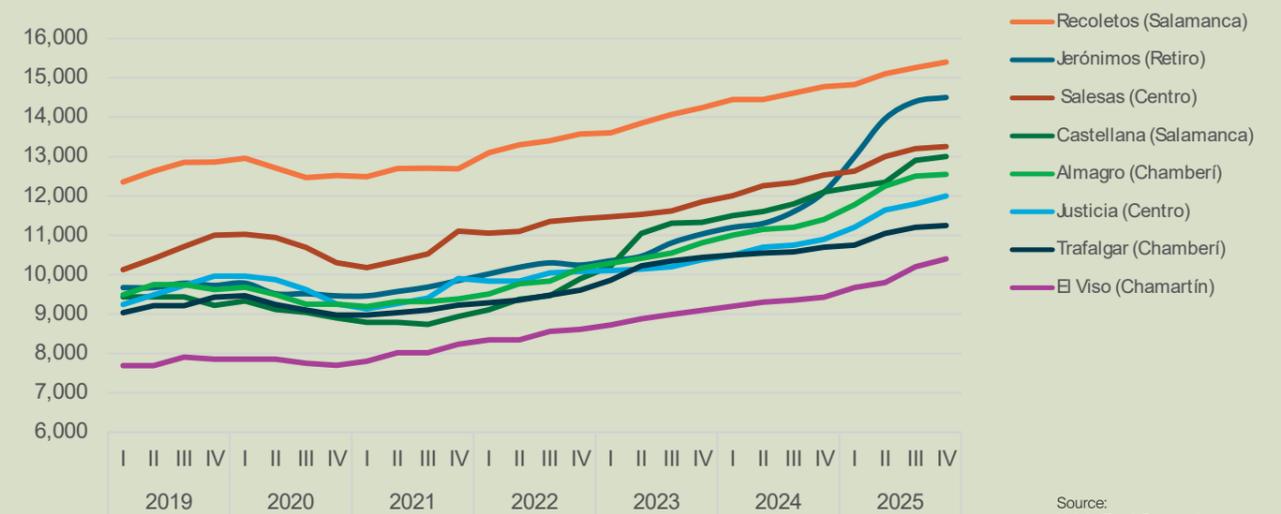
## The Salamanca district remains the epicentre of Madrid's prime market, with more high-value transactions than anywhere else in the city

Figure 9. Buyer challenges.



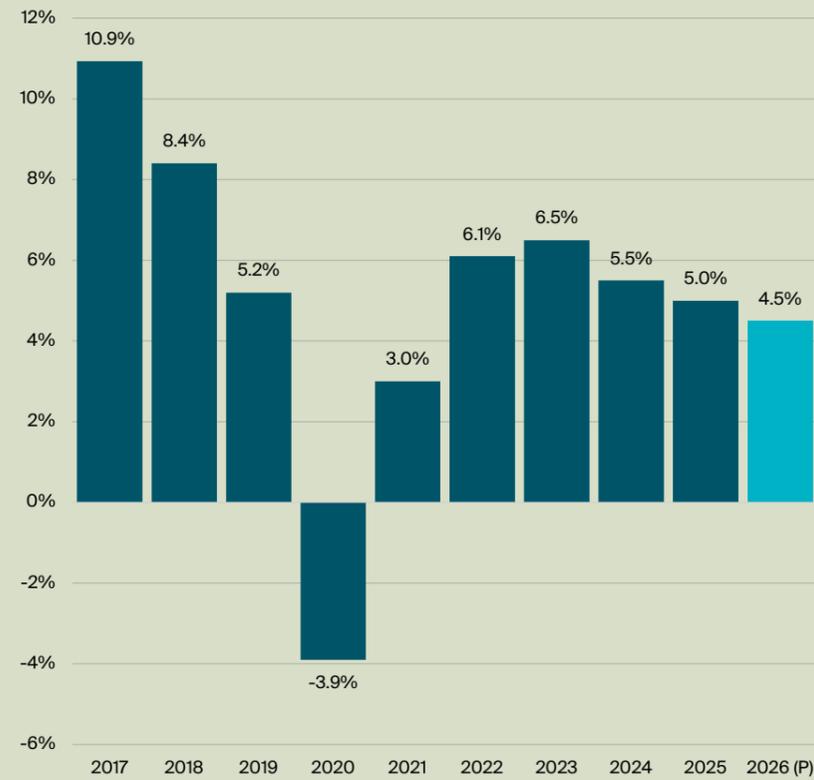
Source: Knight Frank *The Wealth Report 2025*

Figure 10. Average prices by neighbourhood within the M-30 in € per sqm.



Source: Knight Frank Research

Figure 11. Change in average price for prime property in Madrid.



Source: Knight Frank Research

luxury high-rise developments such as in London, Miami and Dubai. And there's little prospect of any new prime areas emerging in the medium term.

In Salamanca, for example, the supply of new-build homes shrank by around 20% between 2020 and 2025.

Rising construction costs and the scarcity of land for development remain major roadblocks.

The primary market response has been a shift in demand towards older properties, often refurbished to an exceptional standard.

In parallel, a new segment of demand is stepping to the fore: homes priced in excess of €10 million, both in terms of new-build and existing stock.

### What about prices?

Heated demand, along with shrinking new-build supply and a continuous escalation in the level of specifications, services and amenities in the luxury market have driven up prices in recent years.

In late 2025, the average price of a prime home in Madrid was 5% higher than in 2024. By the same point in 2026, we expect to see a further 4.5% rise, consistent with the upward trend that emerged in the wake of the pandemic (Figure 11).

Figure 12. How much prime space will \$1m buy you?

	2014		2024	Price
<b>Madrid</b>	125 sqm	-44%	70 sqm	▲
<b>Paris</b>	51 sqm	-18%	42 sqm	▲
<b>London</b>	23 sqm	+43%	34 sqm	▼

Source: Knight Frank Research

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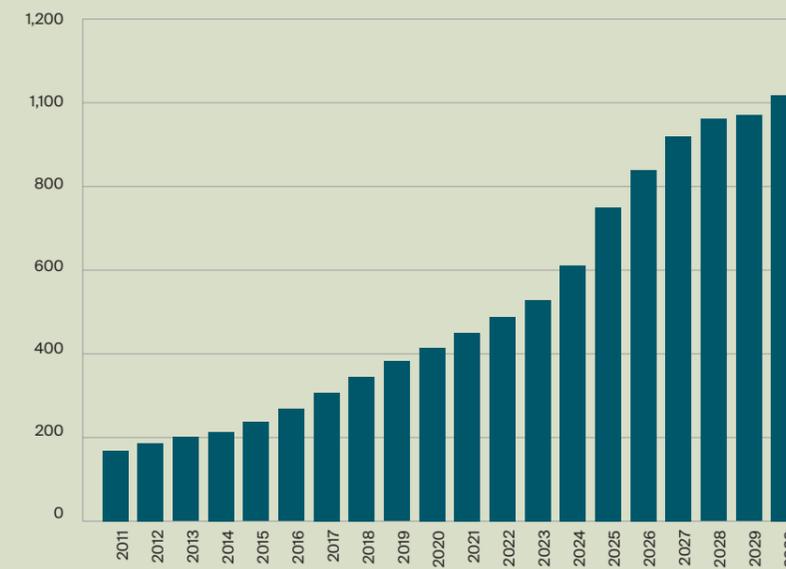
This lively tempo makes Madrid the fastest-growing prime market in Europe, with prices rising quicker than even London or Paris.

How much living space can you buy with \$1 million? Figure 12 reveals that the average size of a \$1-million home in various European capitals has changed significantly over the last ten years.

In Madrid, the average has dropped by 45%, from 125 sqm in 2014 to just 70 sqm in 2024. Paris has seen a more gradual readjustment, slipping from 51 sqm to 42 sqm over the course of the decade.

London, on the other hand, is now headed in the opposite direction. A budget of \$1 million would only have stretched to 23 sqm in 2014, but in 2024 was worth 34 sqm, as prices in the capital's luxury market have started to trend downwards.

Figure 13. Expansion in Branded Residences based on 78 brands



Source: Knight Frank *The Residence Report 2025/26*

Figure 14. Most active regions.



Source: Knight Frank *The Residence Report 2025/26*

### Branded residences: an emerging lifestyle trend, mastered by Madrid.

Branded residences have gained strong momentum, disrupting the

upper end of the market with a unique blueprint for luxury living, blending true exclusivity with all the comforts of a five-star hotel.

The arrival of the Four Seasons, right in the heart of central Madrid, marked a turning point in the evolution of the luxury residential market, triggering an

Branded residences have gained strong momentum, disrupting the upper end of the market with a unique blueprint for luxury living, blending true exclusivity with all the comforts of a five-star hotel.

uplift in prime values and an influx of new projects, including Banyan Tree Padilla Madrid Residences and SLS Madrid Infantas Residences. Madrid's A-list status is now irrefutable. Three new projects are under construction at the time of writing.

The branded residences phenomenon is gaining ground across the globe, as wealthy buyers succumb to the promise of an elite, five-star lifestyle associated with the world's most prestigious brands — and few cities in Europe have mastered this model like Madrid.

The premium for a branded residence versus a non-branded residence ranges between 25% and 35%. Average prices can reach €18,000/sqm, or as high as €25,000/sqm for something that truly breaks the mould, either for its spectacular views, outstanding location or unique architectural value.

Branded residences have become hot property in every part of the world, as we discuss in *The Residence Report 2025/26* (see Figure 13). By region, North America still leads the way in this new segment — especially the USA — although it is starting to lose some ground: 32.7% of all projects under construction are happening here, versus 26.2% of those in the planning phase. The Middle East is where things are moving fastest (Figure 14); this region accounts for 26.7% of planned developments compared to 15.9% of those already under construction, primarily due to rapid expansion in Saudi Arabia and the UAE.



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## Outlook and opportunities

Madrid is now a top-tier destination for prime residential. The Spanish capital owes its escalating popularity to a few key fundamentals, including robust national and international demand, a limited supply of new-build homes and a growing reputation for a superior quality of life. Another factor is that there are simply more and more HNWIs and UHNWIs to go round, driving demand-side pressure onto the top end of the market in the city's most strategic locations.

The headaches caused by regulatory reforms like the withdrawal of the Golden Visa scheme, and the rumble of uncertainty surrounding proposed tax changes for non-residents (which haven't even made it onto the agenda for statutory approval) have had virtually no impact on the residential market in Madrid. With demand this strong, a relatively low rate of speculative investment and a quickening stream of international buyers with a long-term outlook, this is not a market to be so easily ruffled.

A combination of economic stability, legal certainty, a competitive tax regime and an exceptional quality of life has made Madrid

a formidable rival to other European capitals where a higher tax burden, regulatory barriers and socio-political tensions are more keenly felt. This favourable picture is attracting a more diverse and global buyer profile, drawn not only by the heritage value of homes in the city but also its prospects for investment, entrepreneurship and personal well-being.

Looking ahead to the next few years, Madrid will continue to reap the benefits of solid demand, structurally limited supply and a growing appetite among institutional and private investors for prime residential property. As a mature market, an established economic and cultural centre and a hotbed of new premium projects and services, Madrid has every chance of sustaining its rate of growth, marking it out as one of Europe's most promising and resilient prime markets.

**Madrid has succeeded in building a compelling city brand.**



We're always happy to hear from you. If you have any questions about this report, or would like further information or advice on a specific property, please don't hesitate to contact us.



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