

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

Why Madrid?

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.

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) or Rome (2,533 hours).

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.

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.

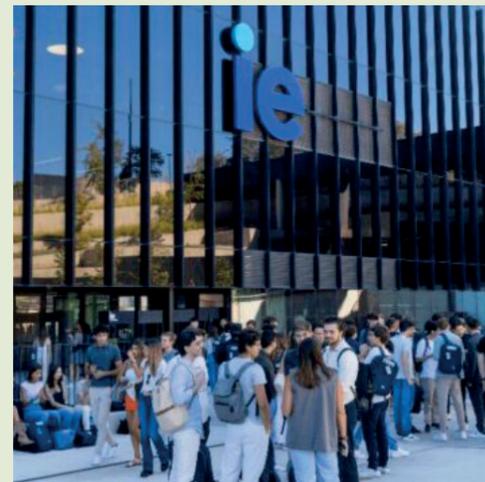
The eyes of the world will be back on Madrid in 2026, when the Formula 1 Spanish Grand Prix gets under way. almost 25% of all sales came from outside Spain, with the main buyers being from the United Kingdom, Mexico and the United States.

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

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

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, in 16 Calle José Ortega y Gasset. 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.



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

Spain: the second most visited country in the World

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.

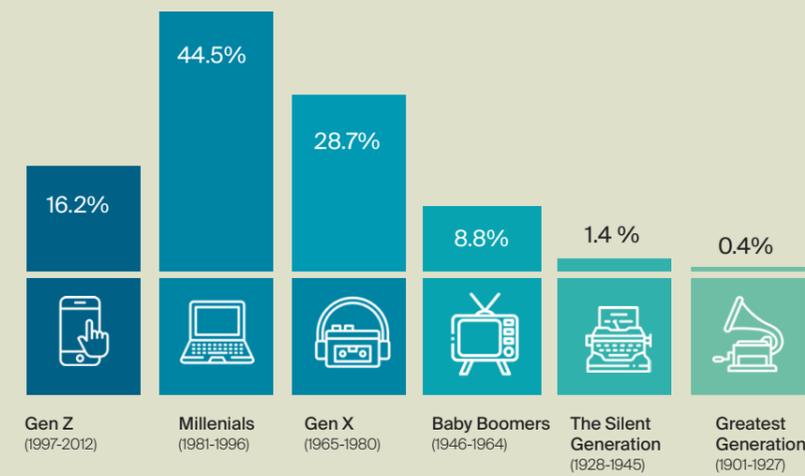
The hospitality sector has lost no time in responding. Indeed, the city's hotel scene has entered a new golden age.

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.

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 in 11 countries.

Respondents spanned more than 30 nationalities, with millennials making up the largest group (45%), followed by Generation X (29%) (see Figure 1).

Figure 1. Breakdown of *European Lifestyle Report* survey participants by generation.

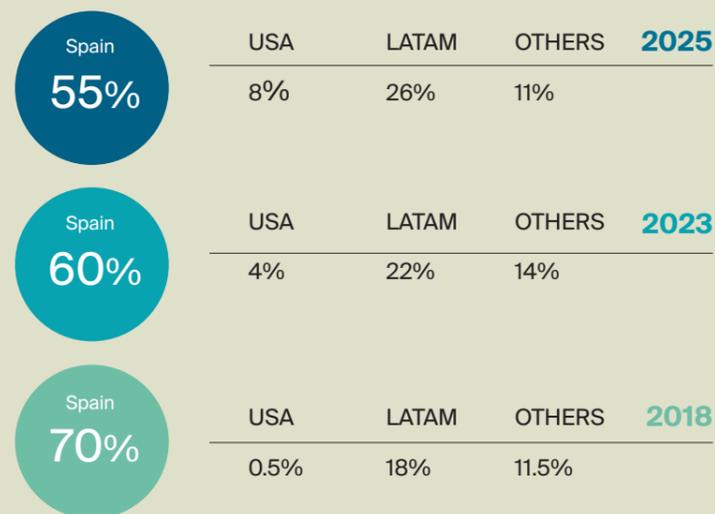


Source: Knight Frank Research

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

Figure 2. Prime residential buyers by origin.

Source: Knight Frank Research



Who's buying?

As we see from Figure 2, Spanish buyers made up 55% of the total in 2025, down from 60% in 2023 and 70% in 2018. 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 2 shows, back in 2018 barely 0.5% of prime buyers were from the USA.

The presence of US investors is a huge opportunity for the capital's prime residential market. The USA is home to more multi-millionaires, 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.



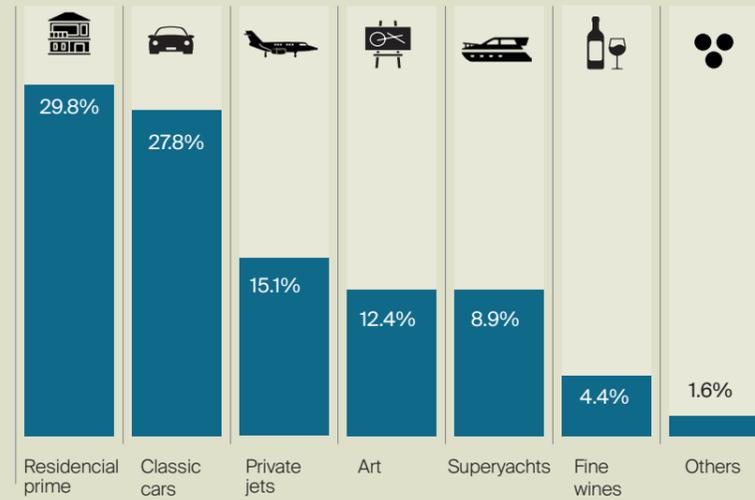
What's the outlook for demand?

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 3).

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.

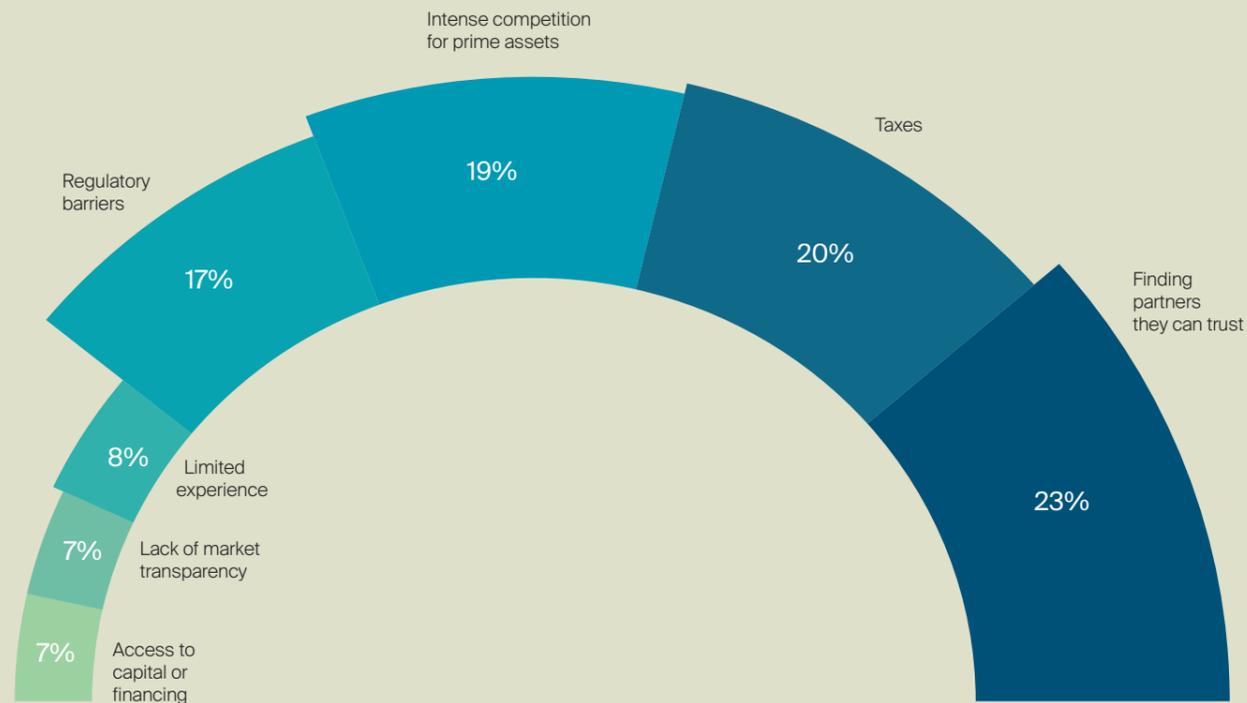
That said, there are a few hurdles to navigate, including taxes, regulatory barriers, intense competition for available properties, as shown in Figure 4.

Figure 3. Where do high-net-worth individuals (HNWI) invest?



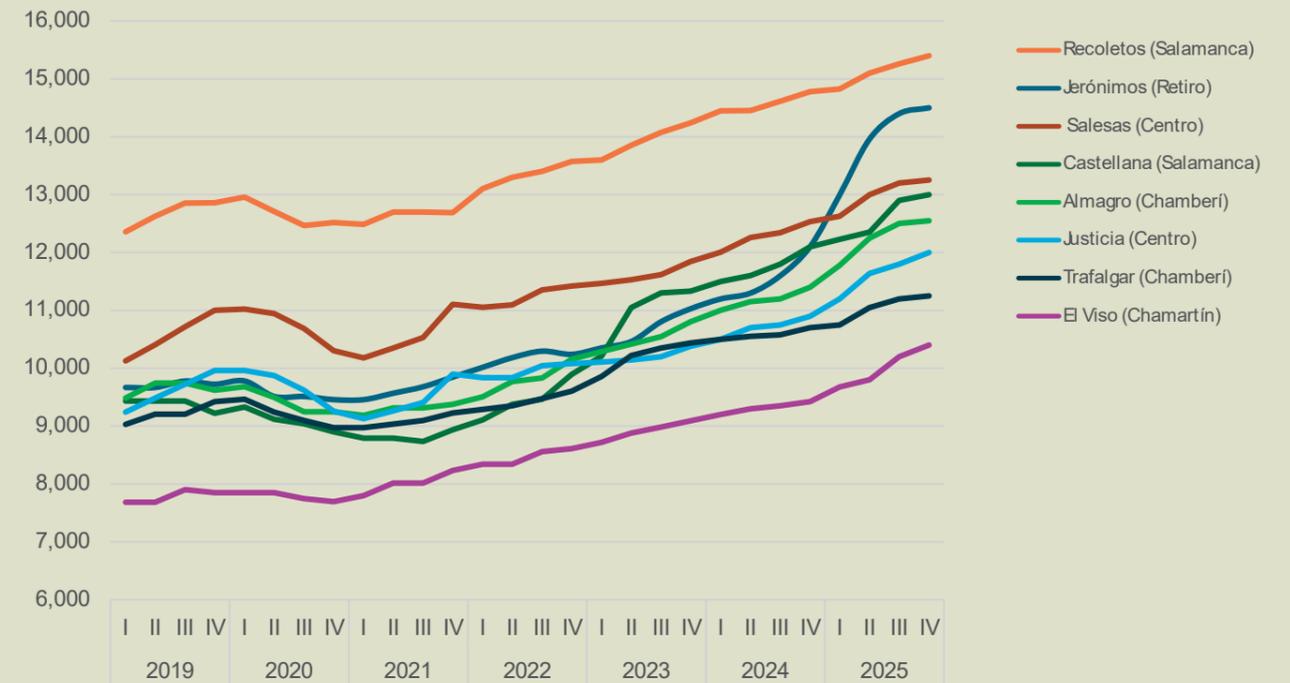
Source: Knight Frank *The Wealth Report 2025*

Figure 4. Buyer challenges.



Source: Knight Frank *The Wealth Report 2025*

Figure 5. Average prices by neighbourhood within the M-30 in € per sqm.



Source: Knight Frank Research

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

Prime transactions and prices

As Figure 5 shows, Salamanca is still the epicentre of the market, with the highest 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.

Within Chamartín, the El Viso neighbourhood is sought-after for its peaceful atmosphere, where prices range from €9,700/sqm to €11,000/sqm.

Chamberí and Centro are of particular appeal, with prices in the range of €11,300/sqm to €13,300/sqm.

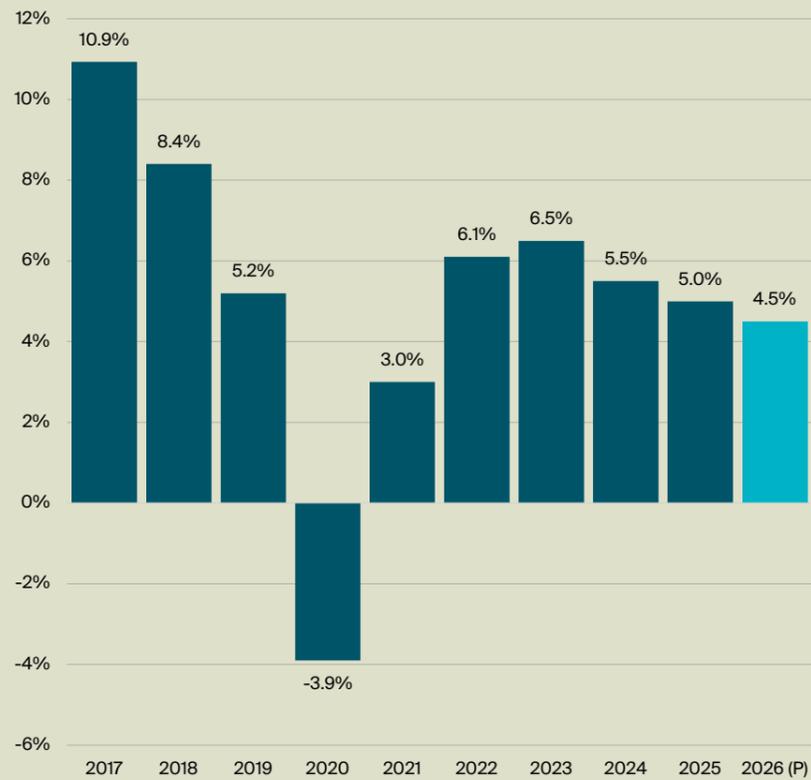
The Almagro and Trafalgar neighbourhoods, both in Chamberí, are

especially popular for their classical architecture. Meanwhile, those in search of a vibrant street life and cosmopolitan spirit would do well to look at Justicia in the Centre. 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.

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.

Figure 6. Change in average price for prime property in Madrid.



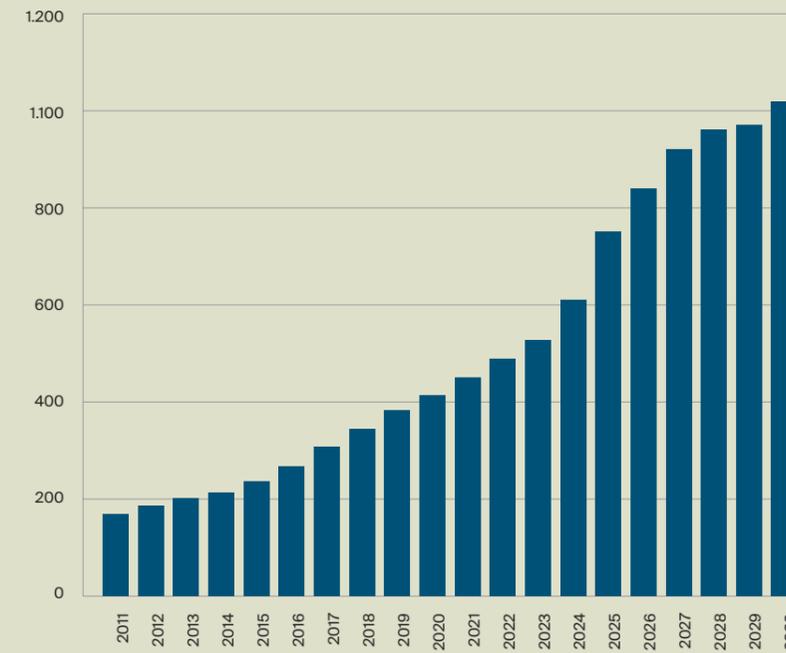
Source: Knight Frank Research

Figure 7. How much prime space will \$1m buy you?

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

Source: Knight Frank Research

Figure 8. Expansion in Branded Residences based on 78 brands



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

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

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

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 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 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.

Branded residences have become hot property in every part of the world, as we discuss in *The Residence Report 2025/26* (see Figure 8).

By region, North America still leads the way in this new segment — especially the USA (Figure 9).

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

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

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.

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

What about prices?

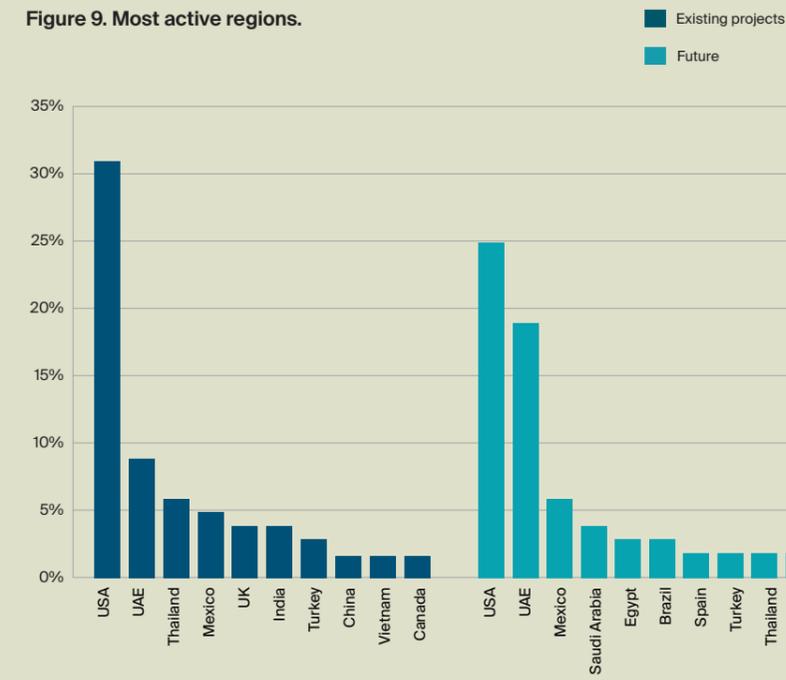
In late 2025, the average price of a prime home in Madrid was 5% higher than in 2024. By the same point in 2026, we expect to see a further 4.5% rise, consistent with the upward trend that emerged in the wake of the pandemic (Figure 6).

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

Figure 7 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.

Figure 9. Most active regions.



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



Outlook and opportunities

Madrid is now a top-tier destination for prime residential.

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.

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.



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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