Multifamily Snapshot

Knight Frank

Q2 2026

The sector indicators are compiled quarterly from a detailed and exhaustive study prepared by experts in the Knight Frank Spain office and are based on real data and market trends.

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Record multifamily investment volume in H1, exceeding €2.64 billion, with activity concentrated in Madrid.

- The average rental price in Spain reached a new all-time high in June, recording annual growth of nearly 5% and standing 47% above pre-pandemic levels.

SITUATION IN SPAIN

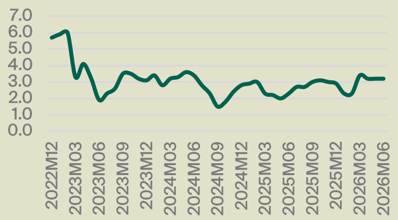
Spain is positioned as one of the most attractive markets for multifamily investment, driven by the continued growth in housing demand.

From a macroeconomic perspective, inflation stood at 3.2% in June and is expected to reach around 3.3% by year-end, according to Funcas forecasts. Regarding rental prices, a sustained upward trend has been observed in recent years, with average rents reaching €15.3 per sqm in June, driven by the shortage of available supply relative to persistently growing demand.

Secondary cities continue to gain prominence, with Toledo and Valladolid recording the highest year-on-year rental growth rates, followed by Zaragoza, with increases of 13.6%, 11.5%, and 11.3%, respectively.

According to the latest available data, the rental affordability ratio in Spain stood at 35% of a household's net income, three percentage points below the level recorded at the end of 2025. Málaga, the Balearic Islands, and Barcelona recorded the highest affordability ratios, reinforcing the trend observed over recent quarters.

Spain CPI
Y-o-y (%)



Source: INE

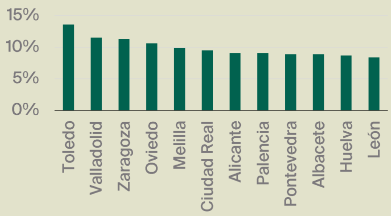
Spain

Latest available data

+2.4%	y-o-y | GDP (Forecast 2026)
3.2%	CPI | June (2026)
35.0%	Rent effort rate (Q1 2026)
15.3 €/sq m	Average rental Price (Q2 2026)
3.3 %	Gross return on housing rental (Q2 2026)

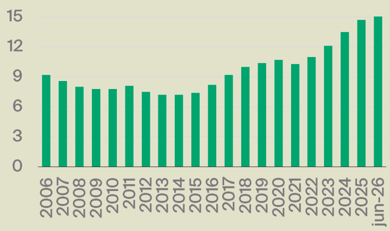
Sources: Banco de España / Idealista / INE

Rental Price y-o-y
Top cities. June 2026



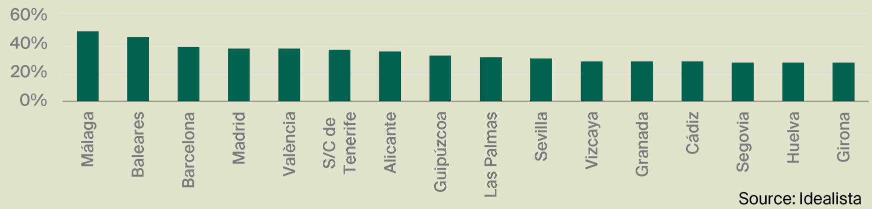
Source: Idealista

Average rental price €/sq m. Spain



Source: Idealista

Rent effort rate
Top provinces. Q1 2026



Source: Idealista

INVESTMENT IN SPAIN

Multifamily investment reached nearly €2.64 billion during the first half of 2026, consolidating its position as the most active segment of the Spanish real estate market and recording one of the highest investment volumes on record. In just six months, cumulative investment has already surpassed the levels recorded in previous full-year periods.

The multifamily sector continues to demonstrate remarkable resilience, supported by household growth, rising rental levels, and the increasing challenges associated with homeownership. These factors have helped reinforce Madrid's position as one of the most attractive residential markets for both domestic and international capital, with the city accounting for nearly 90% of total investment during the first half of the year.

This strong growth is driven, on the one hand, by the pronounced imbalance between housing supply and demand, which continues to support expectations for yield compression and rental growth. On the other hand, value-add strategies focused on repositioning obsolete assets or properties that fail to meet current ESG standards are gaining increasing prominence. A clear example is All Iron's acquisition of a building in Chamartín for conversion into rental residential use, a trend that is gaining momentum amid the shortage of residential product available in the market.

During the first half of the year, prime yields remained stable at approximately 4%, reflecting the resilience and maturity of the multifamily sector.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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Spain

Investment volume in H1 2026

€2,640 M (€340 M H1 2025)

Top 3 investment deals Q2 2026

€1,200 M | Madrid

Vendor: Blackstone | Purchaser: Brookfield
Houses: 47
Source: Knight Frank Research

€102 M | Madrid & Barcelona

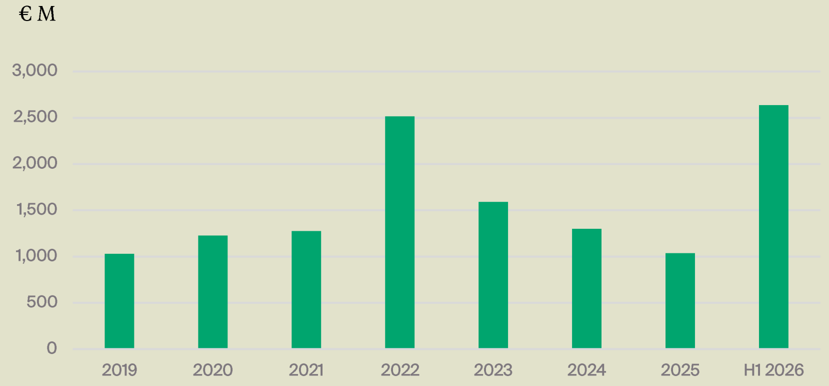
Vendor: Fundación Salas | Purchaser: Alas Invest
Houses: 9
Source: Brainsre

€56 M | Madrid

Vendor: Grupo Ferrocarril | Purchaser: Barings Real Estate
Houses: 188
Source: Observatorio Inmobiliario

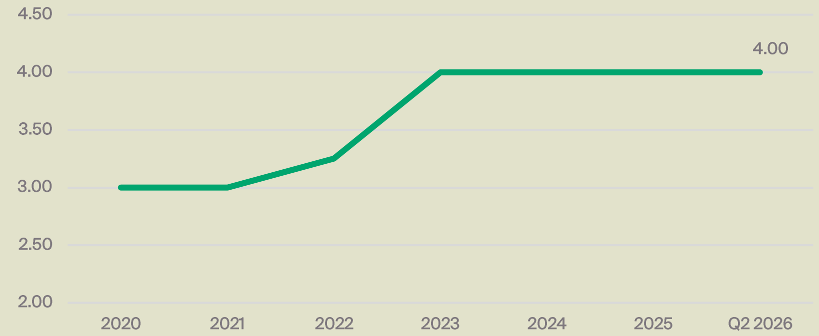
Among the most significant transactions of the second quarter was Blackstone's acquisition, valued at €1.2 billion, through which the company purchased a portfolio of 47 residential assets to develop rental housing in Madrid.
Also noteworthy was Alas Invest's acquisition of a portfolio in Madrid and Barcelona for affordable rental housing, valued at €102 million.Finally, Barings invested €56 million in Grupo Ferrocarril to finance the development of 188 affordable housing units.

Investment volumen PRS-BTR



Source: Knight Frank Research

Prime Yield Evolution (Madrid)



Source: Knight Frank Research

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