

Mallorca Residential Market Insight



2026

Knight Frank's assessment of current market conditions across
Mallorca's prime residential markets

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Mallorca's magnetism

Tax stability, major infrastructure investment and a new generation of globally mobile buyers are reshaping the Balearic island's property scene



Mallorca's prime property market is entering a new, confident cycle. Recent policy changes – have buoyed investor sentiment, while extensive infrastructure investment is elevating the island's global reach.

Palma's €550 million airport expansion, alongside the regeneration of the Paseo Marítimo waterfront and the new Club de Mar super yacht marina is reshaping mobility and enhancing long-term appeal. The island now has links to 166 destinations served by 52 airlines.

Improved connectivity has been a catalyst for strengthening inward

demand. The launch of the New York–Palma direct route has accelerated interest from the US. Plus, with Etihad Airways due to launch a new three-times-a-week Abu Dhabi service from June 2026, Middle East interest is also likely to increase.

We anticipate the next few years will bring steady, sustainable growth, with prime prices projected to increase by roughly 2% to 4% in 2026.

Despite periodic national rhetoric around higher taxes for foreign buyers, such measures remain unlikely. In contrast, the Balearic Government has adopted a pro-investment stance, raising the wealth-tax threshold from €700,000 to €3 million in 2024.

WHO'S BUYING?

Mallorca's buyer profile has transformed. Today's purchasers are younger, globally mobile professionals, often in their thirties and forties, drawn by lifestyle, safety and flexible working. The median age of Knight Frank's prime buyers on the island has fallen to around 46. Two groups dominate:

- 1. Second-home owners seeking extended-stay bases** rather than short holiday use.
- 2. Semi-relocators** – predominantly British and American buyers spending

AT A GLANCE



South-west and north-west remain blue-chip; east coast gaining momentum



German and UK buyers lead but market diversifies as US expands



Younger buyers drive shift to year-round living

up to six months a year on the island, often in their fifties with children having recently left for university.

NATIONALITY MIX IS DIVERSIFYING.

Germans remain the largest non-resident group in the prime segment accounting for 59% (see page 3), but their dominance is easing as British, Spanish mainland and US buyers increase their presence. American interest remains modest in absolute terms but is rising quickly, supported by direct flights, tax stability and Mallorca's cultural and lifestyle appeal.

Mallorca in numbers



Population: 949,047



208 beaches



300 days of sunshine



23 golf courses



47 marinas & yacht clubs



15 hospitals & major medical centres



19 international schools



10 Michelin-star restaurants



65 five-star hotels

Source: Knight Frank Research, Mallorca Property Collection

WHERE'S IN DEMAND?

The south-west – from Port d'Andratx to Bendinat and Portals – retains its blue-chip status, with sea-view villas surpassing €15 million. German, British and Nordic buyers remain strongest here.

In the north-west, Deià, Sóller and Valldemossa remain highly desirable among design-focused buyers, though stock levels – particularly

between €6 million and €10 million – are exceptionally tight.

Arguably, the east coast has become the story of 2025. Santanyí, Porto Petro and Porto Colom are experiencing a renaissance, with transactions strengthening. Buyers are drawn to authenticity, privacy and significantly better value: high spec 500 square metre villas are typically between €6 million and €6.5 million, roughly half the price of those in the southwest.

For many British and American professionals, the island represents a “cultural middle ground” – safe, sophisticated, and effortlessly European.

WHAT'S SELLING?

Prime transactions remain concentrated between €5 million and €8 million, with strong appetite for turnkey, modernised fincas.

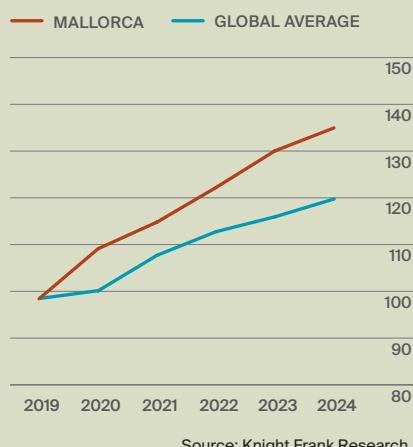
Pricing remains stable island-wide, with small price increases year-on-year evident in Deià and Sóller, indicating the continued appeal of tried and tested prime markets.

OUTLOOK: STEADY GROWTH, ENDURING APPEAL

With a younger buyer base, improved connectivity, limited supply and substantial infrastructure upgrades, Mallorca's fundamentals remain robust. Prime values rose around 3% in the last 12 months and are forecast to rise by similar levels in 2026. The island has matured into a year-round lifestyle destination – a secure, low-volatility European safe haven with deep, diversified international appeal.

Post-pandemic, Mallorca pulls ahead of global peers

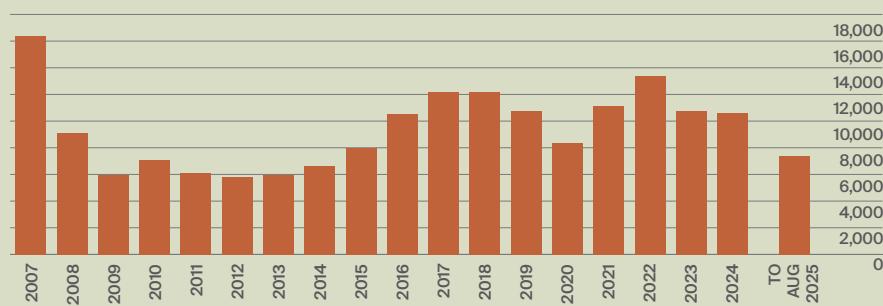
Prime price index, 100 = 2019



Source: Knight Frank Research

Mallorca volumes hold firm after pandemic boom

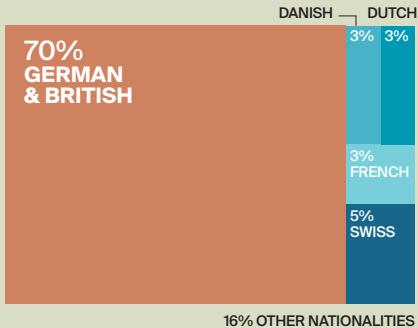
No. of residential sales



Source: Institut d'Estadística de les Illes Balears (Ibestat)

PRIME OVERSEAS BUYERS

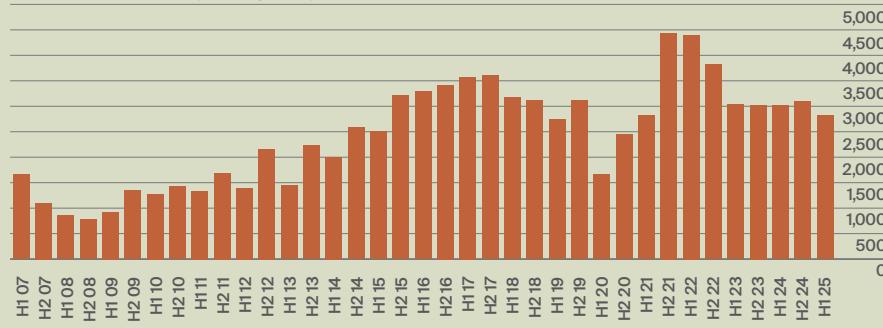
%, 2025



Source: Mallorca Property Collection

Foreign demand stabilises at nearly double 2010 levels

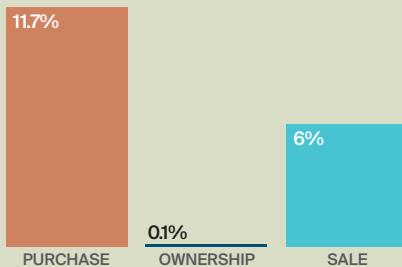
Homes purchased by foreign buyers



Source: Consejo General del Notariado

Property costs

% of property price



Note: Ownership costs exclude maintenance costs. Sales costs exclude CGT.
Source: Knight Frank Research

Expert Insight

Knight Frank's Jack Harris (JH) and Julian Cunningham-Bond (JCB) of Knight Frank's partners Mallorca Property Collection discuss market dynamics and what's changing on the island

WHAT'S DRIVING MALLORCA'S LATEST WAVE OF DEMAND?

JCB: The profile has changed completely. We're now seeing younger, globally mobile professionals – many in their thirties and forties – who can work remotely and want to base themselves here for six months of the year. They're looking for quality of life, international schools, and a genuine sense of community rather than a holiday bolt-hole.

WHICH AREAS ARE SEEING THE MOST MOVEMENT?

JH: The south-west remains the area of choice for many international buyers, but the east coast has become the real story of 2025. Places like Santanyí, Porto Petro and Porto Colom combine authenticity, privacy and value-buyers can still find top-spec villas for around €6 million, which is half the cost of equivalent homes in Andratx or Portals.

HOW ARE INTERNATIONAL BUYERS BEHAVING DIFFERENTLY?

JCB: They're more pragmatic. Instead of chasing trophy villas, they're choosing smaller, better-built homes between €5 million-€8 million lock-up-and-leave properties. The emotional driver is stability, not speculation. Buyers are also embracing Mallorca's traditional practices and moving away from 'cookie cutter houses' in favour of bespoke stone-built homes with a contemporary flare and a nod to modern energy efficient practices.

ARE WE SEEING ANY NEW NATIONALITIES ENTERING THE MARKET?

JH: Definitely. The US and Spanish mainland buyers are increasingly active. Improved flight links and positive tax changes have made Mallorca far more accessible to both groups. Germans still dominate, but their share is slowly declining as the market diversifies.

HOW ARE INFRASTRUCTURE UPGRADES INFLUENCING DEMAND?

JCB: They're a game-changer. Major upgrades such as the airport expansion, Palma's waterfront regeneration, and landmark developments like the Four Seasons on Formentor and the Mandarin Oriental in Punta Negra – set to open in 2026 – are all enhancing the island's global appeal. Buyers view these commitments as clear signals of sustained long-term confidence.

WHAT'S YOUR OUTLOOK FOR 2026?

JH: Sustainable growth. Prices are stable, supply is tight, and demand is deep. We expect around 2-4% prime growth next year, driven by genuine end-users. Mallorca has matured – it's no longer a seasonal market; it's a year-round lifestyle choice.

Knight Frank and Mallorca Property Collection are delighted to announce their upcoming partnership on the island, commencing in January 2026, with a new office set to open in Bendinat.

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



Research
Kate Everett-Allen
+44 20 7167 2497
kate.everett-allen@knightfrank.com



Sales Enquiries
Jack Harris
+44 20 7861 1139
jack.harris@knightfrank.com



PR Enquiries
Astrid Recaldin
+44 20 7861 1182
astrid.recaldin@knightfrank.com



Julian Cunningham-Bond
+34 637 365 500
julian@mallorcapropertycollection.com