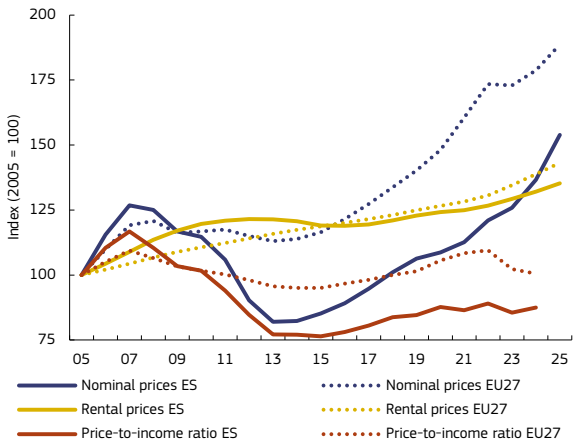
Housing challenges in Spain remain significant, notably due to the persistent mismatch between demand and supply, the lack of a substantial stock of both affordable and social housing, a lack of accessibility, as well as tensions on the rental market driving up prices. These issues are particularly acute in some geographical areas, including the main urban centres, the island territories and coastal areas (see also Annex 19). A country-specific recommendation was addressed to Spain in 2025 to 'increase the housing supply by completing the reform of the land law, reducing permitting processing times, eliminating administrative bottlenecks, addressing labour shortages in the construction sector'. The recommendation also called on Spain to 'strengthen(ing) the provision of social and affordable housing'.

A number of initiatives undertaken or announced at national level over the past year are expected to contribute to addressing the challenges set out in the country-specific recommendation. These include the approval of the state housing plan 2026–2030, the setting up of a public housing company (Casa47) facilitating access to affordable rental housing contracts, the PERTE (strategic project for economic recovery and transformation) instrument for industrialised construction, the new 'España Crece' fund and tax measures aimed at stabilising prices in the rental market. At regional level, several regions have reprogrammed Cohesion Funds to increase spending on social and affordable housing. Yet, additional efforts are needed to fully comply with the recommendation, specifically regarding the provision of ready-to-build land, and to maximise the impact of some of the measures already adopted, like those concerning the strengthening of social housing Housing market developments.

Spain's housing price growth is accelerating, driven by robust property demand. The nationwide house price index showed strong nominal growth of 12.7% year on year in 2025. This data marks the sharpest annual increase since 2007. House prices have risen consistently over the past decade since the record low point reached in 2014, picking up gradually in 2021-2023 from the slight fall registered during the pandemic period. The cumulative growth for the period 2023-2024 alone amounted to 12.7%. By contrast, annual growth for the period 2015-2019 showed a moderate average increase of about 2.5% (see Graph A16..1). In 2025, house prices show sign of overvaluation of around 18% (based on the standard European Commission methodology). The upward trend recorded from 2023 countrywide, marked by some significant regional heterogeneity, reflects the overall revived demand for housing, which is underpinned by demographic pressures, as well as the solid economic performance of the country. The decade-long increase of the price-to-income ratio came to a halt in 2022 and has since stabilised. In terms of evolution of rent prices, they increased by 2.3% year on year in December 2025, after seven consecutive months growing over 2%.

Housing transactions have shown a robust trend in recent years, fuelled by sales of existing houses. Throughout 2024, house sales in Spain rose by 9.7% to 640 401 units compared with one year earlier. Data until November 2025 show a strong increase in house sales, by 11.8% year on year, to 659 953 units, according to INE data, with existing homes accounting for most of housing transactions ([331]) (see Graph A16.2).

Graph A16.1: **House prices, rents and price-to-income evolution in ES and EU27 since 2005**



Source: Eurostat

The increased demand is grounded in the demographic change and the increase in the number of households, together with increased demand from foreign homebuyers. Spain's population increased significantly in 2024 (0.9%) and has a cumulated increase of

([331])INE

2.7 million inhabitants since 2016, with a bigger concentration in urban areas([332]). On 1 January 2026, Spain's population exceeded 49.5 million inhabitants([333]) for the first time. Between January 2025 and January 2026 alone, the number of households in Spain increased by more than 200 000([334]). Over the past 15 years, house purchases in Spain by foreigners have been soaring steadily and have further accelerated recently. In 2024, the share of houses acquired by foreigners represented 14.6% of all sales, compared with an historical average of 10.5% in the period 2006-2024. Housing sales to foreigners tend to concentrate in some geographical areas while the share has been growing continuously in most regions. In particular, in 2024, foreign buyers accounted for a large share of property transactions in the Balearic Islands (32.6%), the Community (28.9%), and the Canary Islands (27.2%), led by British, German and Moroccan nationals.

The total housing stock in Spain reached 27 million units in 2024 ([335]), up by 0.4% from 2023 and 4.8% higher than a decade ago, with social housing remaining limited and only gradually expanding. Andalusia accounted for the biggest share of the total housing stock in 2024, at 17.6%, followed by Catalonia (14.7%), the Valencian Community (12.3%), and the Community of Madrid (11.2%). Social housing stock, on the other hand, has been on a steady declining trend in the last 15 years. There are over 318 000 publicly owned rental dwellings, covering only 1.5-1.7% of households. Of these, around 197 000 dwellings are owned by the autonomous communities and their dependent entities, while a further 121 000 dwellings are owned by municipalities and their dependent entities. Broader estimates that include all protected or regulated housing (rental and sale) ([336]) raise the share to around 2.5-3.4% of the total social housing stock. This remains well below the EU average of 6-7%. This is partly due to the relatively short protection periods (from 10 to 15 years on average) during which social housing is bound by affordability conditions. Once these conditions expire, the social housing units, which were sold at subsidised prices, enter the private market. Moreover, the distribution of the existing stock of social housing is highly uneven across the country, with the vast majority concentrated in Andalusia, the Community of Madrid, the Basque Country, Catalonia, the Canary Islands, Extremadura and the Valencian Community. Some positive signals were observed in 2024 (e.g. the number of social and affordable houses qualified as such indefinitely increased by 5 500 in 2024, totalling some 14 500([337]). Accessibility, however, remains a major barrier, as nearly 70% of housing is not adapted and only 0.6 % is fully accessible, restricting independent living([338]).

The supply of housing has picked up in recent quarters, but is struggling to catch up with housing needs. Building permits in 2024 totalled over 127 500 ([339]), accounting for the highest number since 2008, while investment in dwellings (as a percentage of GDP) exhibited a surge from 2023, building on the upward trend initiated in 2017 and interrupted only by a stark decline in 2021-2023. On the basis of the data available for the first half of 2025, building permits last year are projected to edge up towards the number reached in 2024. While the year-on-year increase was 16.7% in 2024 and is expected to be similar in 2025, its level remains relatively low compared to current overall housing needs. Looking ahead, housing investment needs will remain substantial, including for accessibility, with the Commission estimating the additional housing investment need for 2025-2035 to be about 750 000 dwellings in Madrid ([340]).

The mismatch between supply and demand is particularly acute in urban centres offering more job opportunities, thus affecting labour

([332])Banco de España, Annual Report 2024.

([333])INE, Continuous Population Statistics, 2026.

([334])INE, National Institute of Statistics.

([335])https://apps.fomento.gob.es/BoletinOnline2/?nivel=2&orden=33000000

([336])Article 3 of Law 12/2023 defines the social housing stock as all publicly owned dwellings that are made available through rental, use agreements or other temporary tenure arrangements, subject to limits on rent or sale prices, and intended for individuals or households who have difficulties accessing housing on the open market.

([337])Banco de España. Annual Report, 2024.

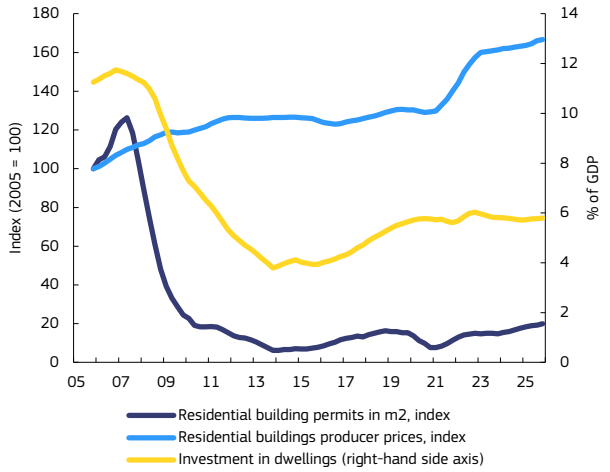
([338])Accessible and sustainable housing for persons with disabilities: Spain, Cristina Jenaro and Miguel Ángel Verdugo, European Disability Experts, to be published.

([339])Banco de España. Annual Report 2024.

([340])See also Balouktsi et al. (2026) Housing investment needs in the EU. JRC Technical Report 144419.

mobility. Increasing rent costs are also impacting labour mobility, especially in the most stressed areas. The Community of Madrid and Catalonia alone account for almost 40% of job vacancies in Spain ([341]). At the same time, in the 12 months up to September 2025, the total number of new construction permits in Madrid and Barcelona was only around 17 000 and 11 000 respectively, while the growth in the number of households in the two cities surged by considerably more, by around 43 000 and 18 000, respectively([342]). All in all, Spain is one of the EU Member States with the highest increase in permits between the first quarter of 2021 and the third quarter of 2025.

Graph A16.2: **House supply indicators in ES since 2005**



Source: ECB and Eurostat

The construction sector faces some challenges which may further slow down the response of the supply. Employment in the Spanish construction sector has grown, reaching 1.66 million workers in 2025. Nonetheless, productivity has been stagnating, remaining at one of the lowest levels of the Spanish economy([343]), and labour shortages and recruitment difficulties persist, due to a lack of candidates with sufficient experience and skills. Labour market tensions are especially acute among small firms, with 82.1% of vacancies concentrated in companies with 1 to 25 employees, and more than half (56.7%) in micro-enterprises with fewer than five workers ([344]). Skills forecasts indicate that the sector will account for around 5.2% of all job opportunities expected to arise between 2023 and 2035.

Structural policies

Housing is a shared competence of Spanish governments and regions. The central level provides the general legal framework (Housing Law), is competent to set certain tax regimes (like VAT or the taxation of incomes stemming from rents), and sets the national housing plans to financially support housing access and the construction of social and affordable housing. The Spanish regions are responsible for the development and implementation of this framework. Historically, the central level has strongly contributed to the financing of social and affordable housing.

As regards land-use and permitting regulation, in 2024 the Spanish government introduced a proposal to revise the Land Law, which has since remained blocked in the Parliament. The reform of the Land Law was proposed to accelerate the productionof developable land and boost new housing development by reducing processing times, litigation with regard to urban planning and unnecessary administrative bottlenecks, but remains on hold. The lack of progress in adopting this legal text restricts supply and puts at risk the achievement of broader housing policy objectives. In parallel, some regions are also revising their own land laws. In view of the state Land Law revision, it will be important to simplify and mainstream regulations while maintaining the level of environmental protection and social housing ambition.

A positive step towards modernising the construction sector and addressing its labour challenges was taken when the Spanish government adopted the PERTE (strategic project for economic recovery and transformation) instrument for industrialised construction. This initiative aims to provide

([341])INE, Number of job vacancies by Autonomous Community

([342])See Caixabank analysis

([343])Own calculation based on Eurostat data [nama_10_a10_e, nama_10_a10].

([344])Observatorio Fundación Laboral de la Construcción, Informe sobre el sector de la construcción, 2024.

affordable, quality and energy-efficient housing units each year. The total investment is expected to reach EUR 1.3 billion over 10 years and is set to mobilise 1.4 euro of private investment for every 1 euro of public investment. The PERTE instrument also includes actions on training and upskilling, as well as on encouraging greater participation of young people and women in the sector. Further upskilling and modernisation efforts will be needed to address the significant labour gap and low productivity.

Spain has adopted ambitious policies to expand the public housing stock, focusing particularly on the rental market. The affordable rental housing plan (PVAA), launched in 2022 and expanded in 2023, focuses on developing around 15 000 affordable homes per year across Spain on land belonging to the public housing company SEPES (replaced in 2025 by CASA 47), especially in areas with high rental pressure or experiencing population growth. The plan brings together funds from several programmes, including the recovery and resilience plan. CASA 47 aims to offer long-term rental contracts (renewable up to 75 years) and set rents at ~30% of tenants' income, far below market prices. In April 2026, the Spanish government also approved a state housing plan 2026–2030 (totalling EUR 7 billion) to increase funding for social and affordable housing with an indefinite protection regime and to promote the rehabilitation of the existing housing stock. These measures at state level complement the initiatives undertaken by the regions. For instance, European Regional Development Fund programmes have increased their allocation to housing investments by EUR 117 million in the context of the cohesion policy mid-term review.

Challenges remain regarding the effective implementation of these plans for the public housing stock and their future financial sustainability. The effectiveness of the recently adopted State Housing Plan 2026–2030 will depend on adequate co-financing (it relies on 40% co-financing by the regions), and strong inter-administrative coordination. The plan does not provide for any mechanism to ensure financing for the renovation and expansion of the public housing stock beyond 2030. Spain would benefit from a long-term strategy on social and affordable inclusive housing. In terms of beneficiaries, the plan addresses access to housing for young people and vulnerable households, but does not include poverty reduction objectives, in particular child poverty. Moreover, persistent gaps and barriers to equal access to housing for persons with disabilities remain, notably a structural inaccessibility of the existing housing stock and limited availability of suitable housing options.

While Spain has introduced measures aimed at stabilising the rental market and regulating rents in stressed areas, their effective implementation is uneven across the Spanish regions. For this reason, the Housing Law (12/2023), adopted under the recovery and resilience plan and intended to expand social and affordable housing and regulate rents in stressed areas, is not applied by some regions, thus potentially creating distortions in the housing market and undermining its effectiveness.

Vulnerable groups

Housing costs exacerbate poverty significantly, with strong heterogeneity across tenure status, regions and income groups. Evidence by the Commission's Joint Research Centre shows that accounting for housing costs would increase incidence and markedly deepen poverty, particularly in regions and among vulnerable population groups exposed to tight housing markets. The impact is systematically stronger for children and for persons with disabilities ([345]), reinforcing existing social inequalities. The analysis highlights a clear divide between tenants and owners: tenants, especially those paying market rents, experience the largest increases in poverty and poverty depth, while owners are comparatively more insulated. Geographically, housing costs have the strongest poverty impact in regions characterised by high housing pressure, notably the Balearic Islands, Madrid, Catalonia, the Canary Islands and Melilla, while the effects are more limited in regions with lower housing cost burdens. Urban areas consistently show stronger housing-cost-induced poverty effects than rural areas. From a distributional perspective, housing costs substantially deepen poverty among the lowest

([345])Accessible and sustainable housing for persons with disabilities: Spain, Cristina Jenaro and Miguel Ángel Verdugo, European Disability Experts, to be published.

income deciles and push a non-negligible share of households in the lower-middle part of the income distribution into poverty, particularly families with children([346]).

The housing cost overburden and arrears disproportionally affect households in a situation of vulnerability, as do housing deprivation and energy poverty. The housing cost overburden rate and was 29.9% for households at risk of poverty, compared to just 2.4% for those not at risk. In 2025, the national housing cost overburden rate stood at 7.2% (EU: 7.7%), but with notable disparities: 3.9% in rural areas and 8.2% in cities ([347]) . Moreover, Spain has one of the highest rate of arrears on mortgage or rent payments than the EU (5.2% vs 3.0% in the EU in 2024), which affects in particular individuals at risk of poverty or social exclusion (11.5% vs 3.7% of individuals not at risk) and single parents with dependent children at risk of poverty or social exclusion (16.6%). Housing deprivation is notably high (23% in 2023), with the country having the third highest rate in the EU, above the EU average (15.6%). Spain's housing stock is, on average, relatively old ([348]) and requires energy efficiency upgrades and accessibility improvements needing significant investment ([349]). Spain also has the among the highest energy poverty rate in the EU (15.9% in 2025) with 28.3% of households at risk of poverty or social exclusion unable to afford adequate heating (compared to 12.9% of households not at risk) (see Annex 12).

Housing support as part of social protection remains limited. Expenditure on housing benefits in Spain is low: at 0.11% of GDP compared with 0.37% in the EU, and they represent only 0.44% of social protection spending compared to 1.37% in the EU. Housing support coverage is very limited, reaching only 2.2% of the population and 4.4% of people in poverty in 2024 ([350]). Only 3.3% of the bottom quintile receives housing benefits, against 26.7% in the EU ([351]).

Homelessness is on the rise. In 2024, 34 145 people aged 18 and over were accommodated daily in centres providing care for people experiencing homelessness (57.5% more than in 2022). Centres offering catering services provided an average of 71 121 services per day (38.4% more than in 2022) ([352]). The relevant support services remain regionally fragmented and unevenly developed, with limited coordination across regions and between emergency, transitional and long-term support structures ([353]). The absence of detailed and regular national statistics makes it difficult to assess the full scale of the problem or design effective responses. To address these challenges, in 2024, Spain published the national strategy for the fight against homelessness 2024-2030 ([354]).

([346])The simulation was performed by the European Commission, Joint Research Centre, based on the EUROMOD model, J2.0+.

([347])The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

([348])Royal Decree 853/2021, of 5 October, regulating the aid programmes for residential rehabilitation and social housing of the Recovery, Transformation and Resilience Plan.

([349])Ministry of Housing and Urban Agenda (MIVAU), Real Decreto 853/2021, de 5 de octubre, 2021

([350])EAPN, El Estado de la pobreza, 2025

([351])OECD Affordable Housing Database, Recipients and payments rates of housing allowances, 2025

([352])INE, 2025

([353])OECD Affordable Housing Database, Population experiencing homelessness, 2025

([354])Government of Spain, Strategy_PSH20232030.pdf 2023

Graph A16.3: **Housing supply selected indicators**

		EU27				ES							
	unit	2000-25 avg.	2023	2024	2025	2000-25 avg.	2023	2024	2025	unit	2023	2024	2025
House price to income ratio	*2000-25 avg = 100*	100.0	102.0	100.2		100.0	96.9	99.2		YoY%	-3.9	2.3	
Rent to income ratio	*2000-25 avg = 100*	100.0	85.1	83.5	84.5	100.0	86.9	83.7	82.2	YoY%	-5.7	-3.6	-1.8
Overburden rate, total	%	9.9	8.8	8.2		9.4	8.2	7.8	7.2	PPS/y	-1.0	-0.4	-0.6
Overburden rate, tenant with market rent	%	23.8	20.3	19.2		39.3	30.6	28.1	26.8	PPS/y	-8.8	-2.5	-1.3
Overvaluation gap	%					5.0	4.4	8.5	17.7				
Deflated construction production price	*2010 = 100*	102.2	112.2	111.8	110.5	97.2	104.0	102.3	101.8	YoY%	-1.0	-1.7	-0.5
Building permits	*m^2 per ths persons*	483.5	376.9	362.9	379.9	637.6	310.2	335.7	322.4	YoY%	-3.7	8.2	-3.9
Residential construction investment	*% GDP*	5.5	5.8	5.1	5.0	7.0	5.8	5.7	5.8	YoY%	-3.3	-1.7	1.8
Share of ownership	%	70.0	69.1	68.4		77.4	75.3	73.7	73.6	PPS/y	-0.9	-2.1	-0.1
Share of people living in overcrowded homes	%	17.7	16.8	16.9		6.6	7.6	9.1	9.5	PPS/y	1.0	1.5	0.4

Source: Eurostat and European Commission calculations. The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

Roma people in Spain continue to face significant housing challenges, despite some gradual improvements. Around 30% of Roma people live in housing deprivation, broadly unchanged since 2016. Overcrowding affects 71% of Roma households compared with just 9.1% of the overall population. Although perceived housing discrimination has declined, nearly one in three Roma still report discriminatory treatment in housing. Progress has been made in reducing shantytowns and substandard housing and in improving access to basic amenities and neighbourhood infrastructure. However, these forms of inadequate housing persist and remain a structural issue for many Roma families ([355]).

([355])FRA, Roma survey country data: Spain, 2025 and Government of Spain, National Strategy for Roma Equality, Inclusion and Participation 2021-2030, 2021