PART A. SPAIN

Madrid and Barcelona



Madrid, Cuatro Torres office district. Architectural illustration.

This part reproduces the combined Spanish edition. It compares Madrid and Barcelona on matched Social Security data (Section A3) and then sets out each city in full: Madrid in Part A-I, with housing and offices in depth, and Barcelona in Part A-II, with offices in depth.

Data vintage. Metropolitan statistics run to 2024 or 2025. Madrid market figures run to Q3 2026; Barcelona office market figures run to Q3 2026, with its prime yield at Q1 2026 and the detailed zone breakdown at Q1 2025.

A1. Executive summary and recommendations

Recommendations. Madrid: prioritise core prime offices inside the M-30 for underwriting, subject to entry price; consider value-add outside the M-30 only selectively; underwrite mid-market multifamily build-to-rent selectively in well-connected parts of the metropolitan ring. Barcelona: prioritise core Grade-A offices in the Prime CBD and City Centre for underwriting, subject to entry price; do not pursue 22@ value-add on an unlet basis at present**.** On relative value, Madrid offers broader and stronger demand growth, while Barcelona's office case rests on a narrower technology engine. These are market-level judgements by the authors from the evidence in this edition, not findings of the sources and not asset-level investment approvals: each strategy still needs underwriting with net cash flows, capex, incentives, financing and exit assumptions against the investor's required return.

Two metros, one method. This edition applies the same metropolitan growth analysis to Madrid and Barcelona: summary growth indicators and forecasts, growth and real pay by sector, location quotients and shift-share against Spain, and the forces behind growth, followed by the space markets, pricing and illustrative investment strategies. Section A3 compares the two cities on aligned periods and sector groups and on the demand- and supply-side drivers of their growth; Parts A-I and A-II set out each city in full.

The case rests on seven comparative findings:

1. **Madrid is outgrowing Spain; Barcelona has fallen behind it since 2019.** Non-agricultural Social Security registrations grew 36.5% in the Comunidad de Madrid between 2012 and 2024, against 29.5% for Spain and 29.0% for the province of Barcelona. Both regions beat the national trend before the pandemic (regional shifts of about +34,000 jobs each over 2012 to 2019); after it, Madrid gained a further 69,300 jobs over the national trend while Barcelona lost 49,100 (2019 to 2024).
2. **In both cities growth is employment-led and real pay is weak.** On Agencia Tributaria data deflated by regional prices, real salary per recipient rose 5.5% in Madrid and 4.4% in the province of Barcelona between 2012 and 2023. The Madrid chapter extends the same real salary series to 2024, giving a 6.5% rise from 2012; the 5.5% figure retains 2023 as the common comparison endpoint. Mean salaries in 2024 were €31,911 and €29,255. Both cities' growth supports the volume of demand more clearly than premium pricing.
3. **Technology is Barcelona's engine; finance and capital functions are Madrid's.** In the province of Barcelona, technology jobs grew 93% between 2012 and 2023 (110% to 2025) and real salary per recipient in the sector rose 19%, the clearest sign of strong labour demand in either city, and its share of national technology jobs keeps rising. Madrid is far more concentrated in technology (location quotient 2.25 against 1.37) but its share is easing; its durable gains are in finance and in public, health and education employers.
4. **Housing demand is stronger in Madrid.** INE projects 392,881 additional households in the Comunidad de Madrid (+14.3%) and 372,061 in Catalonia (+11.7%) between 2026 and 2041. Madrid house prices rose 12.9% in the year to Q2 2026, and affordability is the binding constraint: on the authors' illustration, renting a 70 m² flat at the city's average asking rent would take about 40% of an average household's income.

5. **Both office markets run at two speeds.** Availability in Madrid was 2.37% inside the M-30 and 11.54% outside it in Q3 2026 (Savills); in Barcelona, availability was 2.17% in the prime CBD and 4.85% in the centre, and below 20% in 22@, down from 26.6% in Q1 2025 (Savills, Q3 2026). Prime yields were 4.25% to 4.50% in Madrid (Q2 2026) and 4.65% in Barcelona (Q1 2026, CBRE).
6. **Immigration supplies the labour; demand decides where the jobs go.** Foreigners account for about 80% of employment growth in both regions, which keeps labour supply elastic and real pay flat. Madrid's demand drivers are broader: 54% of Spain's foreign direct investment, 20.9% of state investment against Catalonia's 8.6%, and faster growth in visitor spending; Barcelona's distinctive driver is innovation (Section A3.3).
7. **The near-term outlook is similar.** BBVA Research expects employment to grow 2.7% in Madrid and 2.3% in Catalonia in 2026, and 2.0% and 2.1% in 2027. No regional forecast points to faster real pay, and national inflation is projected at 3.9% in 2026 (Banco de España).

Conditions for Barcelona Option B: a meaningful pre-let before commitment; an entry price that underwrites at least a two-to-three-year lease-up; and evidence that 22@ vacancy is falling on net absorption, not on stock withdrawal alone. The third condition is now partly met: 22@ availability has fallen from 26.6% in Q1 2025 to 20.48% in H1 2026 and below 20% in Q3 2026 (Savills), but the published figures do not separate net absorption from conversions and withdrawals.

Data vintage. Market figures for both cities run to Q3 2026, except Barcelona's prime yield (Q1 2026) and its detailed zone breakdown (Q1 2025, Figures A9 and A10). The metropolitan statistics for both cities run to 2024 or 2025.

The assumptions this advice is most sensitive to: the path of interest rates, which sets prime office and multifamily yields in both cities; rental regulation, for Madrid residential; and net absorption in 22@, for any Barcelona value-add strategy.

A2. Introduction: purpose, method and areas

This edition assesses whether, and how, an institutional investor should commit capital to real estate in Spain's two largest metropolitan areas, and how the two compare. It begins with metropolitan growth, because real estate demand is generated at the metropolitan level and only then allocated to submarkets and buildings.

Why metropolitan analysis matters. Section 2 explains why the analysis is metropolitan: buildings last for decades, properties of the same type compete mainly within one metropolitan labour and housing market, and the type of growth decides which space is needed, with employment-led growth favouring volume demand and income-led growth favouring premium space. In Madrid and Barcelona, for example, an office in 22@ competes with space in Barcelona's Prime CBD or Sant Cugat, and a flat in Majadahonda with flats in Las Rozas or northern Madrid, not with each other across cities.

From growth to space. The shift-share results identify which industries are driving employment growth in each metro (Sections A3, A4.3 and A11.3). This edition then asks what premises those industries use and whether the available space can serve them: Sections A7 and A13 convert office-using jobs into floor space, on illustrative assumptions for occupancy and space per worker, and set that demand against availability by submarket. For housing, Madrid's population change is traced into household formation and set against completions, measured rent burdens and entry rents (Sections A6.1 to A6.4), and the AMB's in Section 3.4. Tracing household growth further, into demand by tenure, unit size and location, and measuring how much of the office demand vacant or adaptable space can absorb, are the next steps for this edition.

Areas covered. For Madrid, the Comunidad de Madrid (7.14 million residents, 179 municipalities) is used as the metropolitan area, with Madrid city (3.51 million) for population, household income and output. For Barcelona, the core series cover the Àrea Metropolitana de Barcelona (AMB), the 36-municipality metropolitan administration rather than the wider functional metropolitan region, with the province of Barcelona as a cross-check where data are published only at that level. Spain is the reference economy throughout. Office-market sections use broker definitions.

Method and comparability. Each city is analysed with two independent employment measures where available: Social Security registrations, which count jobs at the employer's workplace account, and, for Madrid, the INE labour force survey (EPA), which counts employed residents. Real pay by sector comes from Agencia Tributaria salary statistics. The direct comparison in Section A3 uses registrations for the Comunidad de Madrid and the province of Barcelona, both against Spain, on aligned years and sector groups; a regime-coverage difference remains, as the Madrid series covers all Social Security regimes and the Barcelona and Spain series the general and self-employed regimes (RG + RETA), which together account for most registrations. Elsewhere periods and geographies differ, so figures in Parts A-I and A-II are comparable in method but not always figure by figure. 'Technology' is used as shorthand for NACE section J, information and communication. Registrations count jobs on employers' accounts in each area, while the Agencia Tributaria statistics count people receiving salaries, so pay is reported as salary per recipient; the sector crosswalk aligns activities, not worker coverage. Growth types. Following Chapter 3 of Sivitanides and Mourouzi-Sivitanidou (2020) and DiPasquale and Wheaton (1996), we distinguish observed growth from its inferred mechanism. Demand-induced growth begins with stronger demand for local goods or services: elastic labour supply favours job growth with modest wage gains, while a less elastic response favours larger wage gains. Supply-induced growth begins with an independent expansion of labour supply and, in the model, raises jobs while reducing real wages. Migration can initiate a supply shift or respond to job demand; its presence does not distinguish the two. Employment and pay movements are diagnostic clues, not causal identification or estimates of elasticity. Inflation, hours, worker composition and measurement coverage can alter the pay signal. Labels are therefore indicative and are assessed alongside sector demand, migration, participation and recruitment evidence; see Section 2 and Table 4b.

The investment cases. To identify which opportunities merit asset-level underwriting, the report tests five illustrative strategies:

Table A1. The strategies tested

City	Strategy	Asset	Location	Risk style
Madrid	A	Stabilised, fully let Grade A office building	Inside the M-30 (CBD or City Centre)	Core
Madrid	B	Partly vacant office building, refurbished to Grade A	Outside the M-30, well-connected node	Value-add
Madrid	C	Multifamily build-to-rent scheme	Metropolitan ring, mid-market	Core-plus
Barcelona	Option A	Stabilised, fully let Grade-A building	Prime CBD / City Centre	Core
Barcelona	Option B	Partly vacant building, refurbished to Grade-A	22@	Value-add

Structure. Section A3 compares the two cities. Part A-I (Sections A4 to A10) covers Madrid: metropolitan growth, prospects by asset class, the residential and office markets, capital markets, strategy appraisal and risks. Part A-II (Sections A11 to A17) covers Barcelona on the same template, with offices in depth. Section A18 lists sources.

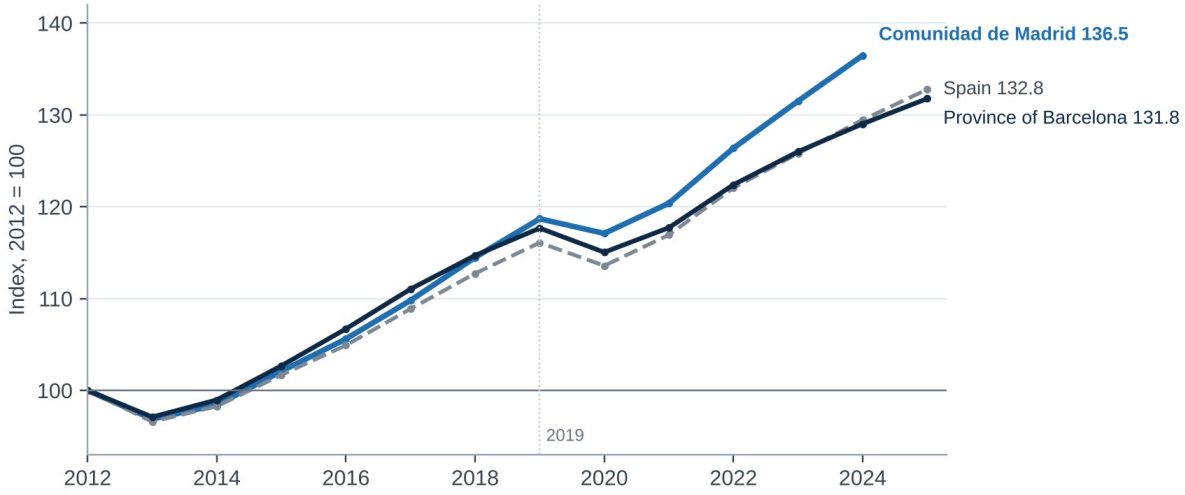
A3. Madrid and Barcelona compared

Madrid and Barcelona grew at the same pace until 2019; since then Madrid has pulled ahead of Spain while Barcelona has fallen slightly behind it. Both are service metropolises with employment-led growth and weak real pay, but their competitive engines differ.

A3.1 Growth on aligned periods and sector groups

Figure A1. Madrid and Barcelona grew together until 2019, then diverged

Non-agricultural Social Security registrations, 2012 to 2025 (index, 2012 = 100)



Sources: Comunidad de Madrid (registrations by CNAE-2009 division, all regimes, to 2024); Seguridad Social, tables 04f09 and 02fb09 (province of Barcelona and Spain, RG + RETA, to 2025); annual means of month-end values; authors' calculations.

From 2012 to 2019 the two regions grew almost identically and slightly faster than Spain. After 2019 their paths separated: Madrid's registrations rose 15.0% between 2019 and 2024, against 11.5% for Spain and 9.7% for the province of Barcelona. Most of the difference appears in the regional-shift component of the shift-share analysis; the decomposition does not establish its causes. Madrid's favourable sector mix adds 34,000 to 38,000 jobs in each period, whereas Barcelona's mix tracks the national pattern almost exactly, but the larger and growing gap is in the regional shift (Table A3).

Table A2. Madrid and Barcelona scorecard

Indicator	Madrid	Barcelona	Basis
Registrations growth, 2012 to 2024	+36.5%	+29.0%	Comunidad; province (Spain +29.5%)
Regional shift, 2012 to 2019	+34,800 jobs	+33,700 jobs	Registrations vs Spain
Regional shift, 2019 to 2024	+69,300 jobs	-49,100 jobs	Registrations vs Spain
Real salary per recipient, 2012 to 2023	+5.5%	+4.4%	Agencia Tributaria, regional CPI
Mean annual salary, 2024	€31,911	€29,255	Agencia Tributaria, nominal
Technology location quotient, 2024	2.25	1.37	Registrations (AMB 1.91 in 2025)
Finance location quotient, 2024	1.89	1.00	Registrations
Households projected, 2026 to 2041	+392,881 (+14.3%)	+372,061 (+11.7%)	INE; Comunidad vs Catalonia
Employment forecast, 2026 / 2027	+2.7% / +2.0%	+2.3% / +2.1%	BBVA Research; Catalonia for Barcelona
Office availability, centre / periphery	2.37% / 11.54% (Q3 2026)	2.17% prime CBD / below 20% in 22@ (Q3 2026)	Savills
Prime office yield	4.25% to 4.50% (Q2 2026)	4.65% (Q1 2026)	JLL, Savills; CBRE

Sources: as Figure A1; Agencia Tributaria, Mercado de trabajo y pensiones en las fuentes tributarias; INE, CPI by autonomous community and Proyección de hogares 2026-2041; BBVA Research, Situación Madrid 2026 and Situació Catalunya, May 2026; Savills, JLL and CBRE as cited in Parts A-I and A-II. Madrid registrations cover all regimes and Barcelona's RG + RETA; agriculture is excluded from both.

Where population growth comes from. Population change is the sum of natural change (births less deaths) and net migration. In 2024 the Comunidad de Madrid's population rose by about 135,300 while births exceeded deaths by only about 2,700, so net migration, estimated as the residual, accounted for about 98% of growth. Catalonia's population rose by about 111,900, with natural change of -13,700, net migration from abroad of +129,000 and net migration with the rest of Spain of -6,400; in Barcelona city natural change was -4,000, migration from abroad +47,000 and migration to the rest of Spain -17,000 (Table A2a). Growth in both metros therefore depends on international migration. The skills of these migrants, which shape their effect on wages and housing demand, cannot be measured with the data available to the authors.

Table A2a. Components of population change, 2024

Area	Population change	Natural change	Net migration	of which abroad	of which rest of Spain
Comunidad de Madrid	+135,316	+2,707	+132,609	n.a.	n.a.
Catalonia	+111,895	-13,722	+125,617	+129,030	-6,437
Barcelona city	n.a.	-3,951	n.a.	+46,974	-17,020

Sources: INE, municipal register population at 1 January 2024 and 2025 (Comunidad de Madrid), and Movimiento Natural de la Población, provisional 2024, press release of 19 February 2025; Idescat, population estimates 2024, release of 28 January 2026 (Catalonia and Barcelona city). Madrid's net migration is the residual of population change less natural change. Catalonia's net migration is shown as the residual; the published components do not sum exactly to it.

Jobs per resident. Registrations grew much faster than population. Jobs per resident rose 15.8% in the Comunidad de Madrid between 2012 and 2019 and a further 9.4% between 2019 and 2024; in the AMB they rose 18.0% and then 5.8% to 2025. A rising ratio can reflect falling unemployment, higher labour force participation, more commuting into the area or more registrations per person, and in Madrid head-office registrations add to it. The large rises before 2019 coincide with the recovery from the 2012 to 2013 recession, when unemployment was high, so falling unemployment is likely to explain much of them; the data used here cannot separate these effects, which would need labour force survey data on participation and commuting.

Synthesis by period. Table A2b summarises growth in each period and the type of growth it indicates.

Table A2b. Synthesis of growth patterns by period (average annual % change)

City	Period	Population	Employment	Real pay	Real output	Indicative mechanism	Main forces
Madrid	2012-19	+0.4	+2.5	+0.6	+2.6	Consistent with demand-induced; elastic labour supply	National recovery; capital and head-office functions; finance; falling unemployment
Madrid	2019-24	+1.0	+2.8	+0.5	+2.1	Consistent with demand-induced; elastic labour supply	International migration; public, health and education employers; trade and transport
Barcelona	2012-19	+0.2	+2.6	+0.4	+2.5	Consistent with demand-induced; elastic labour supply	National recovery; technology and professional services
Barcelona	2019-25	+0.9	+1.8	+0.3	+1.7	Consistent with demand-induced; elastic labour supply	International migration; national tailwind; technology as the only local engine

Sources: population, INE municipal register (Comunidad de Madrid, 1 January) and Idescat (AMB); employment, Social Security registrations (Comunidad de Madrid; AMB municipalities); real pay, Agencia Tributaria salary per recipient deflated by regional CPI (Comunidad de Madrid; province of Barcelona, to 2023); real output, regional GDP in volume (Comunidad de Madrid; Catalonia for Barcelona); authors' calculations. Growth types follow the framework in Section A2 and are indicative.

A3.2 Competitive engines

Table A3 sets the two regions' regional shifts side by side for the same periods and sector groups. It is the clearest summary of where each city is gaining or losing ground against Spain.

Table A3. Regional shift by sector, Comunidad de Madrid and province of Barcelona (thousands of jobs)

Sector	Madrid 2012-19	Madrid 2019-24	Barcelona 2012-19	Barcelona 2019-24
J Technology	-4.7	-8.7	+11.7	+3.0
K Finance	+15.3	+12.5	-0.8	-0.3
M to N Professional	-4.8	+3.4	+26.1	-2.5
G to H Trade, transport	-4.0	+18.4	+3.3	-3.4
O to Q Public services	+48.7	+31.8	+6.9	-17.3
F, L Construction, RE	+4.9	+8.2	+2.4	-4.5
I, R, S Hospitality	-2.8	-6.0	-5.6	-12.0
C Manufacturing	-17.8	+5.8	-10.1	-13.6
B, D, E Energy, water	0.0	+3.9	-0.2	+1.4
Total	+34.8	+69.3	+33.7	-49.1

Sources: as Figure A1; authors' calculations. Regional shift is the change in local jobs less the change expected had each sector grown at its national rate. RE is real estate; public services are O to Q. Rows may not sum to totals because of rounding.

- **Madrid's advantage is broad and rooted in capital functions.** Finance gains in both periods, and since 2019 Madrid has also gained in trade and transport, construction and real estate, manufacturing and, on registrations, public services. Technology is highly concentrated but growing slightly more slowly than in Spain.
- **Barcelona's advantage is narrow and centred on technology.** Technology gains in both periods, with real pay rising faster than in any other sector, and professional services gained strongly before 2019. Since 2019 almost every other sector has lost ground, most of all public services, manufacturing and hospitality.
- **Neither city is raising real pay much.** Growth in both is extensive: more workers, with real salaries per recipient up only about 4% to 6% in eleven years. Outside technology and professional services, sectors grew on volume rather than on rising pay.

A3.3 Drivers of growth: demand side and supply side

Following Chapter 3 of Sivitanides and Mourouzi-Sivitanidou (2020), the drivers of metropolitan growth are divided into those that raise demand for an area's output and those that raise its supply of labour. Demand drivers raise jobs and real pay together; supply drivers raise jobs but hold real pay down. Tables A3a and A3b rate each driver for the two metros. The ratings are the authors' judgement from the evidence shown.

Table A3a. Demand-side drivers of growth

Driver	Madrid	Barcelona	Evidence
National economic influences	Strong	Moderate	Madrid's services mix is less exposed to the energy shock and weak European demand; Catalonia is more exposed through goods exports, with US trade worth 1.3% of GDP against 0.7% in Madrid
Amenities, infrastructure and tax	Strong	Moderate	Madrid: 54% of Spain's foreign direct investment in January to September 2025, a 100% wealth tax bonus and 68.2 million airport passengers in 2025; Barcelona: climate, international brand and 57.5 million passengers, but no wealth tax bonus
Clusters and innovation	Moderate	Strong	Catalonia leads Spain on the EU Regional Innovation Scoreboard (score 110.7 against 106.1 for Madrid) and Barcelona is among the top five EU startup hubs; Madrid's cluster is in finance and corporate services
Population growth	Strong	Strong	Populations up 135,316 (Comunidad de Madrid) and 111,895 (Catalonia) in 2024, almost all through migration (Table A2a)
Visitor spending	Strong	Moderate	International tourist spending up 11.1% in Madrid in 2025, against 4.5% in Catalonia, where tourism may be reaching capacity limits
Government spending	Strong	Weak	20.9% of regionalisable state investment executed in 2025 in Madrid, 8.6% in Catalonia; EU recovery funds executed equal to 4.3% and 2.3% of regional GDP

Sources: BBVA Research, Situación Madrid 2026 and Situació Catalunya (May 2026); Secretaría de Estado de Comercio, foreign investment January to September 2025, as reported by El Debate (26 December 2025); IGAE, state investment 2025, as reported by Moncloa.com (18 July 2026); Aena, 2025 traffic release; Regional Innovation Scoreboard 2025 and StartupBlink 2025, as reported by Catalonia Trade & Investment; Guía Fiscal, wealth tax by region 2026; Comunidad de Madrid and Ministry of Industry and Tourism (Frontur and Egatur), tourism 2025. The foreign investment share partly reflects the registration of investment at head offices in Madrid.

Table A3b. Supply-side drivers of growth

Driver	Madrid	Barcelona	Evidence
Immigration for non-wage reasons	Very strong	Very strong	Foreigners account for about 80% of employment growth in each region; main origins are Latin American countries affected by crises, notably Venezuela and Colombia
Labour force participation	Weak now	Weak now	Strong before 2019, when falling unemployment raised jobs per resident by 15.8% (Madrid) and 18.0% (AMB); unemployment is now 8.2% and 8.3% (Q3 2026) and activity rates already exceed Spain's
Public policy programmes	Moderate	Moderate	The 2026 regularisation (Royal Decree 316/2026) is expected to cover about 120,000 people in Madrid and 150,000 in Catalonia; the digital nomad regime (Law 28/2022) adds a small high-income flow; Madrid's tax incentives target investors and high earners

Sources: BBVA Research, Situación Madrid 2026 and Situació Catalunya (May 2026); INE, Labour Force Survey Q3 2026, as compiled by Ángel Martínez; City of Madrid, municipal register 2026; CIDOB, extraordinary regularisation (2026); Garrigues, Law 28/2022; authors' calculations (jobs per resident).

How the drivers explain the growth pattern. Both metros combine expanding employment with modest real-pay gains, consistent with demand growth accommodated by an elastic labour response. Migration supplies workers and adds local demand, but the evidence does not isolate how much migration responded to jobs and how much occurred independently. Madrid's demand-side evidence is broader, spanning services, capital functions, investment, public spending and visitors. Barcelona's technology cluster supports a sector-specific demand interpretation, while its weaker overall national-relative performance after 2019 qualifies the citywide conclusion. These are interpretations of the evidence, not identified causal effects.

What could change the balance. Slower migration would make labour supply less elastic and could raise real pay, but would also limit job growth. The end of EU recovery funds in the second half of 2026 removes a demand driver, more so for Madrid. A recovery in European industrial demand would help Barcelona more than Madrid; BBVA Research expects Catalonia's growth to overtake Madrid's in 2027.

A3.4 Relative implications for real estate

Table A4. Relative outlook by asset class, five to ten years

Asset class	Madrid	Barcelona	Relative view
Rental housing	Strong: more households, migration-led, permits cover 43% of new households	Strong: migration-led, more households; not analysed in depth here	Madrid has the stronger and better-documented volume case; both face affordability and regulation
Prime offices	Strong: finance and capital functions; central availability 2.37%	Strong but narrower: technology-led; prime CBD availability 2.17%	Both investable at the right price; Madrid's demand base is broader
Value-add offices	Selective: 11.54% availability outside the M-30, conversions shrinking stock	Improving but still weak: 22@ availability below 20%	Madrid's periphery is the better value-add market
Logistics	Moderate to strong: national distribution hub, trade and transport gaining since 2019	Moderate: trade and transport at the national average	Madrid preferred on demand evidence
Social infrastructure	Moderate: public, health and education employers gaining	Moderate: follows population, losing share since 2019	Madrid preferred

Overall. Both cities show job growth with modest real-pay gains, consistent with demand-induced expansion accommodated by elastic labour supply. This supports a volume-demand hypothesis for mid-market housing and services more clearly than a broad wealth effect. The prime-office case depends on office-using sectors, building specifications and submarket supply. Madrid's growth evidence is broader and its central office availability tighter. Barcelona's technology and professional-services base supports selective office underwriting, while its post-2019 loss of relative employment share and the 22@ overhang require evidence of absorption, tenant commitments and viable entry pricing.

Part A-I. Madrid



Madrid, Gran Vía. Architectural illustration.

A4. Madrid: metropolitan growth patterns

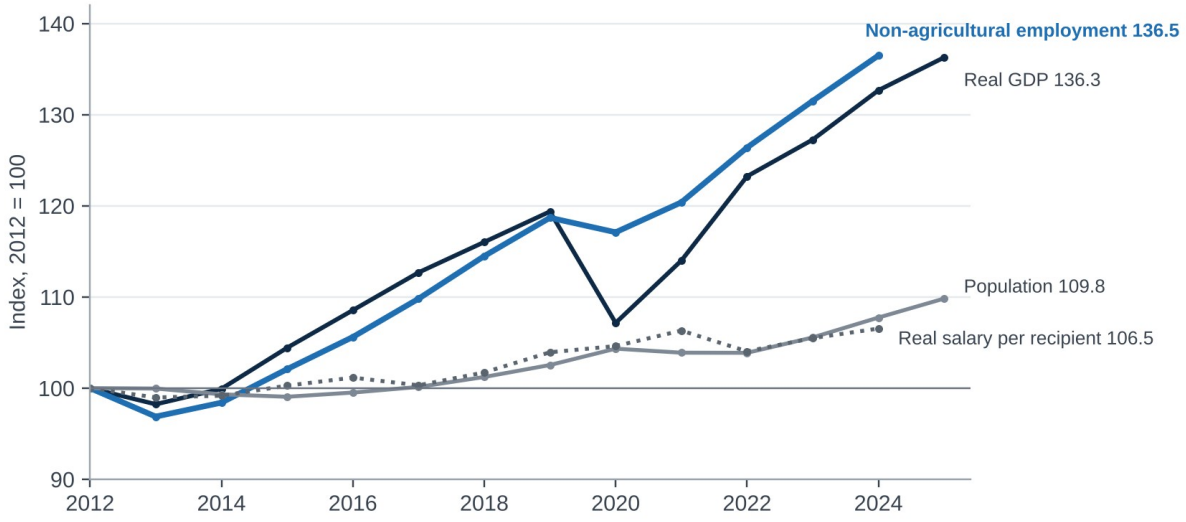
Metropolitan growth is analysed in four steps: summary growth indicators and forecasts (4.1), growth and real pay by sector (4.2), specialisation and competitiveness against Spain (4.3), and the forces behind growth and whether they will persist (4.4). Each step uses two independent employment measures: the EPA labour force survey, which counts employed residents, and Social Security registrations, which count jobs at the employer's workplace account, including the self-employed. Where they agree, the finding is robust; where they differ, the report says so.

A4.1 Summary growth indicators

Madrid grew by adding jobs and people rather than by raising pay. On registrations, non-agricultural employment in the Comunidad rose 36.5% between 2012 and 2024, almost five times as fast as population (+7.7%), while real salary per recipient rose only 6.5% in twelve years.

Figure A2. Employment and output grew far faster than population or real pay

Summary growth indicators, Comunidad de Madrid, 2012 to 2025 (index, 2012 = 100)



Sources: Comunidad de Madrid, Social Security registrations by CNAE-2009 division (annual mean of month-end values, all regimes, agriculture excluded); INE municipal register; INE, Contabilidad Regional de España (chain-linked volume); Agencia Tributaria mean salary per recipient, deflated by the regional CPI (2024 euros); authors' calculations.

Employment. Registered non-agricultural employment rose from 2.60 million in 2012 to 3.55 million in 2024, or 2.6% a year: it fell 3.1% in 2013, grew about 3.8% a year from 2014 to 2019, dipped only 1.3% in 2020 because furlough schemes (ERTE) kept workers registered, and passed its 2019 level in 2021. The survey tells the same story over a shorter span: EPA employment in the Comunidad rose from about 2.81 million in 2015 to 3.55 million in 2025 (+26%), slightly ahead of Spain (+24%), and reached 3.58 million in Q4 2025. Agriculture is only 0.2% of registered jobs.

Population. The Comunidad grew from 6.50 million in 2012 to 7.14 million in 2025 (+9.8%), and Madrid city from 3.14 million in 2015 to 3.51 million (+11.6%). Growth was flat until 2016 and has accelerated to about 1.2% a year since 2019, almost entirely through international migration. The city's own register shows 3,497,277 residents on 1 January 2026, 0.9% fewer than a year earlier, but almost entirely because of administrative de-registrations (a net -99,375); underlying flows in 2025 were strongly positive, with a net 106,117 arrivals from abroad, a net 37,953 departures to the rest of Spain and natural change of +564.

Earnings. Real pay is the weak link on every measure. Mean salary per recipient (Agencia Tributaria, deflated by the regional CPI) rose from €29,954 in 2012 to €31,911 in 2024, both expressed in 2024 prices (+6.5%): +3.9% to 2019 and +2.5% since, when the 2022 inflation surge cut real pay. Over 2015 to 2023 the same series rose about 5.2%, while the INE wage-structure survey, deflated by the national CPI, shows only +1.4% (Spain +1.1%) on average earnings of €32,220 in 2023, 15% above the Spanish average. The sources differ in coverage and price index, so the real gain is best read as a range of about 1% to 5% over eight years. Net household income per person in Madrid city rose 7.1% in real terms between 2015 and 2023. The 6.5% rise ends in 2024; the 5.5% headline comparison ends in 2023. These are different endpoints of the same series, not conflicting estimates.

Output. Regional real GDP grew 36.3% between 2012 and 2025 (2.4% a year), with a 10.2% fall in 2020 and full recovery by 2022 (INE). Madrid city's GDP was €211.3 billion in 2025, 12.5% of Spain's (Ayuntamiento de Madrid).

Forecasts. The outlook is continued but slower growth (Table A5). INE projects the Comunidad's population to grow 14.4% between 2026 and 2041, about 0.9% a year, faster than in 2012 to 2025 and well above the 8.6% projected for Spain, with all of the growth coming from net international migration. BBVA Research expects employment to grow 2.7% in 2026 and 2.0% in 2027. No regional earnings forecast is published; with negotiated wage rises of about 4.1% in Madrid in 2025 and national inflation projected at 3.9% in 2026 and 3.7% in 2027 (Banco de España), the authors expect real pay to grow little in the near term.

Table A5. Historical and forecast growth, Comunidad de Madrid

Indicator	History	Forecast	Forecast source
Population	+9.8%, 2012 to 2025 (0.7% a year)	+14.4%, 2026 to 2041 (0.9% a year)	INE, June 2026
Households	n.a.	+392,881 (+14.3%), 2026 to 2041	INE, June 2026
Non-agricultural employment	+36.5%, 2012 to 2024 (2.6% a year)	+2.7% in 2026; +2.0% in 2027 (EPA basis)	BBVA Research, May 2026
Unemployment rate	8.0% in 2025	7.4% in 2026; 7.1% in 2027	BBVA Research, May 2026
Real GDP	+36.3%, 2012 to 2025 (2.4% a year)	+2.7% in 2026; +2.4% in 2027	BBVA Research, May 2026
Real salary per recipient	+6.5%, 2012 to 2024 (0.5% a year)	No regional forecast; likely flat in 2026 to 2027	Authors, from Banco de España, October 2026

Sources: history as Figure A2; INE, Proyecciones de población 2026-2076 and Proyección de hogares 2026-2041 (17 June 2026); BBVA Research, Situación Madrid 2026; Banco de España press release, 15 October 2026. The employment forecast is for EPA employment.

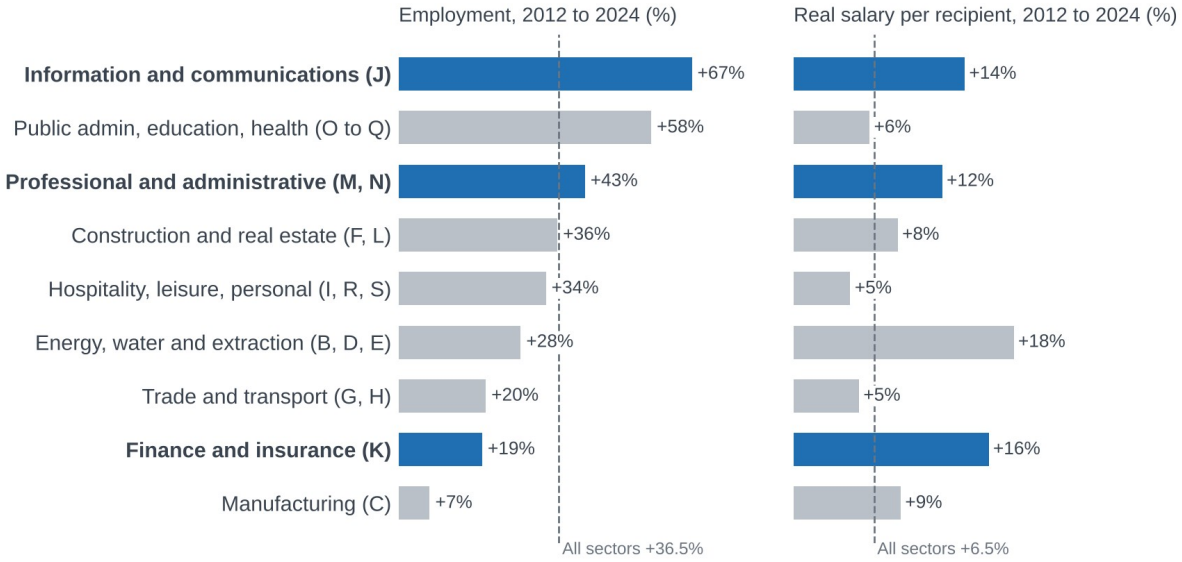
Reading for the investor. As in Barcelona, this is extensive, employment-led growth: it supports the volume of demand for housing and workspace more clearly than premium pricing. Madrid starts from higher income levels and is absorbing a larger migration inflow, which concentrates pressure on rental housing.

A4.2 Growth and real pay by sector

Growth was broad-based: every sector added jobs, and eight of nine non-agricultural sectors grew by 19% or more between 2012 and 2024. Information and communications grew fastest (+67%), followed by public administration, education and health (+58%) and professional and administrative services (+43%); together they added about 615,000 jobs, almost two-thirds of the total.

Figure A3. Technology, public services and business services led job growth; pay grew fastest in high-wage sectors

Employment and real salary per recipient by sector, Comunidad de Madrid, 2012 to 2024 (% change). Office-using sectors in blue.



Sources: Comunidad de Madrid, Social Security registrations (annual mean of month-end values); Agencia Tributaria mean salary per recipient by sector, deflated by the regional CPI; authors' calculations.

Table A6. Employment and real earnings by sector, Comunidad de Madrid, 2012 to 2024

Sector	Jobs 2012 (000)	Jobs 2024 (000)	Growth 2012 to 2019	Growth 2019 to 2024	Growth 2012 to 2024	Real pay 2024 (€)	Real pay growth
J Technology	178.8	298.5	+31.3%	+27.1%	+67.0%	46,586	+13.8%
O to Q Public services	483.2	761.9	+27.2%	+24.0%	+57.7%	32,701	+6.1%
M to N Professional	510.7	727.9	+24.4%	+14.5%	+42.5%	30,085	+12.0%
F, L Construction, RE	188.6	256.9	+16.9%	+16.5%	+36.2%	27,815	+8.4%
I, R, S Hospitality	296.5	396.2	+24.0%	+7.8%	+33.6%	16,537	+4.6%
B, D, E Energy, water	26.7	34.1	+1.0%	+26.6%	+27.9%	49,935	+17.7%
G to H Trade, transport	618.7	741.8	+10.4%	+8.6%	+19.9%	30,113	+5.3%
K Finance	110.4	131.5	+6.9%	+11.3%	+19.1%	66,854	+15.7%
C Manufacturing	185.2	198.2	-0.8%	+7.9%	+7.1%	37,674	+8.6%
All sectors	2,598.8	3,547.1	+18.7%	+15.0%	+36.5%	31,911	+6.5%

Sources: as Figure A3. Real pay for all sectors is the all-recipient mean, which includes agriculture (0.2% of jobs). Sector groups follow the Agencia Tributaria classification so that jobs and pay cover the same activities; RE is real estate; public services are O to Q (public administration, education and health).

A widening pay gap. Real earnings grew fastest where pay was already highest: energy and water (+18%), finance (+16%), technology (+14%) and professional services (+12%). Hospitality and personal services (+5%), trade and transport (+5%) and public services (+6%) lagged. The all-sector figure (+6.5%) sits below most sector figures, partly because much of the job growth was in sectors paying close to or below the average and partly because the total and sector tables differ slightly in coverage. For real estate this means two demand segments: a high-wage, office-based segment able to pay for premium space, and a much larger, lower-wage service segment that drives volume.

The survey view. The EPA confirms the service character of the economy: trade, transport and hospitality (26.5% of jobs), public administration, education and health (21.1%) and professional and administrative services (15.4%) account for about six in ten jobs, and office-using activities (J, K and M to N) held a steady 27 to 28% share between 2015 and 2025. In Madrid city, office-using sections rose from 33.1% to 35.8% of registered jobs over the same years. Part of the gap between the two measures reflects firms registering staff at Madrid head offices, so registrations overstate where work physically takes place, but both confirm the region's role as Spain's corporate base.

A4.3 Specialisation and competitiveness

Madrid's export base is in office-based services, above all technology, finance and professional services. Its competitive gains are concentrated in finance on every measure, in trade and transport since 2019, and, on registrations, in public administration, education and health. Technology remains highly specialised but has lost a little ground to the rest of Spain.

Location quotients (Spain = 1.0). A quotient above 1 means the sector is more concentrated in the Comunidad than in Spain, a sign it sells beyond the region. Tables A7 and A9 give the survey and registration views.

Table A7. Location quotients by sector, EPA, Comunidad de Madrid (Spain = 1.0)

Sector	LQ 2015	LQ 2025	Reading
K Finance and insurance	1.94	2.27	Highly specialised and rising
J Information and communications	2.63	1.96	Highly specialised, easing
L Real estate	1.45	1.63	Specialised and rising
M to N Professional and administrative	1.40	1.39	Specialised, stable
R to U Other services	1.14	1.16	Modestly specialised
O to Q Public admin, education and health	0.99	0.92	Just below average
G to I Trade, transport and hospitality	0.89	0.93	Below average, rising
F Construction	0.91	0.93	Below average
B to E Industry	0.66	0.63	Under-represented

Shift-share, EPA, 2015 to 2025 (thousands of jobs). Each sector's change splits into national growth, industry mix (the sector's national trend) and the regional shift, which isolates local competitiveness.

Table A8. Shift-share decomposition of employment change, EPA, Comunidad de Madrid, 2015 to 2025 (thousands of jobs)

Sector	Change	National growth	Industry mix	Regional shift
G to I Trade, transport and hospitality	+191.4	+175.2	-36.9	+53.1
M to N Professional and administrative	+141.6	+94.5	+45.0	+2.1
O to Q Public admin, education and health	+132.1	+144.5	+29.0	-41.4
F Construction	+72.3	+36.1	+26.3	+10.0
B to E Industry	+45.4	+60.3	-9.2	-5.7
J Information and communications	+45.2	+51.6	+77.6	-84.0
R to U Other services	+32.0	+60.0	-37.1	+9.1
K Finance and insurance	+29.1	+32.6	-30.3	+26.8
L Real estate	+23.7	+5.6	+12.1	+6.0

Source for Tables A7 and A8: INE, EPA, employed persons by branch of activity, Comunidad de Madrid and Spain; four-quarter averages for 2015 and for Q4 2024 to Q3 2025; authors' calculations. Agriculture (LQ 0.09) omitted.

On the survey, trade, transport and hospitality swung from a regional shift of -11,800 jobs (2015 to 2019) to +65,800 (2019 to 2025), consistent with record tourism and Madrid's role as a distribution hub; professional services turned positive after 2019 (+15,500), finance gained in both periods, and information and communications lost ground in both (-23,000, then -51,800). Because the EPA is a sample survey, its estimates for a single sector carry sampling error, so Tables A9 and A10 repeat the analysis on registrations for the nine non-agricultural sector groups, before and after the pandemic.

Table A9. Location quotients by sector, Social Security registrations, Comunidad de Madrid (Spain = 1.0)

Sector	LQ 2012	LQ 2019	LQ 2024	Share of jobs 2024	Reading
J Information and communications	2.49	2.39	2.25	8.4%	Highly specialised, easing
K Finance and insurance	1.57	1.77	1.89	3.7%	Specialised and rising
M to N Professional and administrative	1.50	1.46	1.42	20.5%	Specialised, easing slightly
G to H Trade and transport	0.96	0.94	0.93	20.9%	Close to average
O to Q Public admin, education and health	0.87	0.92	0.93	21.5%	Below average, rising
F, L Construction and real estate	0.90	0.90	0.90	7.2%	Below average, stable
B, D, E Energy, water and extraction	0.77	0.76	0.83	1.0%	Below average
I, R, S Hospitality, leisure and personal	0.85	0.83	0.79	11.2%	Below average, falling
C Manufacturing	0.57	0.51	0.51	5.6%	Under-represented

Table A10. Shift-share decomposition on Social Security registrations, Comunidad de Madrid, 2012 to 2019 and 2019 to 2024 (thousands of jobs)

Sector	Change 2012-19	National	Mix	Regional	Change 2019-24	National	Mix	Regional
O to Q Public services	+131.3	+77.6	+5.0	+48.7	+147.4	+70.7	+44.8	+31.8
M to N Professional	+124.8	+82.0	+47.5	-4.8	+92.4	+73.1	+15.8	+3.4
G to H Trade, transport	+64.1	+99.4	-31.3	-4.0	+59.0	+78.6	-38.0	+18.4
J Technology	+56.0	+28.7	+32.0	-4.7	+63.7	+27.0	+45.4	-8.7
I, R, S Hospitality	+71.0	+47.6	+26.2	-2.8	+28.7	+42.3	-7.7	-6.0
F, L Construction, RE	+32.0	+30.3	-3.2	+4.9	+36.4	+25.4	+2.9	+8.2
K Finance	+7.7	+17.7	-25.3	+15.3	+13.4	+13.6	-12.8	+12.5
C Manufacturing	-1.4	+29.7	-13.3	-17.8	+14.5	+21.1	-12.4	+5.8
B, D, E Energy, water	+0.3	+4.3	-4.0	0.0	+7.2	+3.1	+0.2	+3.9
Total	+485.8	+417.3	+33.6	+34.8	+462.7	+354.9	+38.2	+69.3

Sources for Tables A9 and A10 (Table A10 sector labels abbreviated; RE is real estate, public services are O to Q): Comunidad de Madrid, Social Security affiliations at month end by CNAE-2009 division; Seguridad Social, affiliations at month end by CNAE-2009 section and by regime (tables 02fb09 and 01f), Spain; annual means of month-end values, all regimes, agriculture excluded; authors' calculations. Spain includes the agricultural special system and coal mining to match all-regime coverage in Madrid; the Régimen del Mar (about 0.3% of national affiliation) is not allocated. National, Mix and Regional are the national effect, industry-mix effect and regional shift. Spain's non-agricultural registrations grew 16.1% in 2012 to 2019 and 11.5% in 2019 to 2024; Madrid's grew 18.7% and 15.0%.

Quotients and shares. A quotient shows concentration, not size. Finance has a quotient of 1.89 but employs only 3.7% of registered jobs, while public services (21.5%), trade and transport (20.9%) and professional services (20.5%) are the largest employers; technology combines a high quotient with a substantial 8.4% share.

What the registrations add. National growth explains most of Madrid's job gains: 86% in 2012 to 2019 and 77% in 2019 to 2024. The industry mix added 34,000 to 38,000 jobs in each period, because the region specialises in sectors that grew fast nationally. The regional shift, Madrid's own competitive gain, doubled from 34,800 to 69,300 jobs after 2019, so the region outperformed Spain by a wider margin after the pandemic.

Where the two measures agree and differ.

- **Finance** gains on both measures and in both periods, and its quotient keeps rising: the clearest local competitive advantage.
- **Trade and transport** turned positive after 2019 on both measures (+18,400 on registrations), supporting the distribution-hub reading.
- **Technology** loses ground on both, but by far less on registrations: Madrid's information and communications jobs grew 67% between 2012 and 2024, against 75% in Spain, and its share of national technology registrations eased from 42.8% to 40.7%. The survey's -84,000 regional shift over 2015 to 2025 overstates the loss.

- **Public administration, education and health** is the largest local gain on registrations (+48,700, then +31,800) but negative on the survey (-41,400). Registrations follow the employer's account, so public bodies and national health and education employers headquartered in Madrid inflate the regional count; the true position is probably between the two.
- **Hospitality and personal services** lose ground on registrations in both periods, which the survey's combined trade, transport and hospitality group hides.

A4.4 Forces behind growth and the five-year outlook

Preliminary conclusion: Madrid's growth has been carried by a national tailwind and a favourable service mix, reinforced by large international migration and by the city's role as Spain's capital and its corporate, financial and transport hub.

The forces observed.

1. **The national cycle.** About four-fifths of the Comunidad's job growth since 2012 reflects Spain's recovery and expansion; on the survey the summed regional shift is close to zero (about -19,000 jobs over 2015 to 2025).
2. **A favourable mix of activities.** The region is specialised in technology, finance and professional services, which grew quickly across Spain.
3. **Capital-city and hub functions.** Persistent gains in finance, post-2019 gains in trade and transport, and the concentration of public, health and education employers reflect Madrid's role as the seat of government and of corporate headquarters, as a health and university centre, and as the national airport and distribution hub.
4. **Labour supply and demand.** Jobs grew almost five times as fast as population while real pay rose modestly, and international arrivals now drive population growth. This is consistent with demand-induced expansion accommodated by elastic labour supply. It does not establish whether migration responded to recruitment or independently expanded labour supply and local demand. Positive average real-pay growth does not exclude a simultaneous supply-side contribution.

Will these forces persist over the next five years or so? Mostly yes, at a slightly slower pace.

- **Hub functions** are the most durable force: headquarters, government, finance and transport infrastructure are hard to relocate.
- **Migration** is built into the official outlook: INE's projections assume positive net international migration throughout, giving about 26,000 additional households a year to 2041. It is, however, cyclical and sensitive to housing costs, which rose 12.9% in the year to Q2 2026.
- **Employment** is forecast to grow 2.7% in 2026, close to the 2012 to 2024 average, slowing to 2.0% in 2027. Because so much growth is national, a Spanish slowdown would pass directly to Madrid.
- **Technology** keeps growing in absolute terms but faster elsewhere in Spain, so it is a supporting rather than a leading source of office demand.
- **Real pay** remains the weak link: with inflation projected near 4%, rents can rise only as far as affordability allows.

A5. Madrid: growth prospects and real estate markets

Over the next five to ten years, Madrid's growth pattern most strongly supports rental housing and well-located offices, followed by logistics and social infrastructure. These are directional readings of demand-side evidence, not forecasts: supply, pricing and regulation decide whether demand turns into returns.

Table A11. Asset classes likely to benefit from Madrid's growth pattern, five to ten years

Asset class	Evidence	Demand evidence	What benefits most	Key caveat
Rental residential	Strong	Population +14.4% projected 2026 to 2041; +392,881 households; permits cover 43% of new households; real pay +6.5%, 2012 to 2024	Mid-market build-to-rent; family rental in the north-west corridor	Illustrative rent near 40% of average income; 2026 rent decrees; prime yields at 3.8%
Offices	Strong but polarised	Office-using jobs +45% on registrations (2012 to 2024) and +28% on the EPA (2015 to 2025); LQs 1.4 to 2.3; finance gaining share	Grade A inside the M-30; refurbished space at connected nodes	Hybrid working; 11.54% availability outside the M-30
Logistics	Moderate to strong, indirect	Trade and transport regional shift positive since 2019 on both measures (+18,400 registrations; +65,800 EPA incl. hospitality)	Distribution space serving the national hub	Logistics market data not analysed in this edition
Social infrastructure	Moderate	Public admin, education and health jobs +58% (2012 to 2024); largest regional shift on registrations, negative on the EPA	Healthcare, education, student and senior housing	Measures disagree on local advantage; public funding
Hotels	Moderate, indirect	Record 11.2 million visitors in 2025 (Ayuntamiento); hospitality jobs +34% but losing share	Urban hotels	Licensing limits; hospitality pay +5% real
Retail	Moderate	Population growth; city income per person 31% above Spain (2023)	Convenience and mid-market	Real pay +1% to 5% in eight years

What the growth evidence does not support. Secondary offices without refurbishment, because the scarcity is of Grade A space; and manufacturing space, because manufacturing is under-represented (quotient 0.51 on registrations, 0.63 for all industry on the EPA) and has lost share.

Why Part A-I focuses on housing and offices. Rental housing has the strongest volume case, and offices are tied most directly to Madrid's corporate and financial functions. Sections A6 to A9 examine both in depth.

A6. Madrid: the residential market

Madrid's housing market combines strong structural demand, constrained supply and stretched affordability: prices and rents are rising at double-digit and high single-digit rates while income growth lags.

A6.1 Demand: households and migration

Household formation, not population alone, drives housing demand. INE projects the Comunidad's households to rise from 2,749,715 in 2026 to 3,142,596 in 2041 (+14.3%), faster than Spain (+11.1%), with average household size steady at 2.59. That is about 26,000 additional households a year on average.

The source of growth matters. In 2025 Madrid city gained a net 106,117 residents from abroad but lost a net 37,953 to the rest of Spain, much of it plausibly to the metropolitan ring, while natural change was close to zero. Migration-led demand is younger, more likely to rent and more sensitive to the economic cycle than demand from natural change.

A6.2 Supply

New supply is falling well short of household formation. A study by Metrovacesa, a residential developer, counted 43,325 new households in the Comunidad in the twelve months to early 2026 against 18,633 new-build permits, a coverage rate of 43%, and estimated a cumulative shortfall above 90,000 homes over four years. Permits are not completions, and the study's author has a commercial interest in the conclusion, but the direction is consistent with INE's household projections and with rising prices.

Official completions point the same way. On the authors' calculation from INE's population statistics and household sizes, the Comunidad's population growth in 2024 implies about 47,600 new households, against 20,205 dwellings completed, a ratio of 0.42. Over 2013 to 2024, completions (180,676) covered 0.58 of the growth in households (about 310,400), so the shortfall is long-standing and widened in 2024. Completions are gross, and households that could not form are not counted, so both limitations make the ratio look better than it is (Section 3.4).

A6.3 Prices, rents and returns

Table A12. Madrid residential market indicators

Indicator	Value	Period	Source
House price index, annual change, Comunidad de Madrid	+12.9% (Spain +12.2%)	Q2 2026	INE, IPV
Average asking rent, Madrid city	€23.7 per m² per month, +7.6% year on year	June 2026	idealista
Average asking rent, Comunidad de Madrid	€21.7 per m² per month (Spain €15.3)	June 2026	idealista
Gross rental yield, Madrid city	4.7% (Spain 6.5%)	Q2 2026	idealista
Prime multifamily yield, Madrid	3.8%	Q1 2026	CBRE

Prices rising faster than rents compress yields: Madrid city's gross yield of 4.7% is well below the national 6.5%, and prime multifamily assets trade at 3.8% net. Returns therefore depend more on rental growth and operational efficiency than on entry yield.

A6.4 Affordability and regulation

Affordability. On the authors' illustrative calculation, a household of 2.59 people on the Comunidad's average net income per person (€19,277 in 2024, INE) has about €4,160 a month. Renting a 70 m² flat at the city's average asking rent (€23.7) would cost about €1,659, or 40% of that income; at the Comunidad average (€21.7) the share is about 37%. Both exceed the 30% benchmark commonly used for affordability. The calculation is an illustration for an average-income household, combining regional mean income, an average household size and city asking rents; it is not a measured rent burden of renter households.

Measured burdens. Tenants already in place pay much less than the asking-rent illustration implies. In tax records (SERPAVI), the median rent of a flat in Madrid city was 19.6% of mean household income (INE Atlas) in 2024, little changed from 19.1% in 2015, while advertised rents per m² in December 2024 were about 50% above the median existing rent. For a flat of the city's median rented size (66 m²), the asking rent equals about 31% of mean household income, and the Banco de España puts the rent burden of non-owner households in the city at 31.6% in 2024. The price of an 80 m² home rose from 4.1 years of household income in 2013 to 5.0 in 2023. The cost of the housing shortage therefore falls mainly on households entering the market, among them most new migrants.

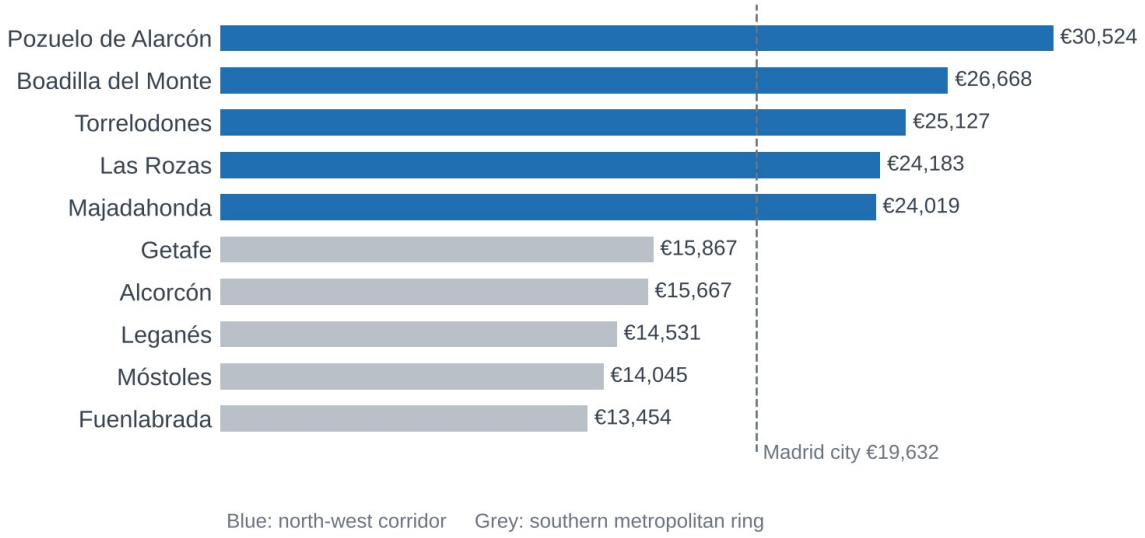
Regulation. As of October 2026 the Comunidad de Madrid had not declared any stressed rental-market areas under the 2023 Housing Law, so rent caps on new contracts tied to such areas do not apply. National policy has moved through emergency decrees instead: Royal Decree-law 8/2026, which capped annual rent updates at 2%, was not validated by Congress in April 2026, and Congress also voted down Royal Decree-laws 26/2026 and 27/2026, whose repeal was published in the BOE on 2 October 2026. Royal Decree-law 29/2026 of 6 October (BOE no. 249, 7 October 2026) entered into force on 8 October 2026. Its text caps annual rent updates at 2% until 31 December 2027 for leases without a new agreement, allows certain habitual leases to be extended by up to two further years, and tightens the rules on temporary and room lettings. Its parliamentary validation was pending at the time of writing. Rules in this area are changing quickly and must be checked at the date of any decision.

A6.5 Submarkets: the north-west corridor and the southern ring

Income differences across the metropolitan ring are large, and they segment rental demand.

Figure A4. North-west municipalities have incomes 50 to 130% above the southern ring

Net income per person, 2023 (€)



Source: INE, Atlas de Distribución de Renta de los Hogares, 2023.

The north-west corridor (Pozuelo de Alarcón, Boadilla del Monte, Torrelodones, Las Rozas and Majadahonda, about 354,000 residents in 2025) has incomes per person of €24,000 to €30,500, among the highest in Spain. The southern ring (Getafe, Alcorcón, Leganés, Móstoles and Fuenlabrada, about 970,000 residents) has incomes of €13,500 to €15,900, below the city average. Incomes in the south grew faster from 2015 to 2023 (for example Fuenlabrada +43% and Getafe +35%, against Majadahonda +29% and Pozuelo +28%), but the gap remains wide.

For investors, the north-west corridor suits premium family rental where incomes can sustain high rents, while the southern ring offers a larger pool of renters at mid-market price points, where affordability, transport links and regulatory exposure need closer scrutiny.

A7. Madrid: office demand and the office market

Office demand in the Comunidad is expanding steadily rather than spectacularly, and it is concentrating in scarce Grade A space inside the M-30.

A7.1 Demand drivers

Table A13. Office-using employment, Comunidad de Madrid, 2015 and 2025 (thousands)

Sector	Jobs 2015	Jobs 2025	Growth	LQ 2015 to 2025	Regional shift
M to N Professional and administrative	401.7	543.3	+35%	1.40 to 1.39	+2.1
J Information and communications	219.2	264.3	+21%	2.63 to 1.96	-84.0
K Finance and insurance	138.6	167.8	+21%	1.94 to 2.27	+26.8
All office-using (J + K + M to N)	759.5	975.4	+28%		

Source: INE, EPA; four-quarter averages for 2015 and for Q4 2024 to Q3 2025; authors' calculations.

Professional services are the volume engine and finance the competitive one; technology remains highly specialised and growing, though slightly behind the national pace (Section A4.3). Converting the 215,900 additional office-using jobs into space with an illustrative 65% office occupancy and 12 m² per worker gives about 1.7 million m² of gross demand over ten years. Both assumptions are uncalibrated and hybrid working is pushing them down. Registrations give a larger base: office-using jobs located in the Comunidad rose by about 358,000 (+45%) between 2012 and 2024, although head-office registration overstates where that work physically takes place.

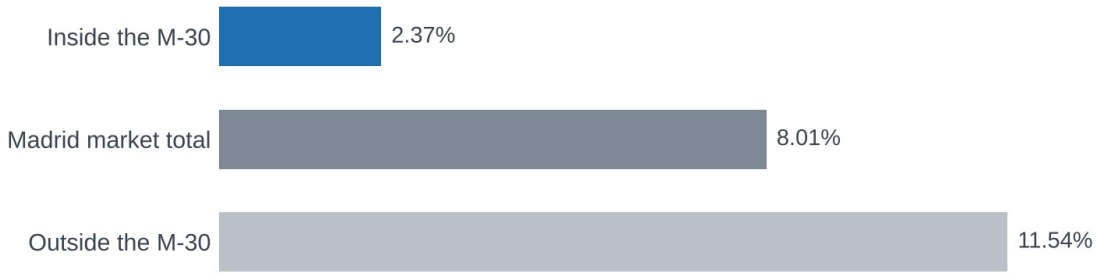
A7.2 The space market

Table A14. Madrid office market indicators, 2026

Indicator	Value	Period	Source
Office stock	16.3 million m² (JLL); 14.4 million m² (Savills, Q1 2026)	Q2 2026	JLL; Savills
Take-up, January to September	350,439 m² (-9.3% year on year)	Q3 2026	Savills
Availability, total	8.01%	Q3 2026	Savills
Grade A availability, CBD and City Centre	0.9%	Q2 2026	JLL
Prime rent	€45 per m² per month (+8.4% year on year)	Q2 2026	JLL
Pipeline under construction to 2028	137,220 m² (29% pre-let)	Q2 2026	JLL
Expected deliveries, Q4 2026 to end-2027	185,168 m²	Q3 2026	Savills
Stock converted to other uses since 2023	540,710 m², against 210,760 m² of new development	Q3 2026	Savills

Figure A5. Availability is 2.37% inside the M-30 but 11.54% outside it

Madrid office availability by zone, Q3 2026 (%)



Source: Savills, Office Pulse, Q3 2026, as reported by Alimarket, 22 October 2026.

A two-tier market. Space inside the M-30 is scarce: Savills puts availability there at 2.37%, and JLL puts Grade A availability in the CBD and City Centre at 0.9%. Outside the M-30, availability is 11.54%. Cushman & Wakefield notes that availability has been stable at 8 to 9% since mid-2025, partly because some vacancy is structural, and that 54% of absorption in the first half of 2026 was inside the M-30.

Rents and supply. Brokers report prime rents of €44 (Cushman & Wakefield, H1 2026, +3.5%), €45 (JLL, Q2 2026, +8.4%) and up to €50 for the best CBD space (Savills, Q3 2026); the differences reflect definitions as much as the market. New supply is limited relative to demand rather than absent. JLL's pipeline under construction is 75% below its three-year average, and Cushman & Wakefield expects 58,000 m² in 2027, mostly refurbishments. Savills expects 185,168 m² of deliveries between Q4 2026 and the end of 2027, against annual take-up of about 500,000 m² or more; the brokers measure different things (JLL counts space under construction on a 16.3 million m² stock, Savills expected deliveries on 14.4 million m²), so the figures are not directly comparable. The office stock is also shrinking: Savills reports that 540,710 m² of offices left the market for conversion to other uses between 2023 and Q3 2026, against 210,760 m² of new development, a net loss of about 330,000 m². That figure describes the market as a whole, not the centre; central scarcity shows instead in availability of 2.37% inside the M-30. Scarce Grade A space, not demand, is the main constraint on leasing volumes.

A8. Madrid: capital markets and pricing

Madrid is Spain's dominant investment market, and capital is crowding into living assets and prime offices.

Table A15. Investment indicators, Spain and Madrid

Indicator	Value	Period	Source
Spain real estate investment, all sectors	€18.45 bn (+31%); Madrid 36%	2025	CBRE
Spain real estate investment, all sectors	€6.3 bn (+93%); Madrid 55%	Q1 2026	CBRE
Living investment, Spain	€5.4 bn (29% of total); Madrid 40% of living	2025	CBRE
Living investment, Spain	€2.3 bn (+98%); Madrid about 78%	Q1 2026	CBRE
Office investment, Spain	€2.17 bn (12% of total)	2025	CBRE
Office investment, Spain	€2.3 bn (+9%), to September	Q3 2026	Savills
Prime office yield, Madrid	4.25% (JLL); 4.50% (Savills)	Q2 2026	JLL; Savills
Prime multifamily yield, Madrid	3.8%	Q1 2026	CBRE

Living is the core of the market. Multifamily accounted for more than €1.8 billion, or 82%, of Spanish living investment in Q1 2026 (CBRE). A 3.8% prime yield means investors are paying for expected rental growth and scarcity rather than current income.

Offices: prime is priced, the periphery is being bought. Brokers put the prime yield at 4.25% (JLL) to 4.50% (Savills, unchanged for three quarters), which leaves limited room for further compression; the gap reflects different definitions of prime and of the reference building. Savills reports that 83% of Madrid office investment volume to September 2026 went to assets outside the M-30, suggesting investors are positioning for refurbishment and repricing in the periphery.

A9. Madrid: strategy appraisal

Strategy A offers secure income whose main risk is the price paid; Strategy B depends on lease-up in a market with 11.54% availability; Strategy C has the strongest demand but the thinnest yield and the most regulatory exposure. All figures below are illustrative.

A9.1 Value sensitivity to yield

Table A16. Value sensitivity to yield (% change in value from the central case)

Case	Central yield	-50 bp	-25 bp	+25 bp	+50 bp
A: prime office inside the M-30 (JLL yield)	4.25%	+13.3%	+6.2%	-5.6%	-10.5%
A: same, on Savills yield	4.50%	+12.5%	+5.9%	-5.3%	-10.0%
C: multifamily build-to-rent	3.80%	+15.2%	+7.0%	-6.2%	-11.6%

Source: authors' calculations on prime yields from JLL and Savills (Q2 2026) and the CBRE prime multifamily yield (Q1 2026, Section A8). The change in value for a given yield move is the same whatever the income level.

A 25 basis point move changes value by about 5.3% to 7.0% and a 50 basis point move by about 10% to 15%. Because value is income divided by yield, a fall in the yield raises value slightly more than an equal rise reduces it. The risk at today's yields lies in the direction of rates, which are now rising, and in how little room is left for compression, not in the arithmetic of the change. Absolute capital values are not shown. Prime yields are quoted on net income, so capitalising a gross headline rent at a prime yield does not give a usable value; an underwriting value needs the asset's net income after non-recoverable costs, vacancy and incentives, and must deduct capex, leasing and purchase costs. The percentage changes do not depend on the income level. For Strategy C, underwriting needs scheme rents and operating costs; the asking rents in Section A6 are averages, not scheme rents.

A9.2 Strategy B lease-up (fair-share capture)

Capture per year = [project space ÷ (competing vacant space + project space)] × competitive position × net absorption of the competing set.

Table A17. Strategy B lease-up, base and downside cases

Input or result	Base case	Downside case
Project space (*hypothetical*)	10,000 m²	10,000 m²
Competing vacant space (*hypothetical*)	150,000 m²	250,000 m²
Competitive position (*hypothetical*)	1.2 (refurbished Grade A near transport)	0.9 (competes with other refurbishments)
Net absorption of competing set (*hypothetical*)	80,000 m² a year	50,000 m² a year
Capture	about 6,000 m² a year	about 1,700 m² a year
Lease-up period	about 1.7 years	about 5.8 years

These inputs must be replaced with submarket stock, availability and absorption at due diligence. The spread is the point: the same building leases up in under two years or nearly six depending on location and competition.

A9.3 Strategy-by-strategy assessment

Table A18. Summary assessment of the three strategies

	A: core office inside the M-30	B: value-add office outside the M-30	C: multifamily build-to-rent
Market tightness	Availability 2.37%; Grade A 0.9%	Availability 11.54%	New households far exceed permits
Demand base	Finance, professional services, headquarters	Cost-conscious occupiers, back offices	Migration-led household formation
Main upside	Rental growth on scarcity	Repricing after refurbishment	Rental growth; scarcity of new supply
Main risk	Paying a full price at 4.25%	Slow lease-up; competing refurbishments	Regulation; affordability; 3.8% entry yield
Key test	Passing rent versus market rent	Lease-up under base and downside	Rent-to-income of target tenants
Verdict	Prioritise for underwriting, subject to entry price	Underwrite selectively: connected nodes only	Underwrite selectively: mid-market, ring locations

A9.4 From growth to space

Growth, space and stock. Table A18a traces each material source of Madrid's growth to the space it requires, the stock available to meet it, and the evidence on whether that demand can be met by absorbing existing space, adapting it or building new (Section 2). The judgements in the last column are the authors'; where this edition has no evidence, the table says so.

Table A18a. From growth to space: Madrid

Source of growth	Space it requires	Stock available to meet it	Absorption, adaptation or construction (authors' judgement)
Households	Rental homes: mid-market build-to-rent, family rental in the north-west corridor	Completions covered 0.42 of new households in 2024 and 0.58 over 2013 to 2024; INE projects 392,881 more households in 2026 to 2041	**Construction.** The stock has fallen behind household growth for a decade, and newcomers pay for it: a median-size flat at advertised rents costs about 31% of household income, against about 20% for sitting tenants.
Office-using jobs (finance, professional services, technology)	Grade A offices inside the M-30 and at well-connected nodes	Availability 2.37% inside the M-30 and 11.54% outside it; 540,710 m² left the office market for conversion in 2023 to Q3 2026, against 210,760 m² of new development; 185,168 m² of deliveries expected to the end of 2027	**Construction and adaptation.** Central demand cannot be absorbed by central vacancy (2.37% availability inside the M-30), and the stock across the market is shrinking as offices are converted to other uses. Peripheral vacancy can serve it only where buildings at connected nodes are refurbished to Grade A (Strategy B); unrefurbished peripheral space is not supported.
Trade, transport and visitors	Logistics and urban hotels	Not analysed in this edition; hotel licensing limits apply	**Not assessed.** Trade and transport have outgrown Spain since 2019 and visitors reached a record 11.2 million in 2025, but logistics and hotel supply data are needed.
Public, health and education jobs	Healthcare, education, student and senior housing	Not measured	**Not assessed.** Jobs rose 58% in 2012 to 2024, but the two employment measures disagree on Madrid's local advantage.
Income and wealth	Larger or better homes and premium space	Price of an 80 m² home rose from 4.1 to 5.0 years of household income (2013 to 2023)	**Little additional demand.** Real salary per recipient rose 5.5% in eleven years, so income growth is not raising the quality of space households can pay for; the case for premium offices rests on specialisation and scarcity (Section A3.4).
Productive capital and output	Specialised premises; changes in viable locations	Not measured	**Not assessed.** Madrid took 54% of Spain's foreign direct investment (partly head-office registration) and 20.9% of state investment, but the edition does not trace either to demand for premises.

Sources: Sections A4 to A9, Tables 7 and 8, and the sources cited there. Judgements are the authors'.

Reading. Madrid needs new or comprehensively refurbished space in both of its main markets: homes, because supply has lagged household growth for a decade, and central Grade A offices, because central space is scarce and conversions are shrinking the market's stock. Its peripheral office vacancy is the one surplus, and it is useful only where location and refurbishment can turn it into the space occupiers want.

Recent evidence and what it supports testing. Office take-up in Q3 2026 was 148,006 m² according to BNP Paribas Real Estate, 34% more than a year earlier, and 136,000 m² according to CBRE (Q3 2026 Office Market Figures); the providers measure it differently, and take-up counts leases signed, not the net change in occupied space. Realia's FY 2025 results report 99.6% occupancy across its 280 build-to-rent homes at the end of 2025, and its Q3 2026 results filed with the CNMV give a planned investment of €42.7 million in 198 new rental homes in Tres Cantos, on land it owns, expected in Q3 2028; this is one operator's result, not a market rate. Logistics take-up reached 906,613 m² in January to September 2026, 17% more than a year earlier, and four deals accounted for 41% of the 286,470 m² signed in Q3, across 27 transactions (BNP Paribas Real Estate). On the high street, Colliers gives prime rents of €260 per m² a month on Preciados and €245 on Serrano (Q3 2026), and CBRE puts Madrid's high-street availability at 1.0%, a market benchmark rather than a street figure. In the authors' judgement, this supports testing selected refurbished peripheral offices and a suburban build-to-rent scheme, screening logistics by corridor and unit size, given how concentrated leasing is in a few large deals, and screening retail street by street. The inputs still missing are office rents after incentives, and signed rents and initial lease-up at comparable rental schemes.

A10. Madrid: risks, monitoring and review triggers

The advice should be reviewed if any of the indicators below moves against it over the next four quarters. The trigger levels are the authors' suggestions, not market thresholds.

Table A19. Risks, indicators and suggested review triggers

Risk	Exposed	What to monitor	Suggested review trigger
Rental regulation tightens	C	Validation of RDL 29/2026; any stressed-zone declaration	Caps extended beyond 2027 or applied to new contracts in Madrid
Interest-rate reversal	A and C	Prime office and multifamily yields; euro swap rates	Prime office yield above 4.75% or multifamily above 4.25%
Affordability ceiling	C	Rent growth against income growth	Asking rents falling while vacancy rises in target areas
Peripheral office oversupply	B	Availability outside the M-30; refurbishment pipeline	Availability outside the M-30 rising for two consecutive quarters
Hybrid working	A and B	Space per worker in new leases	Large tenants renewing on materially smaller footprints
Migration slowdown	C	Net international arrivals; INE official population	A fall in net arrivals for two consecutive years
Crowded living trade	C	Living investment volumes and yields	Volumes falling while yields widen

Data refresh before any investment decision. Update all broker figures to the latest quarter, confirm the regulatory position at the decision date, and add forecast population, employment and earnings series.

Part A-II. Barcelona



Eixample and the Sagrada Família, Barcelona. Illustration adapted from a photograph by Alhzeiia, Wikimedia Commons · CC BY-SA 2.0

A11. Barcelona: metropolitan growth patterns

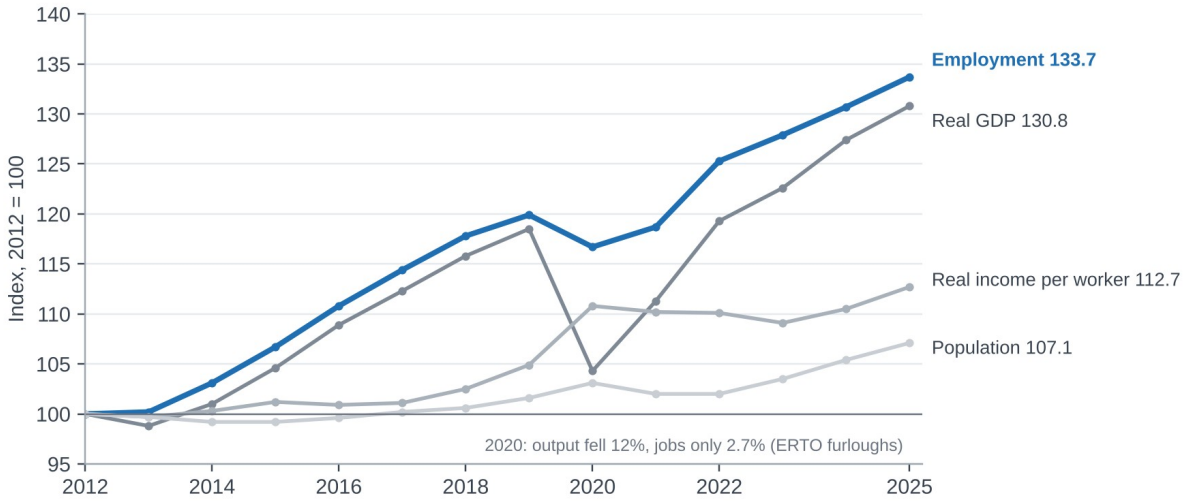
Metropolitan growth is analysed in four steps: summary growth indicators and forecasts (11.1), growth and real pay by sector (11.2), specialisation and competitiveness against Spain (11.3), and the forces behind growth and whether they will persist (11.4). The core series cover the 36 AMB municipalities. Two independent cross-checks test them: Social Security registrations and Agencia Tributaria salaries for the province of Barcelona, which contains the AMB and is the smallest area for which both are published by sector against Spain. Where the two geographies agree, the finding is robust.

A11.1 Summary growth indicators

The AMB grew by adding jobs and people, not by raising pay: employment rose about 34% over 2012 to 2025, while real pay rose between about 4% (salary per recipient) and 13% (income per worker), depending on the measure.

Figure A6. Jobs grew far faster than population and real pay

AMB summary growth indicators, 2012 to 2025 (index, 2012 = 100)



Sources: Idescat padró (population); Seguridad Social affiliations, 36 AMB municipalities (employment); Idescat PIBA Rev. 2024, Catalonia proxy (real GDP, income per worker). 2024 and 2025 provisional.

Employment. AMB employment climbed from about 1.48 million affiliations in 2012 to about 1.98 million in 2025. The provincial registrations confirm the scale and timing: non-agricultural registrations in the province of Barcelona rose 31.8%, from 2.15 million to 2.84 million (annual averages of month-end values), slightly below Spain's 32.8%. They grew faster than Spain before the pandemic (+17.7% against +16.1% in 2012 to 2019) and more slowly after it (+12.0% against +14.4% in 2019 to 2025).

Population. AMB population was flat to 2022, then rose about 5% to roughly 3.47 million, a migration-led surge. Real GDP rose about 31%, keeping pace with jobs.

Earnings. Real pay is weak on every measure, but the measures differ. Catalonia's income per worker (Idescat PIBA) rose about 13% in real terms over 2012 to 2025. Mean salary per recipient in the province of Barcelona (Agencia Tributaria, deflated by the Catalan CPI) rose only 4.4% over 2012 to 2023: +3.1% to 2019 and +1.3% since, as the 2022 inflation surge cut real pay. The tax data cover employees' salaries only and include part-year workers, while the PIBA measure covers all compensation and is distorted by the 2020 composition effect, so the real gain is best read as a range of about 4% to 13% over the period.

Forecasts. The outlook is continued, steady growth (Table A20). BBVA Research expects Catalan employment to grow 2.3% in 2026 and 2.1% in 2027, slightly faster than the province's 2.1% a year since 2012, with unemployment falling from 8.4% in 2025 to 6.8% in 2027. INE projects 372,061 additional households in Catalonia between 2026 and 2041 (+11.7%), and a population of about 9.2 million in 2041, more than one million above today, driven by international migration. No regional earnings forecast is published; with national inflation projected at 3.9% in 2026 and 3.7% in 2027 (Banco de España), the authors expect real pay to grow little in the near term.

Table A20. Historical and forecast growth, Barcelona and Catalonia

Indicator	History	Forecast	Forecast source
Population	AMB +7%, 2012 to 2025	Catalonia about 9.2 million in 2041 (+1 million from 2026)	INE, June 2026
Households	n.a.	Catalonia +372,061 (+11.7%), 2026 to 2041	INE, June 2026
Employment	AMB +34%; province +31.8% (2.1% a year), 2012 to 2025	Catalonia +2.3% in 2026; +2.1% in 2027 (EPA basis)	BBVA Research, May 2026
Unemployment rate	Catalonia 8.4% in 2025	7.6% in 2026; 6.8% in 2027	BBVA Research, May 2026
Real GDP	Catalonia about +31%, 2012 to 2025	+2.4% in 2026; +2.5% in 2027	BBVA Research, May 2026
Real pay	+4% (salary per recipient, province, 2012 to 2023) to +13% (income per worker, Catalonia)	No regional forecast; likely flat in 2026 to 2027	Authors, from Banco de España, October 2026

Sources: history as Figure A6, Seguridad Social and Agencia Tributaria (province of Barcelona); INE, Proyecciones de población 2026-2076 and Proyección de hogares 2026-2041 (17 June 2026), population figure as reported by Diario de León; BBVA Research, Situació Catalunya, May 2026 (forecasts of March 2026); Banco de España press release, 15 October 2026.

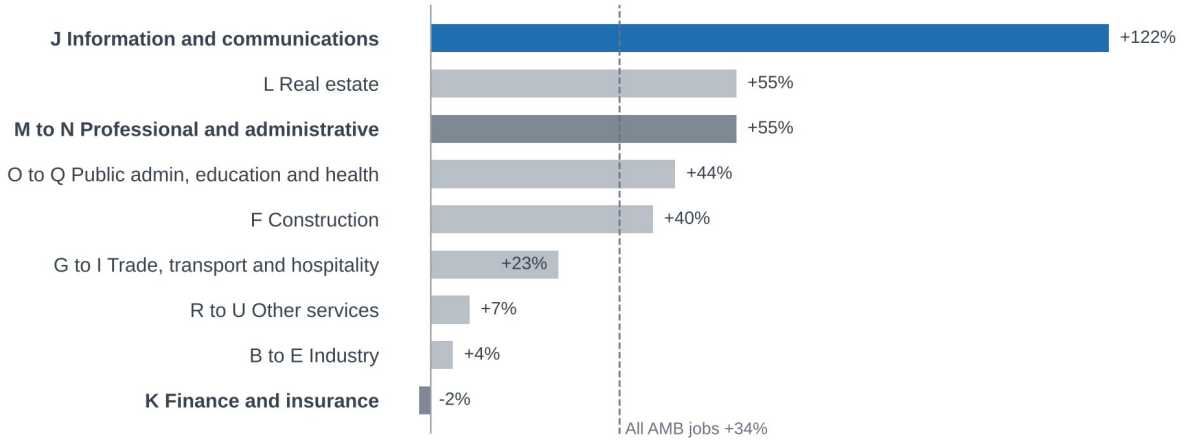
Reading for the investor. Jobs rising with modest real-pay gains are consistent with demand-induced expansion accommodated by elastic labour supply. They support a volume-demand hypothesis more clearly than premium pricing. Firms pay office rents, but weak household pay growth can constrain housing affordability and recruitment; office quality and pricing still require sector and submarket evidence.

A11.2 Growth and real pay by sector

Growth was concentrated in knowledge-intensive services: in the AMB, information and communications grew 122% and professional services 55%, against 34% for all jobs, while industry and finance barely moved.

Figure A7. Technology jobs more than doubled; industry and finance stood still

AMB employment growth by sector, 2012 to 2025. Office-using sectors in bold.



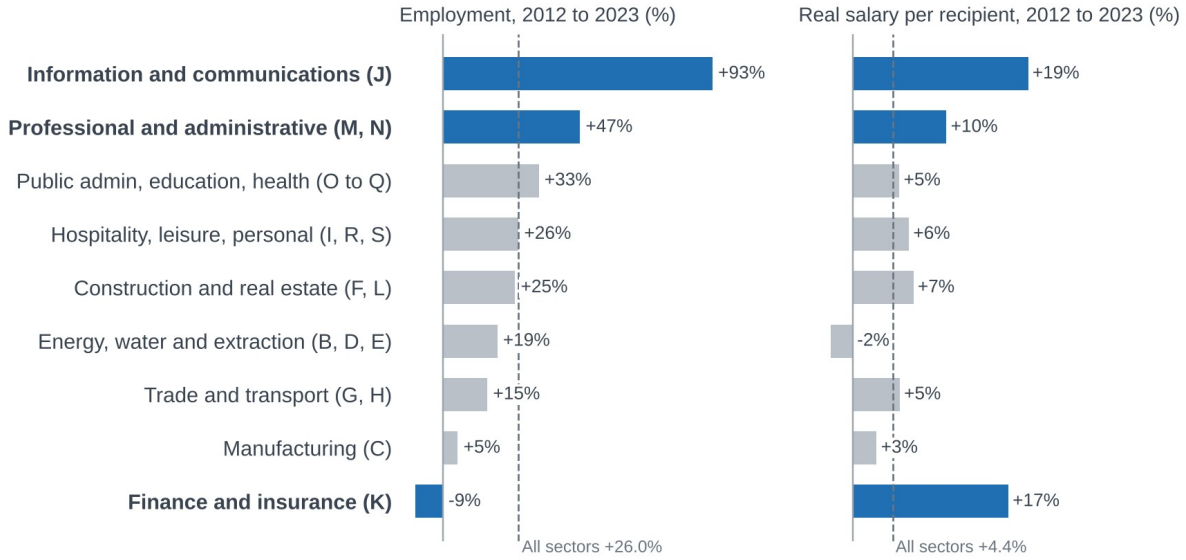
Source: Seguridad Social municipal affiliation (CNAE-2009), 36 AMB municipalities, December; authors' calculations. J, K, L and M to N from exact counts; other sectors derived from published shares and shift-share changes, approximate to about one percentage point.

The AMB is a service metropolis. Trade, transport and hospitality (28.3% of jobs in 2025), public services (22.0%) and professional services (19.6%) account for about seven in ten jobs. The mix is tilting toward higher-value services: information and communications rose from 4.2% to 6.9% of jobs, while industry fell from 10.6% to 8.2% and finance from 3.1% to 2.3%.

Real pay by sector. Salary data are not published for the AMB, so provincial Agencia Tributaria pay is compared with provincial registrations. Jobs and real pay rising together are consistent with demand-induced expansion; strong job growth with modest pay gains suggests an elastic labour response; jobs rising while real pay falls are consistent with a supply-induced component. These are indicative patterns. Inflation, hours and changes in the worker mix can generate similar outcomes, and elasticity is not estimated.

Figure A8. Jobs and real pay rose fastest in technology and professional services

Employment and real salary per recipient by sector, province of Barcelona, 2012 to 2023 (% change). Office-using sectors in blue.



Sources: Seguridad Social, registrations at month end by CNAE-2009 section, province of Barcelona (RG + RETA, annual means); Agencia Tributaria, mean annual salary per recipient by sector, province of Barcelona, deflated by the Catalan CPI (INE); authors' calculations.

Table A21. Real earnings and employment by sector, province of Barcelona

Sector	Salary 2023 (€)	Real pay 2012 to 2019	Real pay 2019 to 2023	Real pay 2012 to 2023	Jobs 2012 to 2023	Indicative mechanism
J Technology	40,592	+13.0%	+5.6%	+19.4%	+93.2%	Consistent with demand-induced; stronger pay effect
M to N Professional	24,866	+6.5%	+3.6%	+10.4%	+47.4%	Consistent with demand-induced; stronger pay effect
O to Q Public services	31,099	+1.5%	+3.6%	+5.1%	+33.2%	Consistent with demand-induced; elastic response possible
I, R, S Hospitality	16,059	+6.4%	-0.2%	+6.2%	+26.1%	Jobs expand; low pay; mechanism unconfirmed
F, L Construction, RE	25,853	+6.0%	+0.7%	+6.7%	+25.0%	Consistent with demand-induced; elastic response possible
B, D, E Energy, water	33,558	-3.0%	+0.5%	-2.5%	+18.8%	Consistent with supply-induced; cause unconfirmed
G to H Trade, transport	27,455	+3.5%	+1.6%	+5.2%	+15.4%	Consistent with demand-induced; elastic response possible
C Manufacturing	34,885	+5.5%	-2.7%	+2.6%	+5.2%	Stagnant
K Finance	48,163	+24.7%	-6.0%	+17.2%	-9.4%	Fewer, better-paid jobs
All sectors	28,108	+3.1%	+1.3%	+4.4%	+26.0%	

Sources: as Figure A8. Salaries are nominal 2023 values; real changes use the Catalan CPI annual averages (2012 91.357; 2019 97.568; 2023 111.656). Jobs exclude agriculture (0.3% of registrations). RE is real estate; public services are O to Q. The Agencia Tributaria added maternity and paternity benefits to salaries from 2018, which slightly raises later levels in all sectors.

What the pay data add. Over the same 2012 to 2023 period, technology jobs rose 93% and real salary per recipient 19%, the fastest of any sector. Jobs and pay rising together is consistent with stronger labour demand, and competition for scarce skills is one possible explanation; the data cannot rule out changes in the mix of workers, such as more senior or full-year staff, raising the average. Professional services show the same pattern, less strongly. The growth types in Table A21 are indicative on this basis. Finance shrank in headcount while real pay rose 17%, a sign of restructuring towards fewer, more specialised jobs. Most of the large employers (public services, hospitality, trade and transport) grew on volume with little real pay gain. For offices, this means the demand most likely to pay for quality space is concentrated in technology and professional services.

A11.3 Specialisation and competitiveness

The AMB's export base is four service sectors, but its genuine competitive edge is narrow: only information and communications and professional services outgrew their national counterparts over 2012 to 2025, and professional services lost that edge after 2019.

Location quotients (Spain = 1.0). A quotient above 1 means the sector is more concentrated in the AMB than in Spain, a sign it sells beyond the region.

Table A22. Location quotients by sector, AMB (Spain = 1.0)

Sector	LQ 2012	LQ 2025	Reading
J Information and communications	1.60	1.91	Specialised and rising
M to N Professional and administrative	1.35	1.41	Specialised, stable
L Real estate	1.66	1.39	Specialised but declining
K Finance and insurance	1.21	1.22	Modestly specialised, flat
R to U Other services	1.12	1.05	Drifting to average
O to Q Public admin, education and health	1.06	1.01	At national average
G to I Trade, transport and hospitality	0.99	0.96	Just below average
B to E Industry	0.83	0.72	Under-represented, falling
F Construction	0.72	0.70	Under-represented

Shift-share, 2012 to 2025 (jobs). Each sector's change splits into national growth, industry mix (the sector's national trend) and the regional shift, which isolates local competitiveness.

Table A23. Shift-share decomposition of AMB employment change, 2012 to 2025 (jobs)

Sector	Change	National growth	Industry mix	Regional shift
M to N Professional and administrative	+138,128	+85,263	+36,278	+16,587
O to Q Public admin, education and health	+132,754	+103,552	+51,206	-22,004
G to I Trade, transport and hospitality	+104,506	+155,595	-28,813	-22,276
J Information and communications	+74,820	+21,067	+32,072	+21,681
F Construction	+26,374	+22,981	+5,795	-2,402
R to U Other services	+8,416	+42,813	-24,275	-10,122
L Real estate	+8,192	+5,077	+7,640	-4,525
B to E Industry	+5,812	+53,670	-22,838	-25,020
K Finance and insurance	-994	+15,687	-16,688	+7
Total	+498,086			

Source for Tables A22 and A23: Seguridad Social municipal affiliation (CNAE-2009), 36 AMB municipalities, December, Spain as reference; authors' calculations. Agriculture (LQ 0.02) omitted.

Before and after the pandemic. Splitting at 2019 sharpens the picture. Information and communications kept a positive regional shift in both periods (+12,172 in 2012 to 2019, then +5,195 in 2019 to 2025). Professional services drove the pre-2019 gain (+19,894) but turned negative afterwards (-6,857). Trade, transport and hospitality lost ground faster after 2019 (-3,382, then -18,588).

Provincial cross-check. Tables A24 and A25 repeat the analysis for the province of Barcelona on annual-average registrations, before and after the pandemic.

Table A24. Location quotients by sector, province of Barcelona, registrations (Spain = 1.0)

Sector	LQ 2012	LQ 2019	LQ 2025	Share of jobs 2025	Reading
J Information and communications	1.19	1.32	1.39	5.3%	Specialised and rising
M to N Professional and administrative	1.13	1.19	1.19	17.3%	Specialised, stable since 2019
C Manufacturing	1.17	1.12	1.09	11.9%	Specialised but falling
G to H Trade and transport	1.00	0.99	1.01	22.7%	At national average
K Finance and insurance	1.01	0.98	0.99	1.9%	At national average
O to Q Public admin, education and health	0.93	0.93	0.92	21.2%	Below average
I, R, S Hospitality, leisure and personal	0.90	0.87	0.85	12.0%	Below average, falling
F, L Construction and real estate	0.84	0.84	0.84	6.8%	Under-represented
B, D, E Energy, water and extraction	0.79	0.77	0.83	1.0%	Under-represented

Table A25. Shift-share decomposition, province of Barcelona, registrations, 2012 to 2019 and 2019 to 2025 (thousands of jobs)

Sector	Change 2012-19	National	Mix	Regional	Change 2019-25	National	Mix	Regional
M to N Professional	+106.7	+51.1	+29.5	+26.1	+65.7	+61.0	+12.7	-8.0
O to Q Public services	+79.9	+68.7	+4.3	+6.9	+93.5	+72.9	+40.8	-20.2
G to H Trade, transport	+62.1	+85.9	-27.2	+3.3	+46.9	+85.7	-36.6	-2.2
I, R, S Hospitality	+58.9	+41.7	+22.8	-5.6	+23.1	+45.7	-8.2	-14.4
J Technology	+35.8	+11.4	+12.7	+11.7	+42.5	+15.3	+22.7	+4.5
F, L Construction, RE	+23.3	+23.5	-2.6	+2.4	+22.8	+24.4	+3.6	-5.2
C Manufacturing	+17.9	+51.0	-22.9	-10.1	+3.7	+48.1	-27.0	-17.5
K Finance	-4.8	+9.5	-13.5	-0.8	+0.7	+7.8	-6.2	-0.8
B, D, E Energy, water	+0.4	+3.6	-2.9	-0.2	+4.8	+3.2	+0.3	+1.2
Total	+380.2	+346.4	+0.2	+33.7	+303.7	+364.1	+2.1	-62.6

Sources for Tables A24 and A25: Seguridad Social, BBDD Estadísticas, affiliations at month end by province and CNAE-2009 section (table 04f09, RG + RETA), province of Barcelona and Spain, annual means; authors' calculations. Agriculture excluded. Table A25 labels abbreviated (RE is real estate; public services are O to Q); O to Q are grouped because registrations moved between public administration and education in 2024. National, Mix and Regional are the national effect, industry-mix effect and regional shift.

Quotients and shares. Technology's rising quotient applies to 5.3% of the province's registered jobs, while manufacturing, despite its falling quotient, still employs 11.9%, and trade and transport (22.7%) and public services (21.2%) remain the largest employers.

Where the two geographies agree. The provincial data reproduce the AMB results closely. Technology has a positive regional shift in both periods (+11,700, then +4,500, against +12,172 and +5,195 in the AMB), and its quotient keeps rising; the province's share of Spain's technology registrations rose from 17.0% to 19.6%. Professional services gained strongly before 2019 (+26,100) and lost ground after it (-8,000), as in the AMB. Hospitality, manufacturing and, since 2019, public services lose share.

What the province adds. Taken as a whole, the province outperformed Spain before the pandemic (regional shift +33,700) and underperformed it afterwards (-62,600). Since 2019 Barcelona's job growth has relied entirely on the national tailwind and its sector mix; only technology and energy and water still beat the national trend. This is a weaker competitive position than Madrid's over the same period, and it reinforces the case for treating technology as the one durable local engine.

A11.4 Forces behind growth and the five-year outlook

Preliminary conclusion: AMB growth since 2012 has been carried mainly by national tailwinds and a favourable industry mix, with a narrow local engine in technology, and an abundant supply of labour from migration.

The forces observed.

1. **National tailwind and favourable mix.** National growth was positive for every sector, and the AMB is weighted toward services that expanded nationally. Since 2019 the national effect has exceeded the province's total job gain.

2. **A narrow competitive engine.** Only information and communications shows a sustained positive regional shift on both geographies, with the fastest real pay growth of any sector, consistent with the 22@ technology cluster. Professional services' edge was largely pre-2019.
3. **Labour response and growth.** Jobs rose about a third while real pay rose 4% to 13%, depending on the measure, and population growth after 2022 was migration-led. Outside technology and professional services, expansion was stronger in jobs than in pay. This is consistent with demand growth accommodated by an elastic labour response. The direction of average pay alone cannot determine whether independent migration also contributed a supply shift.

Will these forces persist over the next five years or so? Broadly yes, with the forecasts pointing to steady rather than accelerating growth.

- The **technology engine** is likely to continue: it is the only advantage that survived the pandemic on both measures, and rising real pay shows genuine demand. Its competitive shift roughly halved after 2019, so slower growth is the prudent base case.
- The **national tailwind** depends on the Spanish cycle and is outside the metropolis's control. Forecasts for Catalonia (employment +2.3% in 2026 and +2.1% in 2027) are close to the historical pace, but since 2019 Barcelona has relied on that tailwind more than Madrid has.
- **Migration-led labour supply** is built into INE's projections, which add about 25,000 Catalan households a year to 2041. It is cyclical and constrained by housing affordability, since real incomes have lagged employment.
- **Real pay** is the weak link: with inflation projected near 4% and no regional forecast of faster pay, rents outside the most constrained segments can rise only as far as affordability allows.

A12. Barcelona: growth prospects and real estate markets

Over the next five to ten years, the growth pattern most clearly benefits rental housing and well-located offices, followed by social infrastructure and last-mile logistics. These are directional readings of demand-side evidence, not forecasts: supply, pricing and regulation decide whether demand turns into returns.

Table A26. Asset classes likely to benefit from the AMB growth pattern, five to ten years

Asset class	Evidence	Demand evidence from Section A11	What benefits most	Key caveat
Rental residential	Strong	Jobs +34% vs population +7%; migration-led population rise since 2022; Catalonia +372,061 households to 2041; real pay +4% to +13%	Build-to-rent, co-living, mid-market rental	Catalan rent regulation; affordability ceiling
Offices	Strong but polarised	Office-using jobs +60%; technology expansion with rising real pay (jobs +93% to 2023, real pay +19% in the province); positive regional shift in J on both geographies	Grade-A and refurbished space for technology and professional services	Hybrid working; 22@ oversupply; province losing share since 2019
Social infrastructure	Moderate	Public admin, education and health +132,754 jobs (+44%), second-largest gain; jobs and real pay rising, with real pay +5%	Healthcare, education and care facilities	Growth tracks the national trend, not a local advantage
Last-mile logistics	Moderate, indirect	More jobs and residents mean more consumption; trade and transport at the national average	Urban and suburban distribution space	Case rests on logistics market and gateway data not in this edition
Retail	Weak to moderate	Growth carried by headcount, not income per head	Convenience, grocery-anchored and mid-market formats	Spending power per head is not rising
Hotels	Not tested	Hospitality losing share on registrations in both periods; real pay +6%	Not assessed	Requires tourism data; investor appetite already strong

What the growth evidence does not support. Premium owner-occupied housing and luxury retail, because real incomes have lagged; secondary offices, because occupiers are moving to better buildings; and manufacturing space, because industry is losing share in both the AMB (location quotient 0.72) and the province.

A partial exception: prime residential. Prime Barcelona housing draws heavily on international and non-resident buyers, a source of demand that local employment and income statistics do not measure. It needs its own evidence base.

Housing demand and supply. Housing was not analysed in depth in this edition, but the official series give a consistent picture. On the authors' calculation, AMB population growth in 2024 implies about 21,800 new households against 5,389 completions (0.25); over 2021 to 2024, the longest period with matched population data, completions covered 0.28 of household growth. In Barcelona city, 1,884 completions compared with about 11,400 new households. Sitting tenants' median rent in tax records (SERPAVI) was 21.6% of mean household income in 2024 (20.7% in 2015), but advertised rents per m² were about 51% higher, equal to about 34% of mean household income for a flat of the median rented size (68 m²); the Banco de España puts the burden of non-owner households at 32.4%. The price of an 80 m² home rose from 4.7 years of household income in 2013 to 5.5 in 2023. This supports the build-to-rent case in Table A26 but sharpens the affordability and regulatory constraints (Section 3.4).

Why Part A-II focuses on offices. Offices are the asset class most directly tied to the sectors where the AMB is genuinely competitive, and the pay data confirm that technology and professional services are growing on demand. Rental residential has the strongest volume case and is a natural candidate for a future edition. Sections A13 to A16 carry the office analysis down from the metropolis to the market, its pricing and the two strategies.

A13. Barcelona: office demand drivers

Office demand in the AMB is structurally expanding and locally won: office-using employment grew about 60% over 2012 to 2025, nearly twice the rate of all jobs, and now accounts for 28.8% of employment.

Table A27. Office-using employment in the AMB, 2012 and 2025

Sector (NACE Rev. 2)	Jobs 2012	Jobs 2025	Growth	LQ 2012 to 2025	Competitive shift (jobs)
J Information and communications	61,496	136,316	+122%	1.60 to 1.91	+21,681
M to N Professional, scientific and administrative	248,885	387,013	+55%	1.35 to 1.41	+16,587
K Financial and insurance	45,792	44,798	-2%	1.21 to 1.22	+7
All office-using (J + K + M to N)	356,173	568,127	+60%		
Memo: total AMB employment	1,477,814	1,975,900	+34%		

LQ: location quotient, Spain = 1.0. Competitive shift: jobs gained beyond the sector's national trend, from shift-share analysis. Source: Seguridad Social municipal affiliation (CNAE-2009); authors' calculations.

Technology (J) is the durable engine. It is the only sector with a positive competitive shift both before and after the pandemic (+12,172 in 2012 to 2019, +5,195 in 2019 to 2025). It is still positive but slowing, which matters for 22@. **Professional services (M to N) is the volume core**, though its competitive gain was a pre-2019 phenomenon (+19,894, then -6,857). **Finance (K) generates replacement, not expansion, demand.**

From jobs to space. Space demanded = new office-using jobs × occupancy factor × space per worker. Taking an illustrative 65% occupancy and 12 m² per worker, the 212,000 additional office-using jobs imply about 1.65 million m² of gross demand over 2012 to 2025. These two assumptions are not calibrated to Barcelona data; halving either halves the estimate, and hybrid working is pushing both down.

Implication by option. Option A leases to established occupiers, so its exposure to space-per-worker shrinkage comes only at lease expiry. Option B must win new occupiers and depends more heavily on technology demand, so it is directly exposed to hybrid working and to the post-2019 slowdown in J.

A14. Barcelona: the office market

Barcelona is a two-speed office market: a tight, high-rent central core and a 22@ district where a 2019 to 2024 development wave outran absorption. Since early 2025 the market has tightened: availability fell from 12.44% in Q1 2025 to 9.98% in Q3 2026, its first reading below 10% since 2022, and 22@ availability fell from 26.6% to below 20% (Savills).

Table A28. Barcelona office market indicators

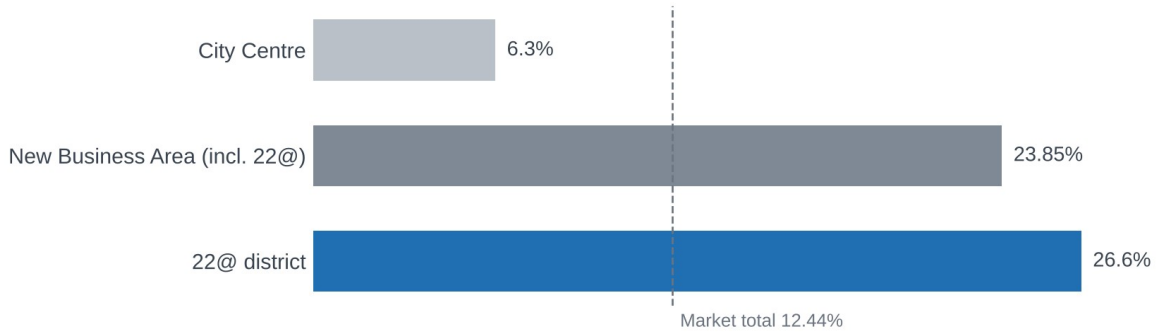
Indicator	Value	Period	Source
Availability, whole market	9.98% (JLL 8.3%)	Q3 2026	Savills; JLL
Availability, prime CBD / City Centre	2.17% / 4.85%	Q3 2026	Savills
Availability, 22@	Below 20% and falling (20.48% in H1 2026; 26.6% in Q1 2025)	Q3 2026	Savills
Take-up, January to September	About 246,000 m² (-7% year on year, JLL)	2026	Savills; JLL
Prime rent	€32.25 per m² per month (+5.7% year on year)	Q3 2026	JLL (Cushman & Wakefield €31.75, Q2 2026)
Pipeline to end-2027	About 130,000 m², about 50% pre-let	H1 2026	Cushman & Wakefield
Total stock	6.78 million m²	Q1 2025	Savills

Sources: Savills, Office Pulse Q2 and Q3 2026, as reported by Alimarket, 28 July and 22 October 2026; JLL, Barcelona office market dynamics, Q3 2026; Cushman & Wakefield, press release, 3 August 2026; Savills, Barcelona Offices Spotlight, Q1 2025. Savills reports availability and JLL an availability rate on its own definitions, so the levels differ.

The detailed breakdown by zone in Figures A9 and A10 is the most recent available to the authors, from Q1 2025. It shows the structure of the market; the zone levels have since fallen.

Figure A9. In Q1 2025 vacancy was 6.3% in the City Centre but 26.6% in 22@

Barcelona office vacancy by zone, Q1 2025 (%)

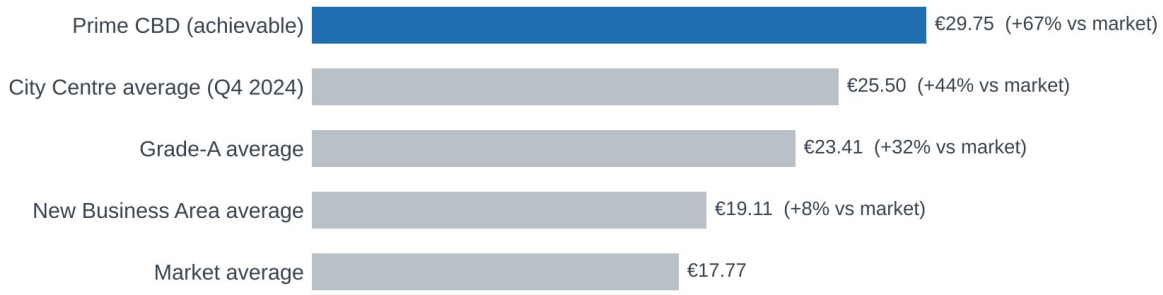


Source: Savills, Barcelona Offices Spotlight, Q1 2025. Broker zone definitions; vacancy as reported by Savills.

Demand is landing where the sectoral analysis predicts. In Q1 2025, four of the quarter's five largest deals were signed by business-services and technology firms (Factorial, Sage, Infor and Sateliot), all in the New Business Area; the fifth was IES Abroad in the City Centre. The New Business Area took 46% of take-up while carrying the highest vacancy: it is both the most demanded and the most oversupplied district. Total vacancy rose from about 9% in Q3 2022 (CG Capital) to 12.44%, almost entirely from 22@ deliveries.

Figure A10. Quality and location command a widening rent premium

Barcelona office rents, Q1 2025 unless stated (€ per m² per month)



Source: Savills, Barcelona Offices Spotlight, Q1 2025. City Centre figure is Q4 2024.

Rents are polarising. The market average was flat year on year while prime rose, from €27.25 in Q3 2022 (CG Capital) to €29.75. Deals above €20/m²/month rose from about 8% of the total before 2019 to 34% in Q1 2025. Rising prime rent alongside rising vacancy, and the growing share of deals at higher rents, are consistent with a flight to quality, and help explain why most new supply is now refurbishment.

How long the surplus takes to clear. In Q1 2025, vacant space was about 843,000 m² (12.44% × 6.78 million m²). If a balanced market sits near 8% vacancy (an assumption), the surplus is about 301,000 m². Gross take-up of about 300,000 m² a year overstates net absorption, because much of it is relocation. At an assumed 100,000 to 150,000 m² of net absorption a year, the surplus clears in roughly two to three years, consistent with Savills' expectation of rebalancing over about two years. The market has followed that path so far: availability fell to 9.98% by Q3 2026, and 22@ took about a third of Barcelona office investment in the first nine months of 2026 (Savills). The published figures do not separate net absorption from conversions and withdrawals, so the pace of genuine absorption remains uncertain.

A15. Barcelona: capital markets and pricing

Capital has returned to Spanish real estate as rates fell, but to living and hotels first: offices drew only 12% of 2025 volume, and Barcelona office investment was thin even as leasing held up.

Table A29. Spain real estate investment, all sectors

Period	Volume	Change	Note
Q1 2026	€6.3 bn	+93% year on year	Third-highest quarter on record; more than double the 10-year average
Full year 2025	€18.45 bn	+31% year on year	Best year since 2018
First 9 months 2025	€12.9 bn	+44% year on year	Third-highest 9-month total on record

Source: CBRE, Spain real estate investment figures, Q3 2025, Q4 2025 and Q1 2026.

Sector rotation. In 2025 offices took 12% of Spanish investment (€2.2 billion), behind Living (29%), Hotels (23%) and Retail (15%). Within offices, capital concentrated on prime, central product. This is the capital-market echo of occupier polarisation: prime is wanted, secondary is not.

Geography. Madrid took 36% and Barcelona 22% of 2025 volume across all sectors, rising to a combined 73% in Q1 2026. These are all-sector shares. Barcelona office investment specifically was about €80 million in Q1 2025, near a record low (Savills).

Pricing. The prime Barcelona office yield was 4.65% in Q1 2026 (CBRE), down from 4.80% in Q2 2025; JLL reports a stable investment yield of 4.75% in Q3 2026. Because value = rent ÷ yield, low yields make value highly sensitive to small yield moves. Secondary and 22@ stock, with higher vacancy and softer yields, lags behind prime.

Implication. Offices now compete with living and hotels for capital, which helps set the sector's yield floor. Exit liquidity is therefore strongest for core prime and weakest for refurbished secondary or 22@ product.

A16. Barcelona: option appraisal

Option A offers secure income whose main risk is the price paid; Option B offers a lower entry value whose outcome turns on lease-up speed and exit liquidity. Values are shown as percentage changes; a full appraisal would use net operating income.

A16.1 Value sensitivity to yield

Table A30. Value sensitivity to yield (% change in value from the central case)

Case	Central yield	-50 bp	-25 bp	+25 bp	+50 bp
Option A: Prime CBD, let at market	4.65%	+12.0%	+5.7%	-5.1%	-9.7%
Option B: stabilised after refurbishment (*hypothetical* yield)	5.50%	+10.0%	+4.8%	-4.3%	-8.3%

*Source: authors' calculations on the CBRE prime yield (Q1 2026). Option B's yield is *hypothetical*: no 22@ yield is reported in the sources used, and it is set above prime to reflect higher vacancy.*

A 25 basis point move changes value by about 4% to 6%, and a 50 basis point move by about 8% to 12%. Because value is income divided by yield, a fall in the yield raises value slightly more than an equal rise reduces it. The risk at today's yields lies in the direction of rates, which are now rising, and in how little room is left for compression, not in the arithmetic of the change. Absolute capital values are not shown. Prime yields are quoted on net income, so capitalising a gross headline rent at a prime yield does not give a usable value; an underwriting value needs the asset's net income after non-recoverable costs, vacancy and incentives, and must deduct capex, leasing and purchase costs. The percentage changes do not depend on the income level. For Option B, income matters more than the yield: letting at the Grade-A average rent for the New Business Area (EUR 23.41 per m² per month, Savills) rather than the area average (EUR 19.11) would raise gross rental income by about 22.5%, holding occupied area and other assumptions constant, more than any of the yield moves shown; net income need not rise in proportion.

A16.2 Option B lease-up (fair-share capture)

Capture per year = [project space ÷ (competing vacant space + project space)] × competitive position × net absorption of the competing set.

Table A31. Option B lease-up, base and downside cases

Input or result	Base case	Downside case
Project space (hypothetical)	10,000 m²	10,000 m²
Competing vacant space (hypothetical)	150,000 m²	200,000 m²
Competitive position (hypothetical)	1.1 (new Grade-A finish)	0.9 (competes with other refurbishments)
Net absorption of competing set (hypothetical)	60,000 m²/year	40,000 m²/year
Capture	about 4,100 m²/year	about 1,700 m²/year
Lease-up period	about 2.4 years	about 5.8 years

These inputs are illustrative and must be replaced with 22@ submarket stock, vacancy and absorption at due diligence. The point is the spread: plausible inputs move lease-up from about two years to nearly six, and with it the carry cost, the incentives needed and the exit value.

A16.3 Option-by-option assessment

Table A32. Summary assessment of the two strategies

	Option A: core Prime CBD / City Centre	Option B: 22@ value-add
Submarket availability	2.17% prime CBD; 4.85% City Centre (Q3 2026)	Below 20% (Q3 2026), from 26.6% in Q1 2025
Cycle position	Expansion: tight, rising prime rents	Oversupply being absorbed
Demand base	Professional services; established tenants	Technology (J), slowing competitive shift after 2019
Main upside	Yield compression; rental reversion	Discount entry; rent and yield uplift on stabilisation
Main risk	Paying a peak price; rate reversal	Slow lease-up; competing refurbishments; thin exit market
Key micro test	Passing rent vs achievable market rent (reversion risk at expiry)	Lease-up period under base and downside
Verdict	Prioritise for underwriting, subject to entry price	Underwrite only with a meaningful pre-let and the other conditions in Section A1; otherwise defer

A16.4 From growth to space

Growth, space and stock. Table A32a traces each material source of Barcelona's growth to the space it requires, the stock available to meet it, and the evidence on whether that demand can be met by absorbing existing space, adapting it or building new (Section 2). The judgements in the last column are the authors'; where this edition has no evidence, the table says so.

Table A32a. From growth to space: Barcelona

Source of growth	Space it requires	Stock available to meet it	Absorption, adaptation or construction (authors' judgement)
Households	Rental homes: build-to-rent, co-living, mid-market rental	Completions covered 0.25 of new households in the AMB in 2024 and 0.28 over 2021 to 2024; Barcelona city completed 1,884 homes against about 11,400 new households	**Construction.** The largest supply shortfall of the Spanish metros. A median-size flat at advertised rents costs about 34% of household income, against 21.6% for sitting tenants.
Technology and professional services jobs	Grade A and refurbished offices for technology and business services	22@ availability fell from 26.6% in Q1 2025 to below 20% in Q3 2026, after a 2019 to 2024 development wave; prime CBD availability 2.17%; about 130,000 m² of pipeline to the end of 2027, about 50% pre-let	**Absorption, largely.** 22@'s surplus is recent stock, and technology and business-services firms signed four of the five largest deals in Q1 2025, in the New Business Area. Whether 22@ can serve the firms driving growth is the key test: the published figures do not separate net absorption from conversions and withdrawals. Older secondary space needs adaptation, as occupiers move to better buildings.
Public, education and health jobs	Healthcare, education and care facilities	Not measured	**Not assessed.** 132,754 jobs added (+44%), but growth tracks the national trend.
Consumption by more residents	Last-mile logistics	Not in this edition	**Not assessed.** Needs logistics stock and gateway data.
Income and wealth	Premium homes and retail	Price of an 80 m² home rose from 4.7 to 5.5 years of household income (2013 to 2023)	**Little additional demand from local incomes.** Real salary per recipient rose 4.4% in the province (2012 to 2023). Prime housing draws on international and non-resident buyers, whom these statistics do not measure.
Productive capital and output	Specialised premises	Not measured	**Not assessed.** Innovation is Barcelona's distinctive driver (Section A3.3), but the edition does not trace investment to premises.

Sources: Sections A11 to A16 and 3.4, Tables 7 and 8, and the sources cited there. Judgements are the authors'.

Reading. Barcelona is the clearest case in this edition where growth may be met mainly from existing buildings: the technology firms driving its job growth are leasing in 22@, where a recent development wave left space to absorb. Housing is the opposite case, with the largest shortfall of new supply in the series. Leasing by occupier sector and building grade in 22@ would confirm or overturn the office reading.

Recent evidence and what it supports testing. Cushman & Wakefield recorded 137,000 m² of take-up in 22@ in 2025, 43% of the city's 317,000 m², with 98% of it in Grade A and B+ buildings; 75,000 m² is under construction or refurbishment in the district, 12% of it pre-let, and the district's prime rent is €22 per m² a month (Transparency 22@, March 2026). Savills records close to 79,000 m² of 22@ take-up to Q3 2026, and CBRE reports that 22@ accounted for close to half of the city's 56,000 m² of take-up in Q3 2026 (an approximate share). The 98% figure shows which buildings tenants took in 22@; it does not show whether those tenants were firms in the sectors driving Barcelona's job growth, which is the link a refurbishment case has to test. In the authors' judgement, a 22@ refurbishment should be underwritten against the competing deliveries, after verifying which occupier sectors took the recent space and the rents they paid after incentives. Registered residential rents by district and neighbourhood, published by INCASÒL, can be used to screen locations for rental housing. On the high street, Colliers gives prime rents of €265 per m² a month in Puerta del Ángel and €250 on Passeig de Gràcia (Q3 2026), and CBRE puts Barcelona's high-street availability at 3.6%, a market benchmark rather than a street figure.

A17. Barcelona: risks, monitoring and review triggers

The advice should be reviewed if any of the indicators below moves against it over the next four quarters. The trigger levels are the authors' suggestions, not market thresholds.

Table A33. Risks, indicators and suggested review triggers

Risk	Most exposed	What to monitor	Suggested review trigger
Slow absorption of the 22@ surplus	B	22@ vacancy; take-up net of new completions	22@ vacancy not falling for two consecutive quarters
Hybrid working cuts space per worker	B, then A at lease expiry	Occupancy rates; space per worker in new leases	Large tenants signing materially smaller footprints on renewal
Interest-rate reversal	A	Prime office yield; euro swap and bond rates	Prime yield moving back above 5%
Competition for capital	A and B (exit)	Office share of Spanish investment; Barcelona office volumes	Office share falling further from 12%, or volumes staying near Q1 2025 lows
Slowing technology engine	B	Employment and regional shift in J	J employment growth stalling in the affiliation data
Housing affordability	Both, indirectly	Rents and prices against real pay	Evidence that skilled in-migration is slowing

Data refresh before any investment decision. Update all Savills and CBRE figures to the latest quarter, add AMB sectoral earnings, and add forecast population, employment and earnings series.

A18. Sources

Official statistics provide the metropolitan, demographic, sectoral and income series; all calculations from them are the authors'. Commercial and press sources provide market figures, which are transcribed and attributed. Broker reports are © their authors and are cited for factual reference.

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