



CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



Spain Sets the Pace as Growth Surges On

Spain

Q3 2025

Market Outlook

Spain's economy sustained strong momentum in Q1 2025, with GDP growth of 0.6% q-o-q and 2.8% y-o-y, outperforming many EU peers. Robust household consumption (+3.8% y-o-y), rising wages, and dynamic investment fuelled by NGEU funds and flood recovery efforts drove this performance. Inflation eased to 2.0% in May, projected to slip below 2% by 2026. Net exports remain negative, with import growth eclipsing a modest export recovery, constrained by subdued global demand amid geopolitical uncertainty and tariffs. Industrial production is gaining traction, while the service sector, driven by tourism and non-tourism activities, showed robust growth. GDP is projected to grow by 2.3-2.6% in 2025, supported by strong domestic demand and EU-funded investment, before normalized at 1.7-2.0% in 2026, heralding a path of resilient expansion.

Spain's logistics real estate market entered 2025 with strong momentum, with robust growth across both leasing and investment activities. Logistics assets attracted €492 million in Q1, up 29.4% y-o-y, and accounted for 15% of national investment, driven by returning of portfolio deals. Demand soared to a seven-year high of 700,000 sqm in Q1, doubling the volume of Q1 2024, driven by diversified demand from 3PLs, retailers, and manufacturers across all major hubs. Vacancy rates tightened further, dropping to 8.65% in Madrid, 4.62% in Catalonia, and below 1% in Valencia, driven by robust demand and limited supply. Prime rents rose to €7.2/sqm/month in Madrid and held at €9.0/sqm/month in Catalonia, with urban logistics commanding premiums. Looking ahead, the Spanish logistics market is poised for sustained growth throughout 2025, with structural tailwinds and persistent supply constraints set to drive further rent appreciation and robust investment...

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