

Kensington International

Market Analysis
Spain 2024



KENSINGTON®
Finest Properties International



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Sven Binnewies
CEO & Owner

Editorial Letter

A year of evolution, commitment and vision for the future

This year has been a reflection of the joint effort, resilience and shared vision that drives us as a company. We have faced challenges with determination and transformed each goal achieved into a new starting point toward excellence. It is time to recognize all that we have achieved with pride and, at the same time, to look forward with renewed ambition.

Our mission has always been clear: to offer much more than properties, providing experiences that reflect quality, trust and professionalism. Each client represents a dream, and accompanying them with dedication and closeness is what defines and differentiates us.

Throughout 2024, we have reinforced our leadership in the luxury real estate sector, consolidating our presence in key markets. The opening of new franchisees in Valencia, Màlaga, Madrid and Estepona, along with milestones such as the commercialization of several very exclusive properties, reflect our sustained growth and strategic ambition.

We have also boosted our digital transformation with the launch of a new website for Spain. These developments not only strengthen our visibility, but also reinforce our ability to connect with an increasingly global and demanding audience.

We closed the year in a market environment marked by the reactivation of demand, favored by moderate inflation and lower interest rates. This recovery has been driven by both domestic and international buyers, with particular interest in sustainable, efficient and technologically advanced housing. The shortage of supply in prime locations has kept upward pressure on prices, a trend that we expect to continue in 2025, especially in large capital cities, coastal areas and islands.

The Spanish real estate market, and in particular that of the Balearic Islands, continues to stand out as one of the most attractive destinations in the world. for investment in Europe. With an exclusive environment, stable demand and a high level of supply, the region is consolidating its position as a reference in the prime and super prime segments.

As we look ahead to 2025, we know that innovation, sustainability and personalization will be key to our continued leadership. We are prepared to face the challenges of the sector with a clear strategy, a committed team and the trust of those who choose us.

Thanks to all of you who are part of this journey. The best is yet to come.

Report Executive



+10%

Annual Evolution of Home Sales

Growth Consolidation

The Spanish real estate market closed 2024 with strong growth, registering a 10% increase in home sales over 2023 and a total volume of more than 641,000 transactions, making it the third best year since 2007. This upturn reflects solid and sustained demand, driven by lower interest rates and limited supply. The pandemic marked a key inflection point that consolidated a new cycle of the sector's dynamism, with activity well above the average of the last decade.



Spain leads the European real estate market

Above EU average performance

Spain has clearly outperformed the European Union average throughout 2024, both in terms of sales growth and price increases. Over the course of the year, the price of housing in Spain rose by 8.4%, almost three times the average increase recorded in the Eurozone, while sales and purchases grew by 10%, among the highest increases in the region. This performance reflects the strength of the Spanish real estate market compared to the European context.



+28%

Above the decade average

Spain continues to attract global investors

Home sales to foreign buyers in 2024 remained strong, reaching one of the highest levels on record since data has been available. They represented an increase of 28% over the average of the last decade and consolidated their role as a key driver of the market. Communities such as Valencia and coastal regions led this trend, with provinces such as Alicante where almost half of the transactions were carried out by foreigners. Foreign investor interest, boosted after the pandemic, has shown remarkable stability throughout the year.



**+8,4%****of annual
increase in prices**

Housing continues to gain value

Housing prices in Spain continued their upward trajectory in 2024, registering an increase in average annual increase of 8.4%, one of the highest in the last decade. According to data from the National Statistics Institute (INE) and other sources such as notaries, this increase was due to a combination of strong demand, limited supply and more favorable financial conditions. Second-hand housing led this growth, with increases of more than 11% year-on-year. This performance consolidates the Spanish market as a stable and highly profitable investment environment.

**+24%****above the
average of the
last decade**

Strong Demand for New Construction

Demand for new housing remained strong throughout 2024, with sales volumes 24% above the average of the last decade. This is the highest level in more than ten years, confirming the market's growing interest in this type of property. However, the start of new construction fell 53% year-on-year, reaching its lowest point since 2013. This shortage of new supply limits availability and could dampen the segment's dynamism in the coming years.

**Exclusive regions,
leaders in return
on investment**

Strong international interest in premium areas

Throughout 2024, Spain's most exclusive regions-particularly those preferred by foreign buyers and investors-recorded higher price growth than the national average, reflecting their attractiveness as high-yield assets. Although in large cities such as Madrid and Barcelona the increase was more moderate, coastal and tourist destinations saw significant appreciation. However, the scarcity supply in these highly demanded markets limited sales volume growth, preventing many of these areas from reaching their full potential during the year.

“The real estate sector will have to continue to reinvent itself to respond to new social habits and major trends macroeconomic.”





Main real estate forecasts for 2025

The real estate market in Spain enters 2025 on a solid economic footing. The combination of a strong labor market, low financing costs and population growth is driving domestic consumption, strengthening the environment for investment. GDP is expected to grow by 2.6%, keeping Spain among the most dynamic economies in the Eurozone. However, factors such as political instability in Europe and global economic uncertainty continue to generate caution.

Real estate investment has shown remarkable dynamism, with 20% growth in 2024. In 2025, this trend is expected to continue, supported by the return of international capital and the attractiveness of the Spanish market compared to other economies. Investments will focus on assets with higher added value, especially those linked to digitalization, artificial intelligence and sustainability.

The office market also reflects important changes. Madrid shows signs of stabilization, while Barcelona has room for growth. As companies return to on-site or hybrid models, there is a clear preference for quality space, which is driving up rents in prime locations.

On the residential front, housing prices are projected to increase by 5.3%. However, access to housing continues to be a challenge due to the limited supply, which barely covers half of the demand derived from the formation of new households. For this reason, the "Living" segment (institutional residential) is emerging as strategic, offering more flexible, affordable and scalable housing solutions.

Tourism continues to be an essential economic pillar. By 2025, moderate growth in travelers and hotel profitability is projected. Interest in the luxury segment will continue, although the offer will also diversify towards more accessible models such as glamping, branded residences and tourist apartments.

The logistics sector has experienced significant growth, exceeding 2.5 million m² leased in 2024. Absorption is expected to stabilize in 2025, with upward pressure on rental prices due to high demand and low supply of new space.

The retail sector is benefiting from the increase in private consumption and the recovery of tourism. Sales in physical stores will grow by approximately 3.5%, and investor interest remains high. The slowdown in the growth of e-commerce and the improvement in the customer experience are reinforcing this segment.

Alternative sectors, such as student residences, hospitals and data centers, are gaining prominence. The growing demand for digital infrastructure (cloud and data centers), driven by artificial intelligence, is generating new investment opportunities, especially in non-traditional locations.

Finally, sustainability has established itself as a decisive factor. The ESG criteria (environmental, social and environmental) The use of renewable energy and green standards in all types of assets is transforming the sector. This is not only in response to regulatory requirements, but also to a growing demand from investors and tenants for more efficient and responsible buildings.

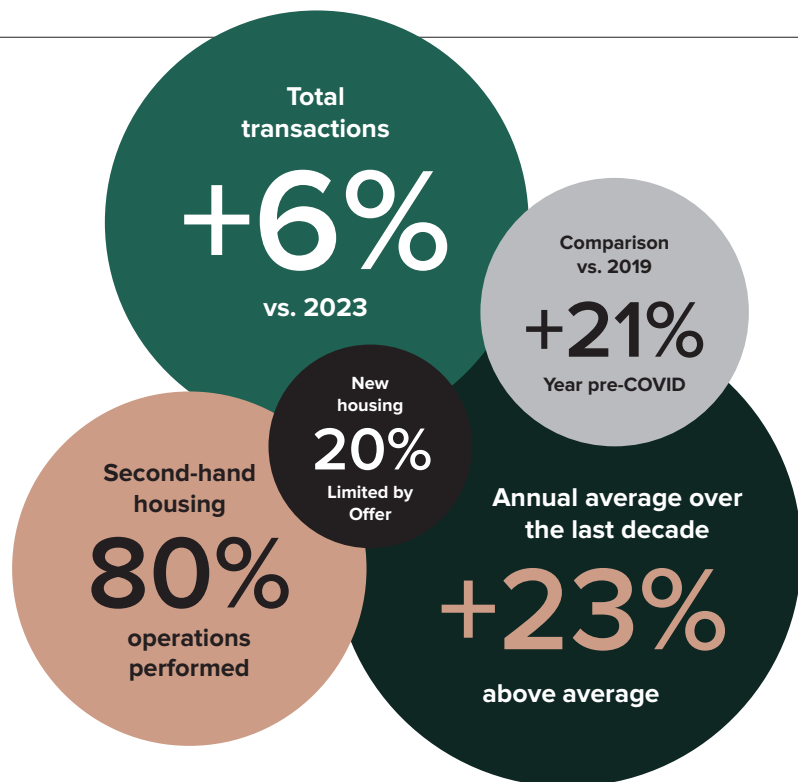
“The real estate market is presented as an engine of change in our environment, where transformation not only means adapting to the future, but also creating, to encourage and promote sustainable investment.”

01

Transactions

Market Evolution in 2024

During 2024, 701,636 home purchase and sale transactions were recorded in Spain (Source: Notaries), consolidating the year as the second best year in terms of transaction volume in the last decade. This figure is only behind the peak reached in 2022, driven by the post-pandemic upturn. Market activity remained solid and consistent, despite the environment of economic uncertainty and global geopolitical tensions.



Factors Explaining Market Behavior

Falling interest rates: Starting in the second half of the year, the ECB's rate cuts began to be progressively passed on to mortgage loans, generating a new incentive to buy, especially in the replacement market and among young buyers.

Buyer adaptation to the new financial context: After months of inactivity, many demanders adjusted their expectations and returned to the market with greater budgetary clarity.

Increase in accumulated savings: Although less strongly than in previous years, post-pandemic savings continue to influence the ability to enter into the market, especially when buying without financing.

Sustained structural demand: Factors such as the increase in single-person households, the aging of the population and the population, and the need for housing replacement or improvement continue to drive turnover in the residential market.

Housing Distribution and Typology

Used housing accounted for 80% of transactions, while new housing maintained its share at around 20%, limited by the shortage of finished supply and higher construction costs.

Large cities and metropolitan areas such as Madrid, Barcelona, Malaga, Seville and Valencia led the recovery, especially in the middle and upper segments, while some rural areas and inland provinces showed less dynamism.

The interest in second homes in coastal areas continues, particularly in the Valencian Community, Andalusia and the Balearic Islands, with foreign buyers playing a leading role.

Outlook for 2025

Looking ahead to 2025, the market is expected to maintain a positive, albeit more moderate, trend, driven by:

Improved financing.

Price stabilization after several years of strong growth.

The growth of institutional investment in sectors such as "Living" (build-to-rent residences).

The push from foreign buyers, particularly in tourist areas.

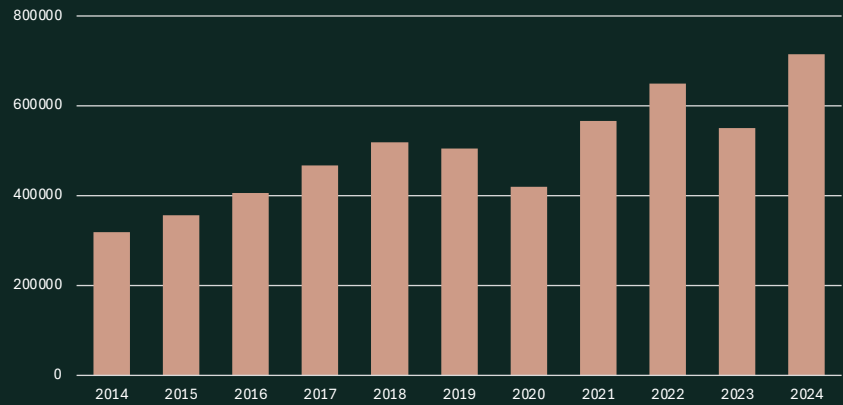
However, there are risk factors such as employment trends, geopolitical tensions in Europe, and the risk of an economic slowdown or the possible lower availability of finished product in certain areas, which could limit the rate of growth.

“Housing demand in Spain has shown solid performance in the post-pandemic context, making it clear to investors that the country's real estate market is supported by robust and sustainable fundamentals.



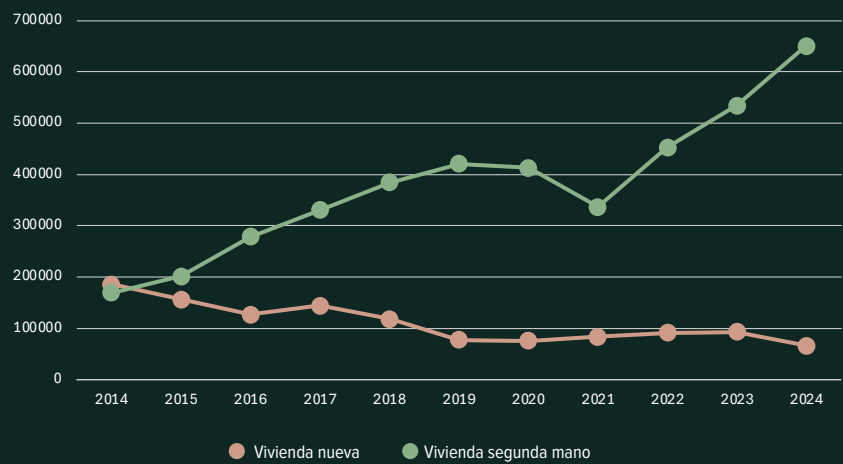
Evolution of home sales and purchases in Spain

Source: INE - Period 2024



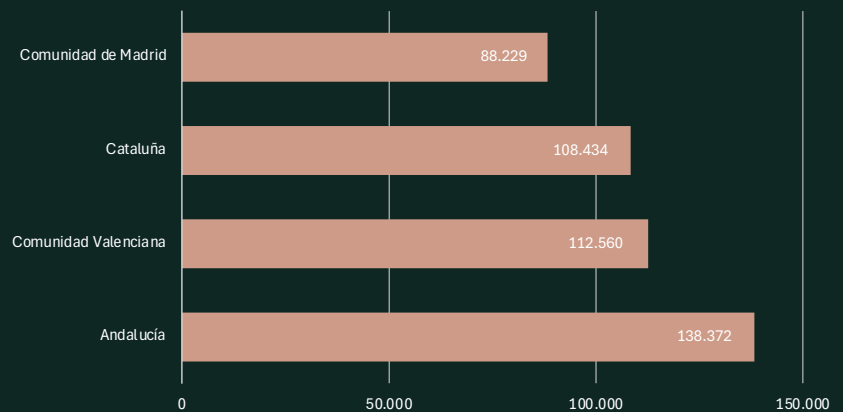
Annual evolution of new vs. second hand housing

Source: INE - Period 2024



Autonomous Communities with the highest number of home sales and purchases in 2024

Source: INE - Period 2024



02

Price housing

Housing Price Evolution in 2024

The Spanish real estate market closed the year 2024 with a remarkable dynamism, consolidating a sustained recovery trend after the adjustments experienced in 2023. According to the General Council of Notaries, the average price of housing rose by 6.9% year-on-year, to €1,753/sqm, driven by a combination of a combination of improved financing conditions, greater consumer confidence and more active demand, both domestically and internationally.

In terms of activity, there were 716,183 sales transactions, representing a growth of 11.5% compared to the previous year. This rebound has brought the market back to levels similar to those of the years prior to the financial crisis, reaffirming the attractiveness of the market of the residential sector as a stable investment asset.

“Demand for housing in Spain has held firm in the aftermath of the pandemic, confirming the strength of the market. The combination of limited supply and active demand reinforces investor confidence in the sector.

The evolution by type of housing has been uneven. Apartments experienced an increase of 7.8%, with an average price of €1,972/m², while single-family homes increased by €1,972/m² value by 4.3 %, to reach 1.343 €/m². This performance reflects increased demand pressure on urban and vertical product, especially in markets with scarce supply.

Average Appraised Value Free Housing 2024
Source: INE - Ministry of Transport and Sustainable Mobility

Autonomous Community	Appraised value €/m² (Q4 2024)	Year-on-year change (%)
TOTAL NATIONAL	1.972,1	7,0
Balearic Islands	3.316,0	12,1
Community of Madrid	3.370,5	9,4
Catalonia	2.303,2	4,8
Andalucía	1.597,7	6,4
Valencian Community	1.514,5	8,3
Canary Islands	1.837,3	6,0
Galicia	1.386,7	6,4
Castilla y León	1.096,6	4,0
Castilla-La Mancha	977,7	3,2
Aragón	1.406,0	6,5
Murcia	1.095,3	3,8
Asturias	1.435,8	5,3
Extremadura	901,6	3,8
Navarra	1.624,6	3,5
La Rioja	1.224,1	0,8
Cantabria	1.679,2	7,4
Basque Country	2.582,7	2,1

Table of most expensive municipalities
Average appraised value of free housing< at 25,000 inhab.
Source: INE - Ministry of Transport and Sustainable Mobility.

Municipality	Q4 2024 (€/m²)
Santa Eulalia del Río	7166
Ibiza	6.682
Calvià	6.319
San Sebastián/Donostia	5.953
Madrid	5.517
Barcelona	4.761
Sitges	4.492
Sant Cugat del Vallès	4.460
Pozuelo de Alarcón	4.126
Majadahonda	3.910



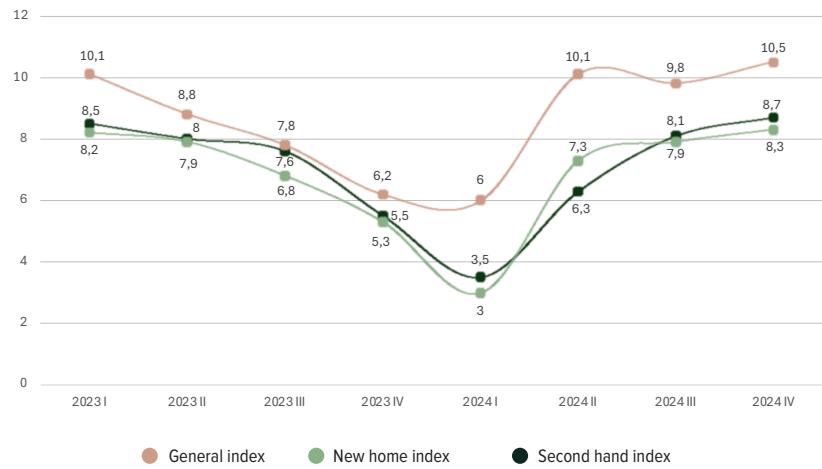
By Autonomous Communities, the increase in housing prices was particularly marked in the Balearic Islands (+15.2%), Cantabria (+11.0%) and Galicia (+9.7%), which led the increase in housing price growth. In contrast, Navarre was the only region to register a slight fall (-0.3%). As for The Ministry of Transport and Sustainable Mobility placed the average appraised value of free housing at €1,921/m² at the end of the third quarter, with The highest figures were observed in the Community of Madrid (more than 3,200 €/m²) and the Balearic Islands, both of which are 70% higher than communities such as Extremadura and Castilla-La Mancha, where prices are lower.

Finally, in the municipal analysis, the ranking of the most expensive municipalities in Spain remained stable. Santa Eulalia del Río (Ibiza) again topped the list, followed by Ibiza and Calvià (Mallorca). Municipalities such as Madrid, San Sebastián, Sant Cugat del Vallès, Sitges and Pozuelo de Alarcón also exceeded €4,000/m², consolidating their position as the most exclusive residential markets in the country.

Overall, 2024 has been a year of consolidation for the real estate sector, characterized by a recovery. The company has seen a sustained increase in sales volumes, a sustained increase in prices and renewed investor interest, in a context of greater economic stability.

Housing Price Index (HPI) for 2024

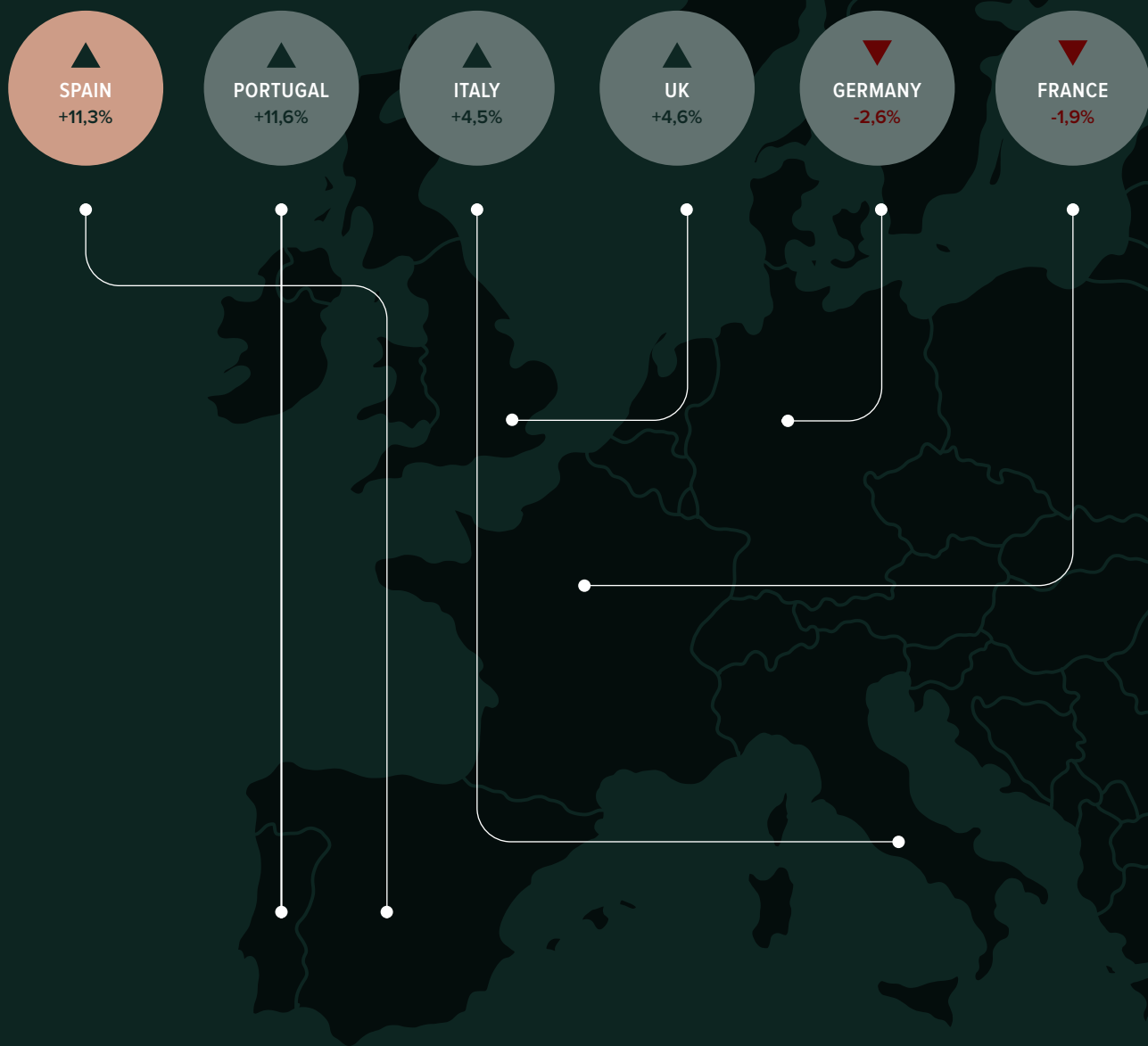
Source: INE - Period 2024



Evolution of Sales vs. Supply Ratios (2019-2024)

Source: INE - Period 2024





House price developments in Europe at 2024

During 2024, the European real estate market has shown a clearly segmented evolution, reflecting both macroeconomic factors and country-specific dynamics. The latest data reveal a marked divergence between the south and north of the continent, both in the pace of price growth and the intensity of activity.

Spain and Portugal led the way with increases of +11.3% and +11.6%, driven by solid demand, the return of foreign buyers and limited supply in key areas, consolidating their position as priority destinations for investment. Italy (+4.5%) and the United Kingdom (+4.6%) showed moderate increases, in a context of gradual reactivation and stabilization of the sector after years of lower dynamism.

In contrast, Germany (-2.6%) and France (-1.9%) recorded declines, associated with an adjustment cycle after years of growth, affected by the economic slowdown, rising interest rates and reduced access to credit. In both cases, the pressure on demand is weakening, while supply is beginning to gain ground, especially in large urban centers.

The evolution in 2024 confirms a clear regional polarization: southern Europe emerges as the focus of real estate dynamism, while the center and north are moving towards a more contained or contractionary phase. This differentiation generates new opportunities for investors seeking to adapt to each country's market momentum and anticipate the next movements of the European real estate cycle.



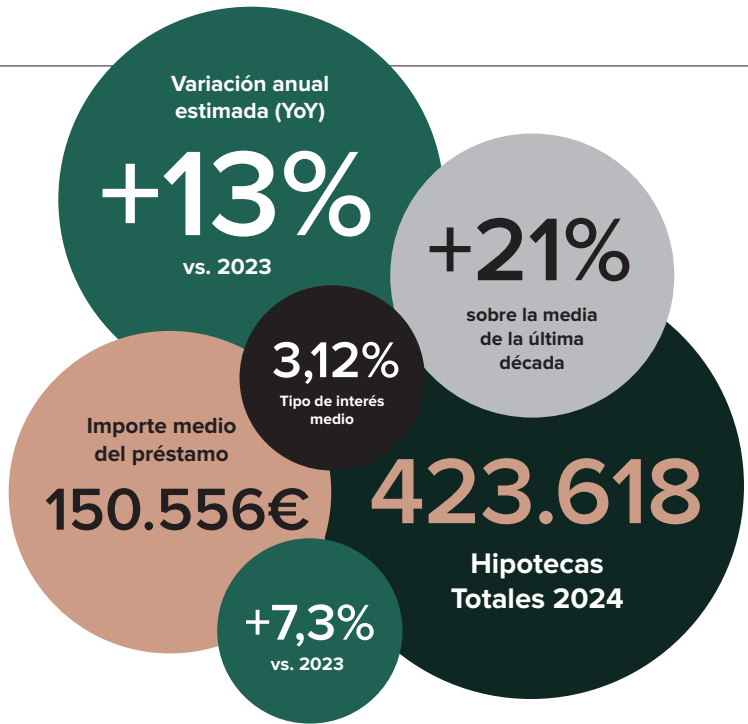
“Spain and Portugal are leading price growth in Europe in 2024, with increases of more than 11%. Italy and the United Kingdom recorded modest increases, reflecting a recovery gradual market correction. Germany and France experience declines in house prices, indicating a correction. in their real estate markets”



Sven Binnewies
CEO

03 Loans Mortgage Loans

Fiscal year 2024 has marked a turning point in the Spanish mortgage market. After the slowdown in 2023, the number of mortgages taken out for home purchase experienced a remarkable recovery, driven by an adjustment in rate expectations interest rates and a Euribor that, although high, began to stabilize during the second half of the year.



At the end of the year, it is estimated that close to 327,700 mortgage transactions, a figure that represents a 13% increase in the number of mortgages compared to the previous year. This evolution is even more significant if we take into account that 2023 closed with a drop with respect to the previous year to 2022, and that the current level is 21% above the average of the last decade. Even when compared to a pre-pandemic benchmark year such as 2019, mortgage volume has been 13% higher, reflecting a structural rather than a one-off recovery.

One of the key points of the year was the strong activity recorded in the last quarter. October, for example, closed with more than 51,500 mortgages signed, a month-on-month rise of 24.8% and an increase of 60.8% compared to the same month in 2023, evidencing the upturn in lending dynamism in the second quarter of the year half of the year.

During 2024, the average mortgage loan amount for the first mortgage loan was 150,556, consolidating a 7.3% increase over the previous year. This figure suggests a combination of factors: a moderate rise in housing prices and a greater willingness to pay for housing. buyers to finance larger amounts, probably due to expectations of stabilization of interest rates.

One of the most notable trends has been the definitive shift towards fixed-rate mortgages, which accounted for 62.6% of transactions, compared to 37.4% for variable-rate mortgages. This preference for stability reflects a more prudent behavior on the part of the consumer, with less tolerance for financial risk, in an environment marked by the volatility of reference rates such as the Euribor.

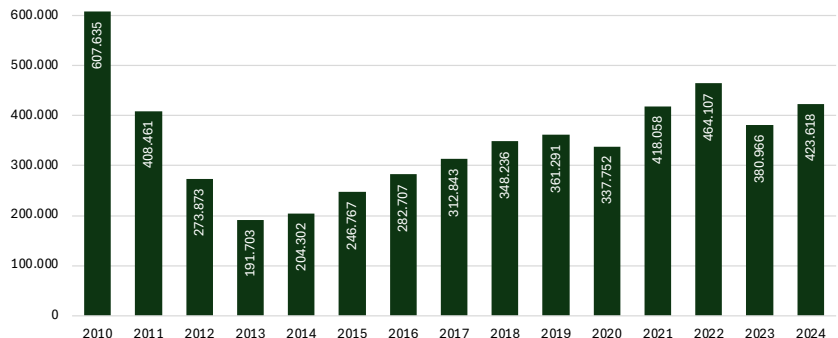
In addition, there has been an increase in bank competition: more than a third of the holders who renegotiated their mortgages changed banks, which shows a greater financial culture, an active search for more advantageous conditions and greater market flexibility.

From a risk perspective, financial institutions have continued to apply conservative criteria. Only 8% of the mortgages signed exceeded 80% of the appraised value (LTV), a low percentage indicating a policy of risk containment, even in a context of market growth.

Looking ahead to next year, it is anticipated that the moderation of the Euribor - which closed 2024 below 4% after a peak at mid-year - will contribute to maintaining dynamism in the mortgage market. Expectations of official rate cuts by the ECB could help to keep the mortgage market buoyant further reduce the cost of financing, favoring both demand and the conditions of access to credit.

Evolution of Sales vs. Supply Ratios (2019-2024)

Source: INE - Period 2024





04

Rental market

The rental market in Spain closed 2024 with a significant rise in prices, setting a new record with an average of €13.29/ m², representing an annual increase of 14%, the highest since 2018. This growth has been driven by a combination of factors: increasing demand, declining supply and an increase in tourist and temporary residential use.

One of the most decisive elements has been the reduction in supply: more than 96,000 homes were withdrawn from the rental market at the end of the year. throughout the year, according to the latest reports. In addition, only 5.8% of the homes rented were new to the market, evidencing a lack of turnover and renewal in the available housing stock.

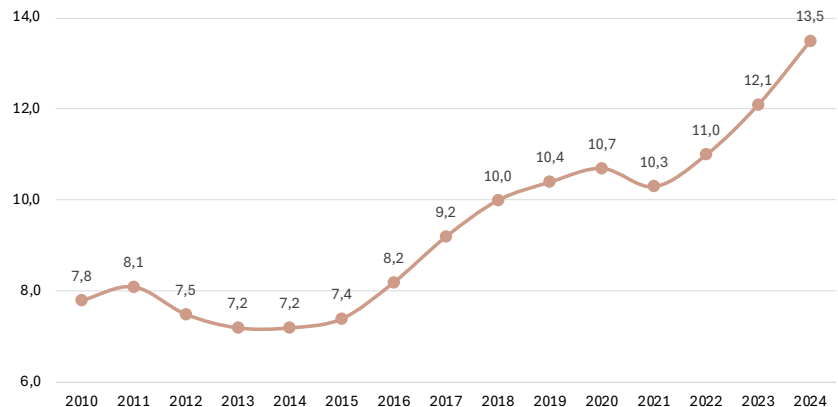
In cities such as Barcelona, the average rent for a one-bedroom apartment is in the center reached 1,278 euros per month, 11.1% more than in 2023. In Malaga, the price exceeded 15 euros/m², with a year-on-year increase of 8.5%.

Faced with this tension in the conventional residential market, coliving has gained relevance as a booming alternative. This model of shared accommodation, designed especially for young professionals and remote workers, has experienced significant growth. Spain is expected to exceed 20,000 beds in coliving spaces by 2025 more than twice as much as in the previous year 8,000 existing in 2023.

In order to curb the escalation of prices and provide stability to tenants, the Housing Rental Reference Index (IRAV) will come into force in 2025. This index, prepared by the INE, will be applied to all contracts signed as from 25

Rental price evolution 2010-2024

Source: INE



The most expensive municipalities to rent a home in Spain in 2024

Source: Fotocasa

Municipality	Autonomous Community	Price €/m ²	Estimated price for 80 m ²
Esplugues de Llobregat	Catalonia	23,46 €	1.877 €
Sant Josep de sa Talaia	Balearic Islands	23,09 €	1.847 €
Barcelona (capital)	Catalonia	22,64 €	1.811 €
Calvià	Balearic Islands	22,09 €	1.767 €
Madrid (capital)	Community of Madrid	21,83 €	1.746 €
Santa Eulària des Riu	Balearic Islands	21,09 €	1.687 €
La Moraleja	Community of Madrid	20,89 €	1.671 €
L'Hospitalet de Llobregat	Catalonia	20,09 €	1.607 €
Sant Just Desvern	Catalonia	19,63 €	1.570 €
Santa Coloma de Gramenet	Catalonia	19,60 €	1.568 €

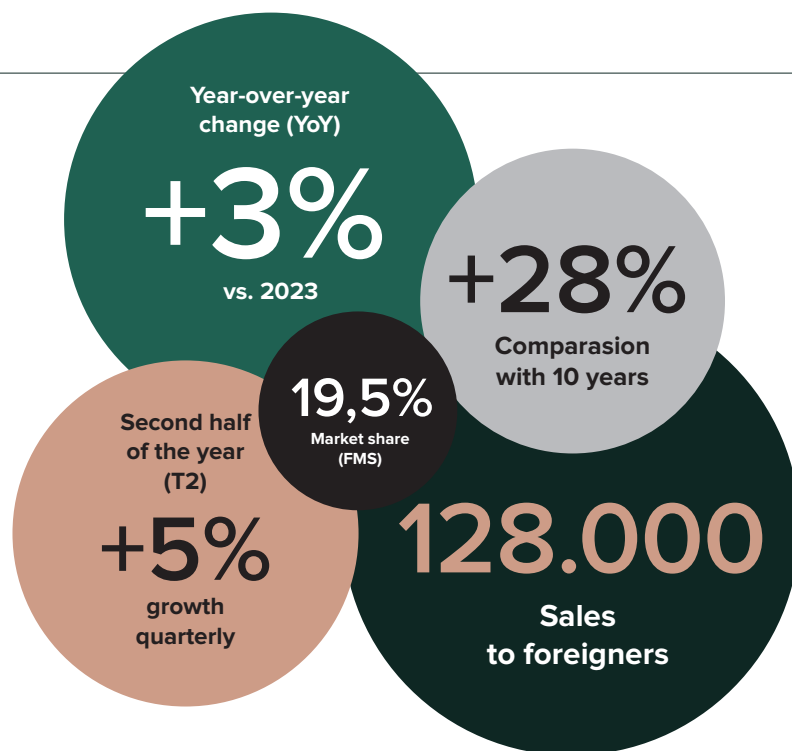
May 2023, the effective date of the Housing Law. The IRAV is based on the lower of the change in the overall CPI, the underlying CPI and an adjusted average of the two, moderated by expected inflation. While the IRAV seeks to limit hikes

and protect tenants, it has also raised concerns among tenants. The owners, who could see their profitability reduced, which in turn could contribute to further weakening the supply.

“ These municipalities are mainly located in Catalonia, the Balearic Islands and the Community of Madrid are the regions with the highest housing pressure. The strong demand and the limited supply have led to rental prices in these municipalities significantly exceeding the national average, which in December The 2024 figure stood at €13.29/m².

05 Sales external sales

Spain registered a remarkable dynamism in the sale and purchase of homes by foreign buyers. According to estimates based on official data for the first half of the year, around 128,000 homes were closed in the first half of the year operations of this type throughout the year. This figure represents the second highest level ever recorded, reaffirming the sustained attractiveness of the Spanish real estate market for foreign investment and residency.



The first half of the year closed with 64,735 sales to foreigners, which already represented a year-on-year increase of 1% compared to 2023. However, it was in the second half of the year that a more marked acceleration was observed: only in the In the second quarter, sales to foreign customers grew by 5% compared to the same period of the previous year.

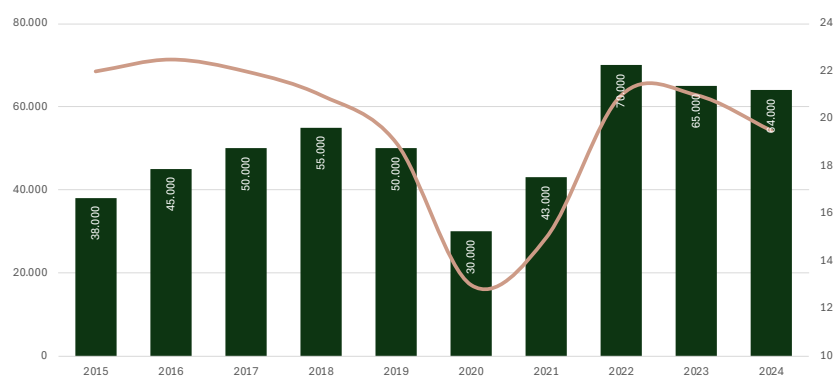
As a result, the estimated year-on-year variation for 2024 as a whole is around +3%, in a macroeconomic environment that is still marked by high interest rates and some global uncertainty.

The volume of registered transactions is 28% above the average of the last ten years, underscoring a structural consolidation of international demand. Spain continues to be one of the most sought-after destinations for home purchases by European, British, Latin American and North American citizens, both for permanent residence and for holiday or investment use.

The market share of foreign buyers closed the year at around 19.5%, a very relevant figure which, although slightly below the peak of 2022 (when it exceeded 21%), maintains a foreign presence well above pre-pandemic levels.

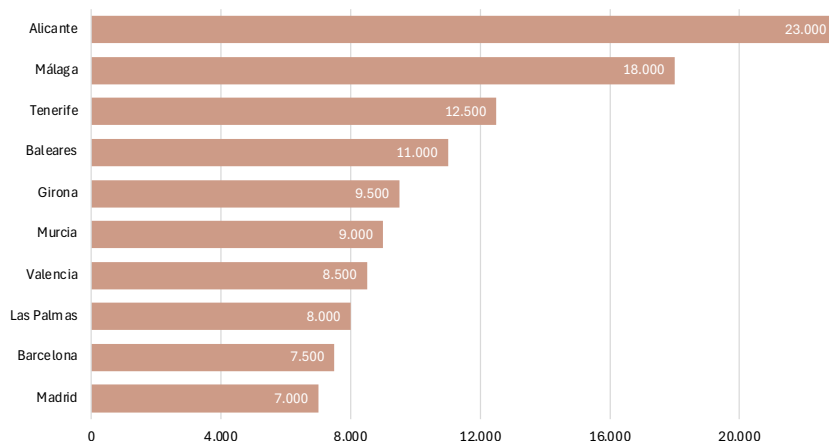
Annual evolution of foreign sales and market share in Spain

Source: INE - Period 2024



Main Spanish provinces where foreigners bought homes

Source: INE - Period 2024





The United Kingdom continues to be the main foreign buyer, although with a slight drop (-7% YoY), leaving it with a share of 8.1%.

Morocco ranked as the second most important country (8.0%) thanks to solid growth of +11%.

Poland stands out as the country with the highest year-on-year growth (+29%), rising to 4th place in terms of participation.

Other countries with strong growth are China (+12%), the USA (+13%) and the Netherlands (+10%).

In contrast, countries such as France (-15%), Belgium (-9%) and Germany (-8%) reduced their market presence.

Market share by country (foreign demand)

Source: Notarios

#	Country	Share (%)	Year-on-year change (YoY)
1	United Kingdom	8.4%	-7%
2	Morocco	7.9%	+11%
3	Germany	6.8%	-8%
4	Romania	6.3%	+4%
5	Italy	6.2%	+4%
6	France	5.7%	-15%
7	Netherlands	5.0%	+10%
8	Poland	4.5%	+29%
9	Belgium	4.4%	-9%
10	China	3.6%	+12%
11	Ukraine	2.8%	+21%
12	Colombia	2.5%	+20%
13	United States	2.0%	+13%
14	Portugal	1.8%	—
15	Russia	1.5%	-24%
16	Bulgaria	1.3%	-11%
17	Sweden	1.2%	—
18	Norway	1.1%	-17%

“A diversification of the origin of foreign buyers is consolidating, with growth from Eastern Europe, Asia and America.



Islands Balearic

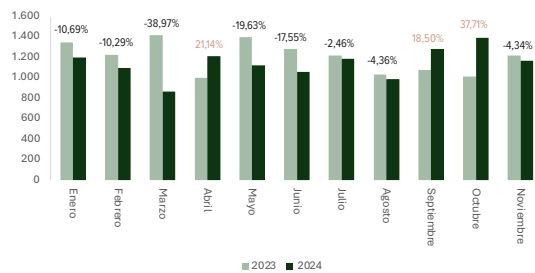
The real estate market in the Balearic Islands during 2024 Islands, The year was characterized by a mixed trend: while prices were housing prices continued to rise, housing activity continued to sales showed ups and downs throughout the year. Overall, the region maintained its attractiveness for both investors and individual buyers, although it faced some challenges in terms of available supply and accessibility.

Throughout the year, housing prices in the Balearics recorded one of the highest increases in the country, with an average rise of 9.7%, placing the price per square meter at around 4,000 euros in many areas, especially in Mallorca, Ibiza and Formentera. This growth was driven by the scarcity of new supply, high international demand and the perception of the islands as a safe haven of value.

However, the total volume of real estate transactions decreased by 3.4% compared to 2023, with the Balearic Islands being the only autonomous community with a drop in sales and purchases during 2024. Despite this, the last quarter of the year reflected a reactivation of the market, with notable increases in both sales and mortgages, suggesting a progressive recovery after a more contained first half of the year.

Real estate transactions 2023 v 2024

Source: INE - Period 2024



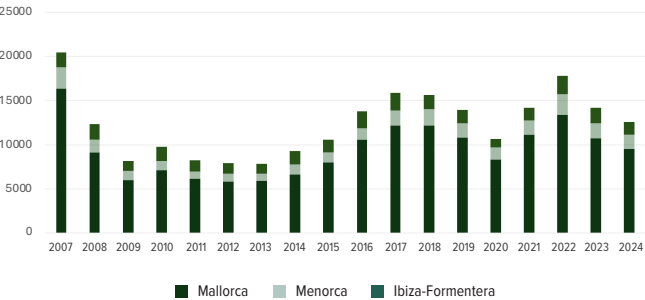
Factors such as the tightening of financing conditions at the beginning of the year, the rise in the cost of credit and local regulations on the tourist use of housing also influenced the market's evolution. Even so, foreign demand, especially from countries such as Germany and the United Kingdom, continued to be a key driver, keeping pressure on prices.

In the coming years, prices are expected to continue to grow, albeit at a more moderate pace, with estimates pointing to increases of 7.3% in 2025 and 5.3% in 2026. The imbalance between supply and demand, together with the limited availability of developable land, will continue to set the course of the Balearic real estate market.



Total Real Estate transactions in the Islands Balearic Islands 2024

During 2024, the Balearic Islands recorded a total of 15,485 real estate transactions, evidencing a recovery after the decline observed in the first half of the year. This figure represents a rebound compared to the first six months, in which there had been a drop of 14.46% compared to the same period in 2023.



Real estate activity was concentrated mainly in the largest municipalities with the greatest tourist attraction. Palma de Mallorca stands out in particular, with 4,984 transactions, making it the epicenter of the Balearic real estate market. It is followed, albeit at a distance, by other important centers such as Calvià (1,234 transactions), Ciutadella de Menorca (609), Lluçmajor (605), and Manacor (582).

Throughout the year, the volume of transactions showed ups and downs influenced by key economic factors, such as the instability of the financial market and the increase in the cost of mortgage loans. March was the month with the greatest contraction in activity, with a drop of close to 39%, reflecting the impact of these factors.

At the opposite extreme, several rural and less populated municipalities, such as Escorca (1 transaction), Estellencs (3) and Banyalbufar (4), registered practically testimonial activity. This disparity underlines the high concentration of the market in the urban and coastal areas of greatest demand.

“In conclusion, the Balearic Islands real estate market during 2024 maintained a solid dynamic in general terms, with a progressive recovery at the end of the year from the second half of the year onwards and a clear preference for the main urban and tourist centers of the archipelago.

Total transactions by municipality

Source: Fomento 2024

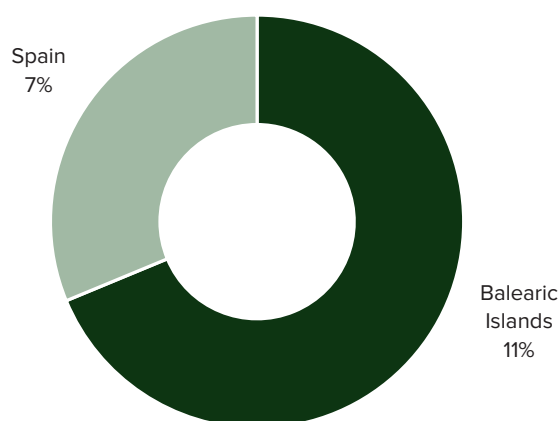
Palma de Mallorca	4.984
Calvià	1.234
Ciutadella de Menorca	609
Lluçmajor	605
Manacor	582
Eivissa	522
Inca	506
Santa Eulàlia del R�	456
Andratx	361
Ma�	360
Sant Josep de sa Talaia	351
Santany�	323
Capdepera	286
Marratx�	280
Pollen�a	278
Alc�dia	268
Sant Antoni de Portmany	253
Mercadal (Es)	223
Alaior	217
Felanitx	217
Sant Lloren� des Cardassar	189
Son Servera	185
Santa Margalida	152
Campos	140
Pobla (Sa)	136
Salines (Ses)	130
Sant Llu�s	128
Art�	121
Castell (Es)	120
S�ller	120
Muro	102
Lloseta	65
Montu�iri	62
Binissalem	56
Sant Joan	54
Bunyola	52
Alar�	51
Ferrieres	48
Consell	47
Maria de la Salut	46
Porreres	43
Migjorn Gran (Es)	39
Formentera	36
Santa Maria del Cam�	36
Valldemossa	36
Selva	34
Sant Joan de Labritja	32
Campanet	30
Vilafranca de Bonany	28
Sencelles	27
Esporles	26
Sineu	25
Ll�b�	24
Manacor de la Vall	24
Algaida	21
Petra	18
Puigpunyent	18
Costitx	11
Fornalutx	11
Lloret de Vistalegre	10
Dey�	9
Santa Eug�nia	8
Ariany	6
B�ger	6
Banyalbufar	4
Estellencs	3

Property prices in the Balearic Islands are rising faster than in Spain

According to the National Institute of Statistics, the increase of property prices in Mallorca in 2024 exceeds significantly higher than the averages in Spain. While on the mainland the price increase fluctuates between 5% and 7%, in the Balearic Islands, the average increase has been 11%. This is explained not only by the limited supply, but also by the unique natural attraction of Mallorca.

Spain vs Balearic Islands

Source: National Institute of Statistics



“ According to data from KENSINGTON Finest Properties International AG, current trends indicate that the real estate market in Mallorca will continue to show price increases until the end of 2024. Average growth is expected to range between 8% and 12% by the end of the year. The main factors supporting this growth include limited supply and sustained demand from investors.

Factors influencing housing prices

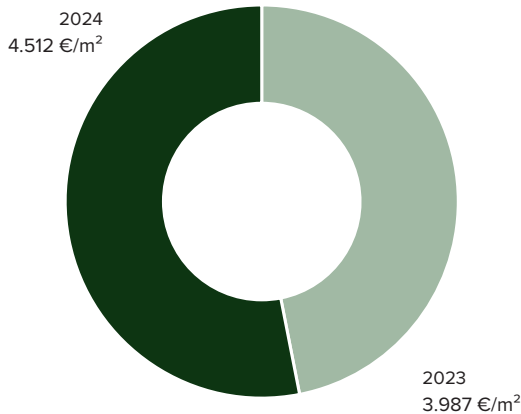
- Economic instability in Europe, which has led to an increase in lending interest rates mortgage loans and the increase in the cost of servicing the loans.
- Limited supply: in Mallorca there are very strict urban planning regulations, which limits the construction of new buildings and contributes to the increase in prices of existing properties.
- High demand from foreign buyers, especially from Germany, the United Kingdom and other countries Scandinavians. Mallorca has long been a popular place to invest in real estate, which keeps prices consistently high.
- The energy crisis and the rising cost of airfares have made the purchase of property on the island more expensive than ever even more attractive for those seeking stable assets.
- Rising cost of flights: increase in airline ticket prices caused by the crisis energy, has had a negative impact on the flow of foreign buyers.
- Global instability: political and economic uncertainty in the world also puts pressure on the market.
- Crisis in Eastern Europe: this factor is contributing to the decline in the number of foreign investors, especially from Europe.
- Diminishing post-COVID frenzy: in 2023, the market felt a high demand due to accumulated savings and minimum mortgage interest rates, however, in 2024 this effect has disappeared.





Evolution of the Price of Housing in the Balearic Islands 2024

During the first eight months of 2024, the average price of housing in Mallorca increased by 11%, from €4,063/m² to €4,063/m². 4.512 €/m² This rise exceeds that recorded in the same period of 2023, which was 9.4%, reflecting sustained demand both nationally and internationally. The evolution confirms the trend of rising prices in the Balearic real estate market.



The largest increases are concentrated in coastal and tourist areas, where factors such as sea views, proximity to beaches and the quality of the natural environment significantly raise prices Municipalities such as Palma, Calvià, Deià and Valldemossa stand out among the most expensive. Accessibility and connection to key infrastructures also play a role, which boosts the value in areas such as Santa María del Camí or Llucmajor.

However, the final price of each property depends on multiple variables: surface area, condition, exact location and type of property (new or second-hand). To obtain an accurate and updated valuation, it is recommended to resort to specialized real estate portals or consult with local agents who know the real market behavior.

“This increase is driven by a number of factors, including growing interest from international buyers, the limited availability of properties on the market and the strong attractiveness Mallorca as a safe and profitable destination for real estate investment.

Cost per m2 and municipality

Source: Fomento 2024

Deià	10.518 €/m ²
Santa Eulària des Riu	9.456 €/m ²
Formentera	9.150 €/m ²
Sant Joan de Labritja	8.769 €/m ²
Sant Josep de sa Talaia	8.061 €/m ²
Eivissa (Ibiza ciudad)	7.928 €/m ²
Andratx	6.920 €/m ²
Calvià	6.268 €/m ²
Palma de Mallorca	4.577 €/m ²
Llucmajor	3.951 €/m ²
Escorca	3.946 €/m ²
Campos	3.812 €/m ²
Santanyí	3.812 €/m ²
Ses Salines	3.812 €/m ²
Pollença	3.812 €/m ²
Estellencs	3.812 €/m ²
Valldemossa	3.812 €/m ²
Alcúdia	3.812 €/m ²
Banyalbufar	3.812 €/m ²
Sant Antoni de Portmany	3.812 €/m ²
Alaró	3.812 €/m ²
Esportes	3.812 €/m ²
Santa Maria del Camí	3.812 €/m ²
Sóller	3.812 €/m ²
Artà	3.812 €/m ²
Sant Lluís	3.812 €/m ²
Fornalutx	3.812 €/m ²
Son Servera	3.812 €/m ²
Sant Llorenç des Cardassar	3.812 €/m ²
Capdepera	3.812 €/m ²
Puigpunyent	3.812 €/m ²
Santa Margalida	3.812 €/m ²
Bunyola	3.812 €/m ²
Algaida	3.812 €/m ²
Es Mercadal	3.812 €/m ²
Sineu	3.812 €/m ²
Santa Eugènia	3.812 €/m ²
Consell	3.812 €/m ²
Es Migjorn Gran	3.812 €/m ²
Binissalem	3.812 €/m ²
Alaior	3.812 €/m ²
Es Castell	3.812 €/m ²
Campanet	3.812 €/m ²
Selva	3.812 €/m ²
Ferrieres	3.812 €/m ²
Costitx	3.812 €/m ²
Sencelles	3.812 €/m ²
Búger	3.812 €/m ²
Montuïri	3.812 €/m ²
Lloret de Vistalegre	3.812 €/m ²
Porreres	3.503 €/m ²
Marratxí	3.340 €/m ²
Ciutadella de Menorca	3.259 €/m ²
Llubí	3.184 €/m ²
Mancor de la Vall	3.017 €/m ²
Ariany	2.874 €/m ²
Maó (Mahón)	2.792 €/m ²
Petra	2.755 €/m ²
Maria de la Salut	2.716 €/m ²
Manacor	2.547 €/m ²
Lloseta	2.538 €/m ²
Vilafranca de Bonany	2.400 €/m ²
Muro	2.294 €/m ²
Inca	2.262 €/m ²
Sant Joan	2.209 €/m ²
Sa Pobla	2.113 €/m ²

Properties purchased at 2024

The real estate market in the Balearic Islands showed differentiated trends according to each island, with a notable participation of foreign buyers and a strong demand in the luxury segment.

Mallorca

Luxury villas in the southwest: Areas such as Puerto de Andratx were consolidated as exclusive areas, with villas reaching average prices of almost 7.5 million euros, while apartments were around 1.8 million euros.

Apartments in Palma: The center of Palma maintained a high demand for apartments, valued for their price stability and investment attractiveness.

Ibiza

Luxury villas in Sant Carles: This locality was positioned among the most exclusive in Spain, with villas that reached an average price of 7 million euros.

Properties in Talamanca: Villas in this area recorded average prices of 4.4 million euros, reflecting the high demand in premium areas.

Menorca

Rustic farms: The island stood out for the sale of traditional farms, transformed to improve their agricultural production.

Luxury properties: Menorca and Ibiza consolidated as epicenters of luxury real estate in 2024, with growing international demand and projects with sustainable and ecological practices.

General trends in the Balearic Islands

Foreign participation: Approximately one out of every three homes sold in the Balearic Islands during 2024 was purchased by foreigners, representing 32.81% of total transactions.

Predominance of luxury villas: 86% of luxury homes in the Balearic Islands corresponded to villas, with an average price of 3 million euros.

“These trends reflect the attractiveness of the Balearic Islands in the luxury market, with a sustained demand from national and international investors, and an offer that adapts to the demands of sustainability and exclusivity.”





Secure Investments in the Balearic Islands (2024)

The Balearic Islands continue to be one of the most attractive destinations for national and international investors. Its economic dynamism, the growth of tourism, tax advantages and a consolidated real estate market make it an ideal region for safe and profitable investments.

1. Real Estate Investment

Mallorca

- **Property conversions:** The conversion of existing buildings (offices, hotels, apartments) in mature areas, especially in Palma, offers yields sustainable. The value of the square meter has risen by 11% in the last year 2024, standing at €4,512/m².
- **Build to Rent:** Build to Rent initiatives are gaining traction, especially to cater to the demand of foreign professionals and digital nomads.

Ibiza

- **Luxury properties:** The high demand for exclusive homes has driven prices up to 7,900 €/m² in some areas. This is an option with low turnover and high appreciation.

Menorca

- **Holiday homes:** The rise of family and quiet tourism has increased driven prices up to 7,900 €/m² in some areas. This is an option with low turnover and high appreciation.

Emerging Zones

- Lluçmajor, Santa Eugènia and Campos: They offer more affordable prices and good connection with Palma, with medium-term growth potential.

2. Investment Funds and Financial Vehicles

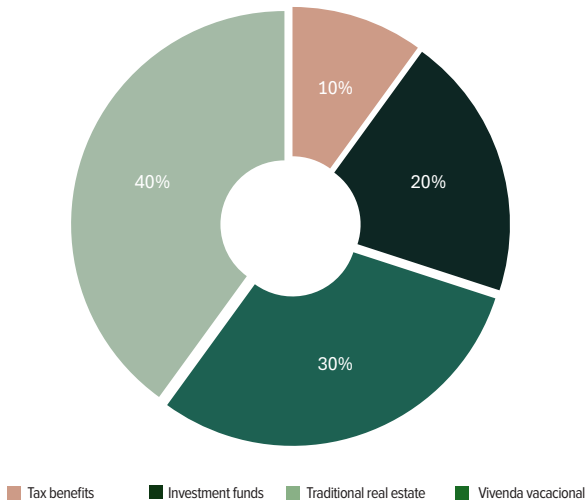
Entities

- Colonya, Caixa Pollença: Offers funds managed by Gescooperativo, adapted to different risk profiles. Moderate returns with low volatility.

Complementary alternatives

- **Real estate funds:** To participate indirectly in urban development projects in the Balearic Islands.
- **Sustainable funds:** Focus on clean energy and responsible tourism.

Estimated distribution of capital invested in the Balearic Islands



Comparative table: Profitability by island or municipality

Island / Municipality	Type of investment	Rent. annual (%)
Palma (Mallorca)	Urban reconversion	5.5%
Ibiza ciudad	Luxury / resale	6.2%
Ciutadella (Menorca)	Vacation	6.5%
Llucmajor (Emergente)	Residential rental	4.8%

3. Tax Benefits

Special Tax Regime of the Balearic Islands (REIB)

- Deductions and allowances for companies operating in the archipelago.
- Support for productive investment and improvement of competitiveness.

Other tax opportunities:

- European recovery programs (Next Generation).
- Incentives for sustainable rehabilitation and energy efficiency.

4. Recommendations for Investors

- Conduct a detailed analysis of the market by municipality.
- Evaluate the risk profile and time horizon of the investment.
- Consult with specialized real estate agencies and local financial advisors.
- Consider diversification: combine real estate assets with financial products to optimize profitability and reduce risk.
- If managed with up-to-date information and professional advice, investing in the Balearic Islands can be one of the wisest decisions in the medium and long term.

Pre-Owned Housing Market in Balearic Islands 2024

The Balearic archipelago has consolidated its position as the most expensive real estate market in Spain in 2024, with used housing prices 7.5% higher than in Madrid and 40% higher than in the Basque Country. The latest data reveal a paradoxical situation: while real estate values are reaching record highs in the first half of the year, the volume of transactions experienced an unprecedented 3.4% decline, the only negative figure at the national level.

Price Dynamics: A Market at Maximums

The average price per square meter is between €4,597 (Fotocasa) and €4,931 (pisos.com), with year-on-year increases of close to 20%. This growth is especially striking in Ibiza, where Santa Eulària des Riu leads the national ranking with €8,336/m² (+41.9%) followed by the island's capital (€7,147/m², +23.4%). In Mallorca, Calvià consolidates its position as the premium municipality, with estimated values above €6,200/m².

Key Market Factors

- Limited supply of new construction, especially in coastal areas.
- International demand, mainly from Germans and Nordic countries.
- Urban planning restrictions that hinder the development of new projects.

The Paradox: Record Prices vs. Falling Transactions

The 3.4% decline in operations raises questions about the sustainability of the market. Experts point to possible causes:

- Saturation in premium segments.
- Difficulty of access for local buyers.
- Greater attractiveness of vacation rentals compared to purchases.

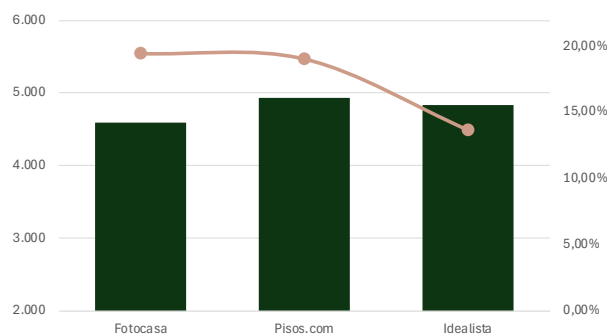
Opportunities for the Real Estate Sector

- Focus on international customers: Specialization in the luxury segment (5M+ €).
- Vacation Rental Management: Services for Owners.
- Rehabilitation in emerging areas: Manacor (3.800€/m²) or Llucmajor (4.200€/m²)
- Integral services: From wealth management to tax consulting.

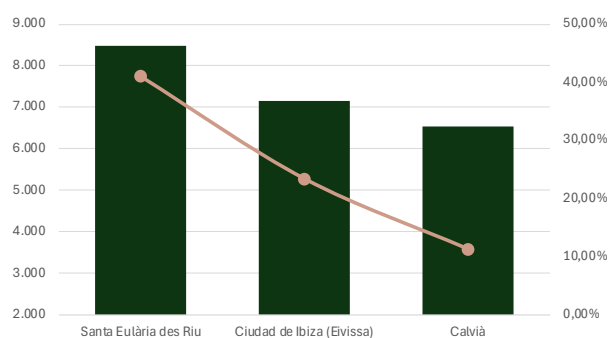
Future Perspectives

The Balearic market seems to be moving towards greater selectivity. While premium areas will remain attractive to international investors, inland areas could experience greater dynamism thanks to more accessible prices. The key for professionals in the sector will be to diversify services and adapt to the new demands of a changing market.

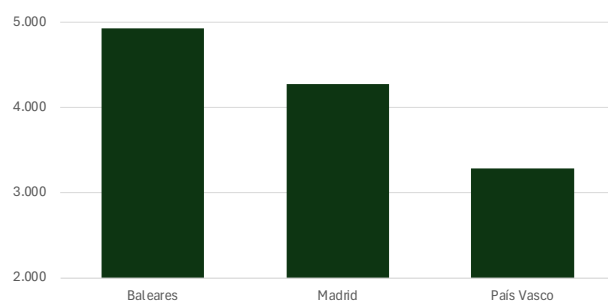
Comparison of average prices per portal (2024)



Municipalities with highest used housing prices (2024)



Comparison between autonomous communities



“ Despite the price increase, the Balearic Islands was the only autonomous community where the number of sale and purchase transactions decreased, with a drop of 3.4% compared to 2023. This suggests possible symptoms of saturation or problems of access to housing for the elderly local buyers.



New Market Construction in the Balearic Islands 2024

The new construction market in the Balearic Islands has shown a mixed performance throughout 2024, with disparate trends depending on the island and the type of development. The combination of high housing demand, scarce supply of developable land and a generally rising economic context has created a complex panorama.

General decline in construction activity

According to the UVE Valoraciones report, new construction in the archipelago fell by 11.4% compared to the previous year. This decline consolidates the Balearic Islands as one of the regions with the greatest housing deficit in the country, as supply fails to keep up with the growth in demand, especially in areas of high tourist or residential interest.

Exception in Majorca: increase in visas

In contrast, the island of Mallorca experienced a 9.7% increase in the number of homes approved (authorized for construction). This represents an increase of 9.7% a turnaround from the negative trend of previous years and could indicate an initial response by the sector to the structural shortage of available housing.

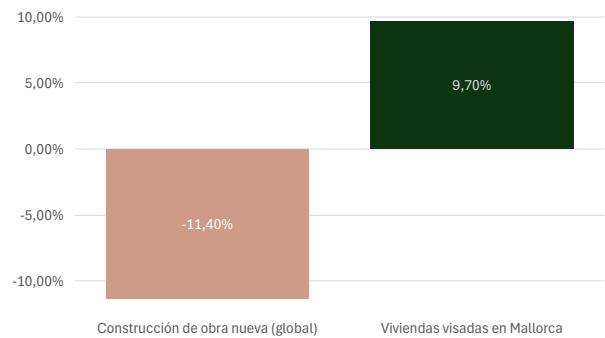
Rising prices

The price of newly built housing continued to rise in 2024. In the fourth quarter, a year-on-year increase of 10.8% was recorded, reaching an average price of 3,187 €/m², which places The Balearic Islands among the most expensive regions in Spain to buy a new home. This trend reinforces the difficulties of access to property, especially for local buyers.

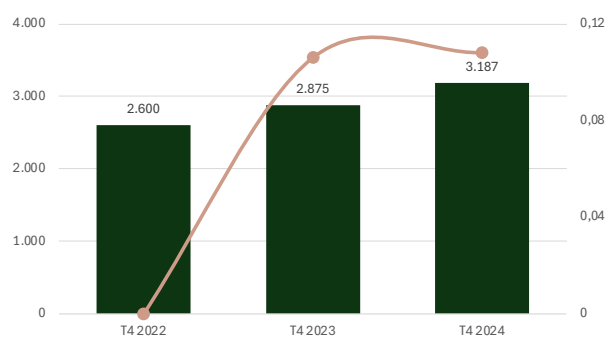
Intervention proposals: land liberalization

Against this backdrop, the Balearic Government has expressed interest in liberalizing land for development, as a measure to increase the supply of housing and curb the escalation of prices. These proposals are still under debate, but they reflect the urgency of balancing urban growth with the conservation of the island territory.

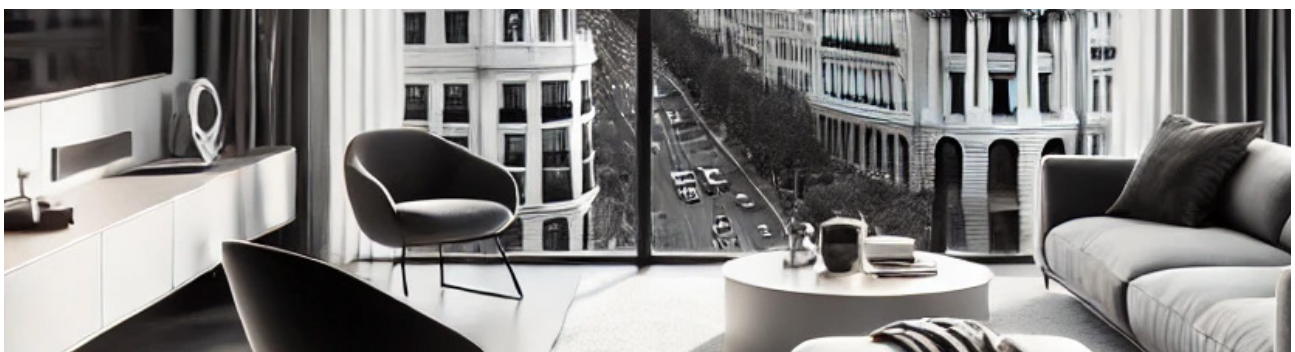
Evolution of construction activity in 2024



Evolution of the average price of new housing in the Balearics



“The new construction market in the Balearic Islands shows a complex dynamic, with partial growth (as in Mallorca) but also a general slowdown in the archipelago. The combination of high demand, limited supply and rising prices underscores the urgency of implementing policies that balance urban development with land conservation.





Home Buyer Profile at Baleares

MALLORCA

1. Germany	📍 44,22 %	████████████████████
2. UK	📍 10,40 %	████████████████
3. France	📍 4,78 %	██████████████
4. Italy	📍 4,27 %	██████████████
5. Sweden	📍 4,22 %	██████████████
6. Netherlands	📍 3,15 %	██████████
7. Luxemburg	📍 2,82 %	████████
8. Switzerland	📍 2,12 %	██████
9. Austria	📍 1,51 %	████
10. Belgium	📍 1,19 %	███

IBIZA - FORMENTERA

1. Germany	📍 44,22 %	████████████████████
2. UK	📍 10,40 %	████████████████
3. France	📍 4,78 %	██████████████
4. Italy	📍 4,27 %	██████████████
5. Sweden	📍 4,22 %	██████████████
6. Netherlands	📍 3,15 %	██████████
7. Luxemburg	📍 2,82 %	████████
8. Switzerland	📍 2,12 %	██████
9. Austria	📍 1,51 %	████
10. Belgium	📍 1,19 %	███

MENORCA

1. UK	📍 30 %	████████████████████
2. France	📍 10 %	██████████████
3. Germany	📍 8 %	██████████
4. Italy	📍 6 %	██████
5. Netherlands	📍 5 %	████
6. Belgium	📍 4 %	███
7. Luxemburg	📍 4 %	███
8. Switzerland	📍 3 %	██
9. Austria	📍 3 %	██

In the Balearic real estate market, international buyers have consolidated their presence, especially in the high-end segment. According to data from the Association of Registrars, foreigners accounted for 34.38% of sales transactions in 2022, a figure that reflects a growth of 1.7 percentage points over the previous year.

This buyer profile values, above all, the climatic stability, the high level of infrastructure and the quality of life offered by environments such as Mallorca, reasons that position the island as one of the most desirable destinations to invest in housing in southern Europe.

The continuous foreign interest in the Balearic Islands responds to a combination of tourist attraction, legal security and an exclusive real estate offer that reinforces its profile as a strategic enclave for residential investment.

“ In addition, there has been growing interest from U.S. buyers, who in 2023 accounted for approximately 15% of property purchases by foreigners in Mallorca. ”



“According to data from KENSINGTON Finest Properties International AG, current trends indicate that the real estate market in Mallorca will continue to show price increases until the end of 2024. Average growth is expected to range between 8% and 12% by the end of the year. The main factors supporting this growth include limited supply and sustained demand from foreign investors, as well as Mallorca’s status as an exclusive Mediterranean tourist destination that attracts rich and famous people from all over the world.”



Sven Binnewies
CEO

About the Methodology and Scope of the Report

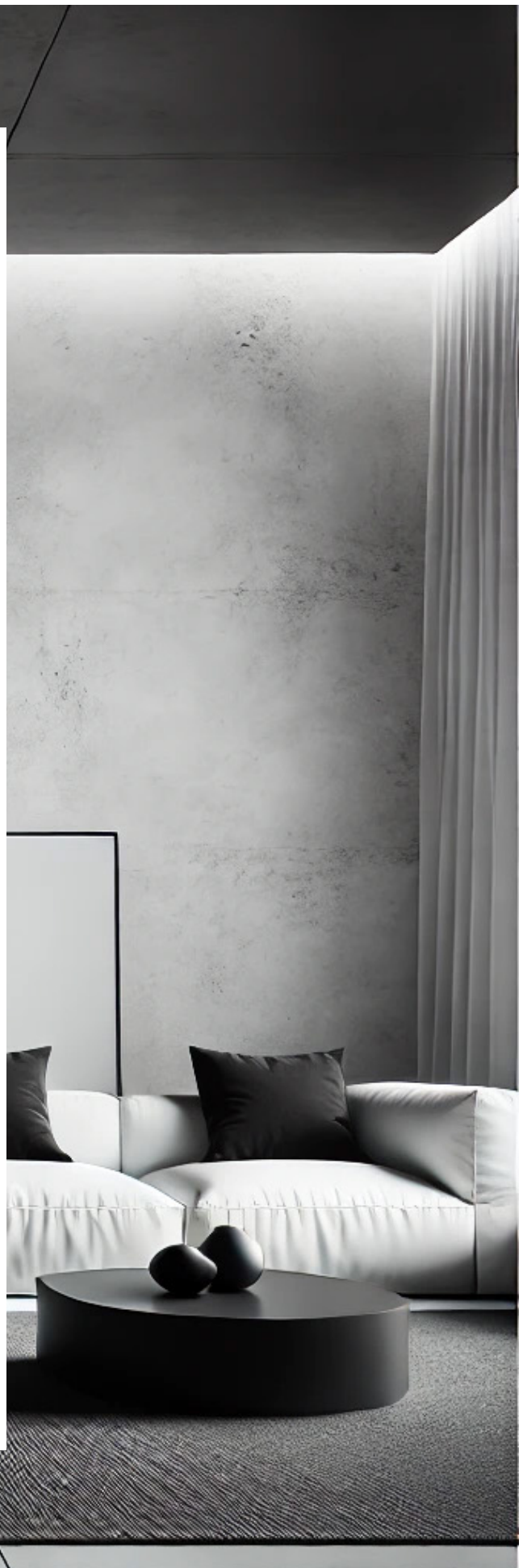
In a context marked by the dynamism of the medium-high-end real estate sector, Kensington Finest Properties International, with more than 25 offices distributed in strategic areas of Spain, has strengthened its position as a leader in the real estate market. Key player in advising and brokering exclusive properties for both national and international clients.

Thanks to our established presence in destinations such as Mallorca, Ibiza, Menorca, Barcelona, Marbella and Madrid, we have a unique and up-to-date perspective on market trends. This direct experience with active buyers, coupled with our local knowledge, allows us to accurately identify changes in demand behavior, the most sought-after areas and the most valued products.

For the preparation of this report for the first half of 2024, we have used a combination of official sources and internal data. Institutional sources include the Spanish Ministry of Housing and Urban Agenda, the General Council of Notaries, the Bank of Spain, the Council of Andorra, as well as the Idealista portal, which provides updated supply price indicators. In addition to these data, the following transactions are also included: The sale and purchase agreements signed by Kensington in the period under analysis provide a realistic and accurate view of market developments in real time.

This analysis focuses particularly on the premium residential segment, ranging from urban designer apartments to exclusive villas and historic properties. The buyer profile that dominates this market is characterized by its international origin, high purchasing power and a clear preference for enclaves that combine security, quality of life and appreciation potential.

With this report, our purpose is to provide clarity and strategic vision to investors, buyers and partners who wish to understand not only the current value of the market, but also its medium and long-term projection in an environment marked by global mobility, digitalization and interest in spaces of high heritage value.





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