

NOVEMBER 2025

SPECIAL EDITION  
NO. 01

# Galeante

PRIME HANDBOOK

**EXCLUSIVE**

2026 OUTLOOK · MADRID'S  
PRIME BOOST: GLOBAL  
DEMAND, LIMITED STOCK, AND  
SUSTAINED APPRECIATION

**FROM VISIBLE VALUE TO  
VERIFIED VALUE**

A CONCISE GUIDE TO UNDERSTANDING WHY MADRID REMAINS THE  
HAVEN OF VALUE IN EUROPE: METRICS, DESIGN THAT UNLOCKS VALUE  
AND A SIMPLE ROI MODEL TO MAKE INFORMED DECISIONS.

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# 勝 M A S A R U



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# Introduction: Scarcity in an era of abundance

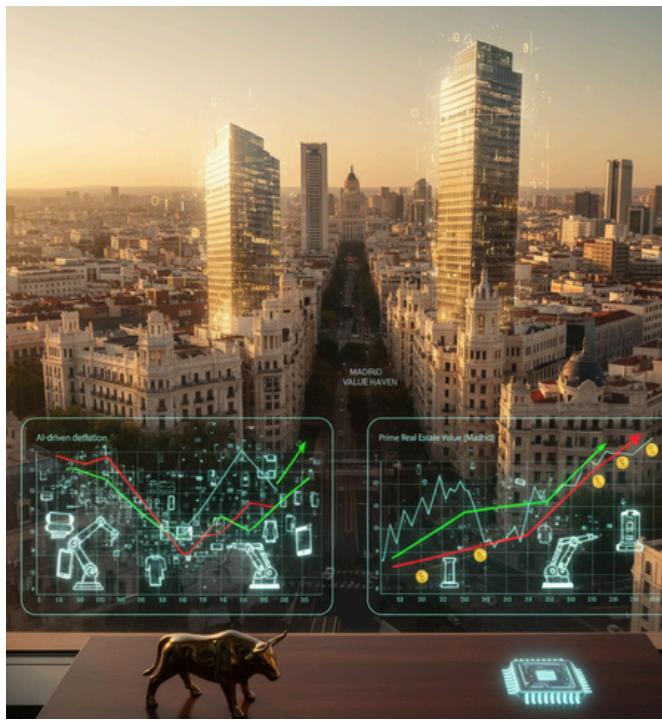
## WHY THIS MATTERS:

- **Driver:** Artificial intelligence generates a deflationary economic wave, reducing the costs of reproducible goods and services.
- **Implication:** Deflation of reproducible assets raises the value of scarce assets, such as prime real estate.
- **Signal:** Capital seeks quality, taking refuge in properties with irreplaceable attributes such as history, architectural integrity and location.

We are entering an era of unprecedented technological acceleration. Artificial intelligence promises compound productivity gains and a powerful deflationary wave in the global economy. As AI optimizes labor, it creates a cycle of efficiency that reduces the cost of reproducible goods and services, pushing them toward commoditization. This creates a profound economic paradox: as the value of the reproducible falls, the value of that which is finite and scarce is destined to appreciate exponentially. This dynamic will fundamentally reshape real estate. While advances in mobility, such as autonomous vehicles, may flatten the value curve between urban and suburban areas (Confidence: Medium), the immense wealth generated by this new productivity will simultaneously fuel a "flight to quality" on an unprecedented scale.

In a world of digital abundance, capital will seek growth in assets that cannot be algorithmically generated: properties defined by enduring attributes. The definition of "prime" will evolve, with new prime areas emerging as wealth spreads. The central challenge for investors is to distinguish the timeless from the transient. History has shown that what is scarce accumulates immense value. This report analyzes Madrid's prime residential market through this lens, identifying the drivers that position it as a key store of value in an era of infinite flow.

And what about investors? Select assets whose value is dominated by enduring attributes (e.g., location, architecture, historical context). Discount premiums based solely on ephemeral services or cosmetic trends.



## Thesis

Demand > Supply (Structural): Robust foreign inflows and a high proportion of cash buyers face a chronic housing shortage. (Confidence: High).

Baseline Price Scenario 2026: Growth of +4.5-5.5% for prime capital values in Madrid. (Confidence: Medium-High).

Relative Value: Madrid offers significantly more square meters per \$1 million USD than its peers such as London, Paris, or New York. (Confidence: High).

Barbell Strategy: Allocate capital to established districts like Recoletos and Jerónimos for preservation and to emerging prime areas like Trafalgar and Gaztambide for compound growth.

Catalysts: The Madrid Nuevo Norte (MNN) project, a growing hub for luxury hospitality, and rising sustainability standards will drive long-term value.

## Key Figures (Nov 2025)

- 12-Month Euribor: ~2.19% (as of October 2025).
- Square Meters per 1M USD: 96 (Madrid) vs. 40 (Paris), 34 (New York), 33 (London).

## RISK PERSPECTIVE

- *EU Growth Stagger: Medium*
- *Adverse Policy Changes: Low-Medium*
- *Climate Impact (Heat Waves): Medium*

Madrid's prime residential real estate market is on a sustained growth trajectory, positioning itself as a top destination for global capital through 2026 and beyond. This market surge is driven by Madrid's transformation into a leading European hub for business and technology, coupled with an unparalleled quality of life that attracts ultra-high-net-worth individuals (UHNWIs).

The analysis reveals a self-reinforcing growth cycle, where a chronic housing shortage meets a surge in international buyers, particularly from Latin America and the United States. This imbalance has driven significant price appreciation and is expected to continue, with capital values projected to increase by 4.5-5.5% by 2026.

A comparison with similar cities highlights Madrid's clear advantage of "growth at a reasonable price." At the neighborhood level, opportunities diverge: established ultra-prime districts like Salamanca offer blue-chip stability, while emerging prime areas in Chamberí and Centro present greater growth potential. This report concludes that Madrid's fundamental drivers are exceptionally strong, offering clear strategic opportunities for capital preservation and growth.

*For investors, the barbell strategy benefits from market structure, investing in blue-chip assets to preserve wealth and in value opportunities in emerging districts to obtain higher returns.*

# The global landscape of real estate capital



## Why is this important?

- Driver: The population of UHNW is growing rapidly and its capital is more mobile.
- Implication: Prime real estate in stable jurisdictions is a top target and a safe-haven asset.
- Signal: Volatility in luxury collectibles may lead to a reallocation towards tangible, income-generating assets, such as property.

## GLOBAL WEALTH AND CAPITAL MOBILITY

The primary driver of prime real estate is the continued expansion of private wealth. The global population of ultra-high-net-worth individuals (those with assets exceeding US\$30 million) is projected to grow by 31%, reaching nearly 677,000 by 2030. This growing wealth is becoming increasingly mobile, with approximately one-third of these UHNWIs planning to invest in real estate abroad. This trend intensifies competition among global cities, adding value to locations that offer a combination of stability, security, and growth potential.

## REAL ESTATE AS A SAFE HAVEN ASSET

In an environment of increasing uncertainty, real estate stands out as the world's most significant store of value, valued at USD 327 trillion. The current climate, influenced by a multitude of black swan events, has heightened the appeal of prime residential property as a safe haven asset. For ultra-high-net-worth individuals (UHNWIs), high-quality homes in top-tier cities are essential elements of a wealth preservation strategy. This pursuit of quality acts as a powerful incentive for capital to flow to centers like Madrid, a designated "winner" in attracting mobile wealth.



### *Changing landscape of luxury investment*

The strategic appeal of prime real estate is bolstered by recent corrections in other luxury asset classes. The Knight Frank Luxury Investment Index (KFLII) fell for the second consecutive year in 2024, declining by 3.3%. This drop suggests that scarcity alone no longer guarantees returns in collectibles, potentially prompting a reallocation of capital toward prime property, which offers similar exclusivity but with greater stability and income-generating potential.

And what about investors?

Madrid is exceptionally well-positioned to attract incoming international capital, thanks to its strong jurisdictional and lifestyle appeal. International demand for prime assets is expected to remain persistent and resilient, which will continue to support valuations.





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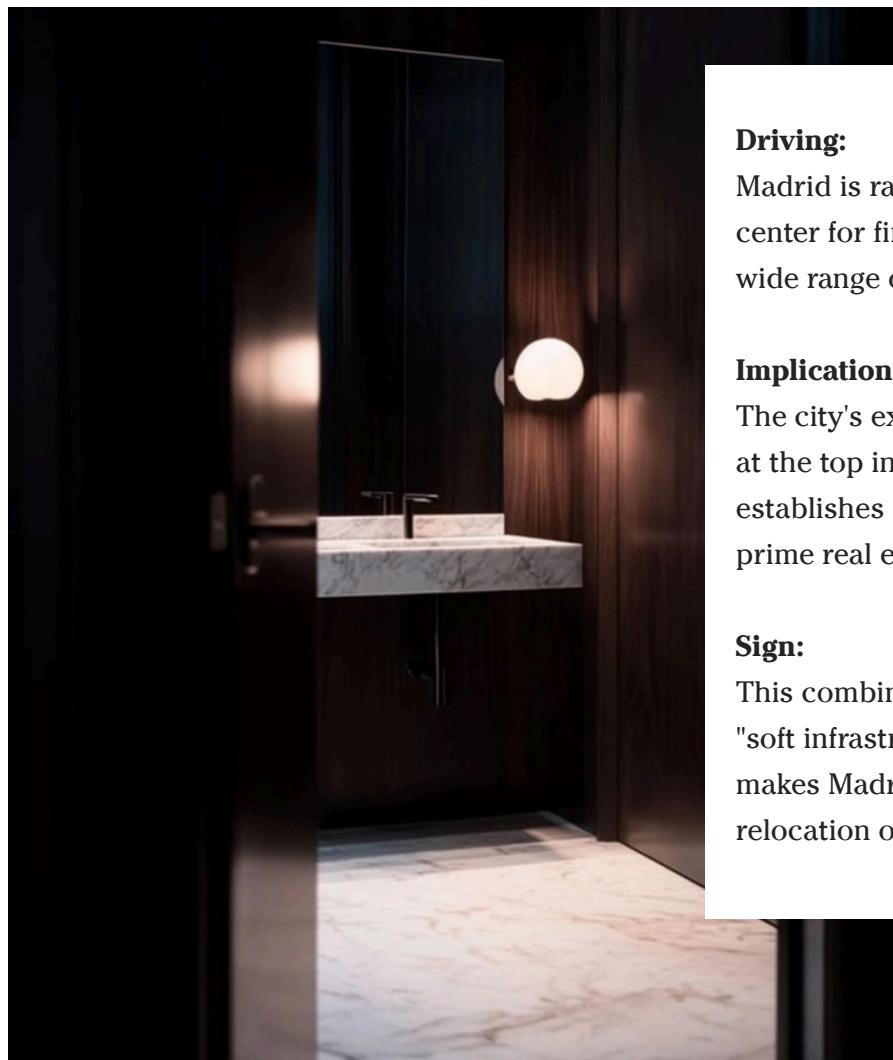
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# Madrid's proposal: A top destination for wealth and talent



## Driving:

Madrid is rapidly emerging as a major European center for finance and technology, generating a wide range of well-paid jobs.

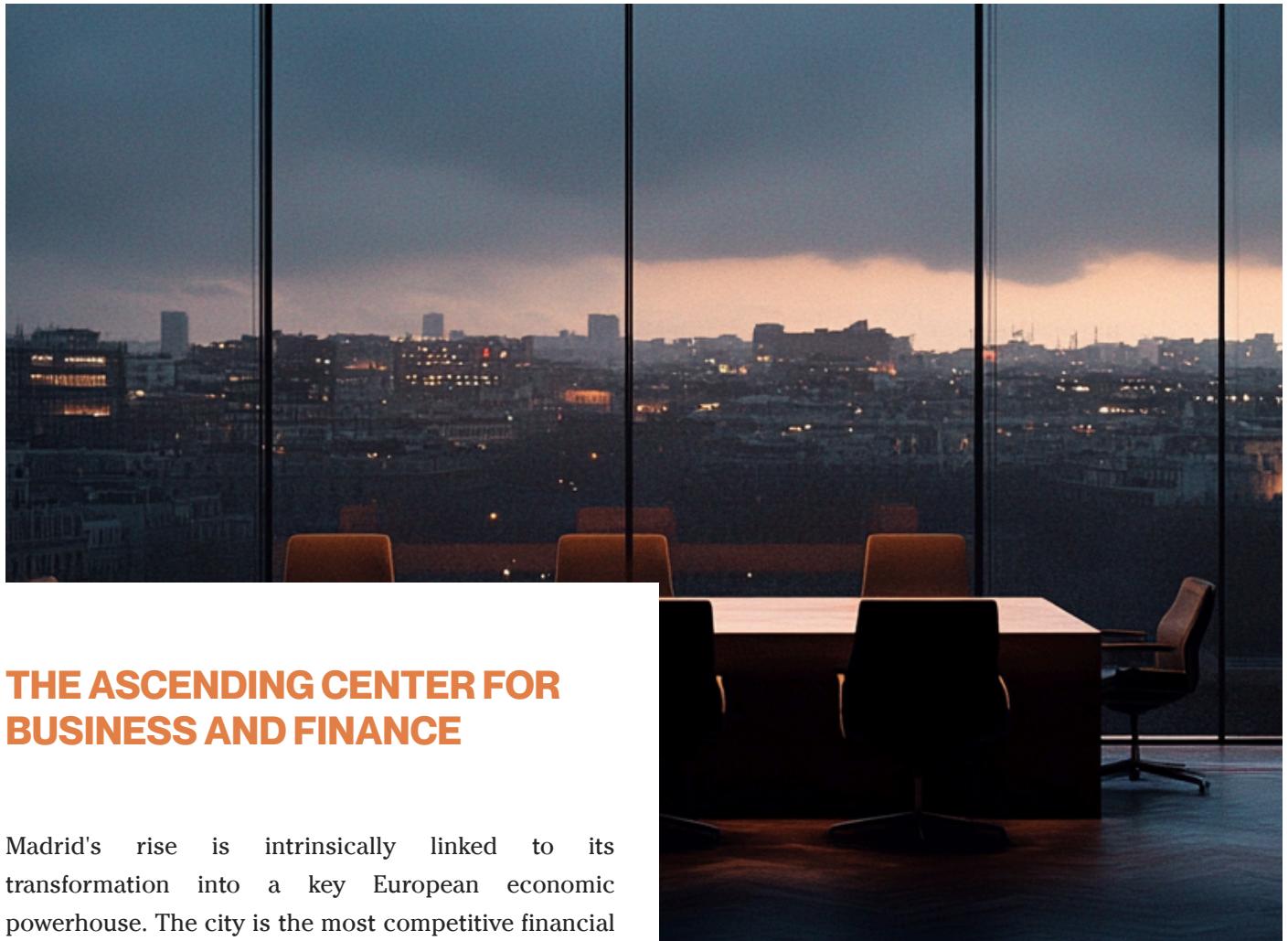
## Implication:

The city's exceptional quality of life, which ranks at the top in global health and lifestyle surveys, establishes a strong, non-speculative demand for prime real estate.

## Sign:

This combination of economic dynamism and "soft infrastructure" (culture, education, security) makes Madrid a prime destination for the relocation of UHNWI families.

| SECTOR      | KEY STATISTICS   | YEAR |
|-------------|--|------|
| Finance     | #1 most competitive financial center in Southern Europe                          | 2018 |
| Technology  | Home to 57% of Spain's Fintech startups  | 2015 |
| Data Center | It attracts multi-million dollar investments from Microsoft, Google, and Oracle. | 2025 |



## THE ASCENDING CENTER FOR BUSINESS AND FINANCE

Madrid's rise is intrinsically linked to its transformation into a key European economic powerhouse. The city is the most competitive financial center in Southern Europe and is rapidly becoming the "data capital of Southern Europe," attracting massive investment from global tech giants. This potent combination of finance and technology is creating well-paying jobs and acting as a powerful magnet for international talent.

### *Unmatched quality of life*

Beyond its economic dynamism, Madrid's main appeal lies in its exceptional quality of life. In 2025, it ranked among the top 20 cities in the world in Deutsche Bank's Quality of Living Index, highlighting improvements in safety and healthcare. Monocle's 2025 survey named Madrid the "Best for Health" globally, noting that it boasts the highest life expectancy in Europe (86.1 years). These "soft infrastructure" assets act as strong economic drivers, establishing a steady demand base from ultra-high-net-worth individuals (UHNWIs) relocating with their families.

Madrid's allure is enhanced by its vibrant, world-renowned cultural and culinary scene, with a growing number of Michelin-starred restaurants cementing its position as a premier gastronomic destination. For families, access to an elite education is essential, and Madrid meets this demand through a strong network of prestigious international schools, such as the American School of Madrid and the British Council School.

### A cultural and educational epicenter

The factors driving quality of life in Madrid act as a solid infrastructure for the prime buyer. This deep, non-speculative demand base reduces cyclical volatility and supports long-term value, making the market less vulnerable to purely financial shocks.

# Market dynamics: An imbalance of power

## Driving

*A wave of international buyers with high purchasing power is colliding with a structural deficit in the housing supply.*

## Involvement

*This imbalance creates a self-reinforcing cycle of price increases. Regional price spikes, reaching up to 38%, reflect the overall market vitality, while growth in the prime segment remains more stable and sustainable.*

## Sign

*Favorable mortgage conditions in Spain, compared to other countries, are providing an additional boost to demand.*

## Demand Profile:

### A wave of international capital

The key driver of the prime market in Madrid is a robust wave of international demand. Foreign investment grew by approximately 15% in 2025 (through September 2025), with a significant influx of buyers from Latin America, the United States, and other EU countries. These investors are attracted by the stability and quality of life that Madrid offers and typically have greater purchasing power, which puts considerable upward pressure on prices.

## The Supply Crisis:

### A structural deficit

This strong demand is facing a serious supply-side crisis. Spain is experiencing a national housing deficit estimated at 600,000 units.



Units are expected by 2025, a shortage that is felt particularly acutely in Madrid's prime segment. Despite a 13% year-on-year increase in new construction permits (up to May 2025), development remains insufficient to meet demand, which continues to drive up prices.

## Financial Environment:

### Favorable mortgage conditions

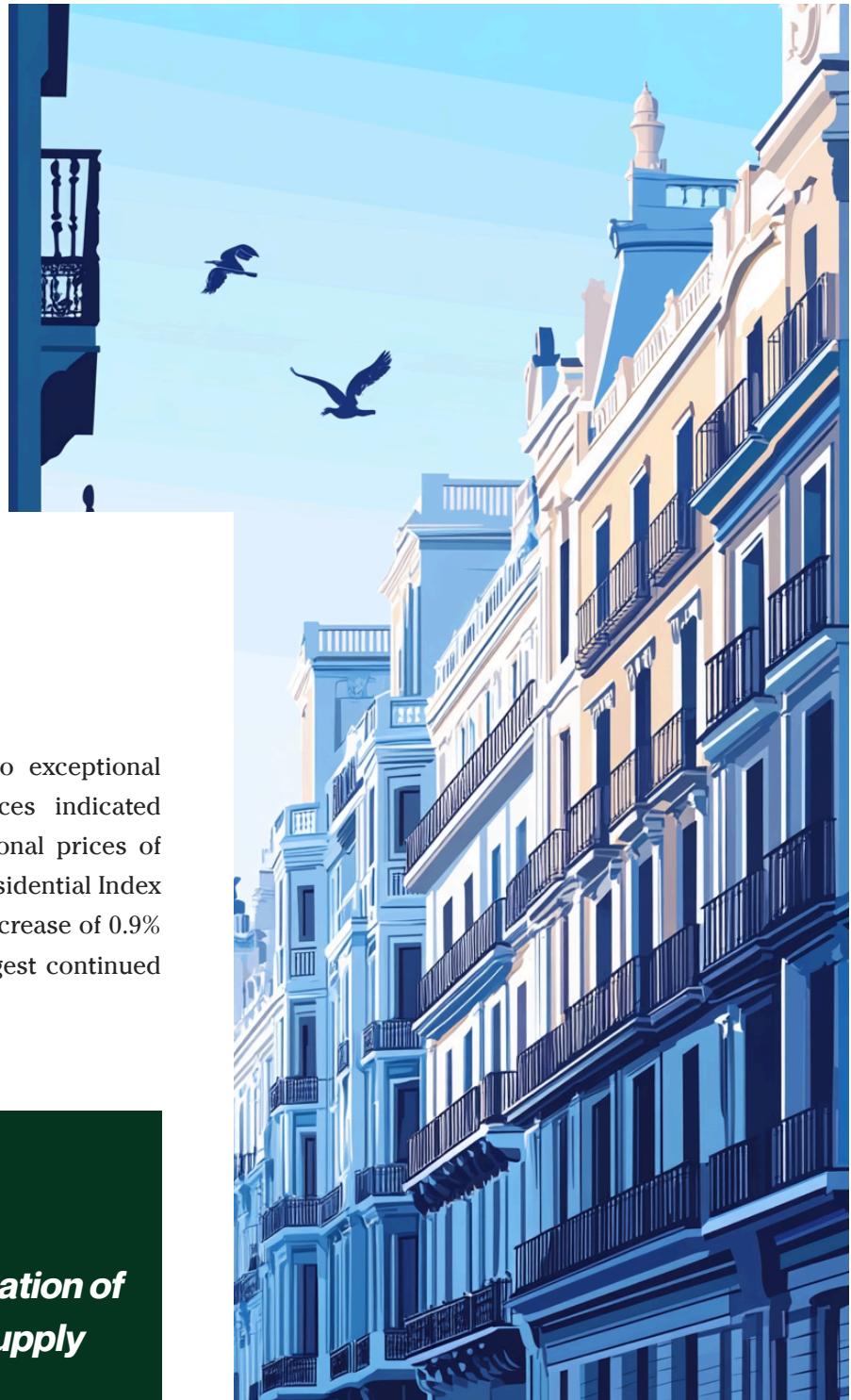
Market growth is supported by an increasingly favorable financial environment. Following the ECB's interest rate cut in June 2025, the 12-month Euribor fell to approximately 2.19% (in October 2025). This makes Spanish mortgages a very competitive option.

## COMPARISON OF MORTGAGE TYPES (FIXED RATES, JULY 2025)

Spain: 2.5% - 3.0%

United Kingdom: 4.9% - 5.2%

USA: 6.7% - 7.8%



## Price and rental trends (2024-2026)

This combination of factors has led to exceptional price performance. While some sources indicated dramatic year-on-year increases in regional prices of 32-38% by mid-2025, the Savills Prime Residential Index reported a more moderate and steady increase of 0.9% in the first half of 2025. Projections suggest continued and sustainable growth.

***For investors, the combination of structural inelasticity in supply and a deep reserve of international spot buyers is creating persistent upward pressure on prices. Any market pullback in the prime segment is likely to be superficial and short-lived.***

Baseline Scenario 2026: 4.5-5.5% increase in prime capital values (Confidence: Medium-High).

- **Advantage:** More agile easing by the ECB could add 50-100 basis points to the improvement in mortgage rates. (Confidence: Low-Medium)
- **Disadvantage:** A significant growth shock in the EU could reduce demand. (Confidence: Medium)

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# Madrid on the world stage: A comparison

## Driving

Madrid offers significantly more high-quality residential space for the same capital investment compared to other global centers.

## Involvement

This relative affordability provides considerable "room for appreciation" as values in Madrid align with those of their European counterparts.

## Sign

The city is outperforming more established markets in terms of growth, presenting an attractive "growth at a reasonable price" (GARP) profile.

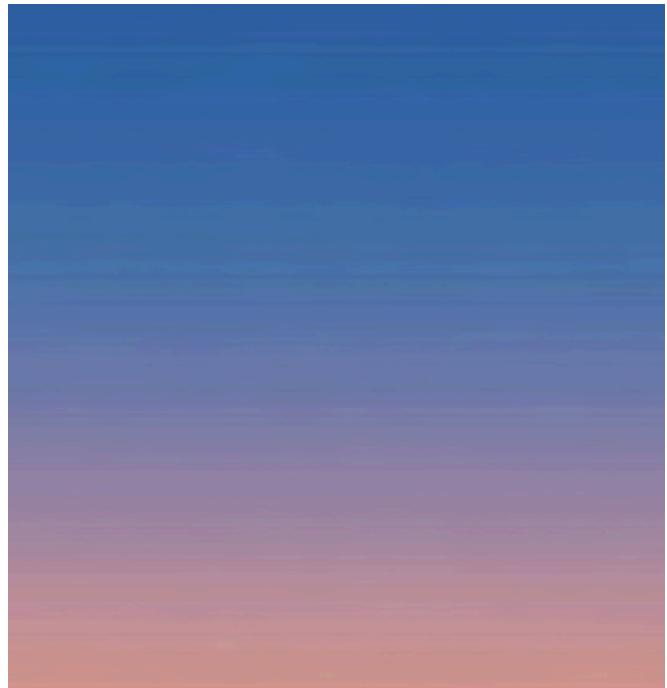
## The Value Equation:

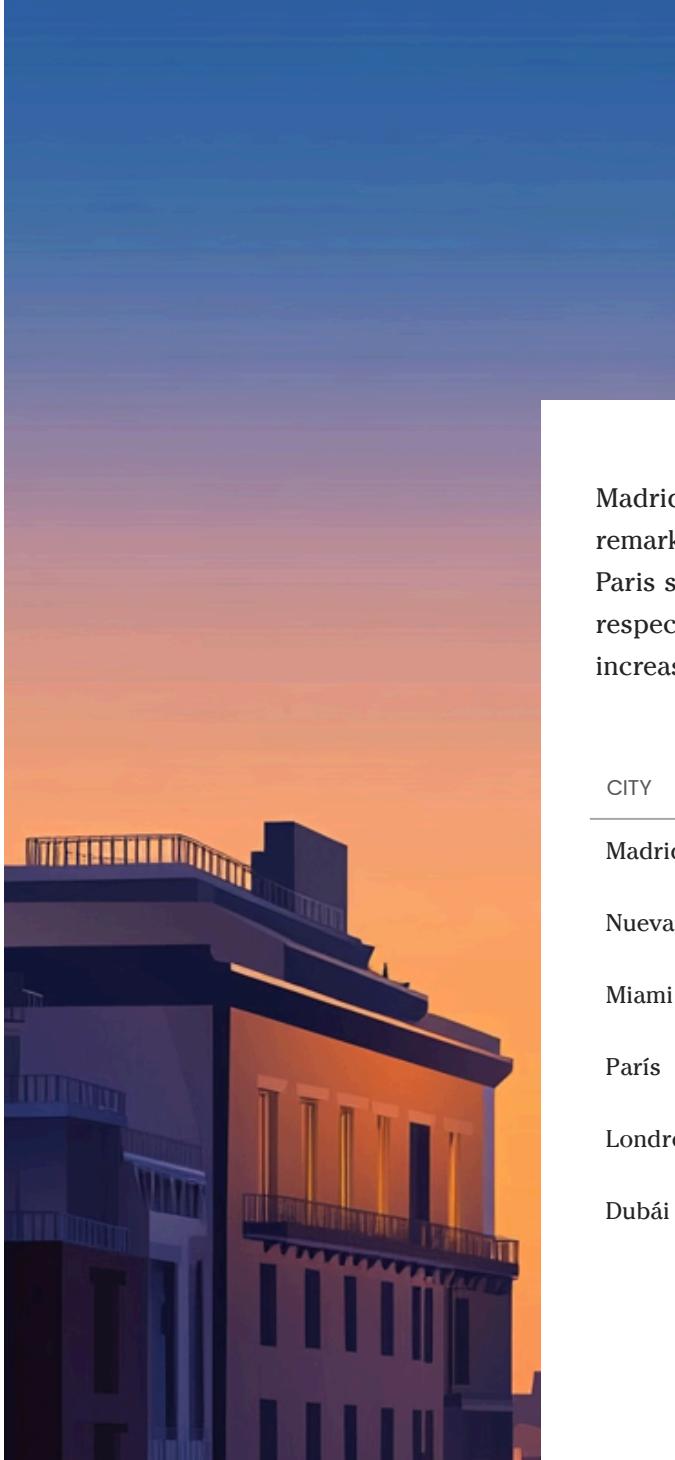
### More space for the same money

One of Madrid's most attractive aspects is its value proposition. According to Knight Frank 2024, \$1 million USD buys approximately 96 m<sup>2</sup> of prime property in Madrid, significantly more than in London (33-34 m<sup>2</sup>), New York (33-34 m<sup>2</sup>) or Paris (40 m<sup>2</sup>).

| CITY       | SQUARE METERS PER 1M USD (2024 DATA) |
|------------|--------------------------------------|
| Madrid     | 96                                   |
| Dubái      | 91                                   |
| Miami      | 60                                   |
| París      | 40                                   |
| Nueva York | 34                                   |
| Londres    | 33                                   |
| Singapur   | 32                                   |

*Note: Data from the Knight Frank Wealth Report series.*





## GROWTH AND MOMENTUM: OUTPERFORMING MATURE MARKETS

Madrid not only offers better value but also demonstrates remarkable growth. While established markets like London and Paris saw price declines in the first half of 2025 (-1.6% and -0.7% respectively), Madrid's prime market experienced a 0.9% increase. This divergence is expected to continue into 2026.

| CITY       | FORECAST 2026 (%) | TRUST      |
|------------|-------------------|------------|
| Madrid     | +4.5% a +5.5%     | Media-Alta |
| Nueva York | +4.0% a +6.0%     | Media      |
| Miami      | 4.0%              | Media      |
| París      | +1.0% a +2.0%     | Media      |
| Londres    | 0.0% a +5.0%      | Baja-Media |
| Dubái      | 0.0% a +5.0%      | Media      |

*Forecasts compiled from multiple sources*

***Madrid offers a rare combination of entry efficiency and strong momentum. The city is not just an alternative, but a top consideration for those looking to diversify out of more volatile or stagnant markets.***

# Anatomy of Opportunity: A Neighborhood-Level Analysis



## Driving:

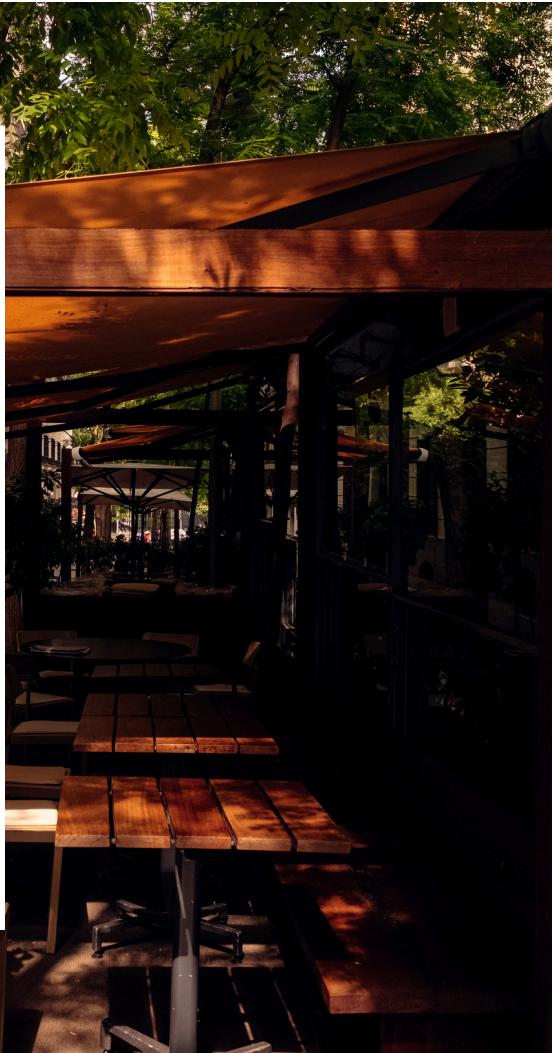
The sharp rise in prices in the heart of Madrid is creating a "domino effect", expanding the luxury frontier to new districts.

## Implication:

This dynamic creates a clear barbell investment opportunity: stability in the consolidated core and high growth in emerging prime areas

## Sign:

The spillover is driven by international buyers seeking authentic character and relative value, supported by a thriving high-end hospitality and retail scene.



## *The Golden Core: Consolidated Ultra-Prime Districts*



**Recoletos (Salamanca)** The epicenter of Madrid's luxury market, defined by 19th-century architecture and the "Golden Mile" shopping district. A blue-chip haven for preserving capital.

*Reformado (lujo)*

*Para reformar*

13.000–18.000 €/m<sup>2</sup>

10.000–12.000 €/m<sup>2</sup>

| <i>Reformado (lujo)</i>        | <i>Para reformar</i>          |
|--------------------------------|-------------------------------|
| 12.000–15.000 €/m <sup>2</sup> | 9.800–11.000 €/m <sup>2</sup> |

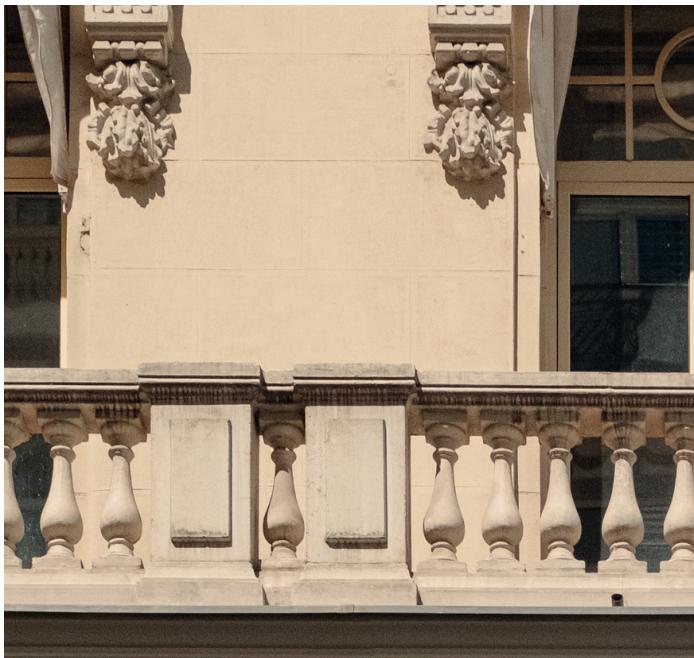
**Jerónimos** An exclusive enclave of tranquility bordering the Retiro Park, attractive to buyers who prioritize privacy and cultural proximity.

**El Viso** is unique for its single-family homes and private gardens, offering a suburban feel in a central location. It is preferred by established families seeking privacy. Price range: Average €11,695/m<sup>2</sup>; new-build villas can reach over €8.9M (Listings, Nov 2025). Risk: A highly illiquid market with properties rarely coming on the market.

Prices shown are the most current (November 2025). Super prime and historic center properties have seen significant increases. Please reconfirm with your Property Consultant.

## HISTORIC CENTER AND PALACE: THE VALUE OF PROVENANCE

The Madrid of the Habsburgs and the area surrounding the Royal Palace represent the highest expression of heritage value in the capital, complementing Galeante's thesis of "provenance." Each building tells centuries of history and transcends mere housing.



### *Price per m<sup>2</sup> (November 2025)*

| <i>Reformado (lujo)</i>       | <i>Para reformar</i>         |
|-------------------------------|------------------------------|
| €11.000–13.500/m <sup>2</sup> | €8.800–10.000/m <sup>2</sup> |

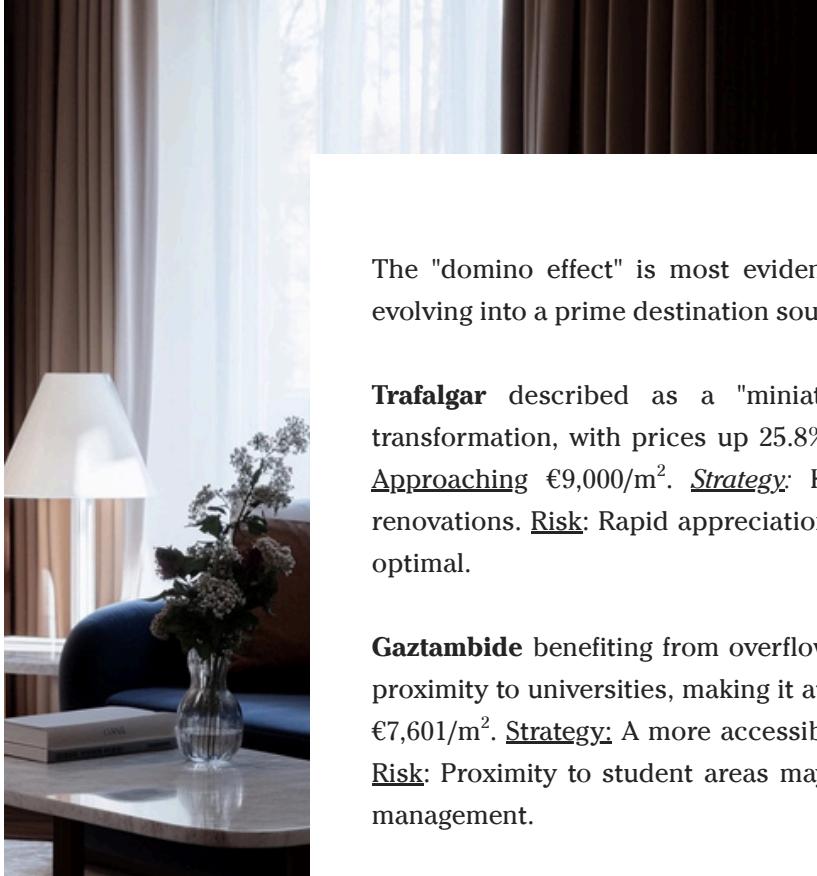
**Demand profile:** International families and investors who value architectural authenticity, high ceilings and balconies overlooking Plaza Mayor and the Royal Palace.

**Distinctive attributes:** Monuments, exclusive views, historical protection. Premium renovations can exceed €4,500/m<sup>2</sup> while preserving original features. High heritage value, low turnover, sustained appreciation.

**Risks/Advantages:** Historical preservation protects against speculation. Renovations subject to regulation and special licenses. Opportunity to associate the purchase with the Galeante "Brand Provenance".



Prices shown are the most current (November 2025). Super prime and historic center properties have seen significant increases. Please reconfirm with your Property Consultant.



## *The new frontier of luxury: Emerging prime districts*

The "domino effect" is most evident in the Chamberí district, which is rapidly evolving into a prime destination sought after for its authentic Madrid character.

**Trafalgar** described as a "miniature Notting Hill," is at the forefront of transformation, with prices up 25.8% year-on-year (as of July 2025). Price Target: Approaching €9,000/m<sup>2</sup>. Strategy: High growth potential through value-added renovations. Risk: Rapid appreciation may compress returns if entry timing is not optimal.

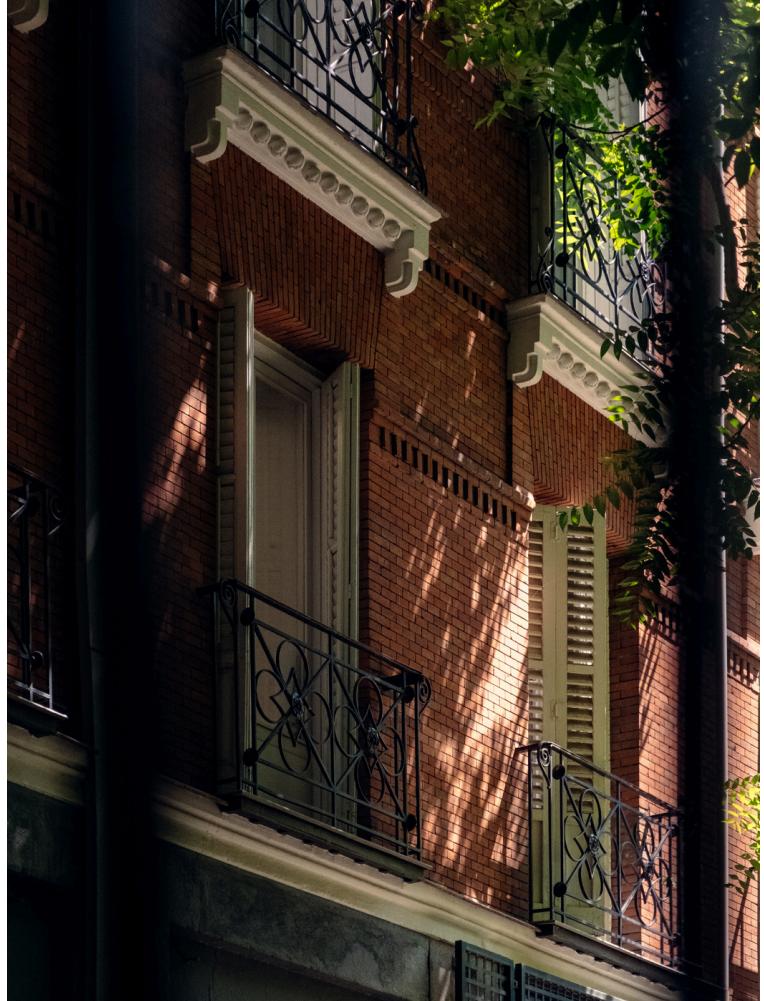
**Gaztambide** benefiting from overflow, offers beautiful traditional architecture and proximity to universities, making it attractive for rental yields. Price range: Average €7,601/m<sup>2</sup>. Strategy: A more accessible entry point for growth and yield potential. Risk: Proximity to student areas may lead to higher turnover and more intensive management.

### *The Expanding Frontier: Malasaña, Chueca and Cortes*

A similar dynamic is developing as the luxury of the Justice neighborhood spills over into adjacent districts, driven by wealthy international buyers and a burgeoning high-end hospitality scene.

**Malasaña and Chueca**, long known for their vibrant energy, are now attracting significant investment, fueling a cycle of gentrification. The classic architecture provides an ideal canvas for high-end renovations.

**Cortes (Literary Quarter)** This historic neighborhood is experiencing a renaissance, benefiting from the overflow of businesses in the Justicia neighborhood and a boom in new luxury hotels. The arrival of prestigious brands can increase the value of nearby properties by up to 20%.



Prices shown are the most current (November 2025). Super prime and historic center properties have seen significant increases. Please reconfirm with your Property Consultant.



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## OUR STORY

Welcome to Ficus, an African inspired retreat in the heart of Madrid. Ficus draws inspiration from the remarkable life of my grandmother, Elizabeth Hotson, a true botanical enthusiast and owner of flower shops in Edinburgh. Elizabeth lived in Ghana for many years where she developed an interest in West African art and craftsmanship (in particular, that of Mali, Ivory Coast and Ghana itself). At Ficus, we have blended my grandmother's love of botany, West African art and the odd gin and tonic to create this unique space.

We specialize in crafting bespoke cocktails using only the freshest ingredients. Our friendly and attentive team, the heart and soul of Ficus, will do their utmost to ensure that your experience is one of a kind.



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# Shaping the future: Catalysts for long-term growth



- **Promoter:** Transformative urban regeneration projects, led by Madrid Nuevo Norte (MNN), are ready to redefine the city's economic and residential landscape.
- **Implication:** These projects will create a new benchmark for modern luxury and directly enhance the value of adjacent districts.
- **Signal:** The parallel adoption of PropTech and sustainability standards (BREEAM/LEED) is becoming a key differentiator for prime assets.

## *Transformative Urban Planning: Madrid Nuevo Norte (MNN)*

MNN is one of Europe's most prominent and ambitious urban regeneration projects, with an investment exceeding €17 billion. This project will create a new Central Business District, as well as 10,500 new homes and 400,000 m<sup>2</sup> of green space, resulting in the generation of approximately 350,000 jobs.

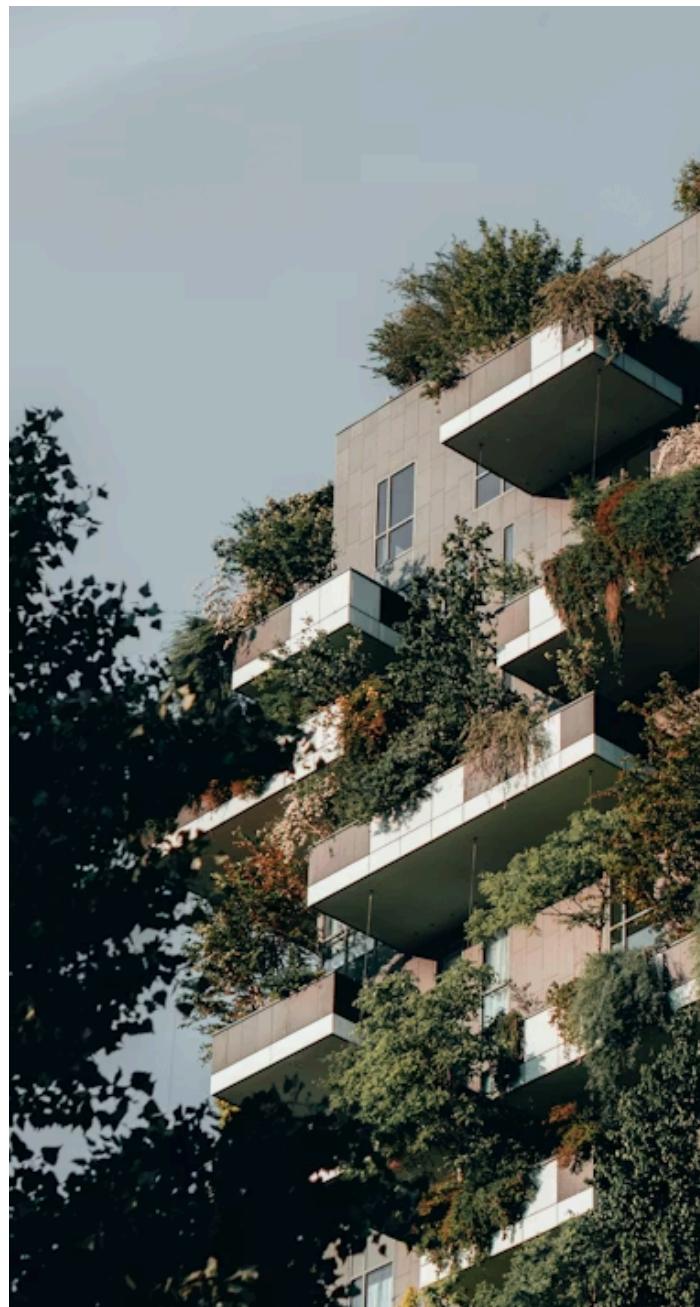
### **Implications for Real Estate:**

**Direct Impact:** MNN will directly improve the value of adjacent northern districts such as Chamartín and El Viso.

**Indirect Impact:** It will stimulate investment across the prime market as established areas are updated to compete with the new benchmark of modern luxury.

## THE INNOVATION LAYER: PROPTech AND SUSTAINABILITY

PropTech adoption in Madrid is the third largest PropTech hub in Europe, with 263 startups. In a market with limited public transaction data, AI-driven valuation is becoming essential. For international clients, virtual and augmented reality (VR/AR) are transforming the buying process.



### *Sustainability as a value driver*

Green building certifications like BREEAM and LEED are increasingly in demand. In Madrid's commercial sector, certified buildings already command higher rents, a trend that is now extending to the luxury residential sector, where it is associated with higher building value and greater rental yields.

And what about investors?

Selectively positioning in northern districts to capture MNN's momentum. In the core, benchmark finishes and sustainability certifications will become critical to defend premiums against new, high-specification competition.





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# Strategic outlook and investment recommendations



## Driving:

The Madrid market offers a bifurcated opportunity for both capital preservation and value-added growth.

## Implication:

A disciplined, attribute-focused strategy can navigate risks while capturing the city's lasting potential.

## Sign:

The powerful momentum of 2024-2025 is expected to continue at a sustainable pace, supported by structural market imbalances.

## Consolidated Outlook 2026

The outlook for Madrid's prime residential market is solidly positive. Capital appreciation is expected to remain strong, with projected growth in the 4.5-5.5% range by 2026 (Confidence: Medium-High). This growth is supported by a persistent supply deficit and deep, resilient demand from international ultra-high-net-worth (UHNWI) buyers.

| STRATEGY              | WHERE TO BUY                          | TARGET ASSET PROFILE   | TENURE      | OUTPUT/ KPI  |
|-----------------------|---------------------------------------|--|-------------|--|
| Preserve Capital      | Recoletos, Jerónimos, Centro, Palacio | Specification A, high floor, south/east facing, bright, quiet street | 5-10 años   | High liquidity, low capex, stable value                  |
| Crecimiento compuesto | Trafalgar, Gatzambide, Cortes         | Without renewing, good "bones" (volume + light)                      | 18-36 meses | ROI of renovation of €1→€1.50+, solid rental comparables |
| Anticipar MNN         | El Viso, Chamartín                    | Privacy + proximity to the MNN project area                          | 3-7 años    | Capitalize on the milestones of the MNN phases           |

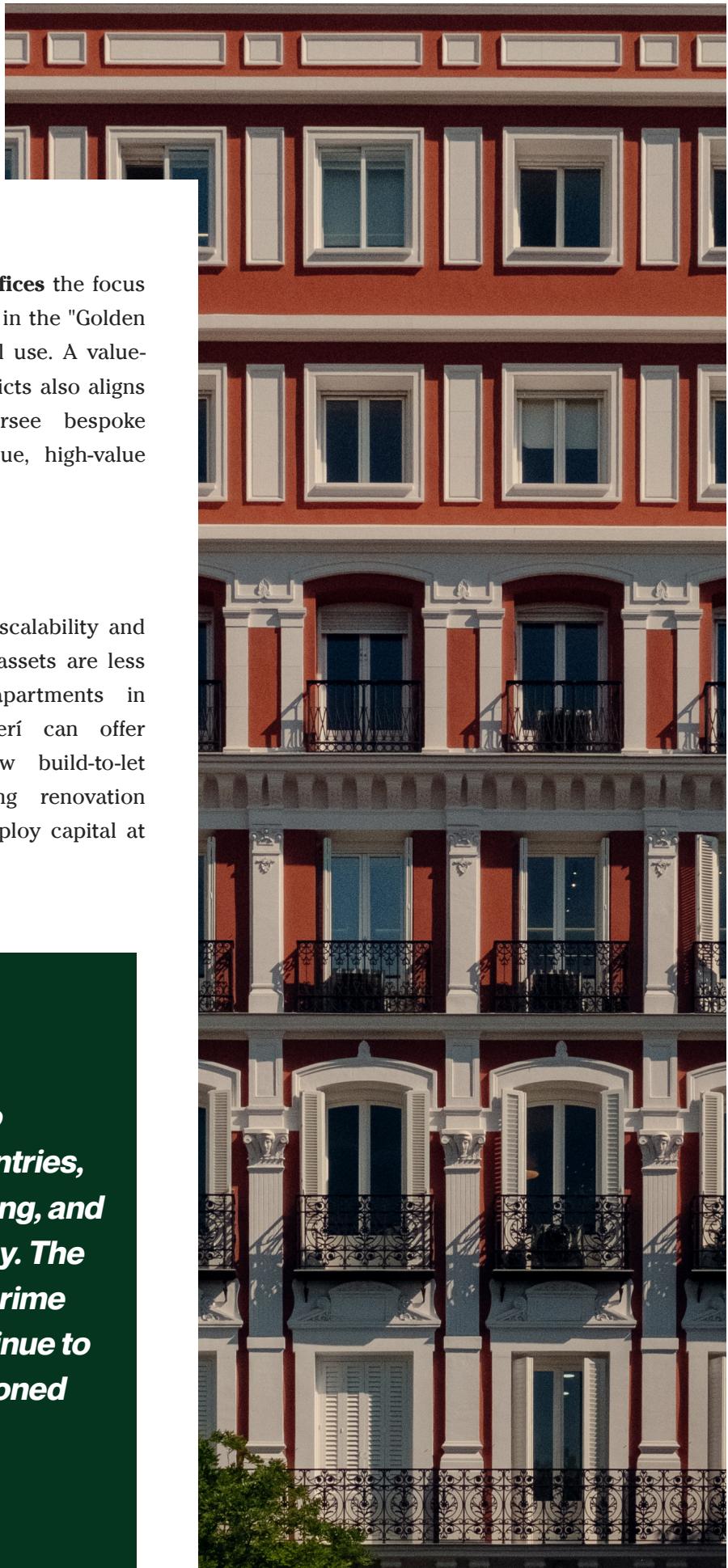
Example for Jerónimos or Recoletos. Purchase price (renovation): €10,500–11,000/m<sup>2</sup> | Super prime renovation: €3,500/m<sup>2</sup> | Total price: €14,000/m<sup>2</sup> | Asking price (top luxury): €16,000–18,000/m<sup>2</sup> (only in exceptional assets) | Gross margin: €2,000–4,000/m<sup>2</sup> (14–28%), achievable only in premium locations with good timing.

## Investment Strategies by Profile

For individual investors and family offices the focus may be on acquiring trophy properties in the "Golden Core" for legacy planning and personal use. A value-added strategy in emerging prime districts also aligns well with investors who can oversee bespoke renovation projects to create a unique, high-value residence.

For institutional investors the key is scalability and performance. While individual trophy assets are less suitable, portfolios of renovated apartments in emerging prime areas like Chamberí can offer attractive rental yields (3-4%). New build-to-let developments and boutique building renovation projects also offer opportunities to deploy capital at scale.

***For investors, the key is to execute with staggered entries, disciplined attribute scoring, and a clear renovation strategy. The fundamental scarcity of prime Madrid property will continue to drive value for well-positioned long-term holders.***





## Risk assessment

A balanced assessment requires acknowledging potential headwinds. These risks do not undermine the central thesis, but rather place it within a realistic context.

RISK AND MITIGATION MATRIX

| RISK                                   | LEVEL      | MITIGATION STRATEGY   |
|--|------------|---|
| Desaceleración macroeconómica de la UE | Medio      | Stagger market entries; maintain capital reserves for opportunistic purchases during recessions.  |
| Incertidumbre política y fiscal        | Bajo-Medio | Focus on blue-chip assets in prime locations that are less sensitive to policy changes; maintain low loan-to-value (LTV) ratios.                                  |
| Cambio Climático (Olas de Calor)       | Medio      | Prioritize properties with high energy efficiency ratings (BREEAM/LEED) or those suitable for sustainable retrofitting to mitigate the "urban heat island" effect |
| Aumento inesperado de la oferta        | Bajo       | Focus on central districts with historic fabric restrictions where new supply is structurally limited.  |

### Climate risk in detail

Madrid is particularly vulnerable to the "urban heat island" effect, where dense urban materials absorb and retain heat, leading to significantly higher temperatures than in the surrounding rural areas. As extreme heat events become more common, properties not built to withstand high temperatures may see their desirability and value decline. This underscores the importance of sustainable building practices and green certifications, which are becoming increasingly prevalent.

key differentiators for long-term value preservation. For investors, while the outlook is strong, a disciplined approach is crucial. Hedging against macroeconomic changes, staying informed about policy discussions, and prioritizing climate-resilient assets will be key to navigating the market successfully.



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