

Housing Insider



European Real Estate Insights Report 2024

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Foreword

This Housing Insider: European Real Estate Insights report offers an overview of the trends in Europe's residential real estate markets during 2024, highlighting how macroeconomic and geopolitical events influenced housing behaviour across the continent.

2024 was marked by many of the same challenges that impacted markets in 2023, including geopolitical tensions, economic instability, and high energy and commodity prices. These factors contributed to inflationary pressures and affected both demand and supply. The ongoing conflicts in Ukraine and the Middle East, labour shortages and other geopolitical and economic uncertainties continued to disrupt supply chains and fuelled inflation, impacting consumer confidence. These factors, alongside continuing high energy prices, increased living costs and further challenged buyers and renters.

Despite external pressures, the market showed resilience. Relief was provided to homebuyers - especially those looking to secure mortgages - as the European Central Bank (ECB) cut interest rates four times, after a period of high rates. This helped to stimulate the subdued activity in markets where affordability had been a barrier, such as in typically higher priced urban areas. Lower rates also helped release suppressed demand, resulting in increased transaction volumes, particularly in the second half of the year.

While demand rose in some areas, affordability challenges persisted for buyers, particularly in highly sought-after cities like Prague, Berlin, and Madrid

where property prices remained elevated due to unrelenting buyer interest. In Southern and Eastern Europe, the impact was more pronounced, with lower rates and government intervention making home purchases more accessible, creating momentum in the market. Demand was also triggered by the anticipation of capacity bottlenecks and supply shortages, causing many buyers to want to purchase as soon as possible as property prices maintained their upward trend.

As we look ahead to 2025, stabilisation and higher predictability is expected in many markets, with lower cost of capital countering affordability challenges and supporting increased investment. Buyers and sellers of properties are getting closer to agreement in pricing. However, in terms of new developments, high construction costs, regulatory concerns, and lack of availability of finance are resulting in continued low building activity, affecting inventory and prices.

This report offers insights into the complex dynamics of European residential real estate, highlighting opportunities and challenges for the year ahead. Despite the hurdles of 2024, the market showed optimism, pointing to a more resilient and dynamic future.



Michael Polzler
CEO of RE/MAX Europe

Economic snapshot

A Year of Gradual Recovery

2024 marked a year of cautious recovery for Europe as the blustering macroeconomic headwinds of 2023 slackened. Inflation in the euro area continued to see modest overall decline - starting in January at 2.8% and ending at 2.4% in December¹ – bringing it more closely in line with the ECB's target of 2%.²

After an aggressive hiking cycle of interest rates in 2023, in response to inflation being at highs of 8.6% at the start of the year, this downward trend saw the ECB implement a series of four interest rate cuts which brought rates down to 3.15% by the end of the year, easing financial conditions on the continent.⁴

Economic recovery remained slow, hampered by the lingering effects of the 2022-2023 energy crisis, elevated borrowing costs, and ongoing geopolitical uncertainties.⁵ Nonetheless, with a more stable economy, marked by inflationary pressures easing and interest rates declining, many countries returned to at least modest growth.

The European Union recorded moderate economic growth overall, with real GDP increasing by 0.9%, while the euro area trailed slightly at 0.8%.⁶ Growth across the region varied significantly, however, with Southern, Central, and Eastern Europe showing relative strength, while Germany, Austria, the Netherlands, and the Nordic economies struggled to gain momentum.⁷

Germany, the euro area's largest economy, contracted by 0.1%, while Austria experienced a sharper decline of 0.6%. In contrast, Poland stood out with robust growth of 3.0%, showcasing its economic resilience amidst broader regional stagnation.⁸

2024's sluggish GDP growth highlights weak consumer spending, which constrained investment and market expansion. However, as inflationary pressures subside and real wages improve, optimism in the real estate sector is building. Projections for 2025 are brighter, with GDP growth expected to rise to 1.5%, and further improve to 1.8% in 2026⁹, driven by a rebound in consumption and investment activity.

As 2025 unfolds, the region looks forward to continued economic recovery with expectations of more stable growth and a boost in market momentum.

High interest rates
reduce inflation

1 https://ec.europa.eu/eurostat/databrowser/view/PRC_HICP_MANR__custom_3761882/bookmark/table?lang=en&bookmarkId=4ad27e6f-358a-4a3d-82a0-587d69a833eb
 2 <https://www.ecb.europa.eu/ecb/orga/tasks/nonpol/html/index.en.html#:~:text=We%20are%20targeting%20an%20inflation,inflation%20that%20is%20too%20high.>
 3 https://ec.europa.eu/eurostat/databrowser/view/PRC_HICP_MANR__custom_3761882/bookmark/table?lang=en&bookmarkId=4ad27e6f-358a-4a3d-82a0-587d69a833eb
 4 <https://www.statista.com/statistics/621489/fluctuation-of-fixed-rate-interest-rates-ecb/>
 5 https://economy-finance.ec.europa.eu/document/download/a901c60b-b2ab-4e00-9a90-b0fa99b46615_en?filename=ip259_en.pdf
 6 https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2024-economic-forecast-gradual-rebound-adverse-environment_en
 7 https://www.ey.com/en_pl/insights/economic-analysis-team/ey-european-economic-outlook-october-2024
 8 Autumn 2024 Economic Forecast: A gradual rebound in an adverse environment - European Commission
 9 https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2024-economic-forecast-gradual-rebound-adverse-environment_en

European Housing Market Trends

Europe’s housing markets in 2024 were shaped by falling interest rates, signs of economic recovery, and regional policy shifts. The ECB’s rate cuts spurred demand in many markets. However, both inflation and interest rates remained above the exceptionally low levels seen in recent years, when rates were near zero. While this has led to continued affordability concerns and supply constraints, these low-rate environments of recent years cannot necessarily be considered ‘normal’ in a longer-term context. The extent to which current conditions represent a structural shift or a return to more typical lending levels remains to be seen.

House price trends varied widely amid contrasting market conditions across the continent. Germany and Austria saw price declines amid cautious consumer sentiment, while Spain and the Czech Republic experienced strong price growth, driven by high demand and

limited supply. Portugal’s housing market remained resilient, with prices surging as government policies supported homeownership. Italy stayed relatively affordable, while Luxembourg saw quite a market correction, with government incentives stabilising demand. Turkey’s inflation-fuelled price surge stood out, though real values declined when adjusted for inflation.

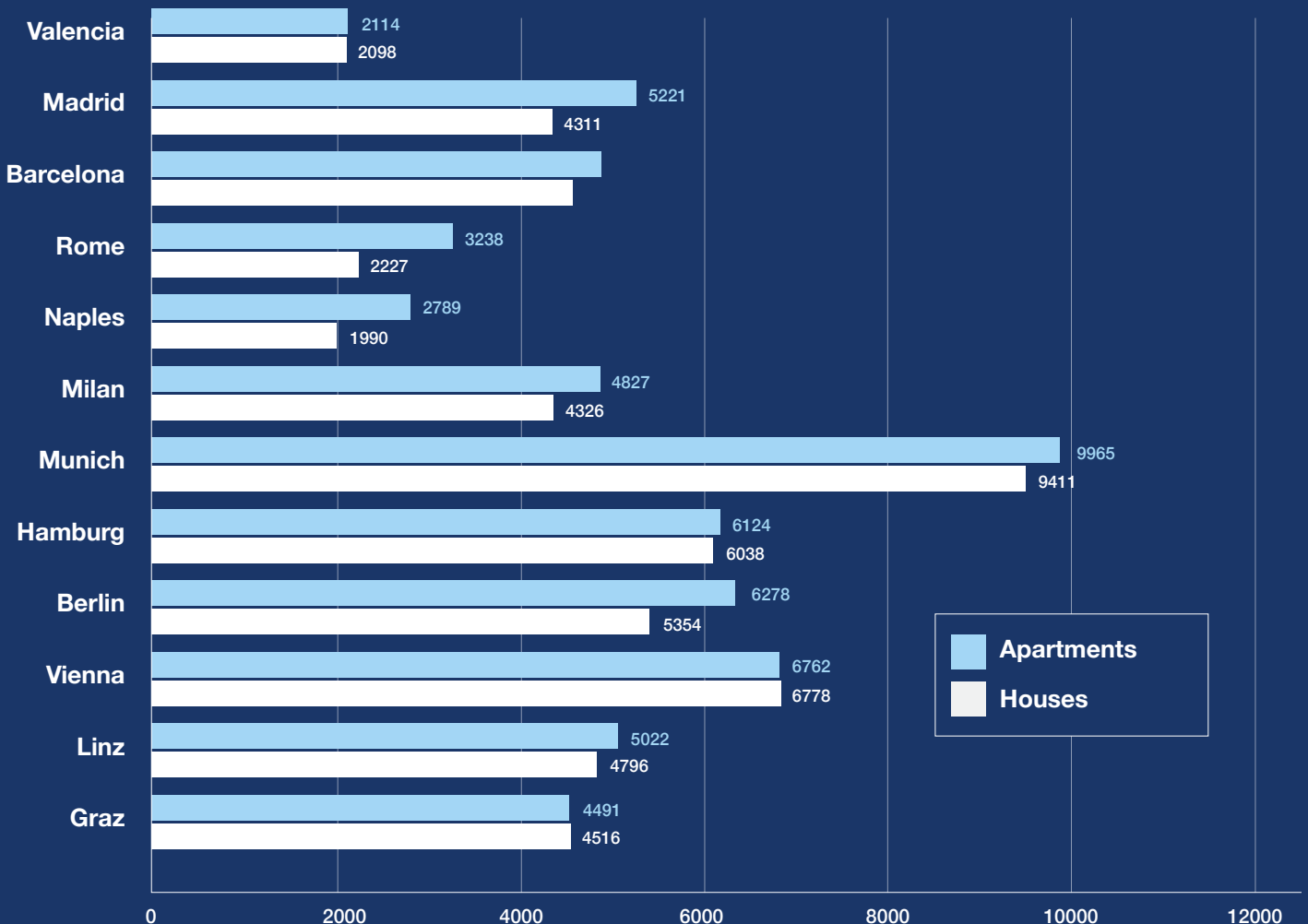
Key cities experienced varied price trends. Madrid recorded a 16% rise in listing prices per sqm, outpacing Barcelona, which saw more modest gains. Milan led Italy’s growth, with house prices surging 10% and apartments rising 4%. In Prague and Brno, apartment prices remained high due to strong urban demand, while Lisbon saw property prices climb as international buyers stimulated competition.

The rental market also saw major shifts across Europe. In Germany and Austria, high homeownership costs drove rental

demand up, pushing rents higher. Spain and Portugal experienced rental price increases, exacerbated by limited supply and growing demand in key cities. Meanwhile, Turkey’s government-imposed rent caps temporarily slowed rental price growth, even as property prices soared.

Government interventions played a key role, and housing affordability was a key political campaigning point in a number of elections that took place on the continent. Portugal’s tax incentives and Spain’s rental reforms reshaped market dynamics, while Germany’s election and Turkey’s urban transformation efforts will influence future trends. Looking ahead to 2025, lower interest rates should support market activity, though supply shortages and affordability remain critical challenges across the continent.

Average asking price per sqm in key cities





Affordability challenges continued for buyers, particularly in the most desirable cities.

Austria

A Slow Start but Strong Signs of Recovery Ahead

The Austrian real estate market slowed in 2024, compared to the previous year. Both transaction volumes and sales prices saw declines - particularly for houses. During the first half of the year, while apartment sales prices saw a modest increase of 1%, compared to the same period in 2023, house prices dropped by 6%. The market in Vienna broadly reflected this: the average sales price per sqm for apartments decreased to €5,151 - a 1% reduction from 2023. However, house prices in the capital fell more considerably, declining 8% over the same period. Similarly, in Salzburg, apartment sales prices fell to €4,985 per sqm, marking a 2% decrease from the previous year, while house prices experienced a sharper fall of 6%.

Beyond falling prices, transaction volumes also saw a sharp decline. Between January and June, 15,974 apartments

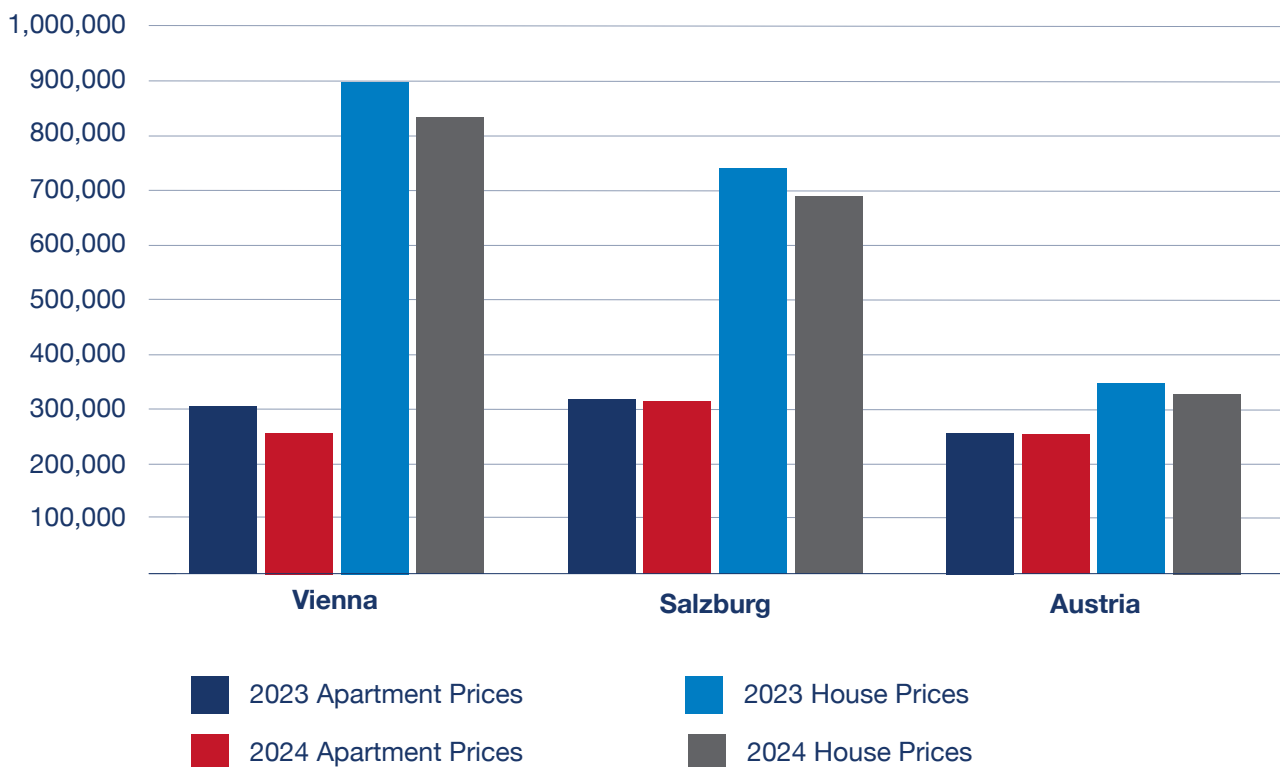
were registered under new ownership across the country, marking a substantial 20% drop from the 19,999 transactions recorded in 2023. The transaction volume of houses, on the other hand, remained relatively stable with just 50 fewer sales taking place compared to the same period previous year.

The downturn in sales activity has been primarily driven by persistently high interest rates and broader economic concerns¹⁰, which have deterred potential buyers from entering the market. However, several factors suggest that a recovery is on the horizon. The ECB's ongoing interest rate cuts are expected to improve financing conditions, making property purchases more accessible to a wider segment of buyers. Additionally, the anticipated removal of the "KIM-Verordnung" credit approval guidelines in June 2025 will reduce borrowing

restrictions, stimulating demand and encouraging market activity.¹¹ Austria's broader economic recovery is set to further strengthen buyer confidence, boosting market activity.

In addition, March 2025 saw the National Council approve a new rent cap for the regulated housing market, generally limiting rent increases to 3% per year plus half the inflation rate. This measure is expected to provide greater stability for tenants, particularly in commercial properties.¹² With favourable economic policies and improving market conditions, Austria's real estate market is on track for a gradual but sustained recovery, setting the stage for stronger performance in the year ahead.

Sales prices for apartments and houses



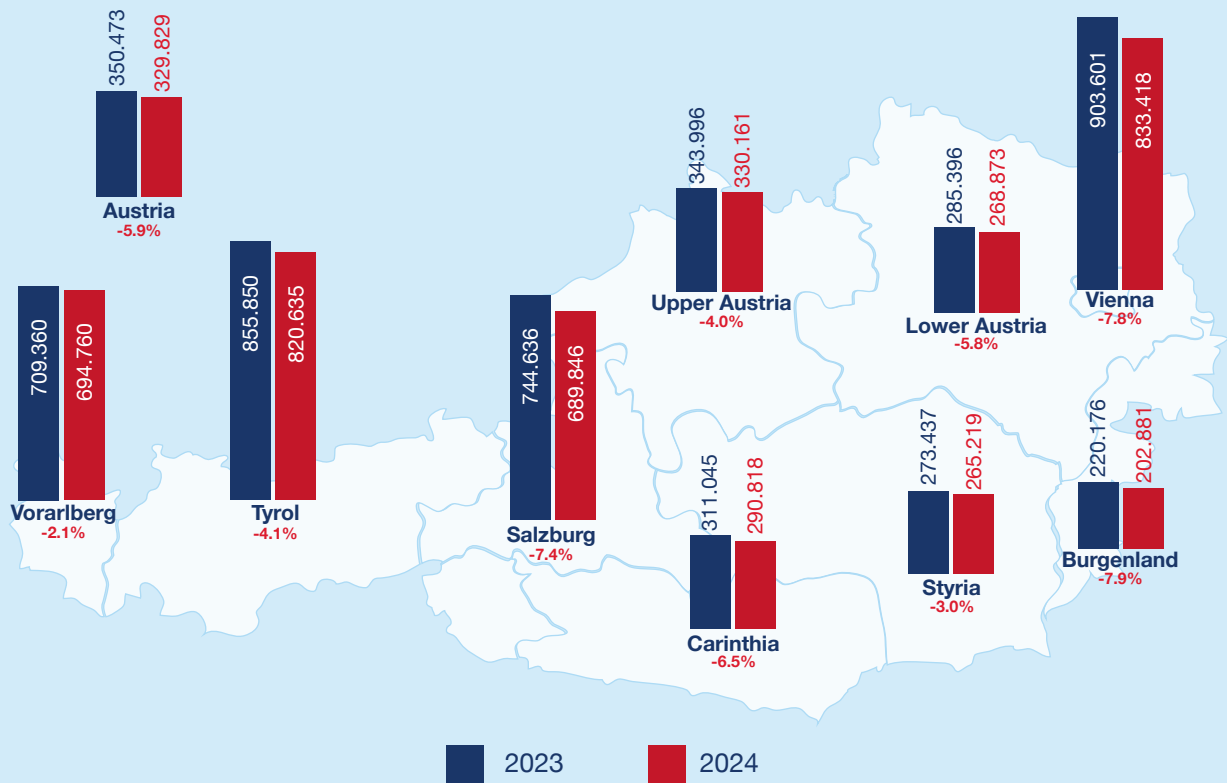
¹⁰ <https://www.globalpropertyguide.com/europe/austria/price-history>

¹¹ <https://www.wko.at/stmk/handel/lebensmittelhandel/kim-v-wird-nicht-verlaengert>

¹² <https://brandaktuell.at/2025/03/07/karriere/nationalrat-besiegelt-neuerliche-mietenbremse-fuer-regulierten-wohnungsmarkt/>

Source: RE/MAX Austria/IMMOUnited

Single-Family house prices in Austria January - June 2023 vs 2024 in Euro



We're predicting demand will go up by 5.2%, with supply growing just a bit more at 5.4%, which should improve market conditions for buyers. Prices are expected to stay pretty steady across all property types. With these shifts, lower interest rates, and the end of the 'KIM-Verordnung', we anticipate a more dynamic market environment in the coming year, where increased affordability and greater financing flexibility will help restore buyer confidence and transaction volumes."

Bernhard Reikersdorfer,
Regional Owner of RE/MAX Austria

Czech Republic

Surging prices, Shifting Preferences

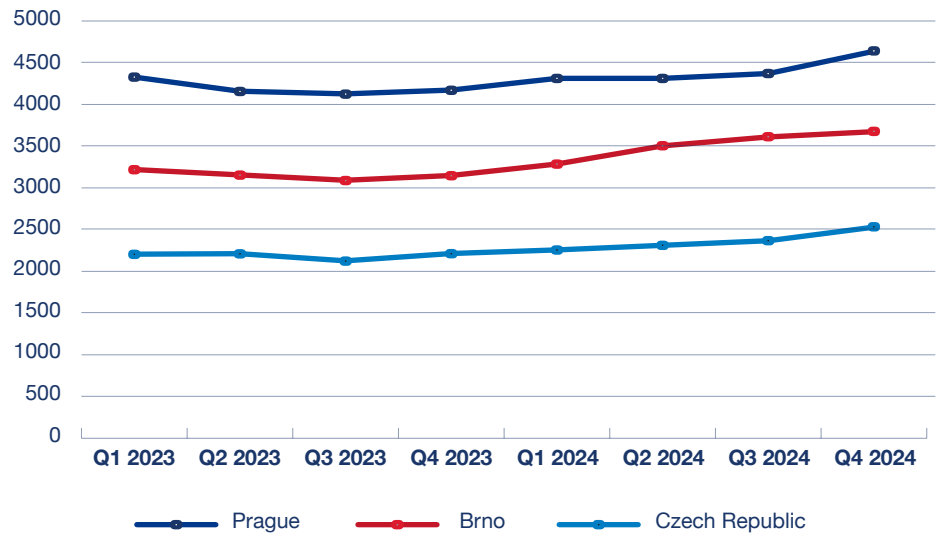
The real estate market in the Czech Republic experienced a steady rise in the average asking prices per sqm for properties in 2024. There was a 6% increase overall for properties between Q3 and Q4 alone, with apartments seeing a significant 9% jump in Q4 compared to Q3, outpacing the 3% increase for houses. The first half of the year was slower but overall growth in property listing prices per sqm, from Q4 2023 to Q4 2024, was 13%.

Despite the rise in prices, the average number of days properties for sale remained on the market varied significantly between apartments and houses. Apartments remained relatively stable, with the average number of days on the market holding at 67 - unchanged from 2023. Low days on the market for apartments – a 2024 average of 60 and 68 in Prague and Brno respectively - is due to the extremely high demand for apartments in key cities like Prague and Brno due to the high urbanisation rate as people move to cities for increased employment opportunities. The price gap between these cities and the Czech Republic more generally further exemplifies this high demand: the average asking price for a property in the Czech Republic in 2024 was €2,368 per sqm, compared to €4,413 and €3,520 in Prague and Brno respectively.

Houses, however, saw a notable increase in time on the market, with an average of 393 days in 2024 - up 12% from 351 days in 2023, demonstrating slower sales in this more expensive market segment.

The rental market saw notable fluctuations in 2024. A 2% increase in rental prices in Q1 2024 from the previous quarter, followed by a sharper 9% rise in Q2 2024, indicating ongoing market volatility. There is a growing trend of people seeking smaller properties in urban areas, rather than larger houses in the countryside due to the economic opportunities that come with living in a city.

Development of Listing Prices per sqm



There remains a stark contrast between prices across the Czech Republic, with Prague standing as one of the most expensive markets, comparable to major Western European cities¹³. Whereas other less developed regions offer much more affordable options. But across most cities, the Czech residential market has long been drawn to smaller flats, particularly those up to 60 sqm, due to their affordability and strong rental potential. As a result, most new development projects primarily cater specifically to this type of property.

“Looking ahead to 2025, we expect continued strong demand for both buying and renting driven by the suppressed demand from previous years, falling mortgage rates, and a recovering economy.

“Housing affordability will be a key issue in the upcoming election and prospective governments will be preparing initiatives like housing support for vulnerable groups, for example. However, any significant changes are likely to be slow and their effects will not be felt immediately.”



Jan Hruby,
Regional Director
of RE/MAX
Czech Republic

Germany

Falling prices, Rising Rents

The German real estate market has experienced some notable shifts in the past year. Listing prices for both apartments and houses have decreased, with a -3% year-on-year change for price per sqm. Specifically, apartments saw a larger drop of -5%, while houses had a smaller decline of -1%. These lower prices saw listed properties sell faster; the days on the market for properties decreased significantly, with a reduction of 48 days year-on-year. Apartments led this decline with a larger drop of 57 days, while houses were on the market for 38 fewer days than the previous year.

When looking at quarter-on-quarter changes, apartment listing prices per sqm in Berlin have remained relatively stable, showing minimal changes of less than 0.5% in 2024. In contrast, Hamburg saw a maximum quarterly decrease of 4% in listing prices per sqm, which was seen at the end of the year in Q4.

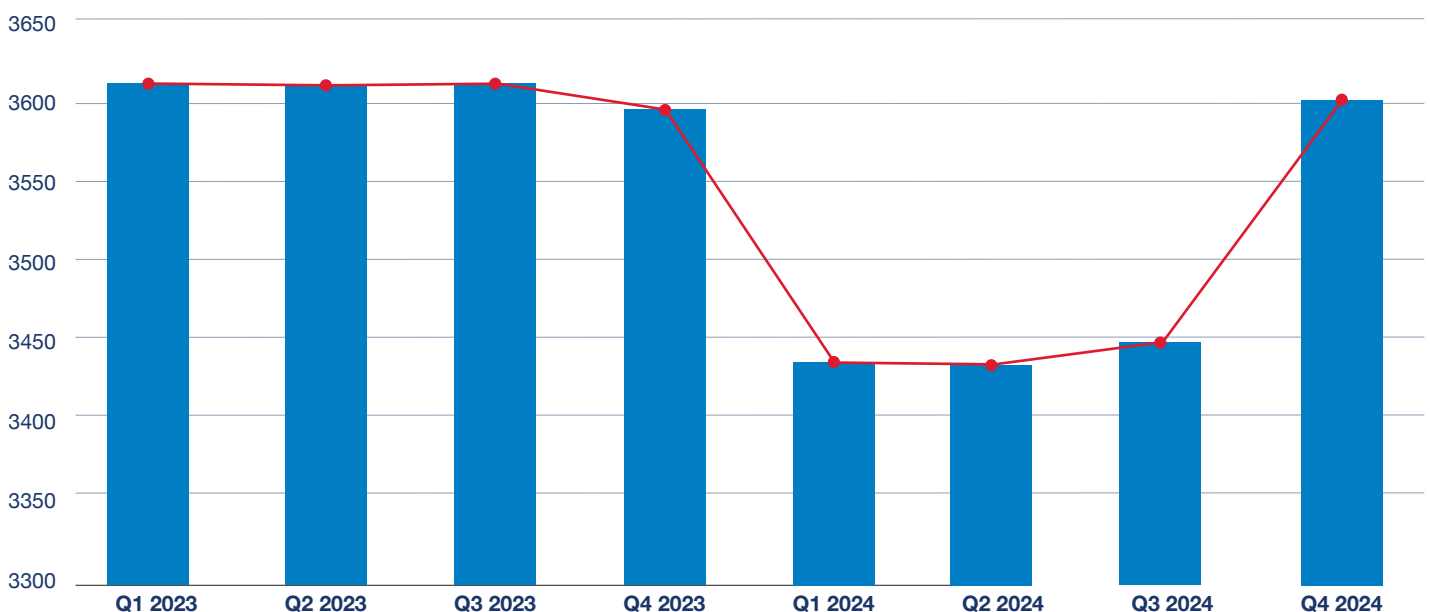
However, while listing prices decreased overall, prices in the rental market have been on the rise, with an overall 5% year-on-year increase for rent per sqm. Apartment rental prices increased by 6%, and houses by 5%. With Germany's high rent to homeownership ratio, these rising prices coupled with increasing competition for properties for sale, has made it more difficult for the country's renters to transition to homeownership.¹⁴

Despite these shifts in pricing, Germany's overall real estate market showed signs of recovery in Q4 2024, with prices per sqm rebounding after a dip in Q1. Hamburg has experienced a severe supply and demand imbalance pushing prices up faster, whereas Berlin's crowded market saw slower price increases thanks to a slightly larger housing stock.¹⁵ Rental listing prices, however, have remained unchanged in the second half of the year, with no significant shifts observed in rent

prices across all cities in Q2. Even in Hamburg, rental prices have not shown any change compared to the previous quarter.

The 2025 Federal Election could have an impact on the housing market, especially concerning construction activity and housing affordability. New policies aimed at incentivising property developers could stimulate residential developments, helping to address the persistent supply challenges.

Development of Average Asking Prices per sqm in Germany



¹⁴ <https://investropa.com/blogs/news/germany-real-estate-market>

¹⁵ <https://www.cushmanwakefield.com/en/germany/news/2025/02/marketbeat-wohnmarkt>

Italy

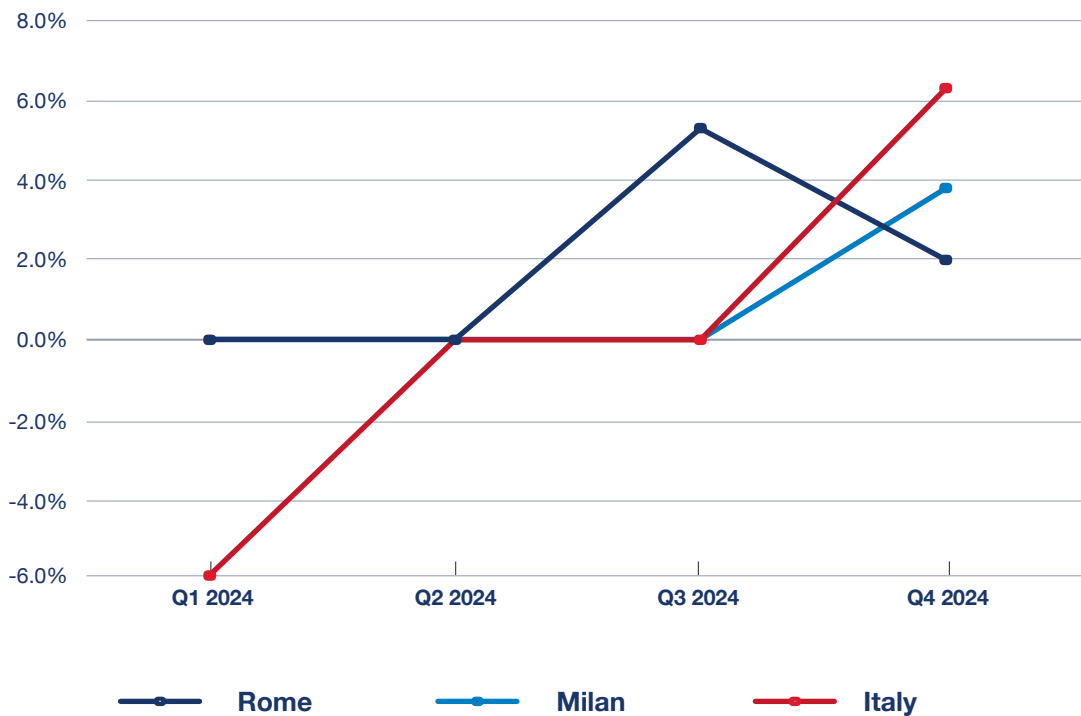
Milan Leads the Country’s Housing Market Growth

In 2024, Italy’s housing market remained one of the more affordable among major European economies. Even Milan - Italy’s most expensive city¹⁶ - offers substantially lower prices compared to other major European cities. Apartment listing prices per sqm were 51% lower than in Munich and 39% lower than in Amsterdam¹⁷, for example. Despite these comparatively low prices, the market demonstrated robust activity throughout the year, with steady growth reflected in listing prices across different cities and property types. The average listing price per sqm increased by 1% for apartments and by 4% for houses compared to 2023.

Milan led the growth, with property listing prices rising 7% year-on-year. House prices surged 10% per sqm in the city, while apartments saw a 4% increase per sqm. Other Italian cities saw more modest gains, with Rome experiencing a 1% rise in house listing prices and a 2% increase in apartment listing prices. Similarly, Milan’s rental market demonstrated strong growth. In 2023, apartment rental prices rose by 6%, while house rentals saw an 8% increase. Rome followed closely, recording a 5% rise in apartment rental prices and a 6% increase for houses. The growth in apartment rental prices in Milan over 2024 was led entirely by a 4%

spike in Q4. Rome’s rental market showed similar movement, with apartment rental prices remaining the same in Q1 and Q2 while experiencing an increase in the latter part of the year, growing 5% in Q3 and 2% in Q4. This trend likely correlates with the Jubilee 2025, beginning at the end of 2024, which is expected to attract more than 30 million pilgrims to Rome, stimulating rental demand.¹⁸

Development of Rent Prices



¹⁶ <https://www.idealista.it/en/news/property-for-sale-in-italy/2024/09/26/183223-italy-real-estate-outlook-2024-2025>

¹⁷ Europe: cost of apartments 2024, by city | Statista

¹⁸ <https://www.cbcew.org.uk/jubilee-2025-what-it-takes-to-be-a-pilgrim/#:~:text=Starting%20this%20Christmas%20Eve%2C%20the%20Eternal%20City,pious%20works%2C%20and%20have%20their%20sins%20remitted.>

However, the Jubilee's impact on the rental market has so far been more moderate than initially anticipated, as holiday homes were not the first choice for most pilgrims, and many tourists postponed their visits to avoid crowds.¹⁹ Nevertheless, other social events influenced the real estate market. The upcoming 2026 Winter Olympics in Milan-Cortina, for example, is expected to continue driving infrastructure development, further fuelling demand across the region.²⁰ This event will likely increase interest in both residential and tourist properties.

Favourable economic conditions are also shaping a positive market outlook. The ECB's interest rates have improved credit accessibility, while a strong labour market has bolstered consumer confidence.²¹

Meanwhile, new trends emerged among consumers in the market. Energy efficiency became a key priority, with the government introducing bonuses for greener houses to encourage buyers to choose energy-efficient housing.²² Many buyers now view energy efficiency as essential, valuing both sustainability and the long-term savings it brings.²³



What's particularly interesting about Italy's real estate market is how political and economic shifts are driving new trends. We're seeing heightened interest in luxury properties and those in tourist destinations like Rome and Florence, as well as in various coastal and mountain locales. International investors are increasingly drawn to Italy's competitive tax incentives and its internationally renowned locations offering historic properties in prime urban locations. The combination of architectural heritage and global appeal creates a truly distinctive market environment. With these assets, and clear signs of recovery emerging throughout the year, the market is well-positioned for continued growth and stabilisation heading into 2025."

Dario Castiglia,
Regional Owner of RE/MAX Italy

¹⁹ <https://www.euronews.com/my-europe/2025/01/10/vaticans-2025-jubilee-economic-boost-or-missed-opportunity>

²⁰ https://finance-commerce.com/2020/11/1-billion-slotted-for-milan-cortina-olympics-infrastructure/?utm_source=chatgpt.com

²¹ https://www.oecd.org/en/publications/oecd-employment-outlook-2024-country-notes_d6c84475-en/italy_f8469085-en.html#:~:text=Despite%20the%20slowdown%20in%20economic%20growth%20since,and%20record%20low%20levels%20of%20unemployment%20and%20inactivity.&text=

²² <https://www.adigrat.it/en/italys-home-bonuses-2024-everything-you-need-to-know/>

²³ <https://italianrealestatelawyers.com/investment-news/first-home-incentives-2024-updates/>

Luxembourg

Europe’s High-Priced Property Market Shows Signs of Stabilisation

In 2024, Luxembourg’s property market showed small signs of stabilisation after a challenging 2023, but there is still a long way to go.

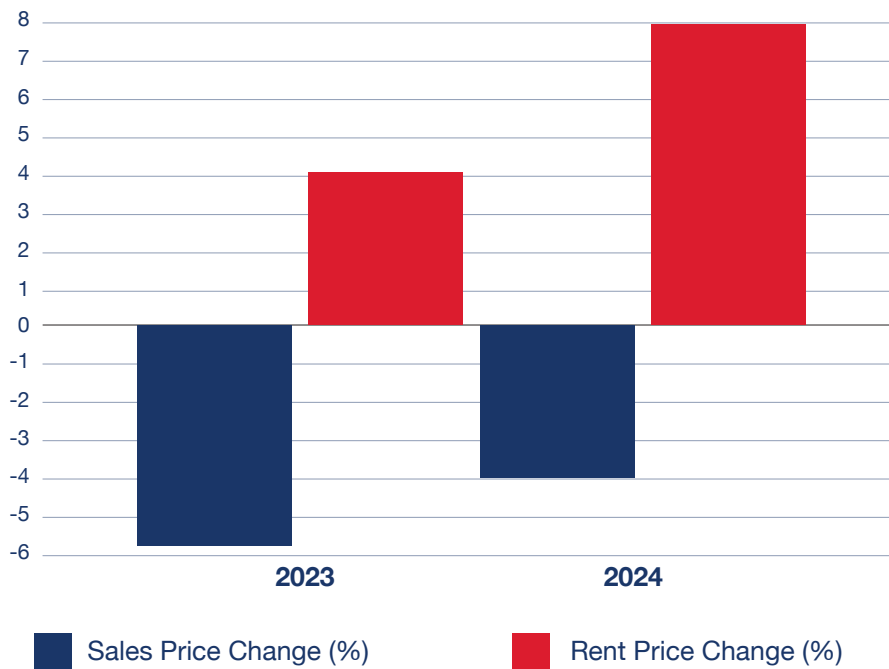
Luxembourg has consistently been among the most expensive property markets in Europe, with costs for renting and buying housing that are 87% above the EU average.²⁴ Whilst Luxembourg has kept a premium market position, the average asking price per sqm for all residential property types declined 6% in 2023 and fell by a further 4% in 2024.²⁵ The decrease in prices was most notable among houses, which experienced a 6% decline. 2024’s drop in prices is likely attributed to the region continuing to feel the effects of 2023, which saw weak property demand, limited construction activity and a struggling economy.²⁶

However, economic growth did rebound moderately in 2024, with Luxembourg’s GDP growth rising to 1.2%²⁷, showing a cautious recovery for the region. In addition, the Luxembourg Government’s intervention has helped stimulate demand. The government introduced a temporary reduction of the capital gains tax on property to a quarter of its normal rate to encourage the sale and purchase of properties.²⁸ Whilst property prices remained high in comparison to other European nations, the combination of a reduction in mortgage interest rates²⁹, the fall in property prices and new government measures enabled some buyers to cautiously return to the market.

The country’s robust financial sector attracts international companies and high-net-worth individuals, fuelling demand

for high-end residential properties and consequently driving higher prices.³⁰ On average, the asking price per sqm for apartments was €12,093 and for houses was €8,665, positioning Luxembourg as the second most expensive country in Europe for property.³¹ The centre of Luxembourg is unsurprisingly the most expensive region to buy or rent, with the average asking price for property per sqm and average price of rent per sqm standing at €10,527 and €32.3 respectively.³² This is almost double the cost of buying and renting property in the north of Luxembourg, which is the only area to have experienced a rise in apartments (5%), fuelled by buyers seeking affordable options outside the central areas.³³

Sales vs Rent price trends



24 <https://visitworld.today/blog/1739/cost-of-living-in-luxembourg-2024-updated#prices-for-renting-and-buying-housing-in-luxembourg>
 25 https://www.immotop.lu/en/prix-immobilier/?utm_
 26 <https://www.globalpropertyguide.com/europe/luxembourg/price-history>
 27 https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/luxembourg/economic-forecast-luxembourg_en
 28 <https://www.goodwinlaw.com/en/insights/publications/2024/07/insights-realestate-tax-revitalizing-luxembourgs-housing-market>
 29 <https://today.rtl.lu/news/luxembourg/a/2273967.html#:~:text=Variable%20rates%2C%20which%20are%20widespread,4.77%25%20in%20November%202024.>
 30 <https://www.statista.com/outlook/fmo/real-estate/residential-real-estate/residential-real-estate-transactions/luxembourg#analyst-opinion>
 31 <https://www.globalpropertyguide.com/europe/portugal/square-meter-prices>
 32 https://www.immotop.lu/en/prix-immobilier/?utm_
 33 <https://www.ellerealestate.lu/stabilized-prices-in-2024-and-promising-prospects-for-luxembourg-real-estate-in-2025/>

High property prices have prompted buyers to postpone purchasing property and many have turned to renting.³⁴ This has caused the average rent price per sqm for property to rise steadily, with 2024 experiencing an 8% increase compared to the previous year.³⁵

In order to manage the increased demand for rental properties, the Luxembourg Government introduced a new tax incentive, which offered investors who rent out their properties a tax break of €20,000 per person and for couples, the tax break rises to €40,000.³⁶



After a challenging 2023, the year exceeded our expectations due to a modest return of investor confidence and the country's growing attractiveness to expatriates. This momentum was largely driven by the government's new tax incentives and the falling interest rates, which modestly grew buyer confidence and increased demand. Luxembourg's rising GDP and population, thanks to the bustling financial sector in the centre, should sustain housing demand in 2025."

**Benjamin Bauquin,
Regional Owner of RE/MAX Luxembourg**

³⁴ <https://www.management-mobility.com/The-Luxembourg-real-estate-market-analysis-of-rental-demand-in-2024-newsdetail.html#:~:text=According%20to%20recent%20data%20collected,environment%20conductive%20to%20soaring%20rents>.

³⁵ https://www.immotop.lu/en/prix-immobilier/2utm_

³⁶ <https://antoniissen.com/en/news/new-measures-are-a-boost-for-the-luxembourg-property-market#:~:text=The%20Luxembourg%20government%20has%20also,break%20rises%20to%2040%2C000%20euros>.



Government interventions like Spain's rental reforms help to shape market dynamics and future trends.

Portugal

Increasing Demand Surges Price of Property

While Portugal’s GDP growth slowed to 1.7% in 2024³⁷, reflecting a cooling economy compared to previous years, the housing market remained resilient due to strong demand.

In the last year, Portugal saw house and apartment prices rise, primarily driven by increasing demand supported by both the drop in interest rates and policy interventions. On average, apartment prices surged by 13% to €1,920 per sqm, while house prices also rose considerably, by 10%, to €1,317 per sqm³⁸ to meet growing demand. This upward trend was particularly pronounced in Lisbon, where 18 out of 24 parishes saw price increases. As a result, the average price of purchasing a home in the capital city increased by 3%, reaching €4,203 per sqm – almost 40% more expensive than buying a home in Porto which, despite increasing by 12%, had an average cost of €2,992 per sqm.³⁹

Despite the end of the Golden Visa programme, international demand has helped drive the 10% rise in housing prices, particularly in the Portuguese islands. For example, in the Azores, international buyers account for nearly half of the demand for housing on the islands of Pico, Flores, Corvo, and Graciosa.⁴⁰

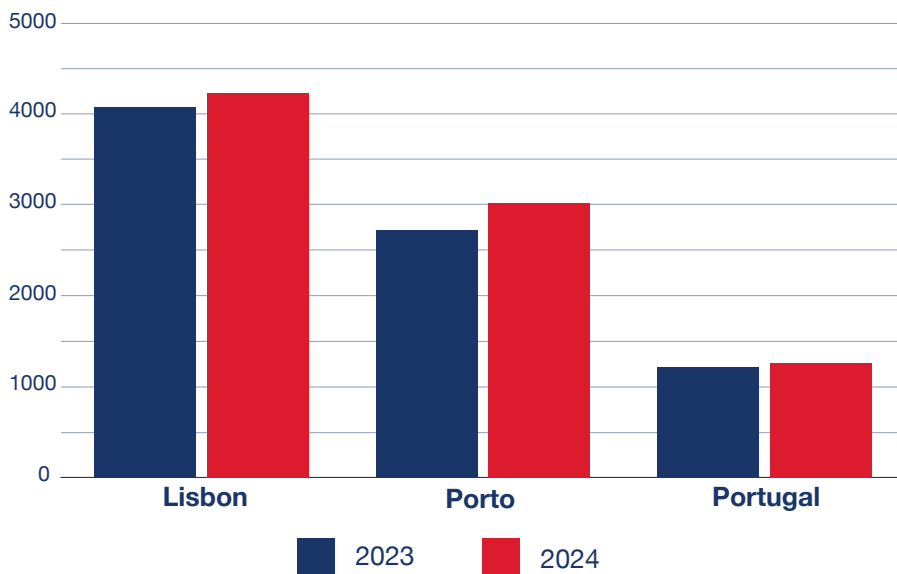
Several key factors contributed to the increased demand for property. The Portuguese government has actively positioned the country as a “safe harbour” for investment⁴¹, leading to an anticipated 15% rise in investment volume compared to 2023.⁴² This strategy, combined with falling interest rates, has reinforced confidence in the real estate market. The ECB’s decision to lower interest rates sustained demand by making borrowing more affordable.

By October 2024, the average interest rate for new housing loans had dropped to 3.4%, making home purchases

more accessible to a wider range of buyers. With over 60% of Portuguese mortgages tied to variable interest rates⁴³, this shift lowered borrowing costs while simultaneously encouraging new transactions, further driving the climb of property prices.

But while housing prices increased throughout the year, the Portuguese rental market, on the other hand, showed signs of slowing with total dwelling stock shrinking from 39% to 20% across a forty-year period.⁴⁴ This was likely due to new incentives for home purchases⁴⁵, seeing renters leave the market. Government policies - such as the tax exemption for first-time homebuyers under 35 - reduced financial barriers, enabling a younger demographic to get on the property ladder.⁴⁶ With fewer rentals on the market, price per sqm for rentals remained high Lisbon and Porto, at €15.63 and €12.21 respectively – far exceeding the national average of €7.60 per sqm.⁴⁷

Development of House Prices (per sqm)



37 https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/portugal/economic-forecast-portugal_en
 38 <https://www.globalpropertyguide.com/europe/portugal/price-history>
 39 <https://www.idealista.pt/en/news/property-for-sale-in-portugal/2024/12/12/66411-lisbon-is-the-municipality-with-the-most-expensive-homes-for-sale-in>
 40 <https://www.idealista.pt/en/news/property-for-sale-in-portugal/2024/12/03/66798-property-for-sale-in-the-azores-and-madeira-foreign-buyers-drive-demand>
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Spain

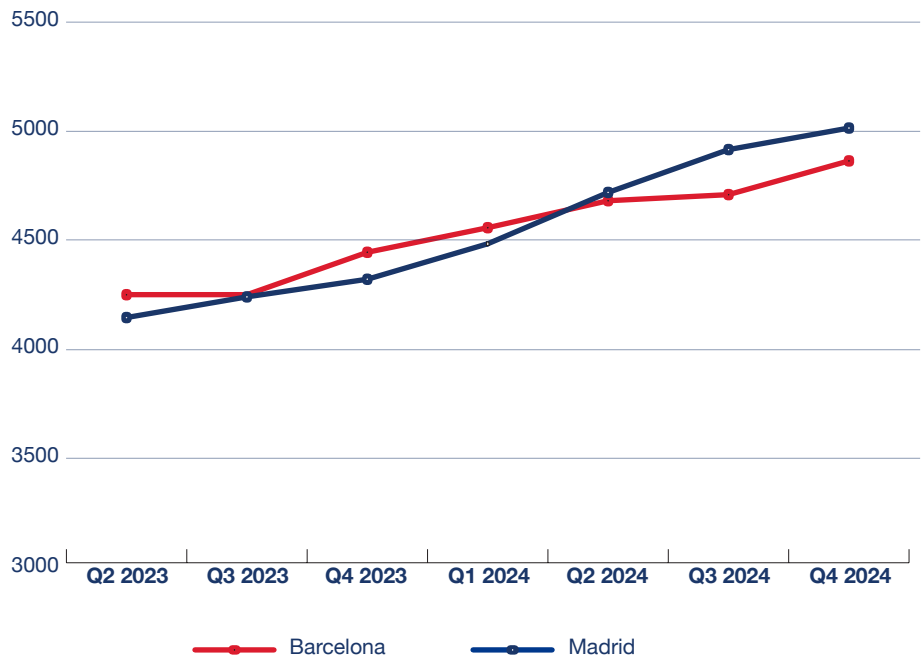
Market Boosts Beyond Expectations

Spain’s housing market has seen notable shifts over the past year, largely stimulated by the recent reduction in interest rates making homeownership more accessible and attractive. The overall average listing price per sqm in 2024 increased by 6% year-on-year. Apartments led this growth with a substantial rise of 11%, while houses for sale saw only modest growth of 0.3%.

Rental prices also trended upward, with the average rent price per sqm rising by 6%. Rent for apartments grew by 4%, while houses saw a more significant 9% rent increase. Until recently, landlords were allowed to pass agent fees onto tenants, though this practice wasn’t common across all regions. With this practice no longer an option, the rental price increases can be partly attributed to this as many landlords are now incorporating these fees into the overall cost of the rental property.

Madrid was one of the fastest growing cities for housing prices in Europe. This was partially fuelled by an increase in foreign investment and a lack of urban land available for development, resulting in historically low numbers of new housing. The city’s property market showed impressive growth, with a 16% increase in the listing price per sqm between Q3 2023 and Q3 2024. While Barcelona led with higher property prices in 2023, Madrid surpassed it in Q2 2024 with a 14% increase compared to the same period the previous year. This gap widened further in Q3, where Madrid saw a 4.2% increase from Q2, compared to 0.6% in Barcelona. However, for apartments, Barcelona remained more expensive than Madrid. By the end of 2024, Barcelona’s average property price per sqm was €4,847 - just 1% lower than Madrid’s price in Q3 and 3% lower in Q4, indicating that Barcelona may soon catch up with Madrid’s lead.

Development of Average Listing Price per sqm



The real estate market grew at a faster rate in 2024, and we expect these prices to continue their upward trajectory into 2025. The growing population, combined with limited new developments and improving economic conditions, will keep the market buoyant.

“Looking ahead to 2025, the Spanish real estate market faces a complex landscape. Measures like tax increases for foreign buyers, capping rental prices – in some regions – and limiting short-term tourist rentals are being introduced by the government – however, these policies address demand rather than the root issue. The solution to rising prices lies in increasing the supply of new housing. Foreign investors, often seen as part of the problem by the government, play a critical role in funding new property developments. Without a substantial increase in supply, property prices will be unlikely to cool down.”



Jaime Suarez
Regional Director at
RE/MAX Spain

Turkey

Inflation Drives Property Prices Skyward

Unlike most of Europe's major economies⁴⁸, where inflation was easing, Turkey entered 2024 with a high inflation at 65%⁴⁹, driven by the Central Bank's unorthodox policy of lowering interest rates and soaring production costs. This economic strain had a profound impact on the housing sector, fuelling a sharp increase in property listing prices across the country.⁵⁰

Nationwide, listing prices per sqm for houses skyrocketed 42%, while apartments increased a substantial 34% on 2023. This movement was reflected across major urban centres, with Istanbul recording a 34% increase in apartment listing prices per sqm and a 39% rise in listing prices per sqm for houses.

In contrast, the rental market experienced more tempered fluctuations. The average rental price per sqm for apartments increased by 13% on 2023, while rental prices for houses declined by 1%. This relative stability was largely due to the government-imposed rent caps,⁵¹ which were put in place in 2022. The caps, which remained in effect until July 2024, saw a 25% annual limit on rent hikes for existing tenants to help keep rental inflation in check and to provide some relief against soaring prices.⁵²

However, while nominal property prices soared, their real value - when adjusted for inflation - declined by 19% in 2024, suggesting that property price increases were primarily a reflection of inflation rather than genuine market growth.⁵³ Meanwhile, the Central Bank of the Republic of Turkey aggressively raised interest rates in a bid to offset inflation, peaking at 45%⁵⁴, making homeownership increasingly unattainable for many and discouraging existing homeowners from entering the market.

While high interest rates discouraged mortgaged purchases, they drove more cash-buying investors into the already cash-heavy market. In this way, high interest rates played a complex role in buyer dynamics, while discouraging some, they overall encouraged more people into the market who viewed real estate as an asset that can hold the value of wealth and protect against high levels of inflation.

As a result, total property sales increased by 21% compared to the previous year, reaching 1.48 million units in 2024. Small apartments proved particularly attractive among these investor-led sales, as they did too within the rental market.⁵⁵

2024 also saw political factors play a crucial role in Turkey's real estate market. The local elections brought changes in municipal leadership, introducing new policies on urban transformation, housing support, and property taxation. However, uncertainty in the pre-election period led to temporary stagnation, as buyers, investors and developers delayed decisions amid shifting policy expectations.

In addition, the earthquake that struck Turkey in 2023 continued to impact the real estate market in 2024. The disaster saw Turkish buyers become increasingly concerned with safety, taking into account the geological stability of property locations, the earthquake resistance of structures, the year of construction, and the reliability of developers.⁵⁶ It also exacerbated supply issues, as efforts to rebuild in the aftermath proved to be slower than targeted for.⁵⁷

With these economic, social and political dynamics in play, renting became a more attractive option than buying.

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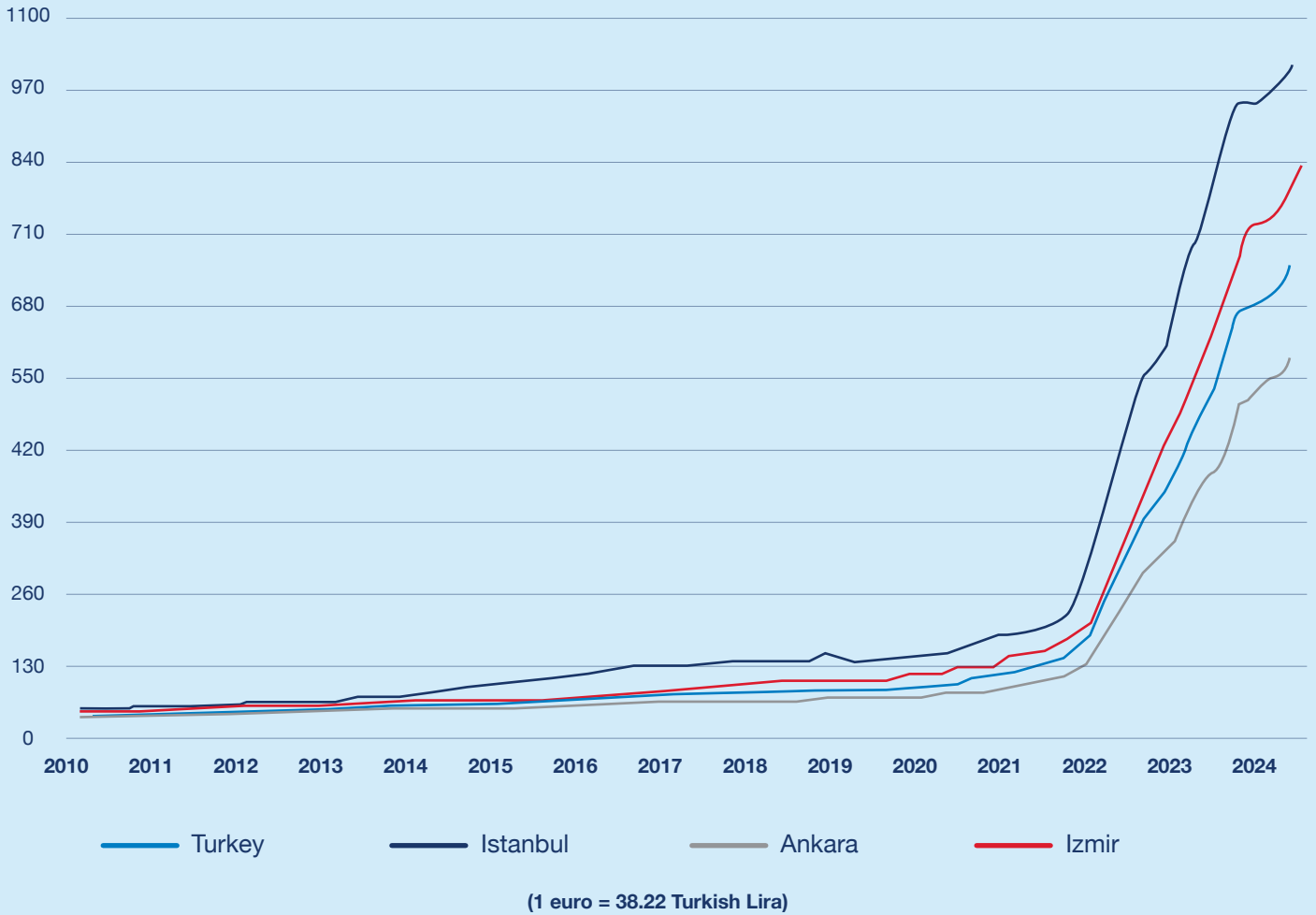
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Development of Residential Property Prices (in EUR per sqm)



While we saw investors look to guard their money by putting it into property, we did also see some domestic investors explore opportunities overseas, keen to leave the challenging economic climate of high inflation and currency swings.

“But among those who were buying in Turkey, safer properties designed to better withstand the impact of earthquakes are increasingly becoming a focus.”

Murat Goldstajn,
Regional Owner of RE/MAX Turkey

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Data Sources

This edition of “Housing Insider: European Real Estate Insights” is based on comprehensive data from across Europe. It is supported by internal data from RE/MAX Europe, as well as external market data from ProperBird – a real estate market professional’s database that aggregates and centralises information online about property listings and transactions.

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