The Streak Is Over: Home Sales and Mortgages in Spain Fall in July

The (INE) National Statistics Institute reports -5.1% property sales and -3.5% mortgages for July, while Euribor has now risen for three consecutive months.



Property sales in July

MALAGA, ANDALUSIA, SPAIN, October 2, 2026 /EINPresswire.com/ -- This week, the INE confirmed that July broke that streak on two fronts: both property sales (-5.1%) and mortgages (-3.5%) declined. The summer picture is no longer defined solely by record highs; a slowdown is also underway, affecting both sides of the transaction.

Home sales in July rose by 3.6% compared to June—a typical pattern for a month that includes deals from before the summer break. However, year-over-year figures show a decline in both metrics, a trend now reflected in the year-to-date totals: home sales from January to July were down 3.0% compared to the same period in 2025, a performance half a percentage point weaker than the figures recorded through June.

> July reminds us that the Spanish real estate market doesn't move in a straight line upward. However, the underlying issue remains: we still lack sufficient supply, particularly of affordable housing."
>
> *Pilar Manzanares, head of communications at Spainhouses.net*

That said, when June and July are viewed together, the slowdown appears less severe: sales fell by an average of just 1.9% compared to the same period in 2025, while mortgages actually rose by 3.4%, driven by the boost seen in June.

Key figures to know

1. 61,417 home sales in July, down 5.1% from a year ago.
2. 43,372 residential mortgages in July, down 3.5% year-on-year and 5.5% from June—the largest

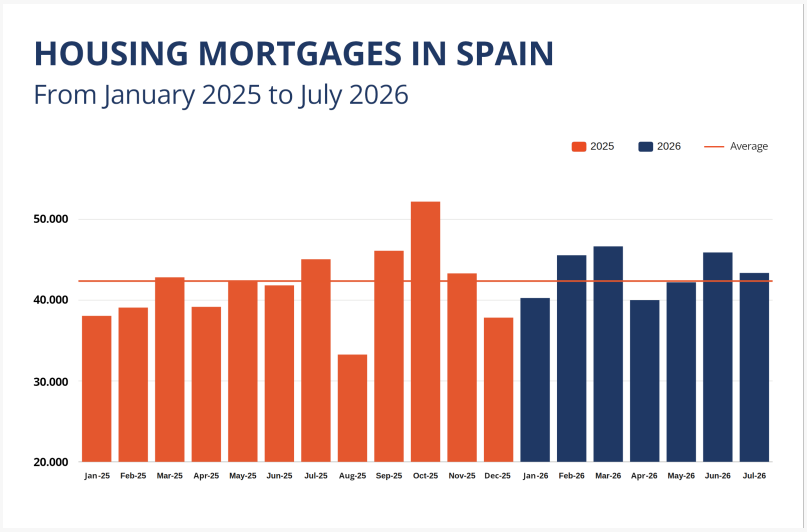
monthly drop since 2024.
3. Sales of subsidised housing plummeted 14.4% year-on-year—more than three times the decline seen in the free-market sector (-4.4%).
4. Average mortgage amount: €180,785, up 10.9% from a year ago—an all-time high.
5. The average interest rate rose to 3.01%, surpassing the 3% mark for the first time in a year and a half.



Housing sales in Spain

A sudden slowdown following the best June in nearly two decades

In July, 61,417 transactions were signed—higher than in June, yet 5.1% lower than in the same month of 2025. This discrepancy between the positive monthly figure and the negative year-over-year figure is key to interpreting the July data.



Mortgages in Spain

The market remains active; it has not ground to a halt. However, while July 2025 was exceptionally strong, July 2026 did not measure up. The year-to-date figures reflect this: the decline widened from 2.6% for the January–June period to 3.0% for January–July.

Subsidised housing: the biggest loser this summer

July makes one thing clear: the market downturn is not affecting all segments equally. Sales of market-rate housing fell 4.4% year-on-year, whereas subsidised housing dropped by 14.4%—more than three times as much. In a country with a housing supply deficit of around 600,000 units, the fact that the most affordable segment is suffering the hardest hit is the least discussed aspect of these figures—and likely the most significant for anyone looking to buy their first home on a tight budget.

Furthermore, resale properties continue to account for eight out of every ten transactions (78.4%). New construction, representing just 21.6% of the total, is not growing enough to offset either the supply deficit or the decline in resale transactions.

Mortgage lending also slows down

The INE has released the final piece of the puzzle: in July, 43,372 residential mortgages were signed—down 3.5% year-on-year and 5.5% compared to June, marking the sharpest monthly drop since 2024. Even so, the average loan amount hit an all-time high of €180,785- that's a 10.9% increase. Fewer mortgages are being taken out, but the individual loan amounts are larger.

The average interest rate has risen above 3% for the first time in a year and a half, reaching 3.01%. Fixed-rate mortgages remain the most common choice, accounting for 62.3% of transactions for the eleventh consecutive month. Nevertheless, the cumulative figure for mortgages from January to July remains positive—up 5.4% compared to 2025—standing in stark contrast to the trend in home sales.

The Euribor offers no respite either

Added to the uncertainty about home sales and mortgages is the uncertainty over the index that determines the monthly payments for most variable-rate mortgages. The 12-month Euribor closed its provisional average for September at 3.223%—three-tenths of a percentage point higher than August's 2.954% and the third consecutive monthly rise, following increases in June (2.798%) and July (2.855%).

Borrowers with a variable-rate mortgage due for a rate reset will feel the impact on their next payment, even though new mortgages are currently being signed—on average—at similar or even slightly lower rates, provided borrowers opt for a variable-rate product.

A split in the regional landscape

Regarding property sales, Navarre leads the gains with a surprising 26.4% year-on-year increase, followed by Galicia (10.8%) and Castile and León (9.7%). The regions seeing the sharpest declines are Asturias (down 15.2%), the Balearic Islands (down 14.3%), and the Basque Country (down 12.4%).

The picture shifts for mortgages: the Balearic Islands (+8.6%), Asturias (+8.1%), and Galicia (+7.1%) show growth, while Cantabria plummets by 26.9%, followed by Aragon (-20.5%) and La Rioja (-19.7%). Home sales in the Balearic Islands fell while mortgages rose, clearly illustrating month-to-month fluctuations in regional data.

What Lies Ahead

Added to this are the processing of the 2027 General State Budget and the decree regulating seasonal rentals—two legislative matters that will continue to shape the sector's agenda through the end of the year.

The question raised is not whether the market has stalled—because it hasn't; the year-to-date mortgage figures remain positive. Rather, the question is whether July represents a pause in a year that—in terms of credit granted—is still outperforming 2025, or maybe it is the first sign that lending is also beginning to slow down.

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