NPL&REO in Spain 2026

SPRING UPDATE

The Spanish NPL market is undergoing a profound transformation. Although sales on the primary market are slowing down, there are still plenty of investment opportunities, given that Spain continues to hold the second largest volume of NPL in Europe.

Economy

The Spanish economy ended 2025 with robust growth of 2.8%, outpacing the major economies of the Eurozone, driven by domestic demand and investment. In 2026, growth is forecast to ease to 2.4%.

3.5% (2024)

2.8%

GDP GROWTH 2025
SOURCE: INE

2.9% (2024)

2.7%

INFLATION RATE 2025 (HICP)
SOURCE: INE/EUROSTAT

2.8% (2025)

2.2%

GDP GROWTH 2026 (FORECASTS)
SOURCE: BANK OF SPAIN

Property Market

The residential market continued to strengthen in 2025, with 551,257 homes sold by the end of Q3, up 6.75% year-on-year. Prices also rose (+12.08%), outpacing sales growth and reaching €2,153 per sqm by late September. Reflecting this trend, mortgage lending expanded, with €82.044 billion in new housing loans granted over the year, 32.6% higher than in 2024.

516,378 (Q1-Q3 2024)

551,257

DWELLINGS SOLD (Q1-Q3 2025)
SOURCE: MINISTERIO DE VIVIENDA Y AGENDA URBANA (MVAU)

9.8% (Q1-Q3 2024)

6.7%

Y-O-Y VARIATION IN HOUSING SALES (Q1-Q3 2025)
SOURCE: MVAU

6.0% (Q3 2024)

12.1%

Y-O-Y HOUSING PRICE VARIATION (Q3 2025)
SOURCE: MVAU

€1,921/sqm (Q3 2024)

€2,153/sqm

HOUSING AVERAGE SALES PRICE (Q3 2025)
SOURCE: MVAU

€61.7bn (2024)

€82.0bn

NEW MORTGAGES GRANTED (2025)
SOURCE: INE/BANK OF SPAIN

14.2% (2024)

32.6%

Y-O-Y VARIATION IN NEW MORTGAGE VOLUME (2025)
SOURCE: INE/BANK OF SPAIN

NPL Stock and Ratio

Spain's NPL stock fell by 9.4% over the past twelve months, standing at €69 billion at the end of Q3 2025 — €7.2 billion less than a year earlier. Despite this sustained progress in reducing impaired assets, the country still holds the second-largest NPL volume in the European Union, surpassed only by France. Nevertheless,

-€7.2bn (Q3 2024)

€69.0bn

NPL STOCK (Q3 2025)
SOURCE: EBA

20.0% (Q3 2024)

18.5%

SHARE IN EUROPE'S NPL STOCK (Q3 2025)
SOURCE: EBA

2.8% (Q3 2024)

2.5%

NPL RATIO (Q3 2025)
SOURCE: EBA

the weight of Spanish banking NPLs within the European context declined by 1.5 percentage points (p.p.) over the period to 18.5%. Following a cycle of successive fluctuations, Spanish NPLs have recorded consistent quarterly declines since Q2 2024. Q3 2025 was no exception: volumes decreased by 2.0%, equivalent to €1.4 billion, compared with €70.4 billion in the previous quarter. As a result, the stock reached its lowest level since 2013, falling below the previous trough of €69.7 billion recorded in Q4 2019.
After several quarters of stability and oscillation between 2.7% and 2.8%, the Spanish NPL ratio has trended downward over the last three quarters, reaching 2.5% as of Q3 2025.

HOUSEHOLDS
(Q3 2025)

61.0% (Q3 2024)

61.0%
OF SPANISH NPLS
€42.4bn/-9.0% Y-O-Y
SOURCE: EBA

46.0% (Q3 2024)

39.0%
OF NPL TO HH SITS IN MORTGAGES
€16.7bn/-22.0% Y-O-Y
SOURCE: EBA

NON-FINANCIAL CORPORATIONS
(Q3 2025)

37.0% (Q3 2024)

37.0%
OF SPANISH NPLS
€25.7bn/-10.8% Y-O-Y
SOURCE: EBA

24.0% (Q3 2024)

19.0%
OF NPL TO NFC IS SECURED BY CORPORATE REAL ESTATE
€5.0bn/-27.5% Y-O-Y
SOURCE: EBA

Potential NPL Deals

Over the past decade, Spain's NPL market has continued to evolve as NPL stocks have fallen significantly, entering a new stage of maturity. Alongside this decline, investors and servicers whose business models were designed to operate at scale in a high-volume environment have been rethinking their strategies for Spain. Some have withdrawn from the market altogether to refocus on other emerging jurisdictions.

The year 2025 saw a profound transformation. Deal volumes declined sharply, with primary market transactions estimated at around €3.2 billion — well below the double-digit annual volumes recorded over the past decade.

Besides, the approval of a new law to regulate the sale and management of NPLs — transposing Directive (EU) 2021/2167 — marked a turning point for financial institutions, investors, and specialised servicers. The new framework introduces additional obligations for purchasers, sellers, and servicers of NPLs, as well as new authorisation and supervisory requirements under the oversight of the Bank of Spain. It also amends the regime governing the registration of secured credit transfers, which has implications for insolvency proceedings and restructuring plans.

Despite this shift, the NPL transaction race in Spain is far from being and investment opportunities still abound. However, investors may increasingly need to turn their attention to the secondary market. Another notable trend is the growing importance of re-performing loans, a category of debt that distressed investors are increasingly bringing to market.

€3.2bn
NPL SALES 2025 (ESTIMATED)
SOURCE: PRIME YIELD