

THE ARGALI LIVING REPORT

# Room to Grow in Southern Europe

2026

The definitive guide to student housing, flexible living and urban residential investment across Spain, Portugal and Italy – with Madrid at its centre.

**2.8%**

Spanish GDP growth, 2025 –  
c.2x the euro area

**~7%**

PBSA provision rate vs. ~14%  
EU average

**~540k**

Estimated Spanish student-  
bed shortfall

**€1.7bn**

Deployed into S. European  
PBSA, 9M 2025

## EXECUTIVE SUMMARY

# Southern Europe has entered a new demographic and economic cycle.

Population growth, migration, urbanisation and student mobility are reshaping residential real estate across Spain, Portugal and Italy at the same moment institutional capital is rotating decisively into operational living assets. The result is a structural mismatch between where people need to live and what the market has built – and Southern Europe is its sharpest expression.

Spain anchors the story. The economy grew **2.8% in 2025**, following 3.5% in 2024, comfortably outpacing a euro area expanding at roughly 1.4–1.5%. Growth is increasingly investment-led, unemployment fell below 10% in early 2026 for the first time since 2008, and the population reached a record **49.4 million** – driven almost entirely by migration.

That demographic engine has collided with a housing system that cannot keep pace. Spain has accumulated a housing deficit estimated by the Bank of Spain at around **700,000 homes** since 2021, with completions stuck near 100,000 a year against net household formation of roughly 250,000. Nearly half the shortfall sits in just five provinces, led by Madrid.

Within living, purpose-built student accommodation (PBSA) is where the imbalance is most acute and most investable. Spain's provision rate sits near **7%** – against an EU average around 14% and UK levels above 30% – implying a bed shortfall on the order of half a million. Italy (provision near 4%) and Portugal (5.8%) are tighter still. Capital has noticed: investors placed over **€1.7 billion** into Southern European PBSA in the first nine months of 2025, roughly triple the prior-year period.

*The defining constraint in Southern Europe is no longer demand. It is supply.*

## THE CENTRAL THESIS OF THIS REPORT

This report examines that thesis across eight chapters – from the demographics underpinning demand, through Spain's macro outperformance and housing gap, to the institutionalisation of PBSA, the rise of flexible living, and the investment themes defining the decade to 2035. It closes with the strategy through which Argali is positioned to deliver where supply is scarcest.

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# Eight chapters, one structural thesis.

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MADRID · EDIFICIO METROPOLIS · GRAN VÍA

CHAPTER ONE

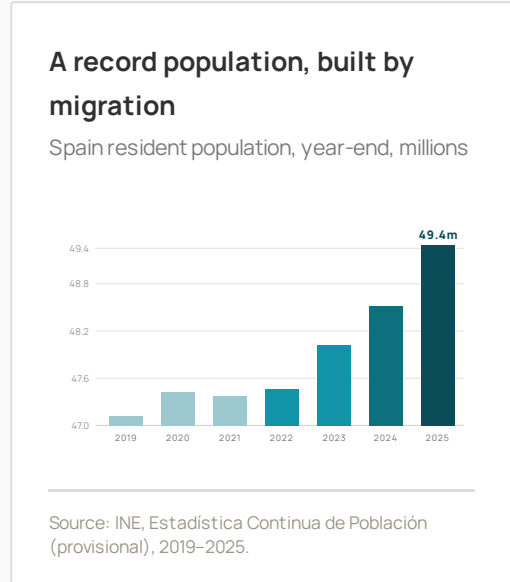
# The Southern European Living Opportunity

## I. DEMOGRAPHIC TRANSFORMATION

**S**outhern Europe is being reshaped not by a baby boom but by movement. Spain's population reached a record 49.4 million by late 2025, yet its fertility rate – about 1.1 children per woman – is among the lowest in the world. The entire increase is migration.

In the year to October 2025 the population grew by roughly **474,000 people**, even as the Spanish-born population edged down. Residents born abroad surpassed **9.8 million** – over one in five – led by Colombian, Venezuelan and Moroccan arrivals, alongside returning Spaniards.

This is not transient. The OECD and Bank of Spain both frame migration as structurally necessary: with a rapidly ageing native population, Spain needs millions of additional working-age migrants over coming decades to sustain its labour force and pensions. Those arriving now are young, urban and economically active – the cohort that forms households and rents rather than owns.



## II. MIGRATION, MOBILITY & THE URBAN PULL

Three flows compound. **International migration** concentrates in cities where jobs and transport cluster. **Domestic mobility**: nearly three-quarters of Spanish students study in a city other than their own, and almost 30% must change province – a demand pool that increasingly must rent purpose-built accommodation. **International talent attraction**, accelerated by Spain's 2023 digital-nomad visa and the Beckham-law tax regime, has made Madrid, Barcelona and Valencia magnets for mobile professionals. Each flow lands on the same scarce asset: well-located, professionally managed, all-inclusive urban housing.

<p><b>9.8m</b></p> <p>Residents born abroad – over 20% of population</p> <p>INE, 2025</p>	<p><b>~75%</b></p> <p>Students studying outside their home city</p> <p>Min. of Universities</p>	<p><b>1.1</b></p> <p>Births per woman – among world's lowest</p> <p>INE, 2024</p>	<p><b>+474k</b></p> <p>Annual population growth to Oct 2025</p> <p>INE, 2025</p>
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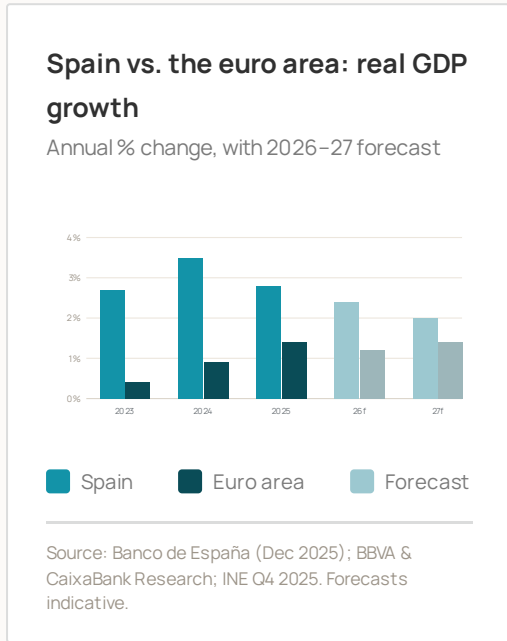
CHAPTER TWO

# Spain: Europe's Unexpected Growth Engine

A country once synonymous with crisis is now the eurozone's growth leader – driven by domestic demand, employment and investment, not a one-off rebound.

THE MACRO CASE

# The eurozone's standout performer.



I. THE EXPANSION

Spain grew 2.8% in 2025 after 3.5% in 2024, and since end-2019 has expanded roughly 2.8 points faster than the euro area. Q4 2025 GDP rose 0.8% – the fastest in a year – led by consumption and a 1.9% jump in investment.

The Bank of Spain projects continued, normalising growth: about **2.3–2.4% in 2026** and ~2.0% in 2027 – still ahead of a euro area near 1.2%, with Germany and Italy lagging. The mix is shifting from migration-fuelled "quantity" growth toward investment-led expansion, constructive for real assets.

II. EMPLOYMENT, CAPITAL & HOUSING DEMAND

Unemployment dipped below 10% in January 2026 (to ~9.9%) – the first sub-10% reading since Q1 2008, after peaking above 26% in the crisis. Job creation, rising real incomes and easier financing reactivated housing demand to levels unseen since 2007, with over **714,000 dwelling transactions** in 2025. International capital has followed, with Dutch, North American and pan-European institutions especially active in living assets. The through-line: a fast-growing, urbanising, in-migrating population with rising incomes is generating housing demand faster than supply can respond.

<p><b>2.8%</b></p> <p>2025 GDP growth – ~2x euro area</p> <p>INE, 2025</p>	<p><b>9.9%</b></p> <p>Unemployment – first sub-10% since 2008</p> <p>INE, Jan 2026</p>	<p><b>714k</b></p> <p>Home transactions 2025 – highest since 2007</p> <p>INE, 2025</p>	<p><b>&lt;100%</b></p> <p>Public debt/GDP, back below 100% in 2026</p> <p>Banco de España</p>
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CHAPTER THREE

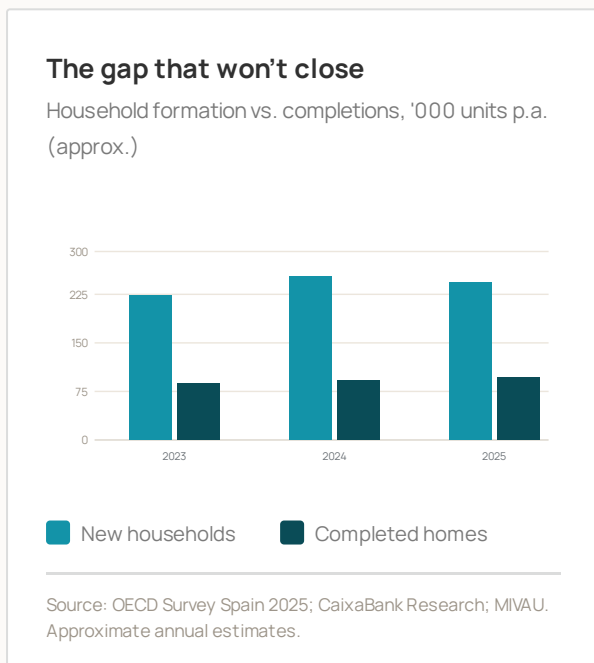
# The Housing Gap

A widening, geographically concentrated deficit is the structural backdrop against which every living-sector thesis must be read.

SUPPLY VS. DEMAND

# Spain creates households far faster than it builds homes.

Since 2010 Spain has formed roughly 1.9 million new households but completed only about 1.2 million homes. Recent years are starker: for every ~250,000 households created annually, the country completes only ~100,000 dwellings. The Bank of Spain estimates the accumulated shortfall at around **700,000 homes**, expected to approach **800,000 by 2027**.



I. WHY SUPPLY CAN'T RESPOND

Permits are rising – free-market starts reached ~122,000 units in 2025, up 8.6% – but completions stay flat. The gap between permits and finished homes is the widest since 2010. The causes are operational: labour shortages, materials delays, grid-connection bottlenecks, and a heavy licensing burden that stretches timelines by years.

Layered on top, the 2023 Housing Law's rent controls and eviction restrictions have accelerated the exit of small private landlords – shrinking the informal rental supply students and young renters rely on. Professional, institutional product is left to fill a widening void.

II. CONCENTRATED WHERE IT HURTS MOST

The deficit is not even. Roughly **half the national shortfall sits in five provinces** – Madrid, Barcelona, Valencia, Alicante and Murcia – with Madrid alone short an estimated 200,000-plus homes. These are where population growth, in-migration and student demand concentrate, and where land, regulation and construction capacity bind hardest. New rental contracts recorded double-digit increases in 2025, with Idealista reporting national rent growth of about **8.5%**.

*Almost half of Spain's housing deficit is concentrated in five provinces – and Madrid leads them all.*

CAIXABANK RESEARCH · UVE VALORACIONES, 2025-26

#### CHAPTER FOUR

# PBSA: From Alternative to Institutional

A decade ago, Iberian student housing was a fragmented cottage industry. Today it is one of Europe's most contested institutional living sectors.

## THE SECTOR

# Student housing has graduated from niche to core.

## I. THE SOUTHERN EUROPEAN UNDERSUPPLY

**P**rovision rate – beds per 100 students – is the clearest measure of opportunity. The European average is ~14%; the UK exceeds 30% and Sweden surpasses 20%. Spain sits near **7%**, Portugal at **5.8%** (Lisbon just 4.3%), and Italy lowest at roughly **4%**, with private provision near 2%. These are multiples of unmet demand, not narrow gaps.

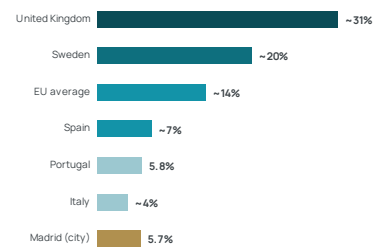
The bed-arithmetic is severe. Spain holds an estimated 107,000–125,000 PBSA beds against well over 600,000 mobile students – a shortfall on the order of **half a million beds** and a ratio above 17 students per bed, the highest in Europe. In the most pressured cities – Madrid, Barcelona, Lisbon, Milan, Rome, Bologna – the ratio runs from 9:1 to as high as 13:1.

## II. CAPITAL ARRIVES AT SCALE

In Savills' 2025 barometer, Italy (19%) and Spain (11%) ranked as Europe's two most sought-after PBSA markets, Portugal close behind. Over **€1.7 billion** was deployed into Southern European PBSA in 9M 2025 – roughly triple the €570 million prior-year period. The defining deal was **Nido Living's €1.2 billion acquisition of Brookfield's Livensa Living platform** (~9,000 beds across 22 Iberian assets), backed by CPP Investments with a c.€700 million debt package from Crédit Agricole CIB and AXA IM – among Europe's largest 2025 real estate transactions.

### Provision rate: the opportunity, mapped

PBSA beds per 100 students, by market (approx.)



Source: Savills / The Class Foundation European PBSA Barometer 2025; JLL; Bonard; Cushman & Wakefield. Definitions vary by source.

III. THE REGULATORY CATALYST

## A 10% accommodation mandate, written into law.

Late in 2025 the Council of Ministers approved **Royal Decree 905/2025**, updating the criteria for authorising universities and now requiring institutions to provide accommodation for at least **10% of their student body** – directly or through formal partnerships with housing providers. For a market at 7% provision, this is a structural demand mandate enshrined in regulation.

Prime PBSA yields in Madrid and Barcelona have moved through a full cycle – from a 4.25% trough in early 2022, out to 5.0–5.25% as rates rose, and back toward c.4.5% – demonstrating the sector’s resilience and the depth of institutional appetite.



IV. THE CONCESSION MODEL

Royal Decree 905/2025 also elevates the *concession model*. By developing on public land – university campuses, municipal parcels – under long (40–75 year) concessions, operators access prime locations without buying land, reduce upfront capital, deliver more affordable rents, and secure long-duration income attractive to core and infrastructure capital. The trade-off is real: tighter operational restrictions and dependence on public contract terms. But for patient, institutionally-minded developers, concession is the most scalable route into the markets where private land is simply unavailable.

<p><b>17:1</b></p> <p>Students per PBSA bed in Spain – tightest in Europe</p> <p>Savills, 2025</p>	<p><b>€1.7bn</b></p> <p>S. European PBSA investment, 9M 2025 (vs €570m)</p> <p>Savills, 2025</p>	<p><b>€1.2bn</b></p> <p>Nido-Livensa deal, ~9,000 Iberian beds</p> <p>Savills / CACIB</p>	<p><b>10%</b></p> <p>Accommodation mandate, Royal Decree 905/2025</p> <p>BOE, 2025</p>
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CHAPTER FIVE

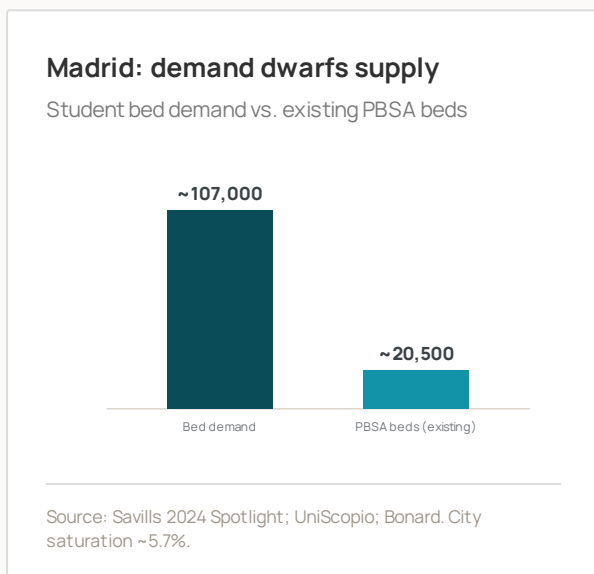
# Madrid: The Capital of Southern European Living

Every structural force in this report converges on one city.

THE MARKET

# The most undersupplied PBSA market in Spain.

Madrid is simultaneously Spain’s fastest-growing major population centre, the heart of its housing deficit, the seat of its largest university ecosystem, and the most acutely undersupplied PBSA market in the country. For a living-sector investor, the question is less whether to be in Madrid than how to access it.



I. THE NUMBERS

The Comunidad de Madrid hosts ~311,000 university students across **6 public and 13 private universities**, roughly 56% in the capital itself. International enrolment runs around 15% and rising — and international students are two-to-three times more likely to choose PBSA over an informal flat-share.

Madrid holds ~19–24% of national PBSA stock yet is among the most saturated markets, with city-level provision around **5.7%** and district ratios approaching four students per bed. Even the pipeline — the largest in Spain at ~5,700 beds — barely moves the dial.

II. PRICING & THE CAMPUS-EDGE THESIS

Private rooms in central student districts run roughly €550–750/month, while PBSA beds command €1,100–1,600 — a premium the all-inclusive, professionally managed product sustains because the alternative (sourcing, furnishing and splitting an informal flat, with utilities, deposits and coordination costs) is both costly and scarce. Madrid’s dense metro and Cercanías network makes campus-edge sites viable even beyond walking distance: where a large public-university population faces long commutes and almost no purpose-built supply nearby, a well-located, metro-adjacent asset can capture demand with no real alternative. Proximity to transport, not just the campus gate, is the decisive locational variable.

<p><b>~311k</b></p> <p>Students in the Comunidad de Madrid</p> <p>Min. of Universities</p>	<p><b>19</b></p> <p>Universities — 6 public, 13 private</p> <p>Min. of Universities</p>	<p><b>5.7%</b></p> <p>City-level PBSA saturation</p> <p>Bonard</p>	<p><b>€1.1–1.6k</b></p> <p>Monthly PBSA bed pricing range</p> <p>Lodgerin, 2026</p>
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CHAPTER SIX

# Flexible Living & the New Urban Consumer

The same forces driving student-housing demand extend into a broader, faster-growing cohort: young professionals, remote workers and the internationally mobile.

BEYOND STUDENTS

# The PBSA resident graduates – and still needs somewhere to live.

**F**lexible living – the spectrum from co-living to serviced and “flex” residential – answers a demographic the traditional Spanish market serves poorly: residents who prize flexibility over a 12-month unfurnished lease, who want bills, WiFi, community and amenity bundled into one monthly payment, and who move for work rather than settle for life.

Spain’s 2023 **digital-nomad visa**, paired with the Beckham-law tax regime, has accelerated the inflow. Spain now routinely tops global digital-nomad rankings, and Madrid, Barcelona and Valencia have become focal points for mobile professionals – typically 25–45, often international, squarely in the flex target market. Co-living capacity was projected to reach roughly **20,000 beds by 2025**, concentrated in those cities.

For the investor, the value is operational continuity. A platform that can house an 18-year-old undergraduate and, six years later, the same person as a 24-year-old consultant, captures a resident across the full early-career arc. The asset types differ in unit mix and tenancy length, but the operating DNA – branded, amenitised, all-inclusive, professionally managed urban living – is shared. Flex living is not a different demand pool from PBSA; it is the same residents, five years older, with more income and the same aversion to friction.



FLEXIBLE LIVING · SHARED AMENITY LOUNGE

### The flex resident, by use-case

COHORT	STAY	WHAT THEY PAY FOR
Young professionals	6–18m	Location, community, no setup friction
Digital nomads	1–6m	Connectivity, flexibility, all-inclusive
Corporate mobility	3–12m	Turnkey, serviced, single invoice
Post-grad / interns	3–12m	Affordability, social network

CHAPTER SEVEN

# Investment Themes for 2026–2035

Five themes will define Southern European living and adjacent operational real estate to 2035 – ranked by the strength of the structural case, not consensus.

THE DECADE AHEAD

# Where structural demand meets a supply system that cannot respond.

**The Argali investment-theme matrix**  
 Indicative positioning – strength of structural case vs. operational intensity

THEME	STRUCTURAL DEMAND	OPERATIONAL INTENSITY	HORIZON	ARGALI STANCE
PBSA	Very high	Medium-high	Long	Core conviction
Flexible living	High	High	Medium-long	Strategic build-out
Urban residential / PRS	High	Medium	Long	Selective
Data centres	Very high	Specialist	Long	Watch / adjacent
Logistics	Moderate	Low-medium	Medium	Watch

Argali's assessment of the Iberian opportunity set; not investment advice. Ratings weight undersupply, demographics and regulatory tailwind.

### I. PBSA – CORE CONVICTION

Everything in chapters one–five points here. A ~7% provision rate, a half-million-bed shortfall, a 10% mandate now in law, resilient yields and the deepest global capital converge on student housing as the highest-conviction living theme in Iberia. The binding constraint is sourcing and delivering sites – favouring operators able to execute across freehold, conversion, concession and PPP.

### II. FLEXIBLE LIVING – BUILD-OUT

Flex captures the post-graduate continuation of PBSA demand plus an independent professional and nomad cohort – more operationally intensive, but it diversifies the tenant mix.

### III. URBAN RESIDENTIAL – SELECTIVE

The 700,000-home deficit makes mainstream residential structurally attractive, but rent regulation and affordability politics demand selectivity. The clearest opportunities sit in regulated/affordable formats (the *Plan Vive* model has drawn DWS, Ares and others) and in build-to-rent where planning and basis allow.

### IV-V. DATA CENTRES & LOGISTICS – ADJACENCIES

Spain's energy mix, land and connectivity have made it a fast-rising data-centre destination, amplified by the AI cycle – a specialist, power-intensive play. Logistics remains moderate and mature. Neither is core to Argali's living mandate, but both reshape the same cities.

CHAPTER EIGHT

# The Argali Platform

Argali exists to convert a structural supply gap into institutional-grade living assets — disciplined in underwriting, ambitious in execution.

## PLATFORM OVERVIEW

# Positioned to deliver where others cannot.

## I. INVESTMENT PHILOSOPHY

Our conviction is singular: in Southern Europe, demand is settled and supply is the binding constraint. We concentrate where the gap is widest and the barriers to delivery are highest — because those same barriers protect returns. We underwrite to **IC-grade rigour**, in plain language, with conservative occupancy ramp-ups and a clear-eyed view of risk, favouring assets with long-duration, defensible income.

## II. THE SOUTHERN EUROPE STRATEGY

We focus on Iberian living — PBSA at the core, flexible and urban residential as adjacencies — with Madrid as the anchor market and a disciplined extension into Spain's and Portugal's most undersupplied university cities. We pursue a deliberately wide combination of routes to delivery: **greenfield development, conversion of existing assets, freehold acquisition, concessions and public-private partnerships**. We prefer **freehold** for the control and value capture it affords, but we will use concession and PPP structures where they unlock prime public land that is otherwise unavailable.

## III. THE OPERATING MODEL

Argali pairs real-estate origination with an operationally-aware development approach — sourcing, deal structuring across freehold, concession and PPP, financial modelling, development oversight and lease-up — in markets where fragmented competition rewards an integrated, local platform.

## IV. PIPELINE APPROACH

We pursue a measured pipeline of campus-edge and city-centre opportunities, each subjected to independent commercial due diligence, a like-for-like cost comparison against the private-rental alternative, and scenario-tested underwriting before commitment. We would rather pass on a marginal site than dilute the platform's standards.

## V. THE LONG-TERM VISION

To build one of Southern Europe's most respected living platforms — delivering the beds and homes the region structurally lacks, generating durable institutional returns, and doing so with the social legitimacy that comes from solving a genuine public need.



DELIVERED PRODUCT · STUDENT STUDY LOUNGE

## CONCLUSION

The defining challenge of Southern Europe is no longer demand. It is supply.

The regions, cities and platforms capable of delivering housing, student accommodation and flexible living solutions stand to benefit from *one of the most significant demographic and urban transformations in modern European history.*

Madrid is where that transformation is most concentrated. Argali is built to meet it.

## METHODOLOGY &amp; SOURCES

## Data, vintage & attribution.

This report synthesises primary statistical data, central-bank and institutional research, and specialist real-estate market intelligence, current as of mid-2026. Figures are drawn from the most recent available releases; where a precise figure was unavailable, a sourced range is given and flagged as an estimate. Provision-rate and bed-count figures vary by source and definition and should be read as indicative of scale rather than precise counts.

**Macroeconomic & demographic:** INE – Continuous Population Statistics & GDP releases, 2025–26; Banco de España projection exercises (Dec 2025); BBVA Research; CaixaBank Research; OECD Economic Survey of Spain 2025.

**Housing market:** Banco de España housing-deficit estimates; CaixaBank & BBVA Research real-estate reports (2025–26); UVE Valoraciones; MIVAU; Idealista rental indices.

**Higher education & mobility:** Spanish Ministry of Universities (SIU); ICEF Monitor; Study in Spain.

**PBSA & living sector:** Savills & The Class Foundation European PBSA Investment Barometer 2025; JLL; CBRE Spain; Cushman & Wakefield; Bonard; Global Student Living; UniScopio; Lodgerin; transaction data via Savills, Crédit Agricole CIB & IPE Real Assets. Royal Decree 905/2025 (BOE).

**Flexible living:** operator disclosures; Cinco Días; sector commentary on Spain's digital-nomad visa and co-living pipeline.

**Note:** This report draws on selected proprietary Argali commercial due-diligence material to inform market context. All third-party figures are attributed to their original publishers.

## IMPORTANT INFORMATION

The Argali Living Report 2026 is published by Argali Equity Partners / Argali for general information and thought-leadership purposes only. It does not constitute investment, legal, tax or financial advice, nor an offer or solicitation to buy or sell any security or investment product. Information herein is derived from sources believed reliable but is not guaranteed as to accuracy or completeness; forward-looking statements and forecasts are inherently uncertain and may differ materially from actual outcomes. Past performance and historical market data are not indicative of future results. Recipients should conduct their own due diligence and seek independent professional advice before making any investment decision. © 2026 Argali Equity Partners. All rights reserved.