

Foreign buyer surge splits Spanish market

by Stephen Harris

A surge of foreign lifestyle buyers and investors has split the Spanish property market.

Sales are up 200% in some regions compared with 2009 - despite the Bank of Spain claiming that last year was the worst in a decade for foreign property investment in Spain.

"Parts of Spain are doing really well at the moment but there are two completely different markets," said James Dearsley, European sales manager at agent Atlas International. The company has reported a significant increase in sales since November 2009.

The split has seen lifestyle buyers choosing less built-up areas such as Marbella, where prices are at their most affordable level for years. Meanwhile, investors are looking for distressed bargains in over-developed locations such as the southern Costa Blanca.

Exclusive locations

Building restrictions in Marbella over the last few years have kept stock levels relatively low, while a glut of homes has emerged in other destinations on the Costa del Sol. Total property sales in the city have risen to their highest level in four years, research from the tax office shows.

Developer Taylor Wimpey de Espana has seen first quarter sales to foreign buyers at its Marbella project rise by 150% compared to the same period last year. And it's a similar picture in Mallorca, where sales have risen 200%.

"The British know Andalucia and Mallorca are premium locations and are taking advantage of interesting current prices," said sales and marketing director, Victor Sagué.

"In areas like Mallorca and Marbella the offer is quite limited already. Costa Blanca is absolutely different. There is a lot of oversupply and therefore developers are reducing prices to keep selling."

Bargain investments

In places such as the southern Costa Blanca, over-development and a high number of repossessions have given buyers the upper hand in negotiations.

"The resale and repossession market in places like Torreiveija on the Costa Blanca is unbelievably strong," said Dearsley. "Investors want to get a deal, or at least the perception of a deal, and sellers are willing to negotiate."

Bank repossessions agent CAM Mediterranean is currently making two-thirds of its international sales in the southern Costa Blanca. "The other areas of the country don't even come close to competing with this figure," said CAM's director of international investments, Alfredo Milla.

He added that CAM hasn't changed its prices since 2009 but foreign investors have regained their confidence. He said: "It's no longer deemed financially irresponsible to buy a second home here in Spain in this new optimistic climate."

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