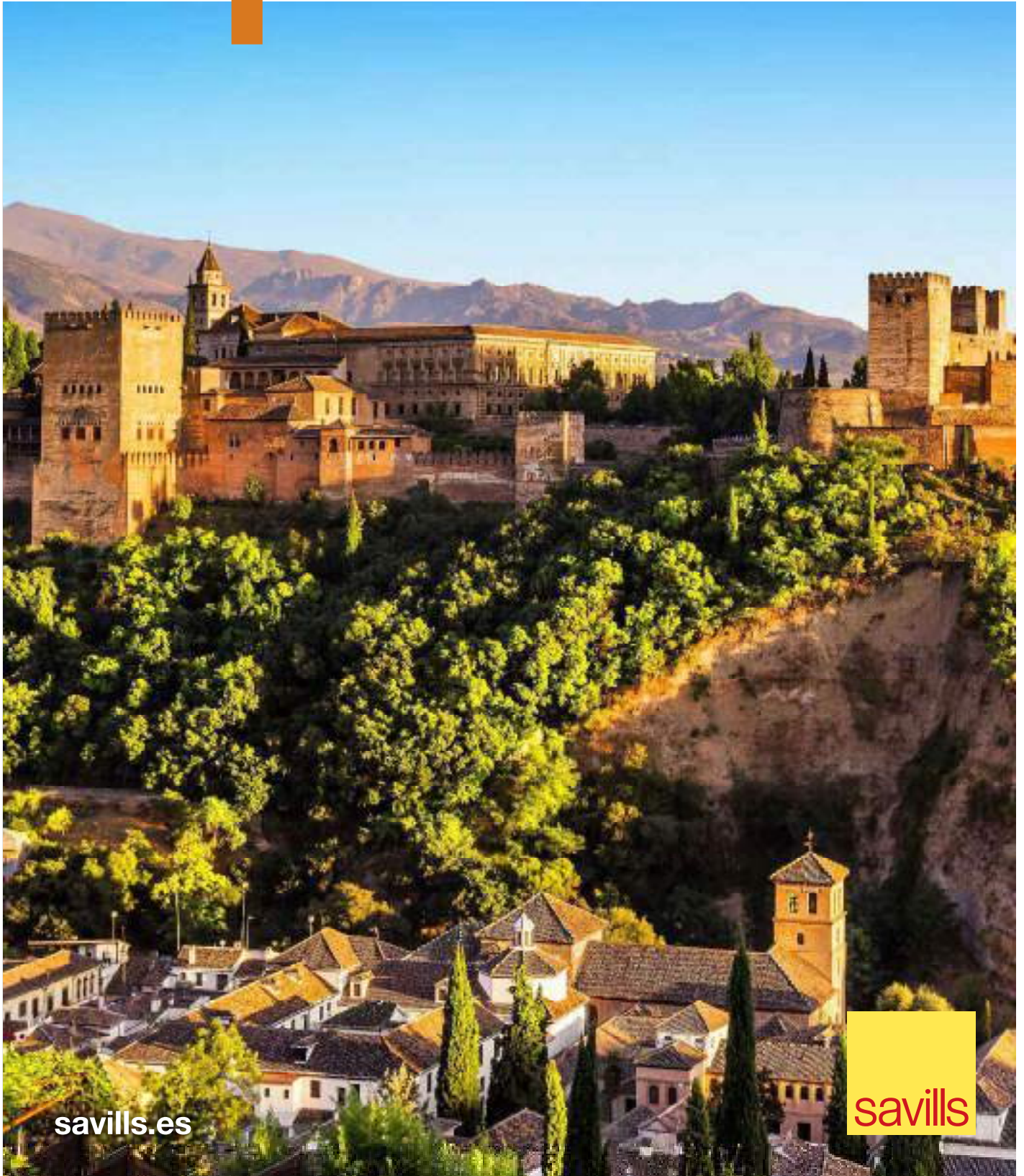


BUYING GUIDE TO

Spain



savills.es

savills

Why

BUY IN SPAIN

From flamenco to fiestas, Gaudi's architecture to Salvador Dali's surrealism, Andalucían white hill villages to Barcelona's Las Ramblas, Spain offers up a treasure trove of beauty and cultural highlights.

The Spanish have an infectious love for life, whether they are lingering over paella and a glass of Rioja, or gathering the family for the evening stroll, el paseo.

Overseas property buyers share that love. Spain consistently tops the list of favourite countries for second or retirement homes, thanks to the heart-warming combination of a good quality, affordable lifestyle with the excellent weather to enjoy it.

It might have been sunshine and sea that brought early home owners and holiday makers to Spain, but it is the increasingly sophisticated facilities on offer that have kept them coming back.

Lush golf courses, marinas, red clay tennis courts, polo fields and challenging cycle routes make the country a spectacular sporting arena.

Also notable, is an increasing demand for cities and the culture they offer. Today, buyers are equally as likely to want a view of Palma's cathedral as a Mallorquin beach, with Barcelona, Madrid, Ibiza Town and Marbella appearing more frequently in buyers' plans.





Throughout Spain, excellent healthcare and a choice of international schools are attracting young families, as well as the more traditional retiree market. The country continues to invest in a good motorway system and the third largest high-speed rail network in the world (after China and Japan), while its modern and monumental international airports provide connections worldwide.

Spain is Western Europe's second largest country, with 3,000 miles of coastline, land borders with Portugal and France, and much-loved islands in the Mediterranean and the Atlantic. It is the third most visited country in the world, welcoming a record 64.9 million arrivals in 2014 – and these visitors have money: the UNWTO (United Nation World Tourism Organisation) reports that tourists spent more money in Spain last year than in any other European country.

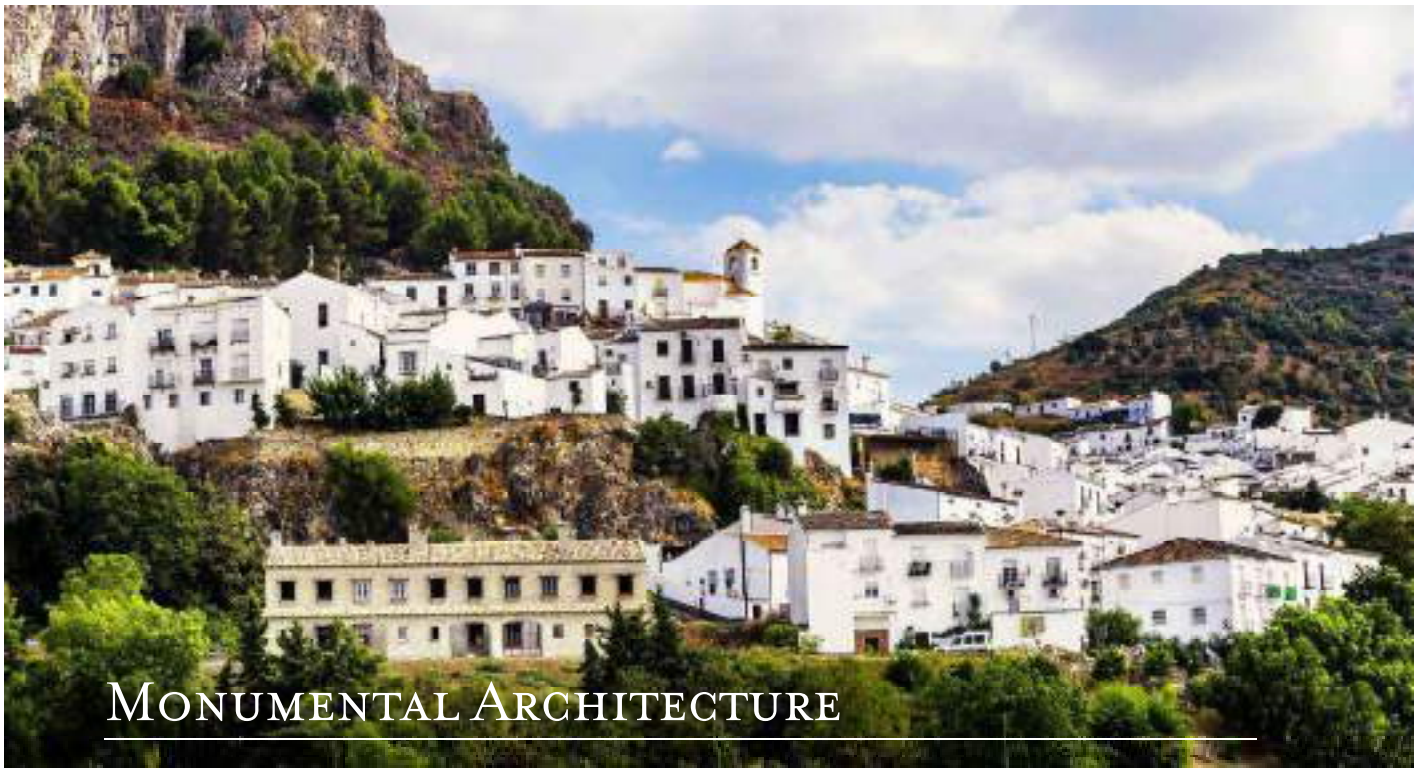
After the deep recession, property buyers are back in Spain in substantial numbers, taking advantage of the excellent value at present. The property market had a further boost with the government's Golden Visa programme. This offers residency to non-EU residents investing €500,000 or more in Spanish property and has brought many new wealthy buyers. With tourism figures rising and property enquiries on a steep upward path, Spain is back with a flourish.

What

TO BUY IN SPAIN



Spanish architecture does not always receive the full recognition it deserves. The country has the second highest number of UNESCO World Heritage Sites in Europe and many are important cultural buildings, from the cathedral in Santiago de Compostela to the works of Antoni Gaudi in Barcelona.



MONUMENTAL ARCHITECTURE

The Romans, with their aqueducts and bridges, were the first to leave their mark on the Spanish mainland; but it was the Moors who arrived from North Africa in the eighth century who had the most dramatic impact. Their 800-year occupation of Spain brought new crops (including the orange, lemon and fig trees that still dominate parts of Spain today) as well as creating dramatic and beautiful architecture.



The Great Mosque of Cordoba – now a Catholic cathedral – and the magnificent Alhambra, the fortress and elaborate medieval palace, are two of the finest examples.

The Moors, who remained in Andalucía after the twelfth century, created a unique architectural and artistic style. Highlights still visible across southern Spain include horseshoe arches, glazed ceramic tiles with characteristic geometrical patterns in a range of blue and white, wood carvings and courtyards with orange trees and soothing water fountains.

Gothic, Renaissance and Baroque architectural styles all came from Europe and were adapted, generally by adding more elaborate Moorish-inspired details. Neoclassical architecture then saw a return to a purer, less embellished style, such as on the magnificent frontage of the Prado Museum in Madrid, founded in 1819.

By the end of the nineteenth century, Catalan Modernism – a Spanish version of Art Nouveau – was transforming the wealthy city of Barcelona. Famous examples by the leading architect Antoni Gaudí of this flamboyant, curvaceous style with its highly decorated facades include Casa Milà, his central Barcelona building without one right angle, and the still uncompleted Catholic basilica La Sagrada Família.



A SPANISH HOME

A country as large as Spain offers a wide selection of property and areas to live in. Newer homes include seaside apartments and homes on gated golf resorts, but older properties, and especially rural ones, have been attracting buyers eager to connect with an authentic Spanish country lifestyle.

Fincas

The word 'finca' translates in Spanish as 'estate' and refers to agricultural land, possibly with estate buildings or an old house included. Today, it refers rather generally to a medium size farmhouse surrounded by less than 10 acres of land, and can also mean a substantial and grand new build rural home.

Cortijos

Strictly, a 'cortijo' (country house) is often found on a finca. However a cortijo is generally a larger and more impressive building or 'estate'. Usually in the form of a traditional stone farmhouse, many cortijos are painted white and have Moorish origins or architectural details. Particularly pertinent in Ibiza, the very beautiful Ibicenco style property is often found further inland following traditional farming custom, allowing tranquillity and spectacular rural views.



Many fincas and cortijos have their own wells but buyers should be sure to check connections to utilities and services.

Golf resorts

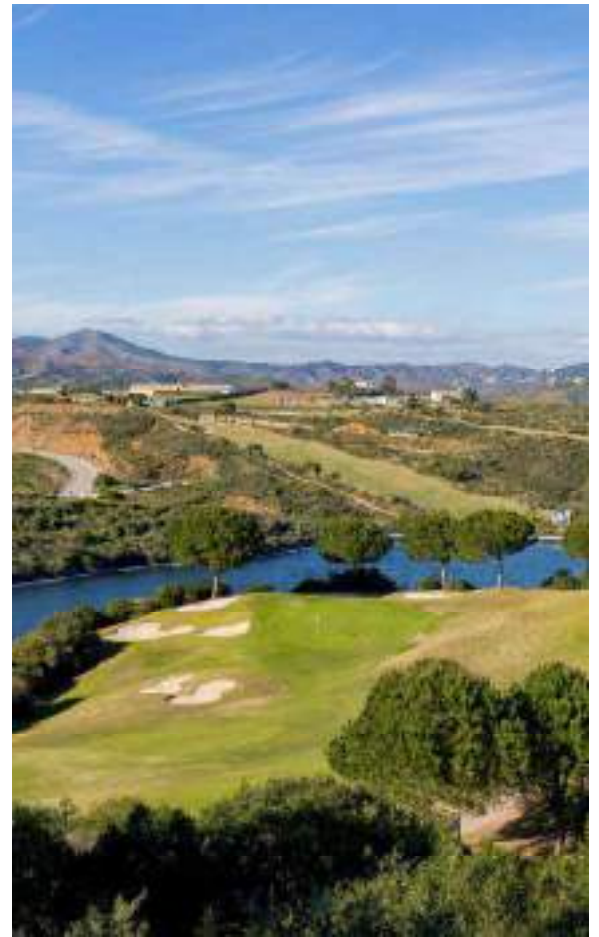
If the original overseas buyers went to Spain for the beach, the next generation headed there for a home around the wonderful golf courses that transformed the country. Professional international golfers attached their names to ambitious residential projects, and Spain's place in golfers' hearts was born.

Including the Canary Islands and the Balearics, Spain has over 400 golf courses. The most famous is arguably Valderrama, one of the championship courses in Sotogrande, which hosted the 1997 Ryder Cup the first time it was held in Continental Europe.

Figures show that it isn't only golfers who like a home on the green. Buyers like purchasing in a golf development because of the immense green zone afforded by the golf course itself, as well as the potential rental returns, should they care to generate income from their property.

Coastal Homes

The original reason that took many overseas buyers to Spain – a home along Spain's long and varied coast has great appeal. Choices range from a detached home high up in Deia on the Balearic island of Mallorca, to a contemporary apartment in Marbella on the Costa del Sol.



Sporting Estates

Spain's size means it has a fabulous selection of sporting estates, from Mallorca to Marbella, offering a diverse selection of activities. For example, as well as golf, Sotogrande in Andalucía offers international polo with nine pitches, horse riding, tennis, sailing and modern marinas. International sports teams train there year round, thanks to the combination of superb facilities and good weather.

The Spanish royal family enjoy hunting in the Spanish countryside, where both hunting and shooting estates, mostly found in Andalucía, are stocked with wild boar, ibex, deer, partridges and quail. There are equestrian and stud farms, as well as farmland covered with almond and olive trees and vines.



New Developments and Gated Communities

After a protracted slowdown in the construction industry, Spain is building again, but at a measured, more thoughtful pace. Well located new developments with communal facilities such as pools, gardens and tennis courts, can offer attractive rental returns and easy living, without constant maintenance concerns. Villas in great residential areas are once again being sold off-plan.

Gated communities offer security and the ease of a lock up and leave lifestyle, which appeals to residents and holiday home owners alike. Find these across the country, from upmarket small scale estates in Ibiza, to substantial and spacious clubs in Marbella such as La Zagaleta.

City Centre Apartments

The new kid on the block for overseas home owners, the appeal of a city centre home in Spain lies in the compelling mix of high culture, year-round life and the opportunity for healthy potential rental returns. Restaurants are on the doorstep and you don't need to rely on a car to get around.

Architecturally pleasing apartments in Madrid and Barcelona have a universal appeal, while in Mallorca, it is overseas buyers who have led the charge to renew historic homes. Over half of Palma's Old Town around the Gothic cathedral has now been renovated.



Where

TO BUY IN SPAIN

A Spanish home can take many forms but it is the choice of location that is most likely to determine your Iberian experience.

The most in demand destinations share the same supremely Spanish flavour and warm Mediterranean climate, but with important differences between urban buzz and rural solitude.

Even with relatively small islands such as Mallorca and Ibiza, where very little is more than one hour from the main airport, one coast offers a different vibe – and price – to another.





IBIZA

The success story for Spain in the past seven years, Ibiza is a world class brand that has gone from strength to strength with property buyers and holiday makers. Ibiza has developed an ever more upmarket image at complete odds with its package holiday past, while its clubbing reputation is only one small part of the whole story.

Yes, the so-called White Isle is party nirvana for a youthful crowd, however it has grown up with the early clubbers from the 1980s. Now older couples and young families also come, finding quiet nature in the still slightly hippyish north, and sophisticated beach bars all around the coast. Combining laid-back style with a mighty amount of glamour, thanks to a high celebrity count, Ibiza is a winner.

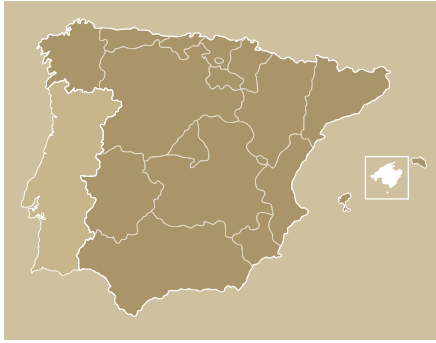
Less year-round than its Balearic big sister, Ibiza has more seasonal flight access than Mallorca. The main city is Ibiza Town, ten minutes from the airport and home to many clubs, smart apartments and a large marina overlooked by Dalt Vila, the fortified Old Town high above the harbour. Recent buyers have been enthusiastic about new developments in and around Ibiza Town, including Cap Martinet.



Some of the island's best beaches are in the southwest, among the glamorous beach clubs at Cala Jondal, and property prices are high. Prime southern areas with gleaming white detached cubist villas, hidden down unmade white roads lined with lemon trees, include Es Cubells and Porroig.

St Eulalia, in the east, is family friendly, generally quieter with many good beaches and yet is close to where Nikki Beach chose to open their latest beach club.

Further north and inland, San Carlos has many fans for its annual music festival and its weekend market at Las Dalias. Rural and charming Santa Gertrudis, surrounded by farmland in the centre of Ibiza, has an artistic community and also a cosmopolitan one, thanks to a thriving international school.



MALLORCA

The biggest Balearic island, and for many international buyers undoubtedly the best, Mallorca appeals to sophisticated home owners who want a year-round experience, with easy flight access and plenty to do. And it certainly provides that, with its 25 marinas, 24 golf clubs and 10 international schools, along with a truly fabulous range of restaurants serving traditional Mallorquin fare right up to Michelin-starred cuisine.

Mallorca and its capital, Palma, have spent the past decade moving seamlessly upmarket. Today, the island has some of Spain's finest boutique hotels and restaurants. Second home owners who commute through Palma's impressive airport include many globally known sports stars, captains of industry and celebrities.

A solid infrastructure includes roads and tunnels through the mighty Tramuntana Mountains – the backbone of the island – and means that very little is more than one hour from Palma. The east is the quieter side of the island, while the southwest and west coast remain the most sought after. This said, the variety of quality properties and areas means that the hardest choice for many buyers is where to settle.



Andratx is the prime location in the southwest, where substantial homes and the best contemporary architecture can be seen. Santa Ponsa, with its excellent golf courses, the holiday resort of Camp de Mar, and inland Calvià are also in demand.

On the west coast, beautiful Deia with its artistic heritage and UNESCO World Heritage Status is a perennial, if expensive, favourite, while nearby Soler is popular for its more varied property choices and greater year round appeal. The sought-after coastal stretch from Valldemossa up towards Soler has some of the most expensive properties on the island.

Palma, Mallorca's year-round capital, has become ever more popular with international buyers who have been busily renovating old townhouses into contemporary modern city homes with easy access to the sea.

Beautiful 'palacios' in the Old Town that were once home to Spanish aristocracy are hidden behind quiet courtyards, with small fountains and external stone staircases. Demand remains strong for refurbished apartments close to the cathedral and on the remains of the Roman city walls, and also in the former fishing village of Portixol, east of Palma and towards the airport.





MARBELLA

The appeal of marvellous Marbella, in Andalucía, is easy to see. The most southerly part of mainland Europe offers a wonderful climate, arguably the best in mainland Spain and in Continental Europe, with over 320 days of sunshine and a solid and well-established infrastructure that provides an excellent standard of living.

There are international schools, a remarkable 65 golf courses within a two hour drive, elegant marinas, good shopping, winter skiing within two hours and a rich and varied nightlife. A recently expanded international airport, only half an hour's drive from Marbella, has regular direct flights, weekly and sometimes daily, to over 120 different international destinations. Marbella, at the heart of the south-facing Costa del Sol, ticks all the right boxes for residents and tourists, and provides a strong and lengthy rental season for homeowners.

With a winter population (counting the official and floating populations) exceeding 300,000 inhabitants, growing to over 800,000 in August, Marbella is probably the only resort city on the Mediterranean which can truly boast a full 12 month season.

International aristocrats and celebrities first discovered the area through the classy Marbella Club back in the 1950s and this glamorous global fame has endured. Today, Marbella remains one of Europe's best known beach resorts, popular with many nationalities for the reliable and desirable holiday experience it provides.



The well-documented post-recession problems on this golden coast saw prices pinned back and demand fade, but for those who know and love Marbella, confidence has returned. Over 85 per cent of residential property purchases in the Marbella area are made by foreigners and sales volumes have been increasing impressively since 2012. Figures from the Spanish Department of Public Works show the number of buyers choosing a Marbella home has risen dramatically in the past two years, as prices in most areas remain 15 to 25 per cent below their 2008 highs. Latest figures show an annual increase of 28 per cent in sales volume for Marbella in 2014.

Prime areas to the west of Marbella Town include the ever-popular Golden Mile, the palm tree-lined coastal strip linking to neighbouring Puerto Banús. This remains the jet-set playground due to its wonderful marina and designer shops. A home in this area provides quick access to the Med and to some of the best local golf courses.

Nueva Andalucía is a quieter alternative to high wattage Puerto Banús. Located just behind the port, Nueva Andalucía offers swift access to the Sierra de Ronda Mountains, yet it still boasts an excellent selection of restaurants, two golf courses (with an additional three in adjacent estates) and sports facilities. Luxury villas and apartments are newer, with typical Andalucían or modern architecture, while the elevation provides good sea views.

A little further west and inland, adjacent to the municipality of Marbella, the mountain village of Benahavís combines beautiful narrow streets, Moorish white-washed architecture, several golf courses and one of the finest foodie reputations in Spain, all of which help to explain its popularity with a discerning international audience.

The 900-hectare private residential and sporting estate of La Zagalata in the Benahavís Hills has tight security and 230 high quality homes, with plans for a further 190 plots. Excellent facilities include two 18-hole golf courses, an equestrian centre and a tennis club. La Zagaleta is considered one of the most unique country club type of estates in Europe.



SOTOGRADE

52 years after it opened, Sotogrande continues to set the pace for the finest residential sports resorts across the entire Mediterranean. The agricultural land-turned-elite-golf-resort has never stood still, adding polo pitches, marinas and a wide selection of new and comfortable lock up and leave apartments overlooking the yachts berthed below, townhouses and spectacular, private detached villas. A superb range of properties means Sotogrande offers an excellent range of sales prices.

Sotogrande is a 4,500-acre slice of Andalucía in southern Spain, 18km from Gibraltar, one hour from Malaga airport and a hour and half's drive from the wonderfully romantic city of Seville.

The estate has a year-round population of 3,000, with an average age of under 50, many of whom work in the financial industry in Gibraltar and send their children to the thriving Sotogrande International School.

In the summer months, visitors come to watch the finest polo players in the world competing against one another for the famous Gold Cup. While just outside of Sotogrande, Andalucía has over 100 golf courses.



A few miles inland from Sotogrande, a world of orange groves and ‘pueblos blancos’ (dazzlingly white historic hilltop villages) awaits, with Jimena and Gaucin remaining relatively unchanged for centuries.

Delightful and romantic Ronda, 50km back from the coast, is one of Spain’s oldest towns, full of history and built around a deep and awe-inspiring gorge. Overseas owners buy country estates and cortijos in the surrounding countryside and join residents to meet in the lovely, leafy central squares.



BARCELONA

Caught between the Mediterranean and the mountains, Barcelona is Spain’s second city and easily its most international; the heartbeat of wealthy and industrious Catalonia. Beloved by locals and visitors alike, it is an exciting city of art, by the sea, with an alluring blend of history and culture in architecture and design. Barcelona offers great food and excellent hotels, an historic heart, and the Costa Brava and Girona (the very centre of Spanish gastronomy) are an easy day trip away.



Smooth connections, both nationally and internationally, are facilitated by Barcelona airport and the AVE high-speed train, which connects to Madrid and Paris in three and six hours respectively.

There are international schools and an established community of chic Spanish families who stroll in the city’s many parks or spend lazy sunny Sundays at a ‘chiringuito’ – a beach club.

The 1992 Olympics began the transformation of the seafront, which has continued with Port Vell, a super yacht marina opposite the narrow tumble of terraced homes in the former fishing village of Barceloneta. Poble Nou, further east on the coast, is gaining a reputation as a high tech district with younger, on-trend buyers.

Elsewhere, elegant Eixample, full of high ceilinged Modernist buildings, is a prime residential area. It was laid out on a rigid grid system in the 1890s and links the Roman and Gothic Old Town with the family-friendly residential villages under the mountains, such as Turo Park and Sarria.

Quieter areas to live include the financial district, Les Corts, fifteen minutes by Metro into the centre, and Poble Sec, a residential area towards Monjuïc, fifteen minutes walk from Las Ramblas.

The narrow, often dark streets of El Borne, in the Old Town, provide easy access to tiny atmospheric tapas bars. Twenty years ago, this was an often grubby, unremarkable part of Barcelona. Today designers and artists have moved in, to produce a vibrant creative community in the oldest part of the city.



MADRID

The Spanish capital has never matched Barcelona for tourist numbers, but those in the know are more than happy to keep the secrets of this fabulous city to themselves. Vibrant and classy, with some of Europe's best museums and a nightlife that starts late and never seems to stop, Madrid is Spain's economic hub and a winner for anyone wanting to immerse themselves in a relatively safe and friendly city.

Access is excellent. Madrid is in the centre of Spain and is Europe's gateway to South America. Education is also superb, with international schools in the north and northwest of the city and several good local ones too.

Potential rental yields remain good and this is one reason why Chinese property companies are investing heavily in the city. Accountancy firm PwC put Madrid as number three in its investment prospects for 2015, behind Dubai and Berlin.



Madrid is divided into 21 districts. The most exclusive areas include the designer shops of historic Salamanca, and also Justicia, which is northwest of the centre, with its Parisian-style intimate boutiques and narrow streets. Younger residents in particular like Chueca. Opera el Madrid de los Austrias, which is the oldest area of Madrid around Plaza Mayor, attracts a cultural crowd, while food lovers are especially drawn to central Las Letras, the literary district.



Other contenders for locations for a city centre apartment include multicultural Lavapies to the south, currently going through the process of gentrification. Offering good value for money is Chamberi, which offers larger apartments and then there is the family-focused Retiro area, close to the exceptionally captivating Retiro Park.

Buying

RESIDENTIAL PROPERTY IN SPAIN: A LEGAL AND PRACTICAL GUIDE

Although the process of buying a property in Spain differs significantly from that in the UK and many other countries, it remains relatively straightforward and buyers will be guided through the simple steps by their experienced agent, who can offer reliable advice and expert knowledge.



The three key steps of the buying process

1 Once you have agreed a price for the purchase of the property, you should appoint a lawyer straight away, with whom you can easily communicate, ideally before signing a reservation contract or paying a preliminary deposit for the property. With the lawyers in place and your agent advised of who you are using, the buying process can begin.

2 The next step is the initial reservation contract; the 'Contrato Privado de Compraventa'. This is a legally binding contract signed by both parties, occasionally (but not essentially) in the presence of a notary. It gives a full description of the property for sale, details of both parties involved, outlines the sale price, any extra conditions particular to the sale, the completion date and the deposit paid which, subject to the parties' agreement, ranges between 10% and 30% of the agreed purchase price. As surveys and searches are frequently carried out prior to signing, the preliminary agreement can be made conditional on their outcome.

In broad terms, this is equivalent to the English exchange of contracts. Careful drafting of the deposit clause is important, as under Spanish law, if the seller does not fulfil their obligation as laid down in the contract, they are liable to pay back the deposit in double, to the purchaser. Should the purchaser not fulfil the contract, their deposit is non-refundable.

3 The last step in the process is completion, and signing of the final contract, 'Escritura de Compraventa'. This is signed in front of the notary by both the buyer and the seller, or someone with the power of attorney to sign on their behalf. The outstanding balance, plus all fees and taxes, are paid at this point. Once signed, the escritura gives you official ownership. The property will then be registered under your name in the Land Registry, the 'Registro de Propiedad'. Buyers should request a copy of this registration for their files (this is done by your lawyer).



INSTRUCTING A LAWYER

Ideally your lawyer should be bilingual and specialise in property law. As well as assisting with the fundamental steps above, your lawyer can help with the following procedures:

- ▶ Explaining thoroughly all tax-related matters, particularly inheritance tax, wealth tax and the requirement to fill in an annual tax return as a non-resident. Tax rates are assigned regionally so will differ according to location and the value of the property you wish to purchase. More details on this can be found below in the 'Purchase Costs' section.
 - ▶ Spain has the law of subrogation, whereby properties carry the debts of their previous owners. Your lawyer will therefore ensure that there are no outstanding charges against the property for utilities and maintenance costs, such as infrastructure charges, council tax (Impuestos de Bienes Inmobiliarios; IBI), or community fees. The lawyer will also confirm that the property has a full title, by checking the 'Registro de Propiedad'.
 - ▶ As a consequence of strict planning laws on the mainland, and even more so in the Balearics, your lawyer will carry out a search at the local council planning office, to find out whether a legal construction licence for the building exists, and ensure that the built area meets all regulations and licence standards. Once this has been proven, you will be issued with a certificate of habitation, 'Cédula de Habitabilidad.'
 - ▶ Conduct the relevant searches at the Catastro registry office. The Catastro is a government agency which acts as the central registry, which collaborates with the Land Registry for two main reasons:
 1. To ensure firstly that the property is correctly registered ie. including swimming pools, outbuildings etc.
 2. Secondly, to confirm the value of the property, also known as the cadastral value, and the official surface declared. Each property in Spain is assigned a cadastral value by the local town hall and this appears on council tax receipts. This is the value that is used to calculate council tax amounts and is lower than the market value. Be aware that in the unlikely event that a property is bought for a price below the cadastral value, the purchaser is liable to pay tax on the difference. Your lawyer can calculate what this would be.
- ▶ If you are buying within a development or complex, your lawyer will check any communal obligations and obtain proof of payments made by the previous owners.
 - ▶ Your lawyer will finalise the terms and conditions of the contract, arrange registration of the final deeds at the property registry office and ensure that the relevant taxes are paid within 30 days of completion of the sale.
 - ▶ Your lawyer can also advise you on how to obtain an NIE, 'Número de Identificación de Extranjero.' This is a unique identification number assigned to all foreigners and is required in order to buy a property in Spain, open a bank account, apply for a driving licence, or to buy a car. You will need this before completion.
 - ▶ A lawyer can organise your utility bills (electricity, water, gas etc.), by firstly notifying utility companies of the change in ownership, and secondly organising your future payments through your Spanish bank.

For this work, a lawyer typically charges a fee between 0.5% and 1%, subject to the purchase price of the property for sale and the complexity of the transaction.



Purchase Costs

As with much of mainland Europe, buying costs in Spain are higher than in the UK and they are regulated by each autonomous region and therefore vary slightly depending on location.

On top of the notary fees, there are a few other costs to consider:

Transfer Tax (Impuesto de Transmisiones Patrimoniales; ITP)

This is paid when a property or parcel of land is sold by an individual and is therefore a resale. This amount differs by region, between 6% and 10% of the purchase price. Andalucía is on a sliding scale of 8% up to €400,000, 9% up to €700,000 and 10% for properties over €700,001.

Value Added Tax (Impuesto al Valor Agregado; IVA)

The equivalent of VAT. This is only applicable when a property is sold by a developer to a first occupier and is 10%. If a parcel of land is sold without any construction, by a developer or corporate owner, then 21% IVA applies.

Stamp Duty (Impuesto de Actos Jurídicos Documentados; AJD)

This tax is paid in addition to IVA when purchasing a new house from a developer. This varies in Spain between 0.75% and 1.55%, with Andalucía currently applying 1.5%.

Land Registry Costs

Variable according to property price, but between €300 – €800.

It is important to establish whether the seller is a fiscal resident or non-resident in Spain. In the latter case, the buyer's lawyer must withhold 3% in lieu of potential capital gain and pay the Spanish tax authorities (Hacienda) the applicable amount within one month of completion.

Golden Visa

Since October 2013, the Spanish government has offered residency rights to non-EU nationals who invest €500,000 or more in property, through a bond or home purchase in their Golden Visa programme. A purchaser who spends more than 180 days per year in Spain will automatically become a Spanish tax resident, with its corresponding fiscal responsibility. For more information on this, please consult a lawyer.



LOCAL CONTACTS

While the London office is able to give advice, our associate agents work regularly with local lawyers, bankers and mortgage advisors, and collectively offer a large database of contacts that you may

wish to use. You are under no obligation to use the individuals recommended, but we try to help as much as we can to make the process as simple and efficient as possible for our clients.

BUYING GUIDE TO

Spain

33 Margaret Street
London W1G 0JD

+44 (0) 20 7016 3740
international@savills.com

savills.es

