



Solmar Estates Costa Blanca C.B.

Ur. Zenia Sol II - Los Dolce 68

Orihuela Costa

03189

Alicante, Spain

t: +(34) 966 116 650

e: info@solmarestates.com

w: <http://www.solmarestates.com>

Property Market Report - Costa Blanca

November 2009

You can search the Internet and find literally hundreds of reports on the current housing market in Spain. Although the industry and government quoted facts are true the reports vary wildly as they are full of the personal opinions of the writer. What is a 100% fact is that if you are a Spanish builder or promoter of new build properties these reports make very grim reading indeed. Because of the glut in un-sold new build properties and the sharp decrease in demand due to the global recession, many Spanish building firms are going bust. Recovery, depending on what report you read, is not going to start until anything from 2010 to 2013. It is a fact that for those involved in the Spanish building sector times are incredibly hard, indeed not just for now but for the foreseeable future. This appears to be all 'doom & gloom' - but what does this actually mean to you if you are seriously interested in purchasing a property in Spain?

We have been selling property in the Orihuela Costa & surrounding Costa Blanca area for over 4 years now. We have just had our busiest year so far. Yes there are a lot of houses for sale and some streets seem to have for sale 'se vende' signs on every other house. Whilst there are significantly more re-sale properties for sale today than there were 4 years ago, there has **always** been an over supply of properties for sale. In previous boom years, even with an over supply of resale properties, prices were still rising 10% to 15% per year. The difference today is that with the global recession, a lot of owners have been tightening their belts and have decided to try to sell their assets to raise some cash. The majority of properties for sale today are British owned holiday homes. This combined with the obvious decrease in people looking to buy in Spain has led to the glut of re-sale properties for sale today.

With this being the case, why have we just had our busiest year to date? Well firstly we are still here! It is estimated that as many as 50% of all estate agents in Spain have gone out of business. This covers companies of all sizes but interestingly mainly the bigger companies. The companies that have survived, like ourselves tend to be the smaller independently owned companies that can more easily and quickly adapt to a changing and more challenging market. Obviously there is more to our success than just being still here. The real answer is very simple - **PRICE**.

Ignore anything that you may read in the many reports mentioned above. **This is fact!** Property prices have fallen at least 30% to 35% from the high point of late 2006 / early 2007. Some properties that we have for sale are close to a fall of 50% since late 2006 / early 2007. This is mainly due to the fall of the pound against the euro. 3 years ago, a rate of 1.50 euro to the pound was considered the norm. Anything under this just was not heard of. The pound now languishes at around 1.10 euros. As the majority of the properties for sale are British owned the proceeds from the sale are normally converted from euros back to pounds. This has enabled owners to drop their prices dramatically and still get more or less the same amount of sterling back. As an example, a house sold at 150,000 euros 3 years ago would realise approximately £100,000 when converted back to sterling. Today that same house can be sold for 110,000 euros and still be converted back to around £100,000 sterling.



Solmar Estates Costa Blanca C.B.

Ur. Zenia Sol II - Los Dolce 68

Orihuela Costa

03189

Alicante, Spain

t: +(34) 966 116 650

e: info@solmarestates.com

w: <http://www.solmarestates.com>

Property Market Report - Costa Blanca

November 2009

Combine this with the general need for money in an economic recession and this pushes prices even lower especially for the owners looking for a quick sale.

So we have established that now is a fantastic time to buy. In real terms, resale prices never have or never will be lower. Prices have definitely bottomed, and in some cases have risen very slightly.

There is an incredible choice for would be purchasers. There are a lot of very poor properties in very bad locations, and sadly for the owners, some properties are almost un-saleable at almost any price. However there are some absolutely fantastic properties in superb area / locations, at rock bottom prices. If you are a potential purchaser, then you have the pick of the crop, but you have to be quick. We are regularly in the situation where several agents all have clients who genuinely want to buy the same property! There have been quite a few disappointed purchasers this year.

Despite the global recession there is still a lot of wealth out there and a lot of that wealth is being invested in Spanish property right now. This year a lot of our clients have said that they have cash tied up in bank accounts that is earning them little or no interest. Their pensions, stocks & shares are worth a lot less than they used to be. Also they have no guarantee that all of their money will still be in their bank account tomorrow if the bank runs into trouble. Three years ago who would have believed that a number of major banks around the world could actually go bust?

Right now, interest in owning a property in Spain is absolutely massive from all corners of the world, and it is long term.

Unlike the UK, we are still able to offer Spanish mortgages of up to 80% of the purchase price, and at reasonable interest rates too. We work with several major Spanish banks, it is perhaps a sign of how busy we all are when one of the local bank representatives told me that he had just had the busiest working day he has ever had in his life!

Our clients this year have not only realised their dreams of owning property in Spain, but have also bought themselves a very sound investment.

From the reports mentioned above, some "experts" are predicting a future boom in Spanish property sales - even bigger than the previous boom. Now I do not own a crystal ball but I certainly hope that prices do not boom as in previous years as undoubtedly properties prices here were definitely unrealistically inflated. However, with a current fall in prices of as much as 50%, it is very obvious that **prices are only going to go one way from here on in - that is up!**

If you are seriously interested in purchasing a property in Spain, the time is most definitely now.