

TIPS ON CHOOSING THE PROPERTY

Finding out what you can afford should be the first step to buying a property in Spain, which can be done by applying for a home loan and have it accepted. This step will help you narrow your search for both a neighbourhood and particular houses. The approval is a simple calculation that considers several factors, but primarily your income. The mortgage formal approval by the lending entity enables you to have a feel of the price of the property you can afford, knowing that, where approved, you will be able to borrow a percentage between 60 and 80 per cent of professional valuation price.

Where to buy?

Most of the buyers of property in Spain will have a choice of location as to where to buy. A friend, a previous visit to the area or simply the fame or notoriety of the city, town or rural area is enough to form the choice. But a buyer will want to know, as well, whether the location is in itself a good investment. A precise answer in this regard is difficult. There are locations where the rental value of the property is high (Costa del Sol, Costa Brava, Costa Dourada... generally all tourist resorts). In the Marbella area, villas are easily rented out in peak season with the high luxury mansions out for rent at astronomic prices.

Rural areas have a lower demand for rentals, although the regional authorities are increasing the financing of many rural tourism resorts to make them more attractive, not without success. There are areas which have consolidated a growth and are secure investments. Others are in the process of growing. Generally speaking, Spain is growing from strength to strength in real estate investment and predictions are that sales will shoot up in the following years, with an estimate of 4 million people investing on property in Spain and 600.000 European families purchasing a second home only in Andalusia in the coming years.

Finding the right home

There are 2 main set of circumstances which should be born in mind when looking for the right home:

- Personal circumstances (family size, purpose of purchase, funding availability, time spent in the property and many more).
- Property circumstances (size of property, price, views, or interruption of these by a future development, easy access, orientation, investment value, facilities in the surrounding area, associated expenses and many more).

Making an assessment of those sets of circumstances blending pros and cons to suit one's personal convenience is a must.

Buying a townhouse?

A townhouse is a good investment given its all-year-round high demand. They require little maintenance, have low running costs and are comfortable to live in. Against this choice is the prospect of living door to door with other property owners.

Buying a villa?

A villa is a choice for those seeking tranquillity and independence. They require a higher investment in maintenance and the higher prices have the logical effect on annual running costs. Countryside villas or 'fincas' have low running costs, at times ridiculously low. These however tend to be located at some distance from towns or cities. For those buyers with a good amount to spend, villas are the choice.

Buying a small project development?

It is happening in coastal resorts. Investment buyers place deposits on all of the units of a project development and put them for sale straight away. The investment buyer then liases with the project developer in order that legal exigencies such as bank guarantees are met. It is a cheap and safe way of investing and can give high returns in a short time. Engaging a good real estate company is a good choice when choosing this form of investment.

Buy a resale or a new sale?

From a strict investment point of view, new sales are more promising in terms of making a gain when selling. Resales have already been squeezed for a gain, and thus the gain to be made is less predictable. There are however no fixed rules in this respect, which makes the gain predictions a bet for the future. Certain buyers will necessarily choose a resale: villas are not normally for sale from a project developer, although the building restrictions in some areas and the demand for one-family villas are encouraging developers to build these close to other kind of developments.