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2008
Bag a bargain property in Spain

2008 - Best year for a decade to buy a property in Spain



Thanks for registering with us. If you are serious about buying a property in Spain your best chance of a real bargain this year is checking our regular showcases such as:

[Bank Repossessions & Must Sell bargains](#)
[Low Deposit Homes For Sale](#)
[Spanish Retirement Properties](#)

Our home page offers many one-click property searches and these carefully compiled showcases are updated daily in conjunction with Spain's leading developers, 50 mortgage banks and scores of local affiliate offices in every second home area of Spain, Balearics and Canaries.

[PropertyInSpain.Net](#) is everywhere on the internet and everywhere on the ground in Spain offering a seamless selection, viewing, financing and purchasing service with meet & greet at every airport.

We hope this winning combination works for you.

But please remember there are 1,000s of other buyers living in Spain, the UK and around the world (currently including China, Canada, Cuba and Russia etc) browsing and buying our properties - directed to PropertyInSpain.Net by **Google** searches that have us in the top slot for all of the above showcases plus hundreds more popular search phrases.

Because of our careful selections we are ranked independently as the leading online source: [Google's top ranked](#) Spanish off plan property source from when we launched our latest website in 2004 and [Google top ranked](#) for resale homes plus 100s of other top rankings...

Introduced last year, [Fly to Buy](#) gives our UK buyers their best chance of grabbing the exclusive bargains and purchase deals. With some showcases, everybody seems to find their dream home or ideal investment within 48 hours of meeting our local English property professional at the airport. It's similar for Spain-based buyers who visit PropertyInSpain.Net and then drive to viewings.

We are the only firm in the Spanish property sector offering legal security on off plan reservations and [Libertad co-ownership](#) that shares the freehold among friends and/or family. As founder members, we abide by the code of practice of the [Association of International Property Professionals](#).

2008 is probably the best year yet to buy a property in Spain – tell us what, where and when and we'll help make it a year to remember for you and your family and friends

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How to Buy Spanish homes at below market value prices

by Kevin Barnett, international property writer

The key to a good property investment is to buy at the lowest possible price, essentially below the prevailing market value and then enjoy maximum profit at the time of eventual sale.

There are now more investment opportunities than ever in the Spanish property market as prices slow, developers jack up their incentives and "Must Sell" owners struggle with the mortgage payments after successive Euro interest rate increases. The new lower prices also produce long term ownership benefits, mainly the vastly reduced mortgage payments and resultant lower asking rentals if owners want to further subsidise their costs.

2008 is already looking like the best year yet after a decade of steeply rising values for hardened investors buying at below market value (BMV) or long term buyers grabbing a bank owned or private "Must Sell" bargain at 25% to 60% less than official valuation.

Buying at Below Market Value is an obvious investment strategy, especially in a lower risk established property market such as Spain that still attracts more tourists than all of the so-called emerging markets put together. Year on year increases in arrivals for a decade means more tourists, means more rentals.

The industry regulatory body, **Association of International Property Professionals (AIPP)**, produced a survey in 2007 on the growth potential for some remote Balkan country, pointing out property prices were going up by a huge amount and tipping it as the year's hot spot.

It was – for a time, but demand soon ran dry, prices froze as quickly as its main tourist beaches in winter and early buyers struggled to find holiday tenants – hardly surprising in a country where the average wage is 96 euros a month.

That country finished up with, according to AIPP, one percent of the overseas property market, about the same as Florida where there has been little equity growth over the last 15 years. Spain is the top property buying destination with 40% of the market, bigger than France, Italy and Greece combined.

That, allied with slowdown prices, makes Spain the year's best potential best buy for frequent holidays for your families and/or commercial renters. Here's how to buy Spanish property at below market value:

Official auctions

This is where the banks have traditionally offered their repossessions, few and far between as Spanish families would eat cheese and bread for a month rather than hand back the keys. The auctions are advertised on websites with dates and instructions on how to get in on the auction circuit.

Don't waste your time, as the local "dealers" will eat you alive if you start messing up their cosy buying activities. They grab the best deals, spend the minimum on repairs and rent them out within weeks. There may be the odd pile of bricks in a corner of the olive grove, but generally the best bargains are "spoken for". Think Lovejoy crossed with Frank Abagnale Jr and don't go there.

Bank owned

There are now more ex pats getting into trouble with their mortgage payments as the European Central Bank hikes the interest rate. Often, Spanish banks work with the owners to sell at the minimum price that clears the mortgage and the banks' legal costs. This benefits householder and bank, but if it doesn't work there's a physical repossession and a professional valuation. This details every aspect of the property, its condition and compares its "value" with similar neighbouring properties.

Private Must Sells

Many ex-pats who moved too late to benefit from the generous equity growth percentages of buying off plan that attracted 1,000s of buyers to the Spanish property market up to two years ago. As a result they may be struggling to find the balance on completion. Other must sell and distressed sales vendors may have taken delivery and failed to attract enough rentals to pay the mortgage and other ownership costs.

The German owner of the Christopher Columbus family home in Mallorca lopped EUR 600,000 of his valuation asking price so he could get the medical treatment his wife required. It failed to attract offers on German EBay, but specialists, PropertyInSpain.Net sold it in five days of it being listed as a below market value bargain.

Developer key readies

Spain's developers and builders are cutting production by a third this year, down from a peak of 600,000, as the off-plan investors switched to the so-called emergent markets and other buyers balked at the rising interest costs of the Euro. That means there are more key ready homes available at the original launch prices of two years earlier and/or with a hefty discount to turn the bricks into cash that much sooner.

Sellers' dismay becomes buyers' delight, but where is the best source for these below market value bank owned, repossessions, developer discounted and must sell homes in Spain?

A Google search shows, specialist website PropertyInSpain.Net as the top ranked source for "must sell property in Spain" and for "Spanish bank repossessions". The comprehensive website is offering habitable 3-bed homes from EUR 30,000 and a EUR 1M Marbella villa discounted by fifty percent with Real Spain and coastal bargains in all price brackets.

The company get the properties directly from the "owner" Spanish bank, offers them on its website and the buyers mainly deal with the bank branch nearest the property. There are also "Must Sell" and distressed sales in the online showcase and many are such value they can be bought with a 100 percent mortgage, often with the old mortgage being switched to the PropertyInSpain.Net buyer.

Because all the essential paperwork, including a current valuation acceptable by every lender, is readily available the buyer can complete within 4-6 weeks with mortgage and utilities organised.

So for the best bargains in Spain register for PropertyInSpain.Net regular updates as once these have been carefully checked and approved by their experts, members are informed without delay. Properties are fully legal, free of debt charges and officially registered. Buying is on a first come, first served basis.



PropertyInSpain.Net is respected for its carefully researched, up-to-the-minute professional advice on Spanish property and for the latest below market value investment opportunities.

The company has partnerships with many leading Spanish banks, founder member of the Association of International Property Professionals and the UK brokers for 50 of Spain's leading developers.

More information: 0870 620 0034 or email info@propertyinspain.net

10 ways to save thousands on your second home in the sun



Image:
*Palatinum Apartamentos
Costa Calida*

Further to your inquiry at PropertyInSpain.Net, we'd like to help you further to find your ideal place in sunny Spain, as we are convinced it is probably already listed on our triple award winning website or in the portfolio of a local affiliate... Together, we can shortlist likely good buys - then you make your final choice?

Autumn is the peak season for buying a second home abroad, as people return from their summer holidays and seek to make the dream of owning that idyll in the sun a reality.

About 300,000 British households now own a foreign property and the number has trebled over the past decade, according to **Grant Thornton**. The accountancy firm estimates that between 1.5m and 2m British households will own a second home abroad by 2025.

Yet many people risk paying more than they need. Careful financial planning can cut about £40,000 off the cost of buying and owning a second home worth €200,000 (£137,000). We offer some tips.

Don't use your bank to transfer money

One of the biggest expenses when buying abroad is transferring your deposit from your British bank to a local account and then to the local solicitor. You could lose thousands if you don't get a good exchange rate.

Specialist foreign-exchange brokers such as Currencies Direct, Foreign Currency Direct (FCD), HIFX and Moneycorp, generally offer better deals than high street banks.

A survey carried out by **GSA Business Development**, an independent marketing consultancy, found that someone looking to put down a deposit of €200,000 last Thursday would have got a rate of 1.3932 euros to the pound from NatWest, so they would have had to stump up £143,554. FCD, however, had a rate of 1.4538, costing £137,570 – a saving of nearly £6,000.

Fix your exchange rate before you complete

Exchange rates can change dramatically in the time it takes to purchase a property, and if the pound weakens during that period, the sterling cost of your home will increase.

If you had agreed to buy a property for €200,000 on January 23, when the exchange rate was €1.5299 to the pound, it would have cost you £130,727. However, if you didn't complete until March 14, when sterling had weakened to €1.4557 to the pound, you would have had to pay an extra £6,663.

If the pound strengthens during the time it takes to complete on the purchase, you will of course pay less, but many people are not prepared to take the risk.

Mark Bodega at **HIFX** said: "Fluctuating currency rates can make a huge difference to the final price you pay for your overseas property. We always remind clients that they would never agree to buying a property in the UK without knowing the final cost."

Most forex brokers let you fix the exchange rate, often for up to two years.

Consider a euro mortgage

Advisers generally recommend that you have the mortgage for your holiday home in the local currency so the debt does not move out of line with the value of the property. You may also benefit from a lower interest rate.

The **European Central Bank's** interest rate is currently 4%, compared with 5.75% in Britain. In France, you can fix at 4.9% for 20 years, whereas in Britain the best 20-year fix from **Nottingham Building Society** is 5.99%.

If you remortgaged your main home to release equity to buy a property (France or Spain) outright at the Nottingham rate, you would pay an extra £20,096 over the 20-year term.

Take on debt to reduce local taxes

If you own a property overseas you have to pay local as well as British taxes.

In France, for example, a wealth tax is levied on French assets worth €760,000 or more owned by a nonresident. The rates range from 0.55% to 1.8%. Someone with a property worth €1m would pay €1,375 a year, while the cost for someone with a €2m property would be €8,475 a year.

Even if you can afford to buy a property outright, it may be worth taking on a mortgage to keep the value below €760,000. John said: "Simply by having a French loan secured on the property you can avoid paying this annual tax."

You don't have to put down a deposit

You are normally required to put down a deposit of at least 10%, but if you do not have the money now it may still be possible to secure a property and benefit from current prices – even if you do not intend to complete on the deal for another one or two years.

Many people who buy abroad purchase a property before it is built – known as buying off-plan – in the hope that they can get in at a lower price.

You normally have to put down a deposit to secure the deal, but some developers will accept an overseas exchange bond instead. These are in effect insurance policies which guarantee that the developer will get the full deposit on completion. They are only available on new-build properties.

Lucas Zachara at **Exchange Insurance Company**, which offers exchange bonds, said: "Many of those wanting to buy abroad hold back because they are reluctant to part with large sums of money to developers overseas, especially on properties that may be months or years off completion. That is where we come in."

Even if you have the money to put down for a deposit, it may be worth buying a bond instead, and leaving that cash earning interest until it is needed. Some developers will refund the cost of the bond as part of the sales incentive.

Developments where you can currently use a bond include Oceanico and Vale D'Ouro in Portugal, Selva Piana in Tuscany, Palatinum in Murcia, Spain, and the Eden Residence in Budapest.

Suppose someone wanted to purchase an apartment in Spain worth €200,000 that was not due to be ready until 2009. They would normally have to put down a 10% deposit to secure it, but they could buy a two-year overseas exchange bond for €2,240 instead and pay the total purchase price on completion.

The buyer could therefore keep the £13,700 they would otherwise have had to put down as a deposit in a savings account. Halifax is paying 6.75% on its two-year Websaver fixed-rate bond. Over the term, you would earn £1,849.50 in interest (£1,109.70 after 40% tax is deducted).

Use the experts for currency transfers

JANE and Barry Krite, a company director, from Radlett in Hertfordshire, bought a second home in Majorca last year. When they transfer money to their Spanish bank they use Foreign Currency Direct, a specialist broker, rather than a bank.

Jane, a 50-year-old housewife, said: 'We saved about £30,000 when we bought the villa because the exchange rate offered by Foreign Currency Direct was so much better than our bank. We used them again this year when we bought a boat in Majorca and saved about 3% on the cost of the currency transfer.'

Clare Francis, reprinted from The Times, 16 September 2007



NB

This document is to be used as a rough guide and as general information only, therefore PropertyInSpain.Net cannot be held responsible for any misunderstandings of the conveyance procedure in Spain and Balearic islands. Always take legal and fiscal advice.

See our comprehensive online Buyers' Guide ::

<http://www.propertyinspain.net/guide/bg/index.aspx>

PropertyInSpain.Net are UK brokers for Palatinum Resort in Murcia.

http://www.propertyinspain.net/developments/palatinum_resort/

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