

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