

# ***Hotspot Guide***

*Spain*

***A Sample of what's on Offer***

*Hot Spot*

***Introduction***



## Why invest in Spain?

The growth of the tourism market brought with it a high demand for property purchases, leading to the rapid boom in construction.

High annual returns, impressive rental yields and varied financing options assisted with the continued demand in a location that provided a stable economy.

The recent downturn in the economy has shown the full extent of the demand for the Spanish property market.

Home buyers spending winters living in Spain and the hotter months in their home countries have found a very lucrative market in the high demand for short term lets in the summer.

The winter months also offer a great potential for buy-to-let investors with the extensive number of golf courses along the coastal areas.



### Fast Facts:

- **Location:** Is a country located in southwestern Europe on the Iberian Peninsula. Its mainland is bordered to the south and east by the Mediterranean Sea except for a small land boundary with Gibraltar; to the north by France, Andorra, and the Bay of Biscay.
- **Capital City:** Madrid
- **Climate:** Can reach 40C (104F) in summer and fall to below zero in winter. The southern areas have a more temperate climate all year round
- **Average Temperature:** Sea level of between 14<sup>o</sup>-20°C.
- **Total Land Area:** 499,400 SQ KM
- **Official Language:** Spanish
- **Total Population:** 42 million
- **Population Density:** 0.100%
- **Major Religion:** Christianity
- **Currency:** Euro
- **GDP:** 2.59%
- **GNI per capita:** 21,210US\$
- **Inflation:** 3.6%
- **Annual Growth:** 36.1%
- **Main Exports:** Transport Equipment, Agricultural Products
- **Main Sources of Income:** Taxes and agriculture
- **Unemployment:** 17.4%
- **Population Below Poverty Line:** 19.8%
- **Literacy:** 97.9%
- **Life Expectancy:** 78 years (men), 84 years (women) (UN)
- **Time Zone:** GMT +1
- **Internet Domain:** .Es (.Cat for Catalonia)
- **International Dialling Code:**+0034



## Geography

- Spain's boundaries, 4,964 km (88 percent) is water and 1,917.8 km is land (12 percent).
- The Cantabrian Sea (Bay of Biscay) is to the north, the Mediterranean Sea and the Balearic Sea to the south-southeast, Portugal and the North Atlantic Ocean to the west, and France and Andorra to the northeast along the Pyrenees Mountains.
- The Mediterranean coast is 1,660 km long, and the Atlantic coast is 710 km long.
- The Pyrenees mountain range, extends 435 km from the Mediterranean to the Bay of Biscay.
- In the extreme south of Spain lie the Straits of Gibraltar, which separate Spain and the rest of Europe from Morocco in North Africa; at its narrowest extent, Spain and Morocco are separated by only 13 km (8.1 mi).



## Economy

- Today, tourism, industry and agriculture play a major role in the country's economy. Spain has seen the fastest economic development in Western Europe since the 1960's.
- Agriculture contributes less than 5% of the nation's GDP, which is high compared to other countries in Western Europe. Fishing is another important economic sector for Spain.
- Industry contributes about 35% of Spain's GDP, but industry is still somewhat dependent on foreign investment.

## Politics

- The Politics of Spain take place in the framework of a parliamentary representative democratic constitutional monarchy.
- Stable government.
- Executive power is vested in the government.
- Executive power in Spain lies with the Council of Ministers. It is headed by the President of the Government (Prime Minister) who is nominated by the King, confirmed by a vote of the lower house of parliament and then appointed by the king.



## A Brief Guide to Purchasing Property in Spain

- The excellent accessibility and infrastructure, ideal weather, familiarity and lifestyle combined with rental options, golf courses and fantastic beaches, hold continuous appeal for future growth with the recovery of the economy



### Property Market:

- Many investors view investment property in Spain as a solid option and prefer it to riskier alternatives in other worldwide emerging markets.
- Although property prices have risen substantially, good returns on investment can easily be achieved while Spain relentlessly holds onto its great reputation as a holiday and property hotspot.
- More tourists are purchasing second homes in Spain each year and the number of immigrants living and working in Spain and buying homes is also on the increase.
- Well researched, lower priced properties in suitable locations are proving to be as lucrative as the top end properties to be purchased on the Costa del Sol.



## Fees and taxes :

### **Transfer Tax**

Resale property buyers must pay transfer tax. The percentage varies depending on the region where the property is situated, e.g. 6 per cent in the Basque Lands and Navarra, 6.5 per cent in the Canaries and 7 per cent in the remaining regions

### **Value Added Tax in Spain**

Value added tax of 7 per cent (4.5 per cent in the Canaries) is levied on new properties purchased from a developer or builder and being sold for the first

### **Land Tax in Spain**

Land tax is a municipal tax on the increase in the value of land (excluding any buildings).

### **Legal Fees**

Legal fees for conveyance involved within a sale are usually around 1 to 1.5 per cent of the purchase price for an average property.

### **Deed Registration Fee**

This is usually between €180 and €500, although the first amount paid is a deposit and is often over-estimated, so you may receive a small refund.

### **Surveyor's Fee**

If you employ a surveyor to inspect a building or plot of land, the fee depends on the type of survey, any special requirements and the value of the property or land. A homebuyer's survey and valuation costs from €500 to €2,000.



## Hot Spots:

### Barcelona and Catalonia



Located in Catalonia, in the North East corner of Spain, **Barcelona** is the second most populous city in the nation with just over 1.5 million inhabitants.

The city is a major economic centre, serving as a key port on the Mediterranean coast since Roman times.

### **Costa del Sol**

Alternatively translated into English as "the sunshine coast," the Costa del Sol lines the southern coast of Spain with over 160km of beautiful beaches.

Particularly popular is the resort of **Marbella** well-known for being a hang out for the rich and famous, and also for being a major golfing resort.

