



MALLORCA

REAL ESTATE MARKET Q1 & Q2 2012

“Mallorca is also seeing a strong and steady increase in short term rental interest across the board: in Mallorca villas and country estates and in the city apartments of Palma de Mallorca”

MALLORCA REAL ESTATE MARKET: SUMMARY

2012 is already set to be another big year for Mallorca property, as increased interest in the Island drives short-term rental demand for luxury holiday-makers, while luxury property buyers scan key areas for the best discounted country houses and sea front properties.

A muted start to the year (as is traditional for Mallorca), has built up to a busy spring and summer season, with high levels of property viewings and increased sales transactions in the second quarter.

“June and July have been very busy in Mallorca”, says Lucas Fox Mallorca Sales Director, Rafael Calparsoro. “Most

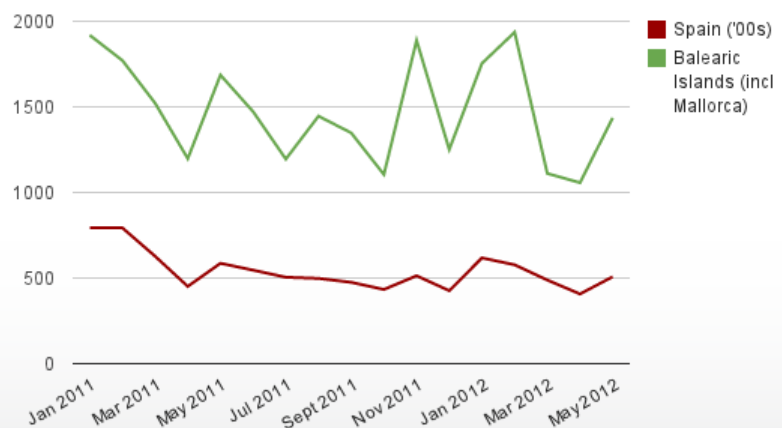
enquiries have been for sea front properties and country houses and we have also seen increased interest in the Old Town district of Palma de Mallorca.”

“Mallorca is also seeing a strong and steady increase in short term rental

interest across the board: in Mallorca villas and country estates and in the city apartments of Palma de Mallorca.”

MALLORCA PROPERTY TRANSACTIONS

Mallorca property sales show a similar - yet more pronounced - pattern of transactions to the Spanish average, with most property sales occurring in January and May. At the Lucas Fox Mallorca office, we saw muted levels of interest during March and April, which gave way to an increased level of viewings and property sales as the second quarter ended.



Property Sales Transactions: Mallorca and Spain: 2011 – 2012

MALLORCA PROPERTY SALES PRICES

Average property prices held more steady than the Spanish averages during the first half of 2012 but nevertheless have seen a slow drop in prices in some areas. Properties in Palma de Mallorca dropped slightly from their sales averages at the end of 2011, ending the first half of 2012 at around €2,068 per square meter, while South Mallorca properties managed to reclaim some of the price drop seen in the first quarter of 2012 but still ended the second quarter with a lower average (€1,958 per square meter) than seen at the end of 2011.

This has translated into piqued interest in buying property on the island, as high-end buyers look for better deals in some of the most coveted areas of Mallorca. Most sales enquiries at Lucas Fox have been for sea front properties and country houses, priced between €1.2 million and €2.8 million.

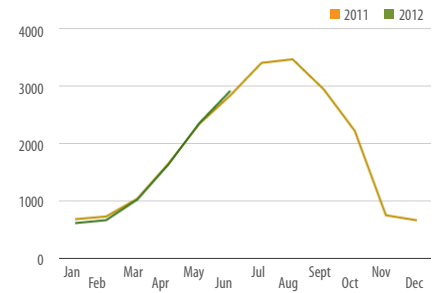
Palma de Mallorca's Old Town district

also faced strong demand, particularly in larger apartments over 200 square meters. These properties were selling at prices between €1.2 and €1.8 million.

MALLORCA RENTAL MARKET

Southern Mallorca saw increases in average rental prices in the first half of 2012, with Calvia in the south west increasing in the first half of 2012 to €9.38 per square meter and Lluçmajor in the south holding steady on 2011 averages at €7.26 per square meter. According to property portal websites Fotocasa and Idealista, average rental prices in Palma de Mallorca fell slightly, ending the half year on around €7.55 per square meter.

Short-term rental demand has increased across the island, with 2012 seeing a growing interest in renting country properties and villas for short periods. This has added to the strong interest in holiday apartment rentals in Palma de Mallorca.

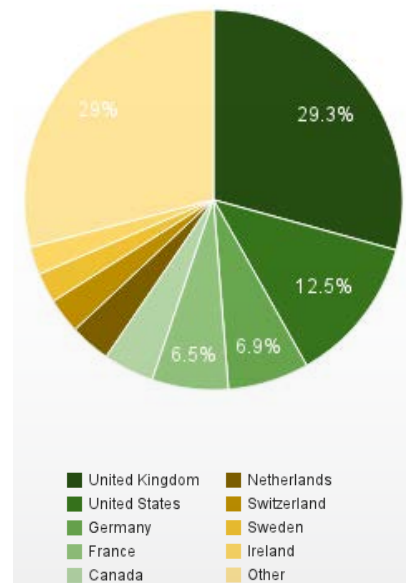


Mallorca Airport Arrivals ('000s): 2011 & 2012

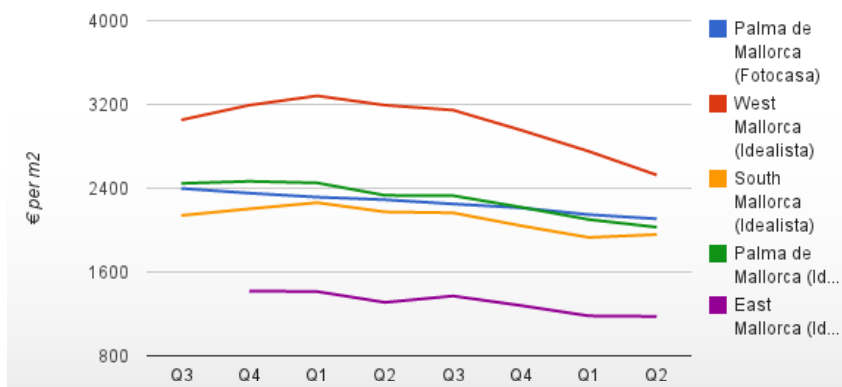
Holiday rental demand is reflected in airport arrivals, which show that while the year started with lower levels of passenger arrivals in January and February, levels increased again in later months. June saw a 2.8% increase in airport arrivals over passenger numbers from June 2011, with over 2.9 million passengers arriving via the airport in the month.

FOREIGN INVESTMENT INTEREST

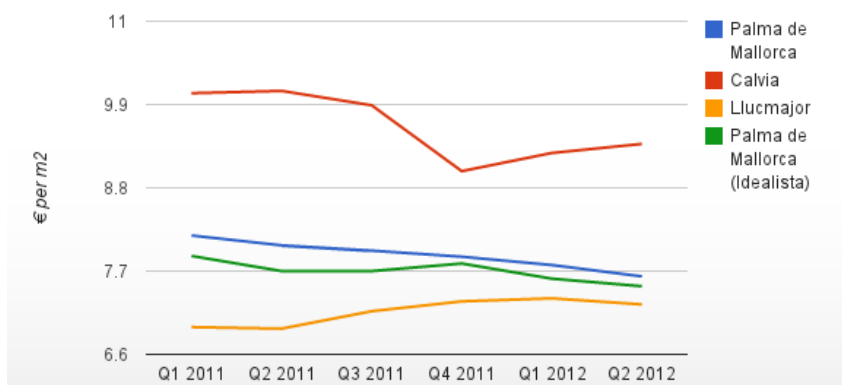
The international readership of the Lucas Fox website – and the Mallorca property webpages in particular – reflect the global interest in Mallorca luxury properties. The majority of our international readers in the first half of 2012 were from the UK, United States, Germany, France and Canada.



International Visitors to Lucas Fox webpages for Ibiza property 2012



Mallorca Average Property Sales Prices Q3 2010 – Q2 2012



Mallorca Average Rental Sales Prices Q1 2011 – Q2 2012

LUCAS FOX ANALYSIS AND PREDICTIONS FOR THE REST OF 2012

“We expect the strong summer interest in Mallorca properties to extend the peak sales season this year, with buyers still looking for discounted country estates, seafront properties and city apartments through the third and fourth quarters”, predicts Lucas Fox Mallorca Sales Director, Rafael Carporoso.

“The early start to summer saw both the short-term rental and property viewing numbers jump and given that we are expected to have great weather conditions through until

October, we are confident this level of interest in Mallorca property will continue until then.”

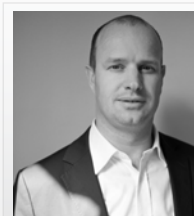
“Luxury property buyers are acutely aware that now is the time to keep a close eye on the market as discounted properties become available in prime seafront locations. Large apartments and penthouses in the Old Town of Palma de Mallorca are also in great demand, and many prospective buyers are ready to move immediately when the product they are looking for comes onto the market. Lifestyle investors are also showing strong interest in country estates across the island, and we expect further trading in the second half of 2012 for these sought-after properties.”

ABOUT THE LUCAS FOX MARKET REPORTS

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COUNTRY HOUSE / MASÍA

LOCATION:
SPAIN » MALLORCA » WEST MALLORCA

LFMA412

PRICE ON REQUEST



HOUSE / VILLA

LOCATION:
SPAIN » BARCELONA » CENTRAL MALLORCA

LFMA394

340.000€



HOUSE / VILLA

LOCATION:
SPAIN » MALLORCA » WEST MALLORCA

LFMA415

3.200.000€



HOUSE / VILLA

LOCATION:
SPAIN » MALLORCA » WEST MALLORCA

LFMA416

3.900.000€



COUNTRY HOUSE

LOCATION:
SPAIN » MALLORCA » PALMA

LFMA417

7.500.000€



COUNTRY HOUSE

LOCATION:
SPAIN » BARCELONA » CENTRAL MALLORCA

LFMA418

1.950.000€