

# MARKET REPORTS 2016



**LUCAS FOX**  
INTERNATIONAL PROPERTIES





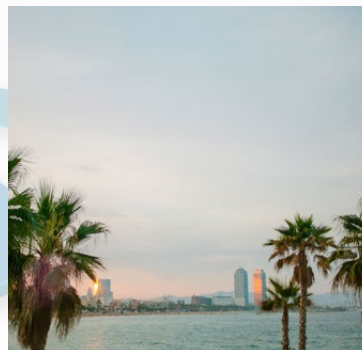
**LUCAS FOX**  
INTERNATIONAL PROPERTIES

## MARKET REPORTS 2016

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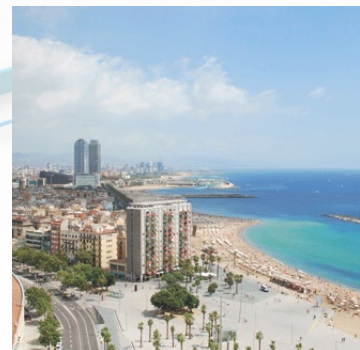
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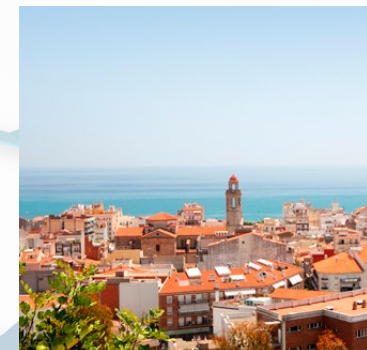
**SPAIN**

4



**BARCELONA**

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**MARESME**

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**SITGES**

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**MADRID**

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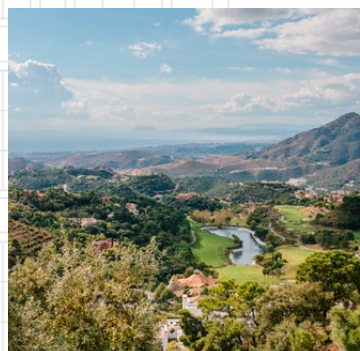
**VALENCIA**

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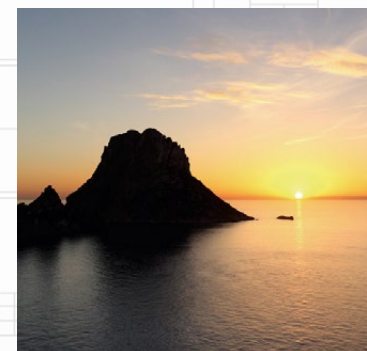
**COSTA BRAVA**

44



**MARBELLA-  
COSTA DEL SOL**

50



**IBIZA**

56





# EXECUTIVE SUMMARY



- The number of property sales transactions in Spain during 2016 is up significantly (14%) compared to 2015 with the greatest increases being seen in the Balearics, Barcelona, Madrid, Girona and Valencia.
- Lucas Fox registered a 31% increase in its sales transactions during 2016 across all its regions.
- Figures from the National Institute of Statistics (INE) show that new mortgage lending jumped 32.2% in November 2016 compared to November 2015.
- Lucas Fox data indicates that foreign investors continue to be key drivers of the Spanish prime property residential market, representing 65% of all Lucas Fox sales during 2016 with the majority buying as a second residence.
- Spain's economy was the strongest performer of the Eurozone's four big economies during 2016, growing by 3.2%.
- A record number of tourists visited Spain during 2016. It welcomed over 75 million visitors, an increase of 11% on 2015.



# SPAIN



**ECONOMIC  
AND PROPERTY  
INDICATORS  
2016**

**SPAIN**

**OVERVIEW**

**BARCELONA**

**MARESME**

**SITGES**

**MADRID**

**VALENCIA**

**COSTA BRAVA**

**MARBELLA-  
COSTA DEL SOL**

**IBIZA**



## PROPERTY SALES TRANSACTIONS

2016 has been a key turning point in the recovery phase of the Spanish property market with sales transactions across almost all key regions gaining momentum. According to the National Institute of Statistics (INE), a total of 403,866 property sales were registered in 2016, up by 14% from 2015. The figures show growth was strongest in the Balearics (31%) with Barcelona (22%), Madrid (12%), Girona (16%) and Valencia (16%) all in the top ten. Growth was much slower in areas where the British are the biggest group of foreign buyers such as the Costa del Sol (7%) due to the uncertainty over Brexit and the weakening of the British Pound. 2016 figures from Lucas Fox show that the number of sales transactions rose year-on-year by 31%.

## PROPERTY PRICES

Spanish property price data varies significantly depending on the source. For example by January 2017 leading property portal Idealista showed a decrease of 5.6% year-on-year across the whole of Spain. The Notaries also showed a price drop over the year (3.2%) whilst Tinsa showed a price

increase of 1.7% during 2016. There are evidently significant regional variations with Spanish prime regions all showing price increases.

*"The growth of the economy, coupled with low financing costs, good potential for profitability from rents and capital growth will continue to drive sales throughout 2017,"* comments Lucas Fox co-founder Alexander Vaughan. *"This upward trend is not only limited to new build homes. Sales of second-hand properties will continue growing in 2017, fuelled by the continued return of mortgage credit and low interest rates. We are cautiously optimistic about the continuing property market recovery during 2017."*

## LUCAS FOX BUYER COUNTRY OF ORIGIN AND MOTIVATION

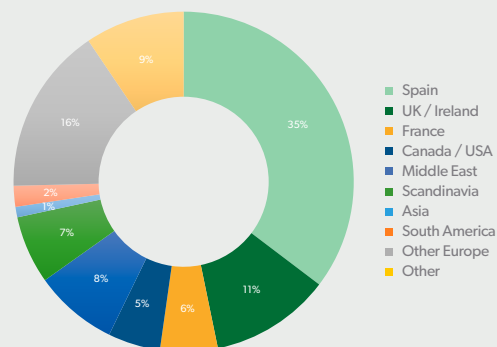
Lucas Fox data indicates that foreign investors continue to be key drivers of the Spanish prime property residential market, representing 65% of all Lucas Fox sales during 2016. UK and Irish buyers represented 11% and the French, a growing demographic, represented 5% of buyers during 2016. Middle Eastern buyers were one of the fastest growing buyer

nationalities, representing 8% of Lucas Fox sales. Scandinavia was also strongly represented with 6% of sales. With regards to motivation for buying, 30% of buyers bought homes as a primary residence and 43% as a secondary residence. There has been a significant rise in those buying for investment reasons (22%) and 3% of buyers purchased property to obtain the Golden Visa.

Diminishing demand for property in London following the result of the Brexit vote has already seen European and non-European citizens look to Madrid and Barcelona, and Lucas Fox expects this trend to continue in 2017. Lucas Fox also expects that demand for Spanish property from other non-European buyers, including from the United States and Middle East, will continue its upward trend throughout 2017 as they take advantage of the Golden Visa, which grants Spanish residency in exchange for property investments. New low cost flights from British Airways and Norwegian Airlines from the United States to Barcelona will also launch during 2017, a reflection of the growing attraction of the Catalan capital for Americans, as both a tourist and second home destination.

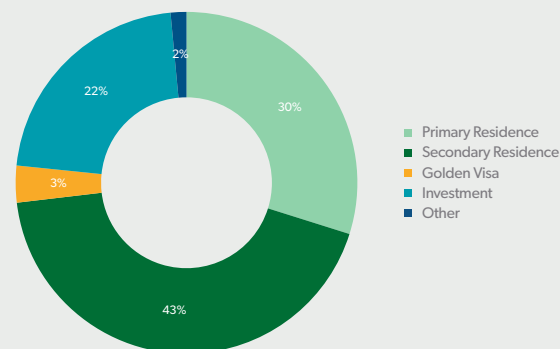
### PROPERTY BUYERS IN SPAIN: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox sales data



### PROPERTY BUYERS IN SPAIN: MOTIVATION FOR PURCHASE, 2016

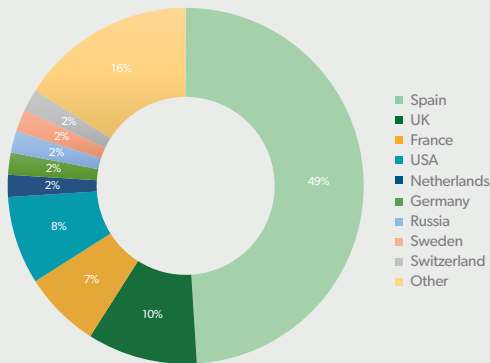
Source: Lucas Fox sales data





WEBSITE INTEREST IN SPANISH PROPERTY:  
COUNTRY OF ORIGIN, 2016

Source: Lucas Fox website data



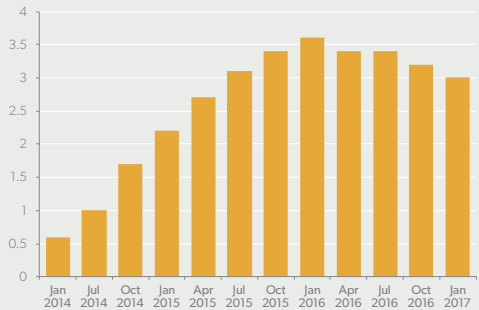
OVERVIEW OF THE WORLD ECONOMIC OUTLOOK

Source: IMF

	Estimated		Projections	
	2015	2016	2017	2018
World Output	3.2	3.1	3.4	3.6
Advanced Economies	2.1	1.6	1.9	2.0
United States	2.6	1.6	2.3	2.5
Euro Area	2.0	1.7	1.6	1.6
Germany	1.5	1.7	1.5	1.5
France	1.3	1.3	1.3	1.6
Italy	0.7	0.9	0.7	0.8
<b>Spain</b>	<b>3.2</b>	<b>3.2</b>	<b>2.3</b>	<b>2.1</b>
Japan	1.2	0.9	0.8	0.5
United Kingdom	2.2	2.0	1.5	1.4

SPAIN GDP ANNUAL GROWTH RATE  
2014 - 2017

Source: National Institute of Statistics



LUCAS FOX WEBSITE INTEREST

In 2016 just under half (49%) of website interest to all Lucas Fox 10 language websites came from Spain. Most foreign interest came from the UK (10%), a similar proportion to previous years despite the Brexit vote. 8% of visitors were from the United States and 7% from France, followed by an even split between Germany, the Netherlands, Sweden, Switzerland and Russia (all 2%).

THE ECONOMY AND EMPLOYMENT

Spain is enjoying the strongest recovery of the four biggest Eurozone economies. During 2016 Spain's economy grew by 3.2% (the same pace as 2015), outperforming expectations and surviving the protracted political crisis that finally came to an end in 2017. Figures from the National Institute of Statistics (INE) show that, in real terms, the Spanish economy has recovered around 80% of what it lost during the years of the crisis. This was helped by a huge influx of tourists during 2016 spending an average of €800 during their stay. Spain had around 75 million foreign visitors last year, an increase of

11% on 2015, driven by perceptions of risk in other popular destinations as well as a weak Euro to the US Dollar. It is expected that midway through 2017 Spain's GDP will go back to 2008 levels, based mainly on the export of goods and services. There is still currently less investment than back when construction was the primary engine of growth. Analysts forecast the economy will grow at a slower rate of 2.3% during 2017. Unemployment, meanwhile, is at its lowest since 2009 at 4.24 million.



## EXCHANGE RATES

Exchange rates, particularly between the Euro and the British Pound and Euro and the US Dollar, have a significant impact on the Spanish property market. The uncertainty ahead of the UK's EU referendum vote on 23 June saw the Pound weaken against the Euro and the unexpected outcome saw it tumble even further. It reached its lowest on 16 November at €1.1069 but recovered slightly in December reaching €1.1975. The forthcoming Brexit negotiations are expected to affect Sterling exchange rates for the rest of 2017 and for years to come. The Euro fell to \$1.11 the day after the Brexit vote since traders thought uncertainty surrounding the vote would weaken the European economy. Markets calmed down after realising Brexit would take time and the Euro rose to \$1.1326 on 23 August but then fell to its 2016 low of \$1.039 on 20 December (three years ago the Euro could buy \$1.37). Many analysts believe these two currencies will meet parity at some point during 2017, potentially bringing more tourists and property investors from the United States to Spain.

## EURIBOR AND MORTGAGE LENDING

The Euribor is a European-wide economic metric that calculates the average interest rate that banks in the Eurozone offer to lend unsecured funds to other banks in Europe. In January 2017 the Euribor came in at -0.095, down from -0.08 in December 2016, the twelfth consecutive month of negative Euribor interest rates (in January 2016 the Euribor was 0.042). Figures from the National Institute of Statistics (INE) show that new mortgage lending jumped 32.2% in November 2016 compared to November 2015. Some forecasters predict that some banks will increase their fixed rates for mortgages during 2017.

## TOURISM

The number of visitors to Spain hit a new record in 2016 for a fourth consecutive year. Figures from the National Institute of Statistics show that Spain hosted 75.6 million international visitors last year, up by 11% from 2015. Spain's thriving tourism industry continues to account for around

11% of gross domestic product. The third most visited country in the world, Spain relies heavily on tourism to employ one in eight people. Tourist spending also rose to a record high of €77 billion in 2016, up 8% from 2015, in part helped by security concerns in some other Mediterranean holiday destinations such as Turkey and North Africa. The majority of visitors came from the United Kingdom, France and Germany. British visitors accounted for nearly 17 million, which is significant given the outcome of the Brexit referendum. The most popular destinations were Catalonia and the Balearic and Canary Islands. The Spanish government currently has some concerns regarding the low cost tourist model and intends to target more high spending tourists in the near future.

Spanish airport figures also went up, showing an annual growth rate of 11% by the end of 2016. Airport management company Aena's data showed that a record 230 million people used Spanish airports during the year.

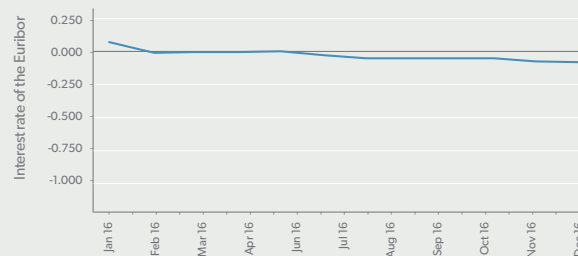
### EXCHANGE RATE HISTORY GBP/EURO, MAR 2016 - JAN 2017

Source: Pounds 2 Euro



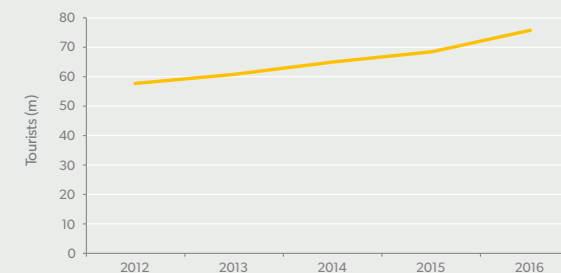
### EVOLUTION OF THE EURIBOR, 2016

Source: HipotecasyEuribor.com



### NUMBER OF TOURISTS VISITING SPAIN, 2012-2016

Source: National Institute of Statistics





An aerial photograph of a city street, likely in Barcelona, showing a wide road with cars, motorcycles, and pedestrians. The street is lined with lush green trees. In the background, there are several historic buildings with ornate facades and balconies. The sky is clear and blue.

# LUCAS FOX REGIONS

SPAIN

OVERVIEW

BARCELONA

MARESME

SITGES

MADRID

VALENCIA

COSTA BRAVA

MARBELLA-  
COSTA DEL SOL

IBIZA





## BARCELONA CITY OVERVIEW

- Lucas Fox Barcelona sold 69% more homes during 2016 than during 2015.
- Barcelona city averaged 3,827 transactions per month in 2016, up from an average of 3,148 in 2015, according to the National Institute of Statistics (INE), showing an annual growth rate of 22%.
- Property prices for all of Barcelona averaged €3,879 per square metre (Idealista) by the end of 2016, up €487 over the average at the end of 2015, showing an annual growth rate of 14%.
- Lucas Fox buyers looking for a primary residence have dominated the mid-level market in 2016, with 37% buying property as a main home.
- The sought-after district of Eixample Right has seen the most growth in demand and price increase, mainly due to the limited amount of exclusive high-end renovation projects available.
- Demand for Lucas Fox rental properties in Barcelona is on the increase. These homes are mainly located in Eixample, the Zona Alta and the Old Town.



## MARESME OVERVIEW

- Lucas Fox Maresme saw an 88% increase in the number of sales during 2016 compared to 2015.
- Local buyers now account for nearly half of all Lucas Fox Maresme sales. British sales have dropped however from 25% in 2015 to 13% in 2016 due to the Brexit vote and the subsequent weakening of the Pound.
- Townhouses, sea view villas and older properties in desirable residential areas are currently most in demand.
- The number of New Developments is expected to increase during 2017 as is the volume of transactions under €1 million.



## SITGES OVERVIEW

- Sitges average property prices ended 2016 on €3,744 per square metre, up €163 per square metre over the end of 2015 average, representing a 5% annual growth rate (Idealista).
- A third of Lucas Fox Sitges sales were to local buyers, up from 2015 figures.
- There have been fewer enquiries from British buyers during 2016, due to the prospect of Brexit.
- Sitges buyers are increasingly interested in the potential rental income a property can generate, not just in the summer months but throughout the year.



## MADRID OVERVIEW

- The number of property sales transactions in Madrid showed an annual growth rate of 12% in 2016.
- Average property prices in Madrid have risen consistently since midway through 2014, ending 2016 on €3,779 per square metre, an annual growth rate of 6%.
- The sought-after districts of Chamartín and Chamberí ended the year on €4,072 and €4,060 per square metre, showing annual growth rates of 7% and 8%.
- Foreigners spent just over €47 million on new builds and newly renovated properties in the first three quarters of 2016, showing an increase of 9% over the same period in 2015.
- Prime located renovated apartments in classical buildings between 150m<sup>2</sup> and 200m<sup>2</sup> and priced between €1 million and €1.5 million are currently most in demand.



## VALENCIA OVERVIEW

- The number of sales transactions in Valencia in 2016 increased by 16% over 2015, averaging just over 1,800 sales per month.
- The total value of property transactions in Valencia amongst foreign buyers for the first three quarters of 2016 grew by 13% (€197.5 million) over the amount of trading for the same period in 2015.
- Valencia property prices went up by 5% and by 4% in the Old Town during 2016.
- Towards the end of 2016 there was a significant rise in the number of Lucas Fox website visitors looking for properties in Valencia, due to its growing popularity as a lifestyle investment hotspot.



## COSTA BRAVA OVERVIEW

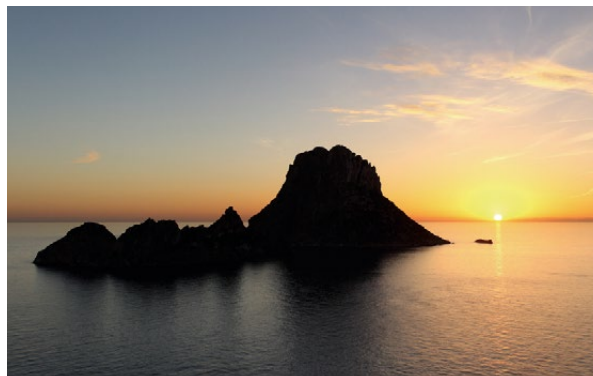
- The number of property transactions in the Girona region increased by 15% year-on-year, with 8,822 sales in 2016.
- In the first three quarters of 2016 foreigners purchased €356.4 million worth of property in the Girona and Costa Brava area, compared with €316.7 million in the same period of 2015, an annual growth rate of 13%.
- A quarter of Lucas Fox buyers bought homes as a primary residence in the region, up from 14% in 2015.
- National buyers accounted for a quarter of Lucas Fox Costa Brava sales in 2016.
- There was a significant increase in sales to US and Canadian clients, which accounted for over 15% of Lucas Fox total sales in the Girona and Costa Brava during 2016.
- The average price of properties in the sought-after towns of Palafrugell, Tamariu and Llafranc was €2,065 per metre by the end of 2016, up from €1,987 per square metre in 2015 (an increase of almost 4%).





## MARBELLA-COSTA DEL SOL OVERVIEW

- The number of property transactions in Málaga, which includes Marbella, showed an annual growth rate of 7% in 2016.
- The total value of property transactions across the Málaga region amongst foreign buyers for the first three quarters of 2016 grew by 14% over the amount of trading for the same period in 2015.
- Enquiries from British buyers have fallen significantly due to the Brexit vote.
- Marbella's average property prices ended the year on €2,374 per square metre, €8 below the price at the end of 2015. Average property prices in the key districts of Benahavis and Estepona, however, increased by 7% and 8% respectively.
- A third of Lucas Fox Marbella sales went to Middle Eastern buyers and two-thirds to Northern Europeans.



## IBIZA OVERVIEW

- The number of property transactions in the Balearic Islands in 2016 showed an annual growth rate of 31%.
- 71% of Lucas Fox property buyers in Ibiza in 2016 purchased properties for use as a secondary residence.
- 2016 continued to see a large proportion of Lucas Fox property buyers coming from Western Europe, including Germany, the United Kingdom and Belgium.
- Around 70% of Lucas Fox clients intend to rent their property out during the summer for at least a couple of weeks due to the high potential rental income.



## NEW DEVELOPMENTS OVERVIEW

- Foreigners spent €77 million on new build and reformed properties in Barcelona in the first three quarters of 2016, an increase of 10% over the same period of 2015.
- Just under half of Lucas Fox Barcelona sales were for New Development projects in 2016.
- Lucas Fox currently has over 350 new homes for sale across all its regions with a value of more than €250 million. Lucas Fox is expected to take on more than 1,000 new homes in Barcelona with a value of more than €550 million during 2017.
- The total value of newly renovated homes sold by Lucas Fox last year reached €100 million across all its regions with an average price of €720,000 (€6,200 per square metre).
- 44% of Lucas Fox buyers of Barcelona New Developments purchased for investment reasons and 48% bought as a second residence. 30% of buyers were Spanish and 48% from Northern Europe.



# BARCELONA



## MARKET OVERVIEW AND FORECAST FOR 2017

SPAIN

OVERVIEW

BARCELONA

MARESME

SITGES

MADRID

VALENCIA

COSTA BRAVA

MARBELLA-  
COSTA DEL SOL

IBIZA



## BARCELONA: MARKET OVERVIEW AND FORECAST FOR 2017

The property market in Barcelona continued to grow significantly during 2016 and is widely promoted as a European property investment 'hotspot'. New and newly renovated homes continue to be demand, particularly among international buyers, who have continued to drive sales during 2016. The local market has also seen increased activity as the local economy continues to grow and financing becomes readily available. 2016 saw a steady increase in property prices and in some highly sought-after districts saw double-digit growth. In the last quarter Lucas Fox experienced a sharp increase in sales transactions to cap off an all-round very positive year.

*"In 2015 residential New Development projects started coming onto the market in Barcelona for the first time since the property market crash," explains Lucas Fox Head of Operations Rod Jamieson. "Through 2016 the release of projects accelerated, increasing the supply of much needed New Development property. In 2016 almost 50% of the properties sold by Lucas Fox Barcelona were New Development projects and we expect this percentage to maintain or most probably increase through 2017. 2017 will see the release of some large residential condominium projects in the city centre and the Diagonal Mar area of the city. We expect these projects to be particularly interesting to investor clients and also clients looking to take advantage of the Golden Visa scheme. As well as these larger projects there are a good number of smaller New Development*

*"IN 2016 ALMOST 50% OF THE PROPERTIES SOLD BY LUCAS FOX BARCELONA WERE NEW DEVELOPMENT PROJECTS AND WE EXPECT THIS PERCENTAGE TO MAINTAIN OR MOST PROBABLY INCREASE THROUGH 2017."*

*"THE MAIN CHALLENGE DURING 2016 HAS BEEN HAVING ENOUGH QUALITY PRODUCT AVAILABLE TO MEET THE DEMAND OF OUR CLIENTS."*



**Rod Jamieson**  
Head of Operations,  
Lucas Fox Barcelona

*projects, which are renovations of classic buildings in the Eixample and Old Town areas, that will continue to feed the demand from international lifestyle investors."*

The area of Eixample Right has been the district that has seen the most growth in demand and price increase, mainly due to a limited amount of exclusive high-end renovation projects available. These properties include unique Modernista buildings with high quality fixtures and fittings, located close to good services and amenities. There has also been increased demand for the Gothic and Born districts, where there has been substantial investment in urban renewal in recent years. There is strong demand for renovated historic buildings housing stylish apartments. The beachside district of Diagonal Mar is once again becoming very popular and boasts some large residential projects. Properties here are being bought for investment purposes as potential rental yields are higher than average. These types of investment properties are in demand by Middle Eastern and Asian investors interested in obtaining the residency visa.

*"The main challenge during 2016 has been having enough quality product available to meet the demand of our clients," explains Mr Jamieson. "Although the increased New Development activity is satisfying a part of this demand, there is still a shortage of reasonably priced high quality product in central locations of the city."*

The most sought-after type of properties are apartments in attractive renovated buildings, with 2 to 3 bedrooms and 2 bathrooms, measuring from 80m<sup>2</sup> to 150m<sup>2</sup>, situated in prime locations and priced between €700,000 and €1.5 million. Also, smaller apartments of around 50m<sup>2</sup> to 60m<sup>2</sup> with 1 to 2 bedrooms and priced around €500,000 are increasingly in demand by Golden Visa seekers and as a rental income investment property.



### BARCELONA PROPERTY SALES TRANSACTIONS

Property sales transactions in Barcelona city have shown a steady increase year-on-year during the last 4 years. In 2016 Barcelona saw a significant increase in the number of property sales with the total transaction volume showing an annual growth rate of 21.56%. Barcelona averaged 3,827 transactions per month in 2016, up from an average of 3,148 in 2015.

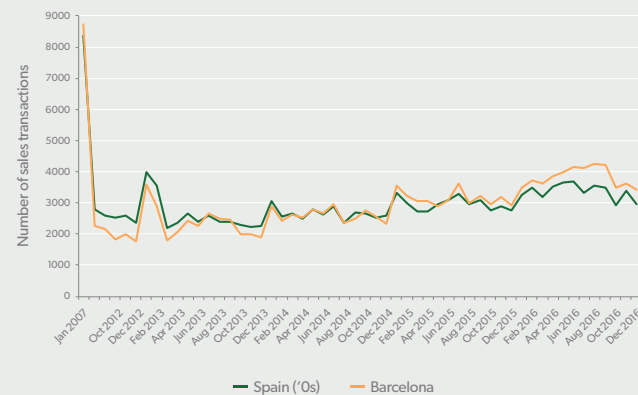
Similarly, Lucas Fox data shows a substantial increase in the total number of property sales in Barcelona with an annual growth rate of 68.57%.

### TRANSACTION VALUE OF PURCHASES BY FOREIGNERS

Amongst foreign buyers the total transaction value of purchases of second-hand properties was higher in the first three quarters of 2016 (for which the latest data is available) than in the same period in 2015 (€894,925,200 in Q1-Q3 2016 compared with €773,251,500 in Q1-Q3 2015), showing an annual growth rate of 15.74%. The number of new builds and newly renovated properties continues to increase, with foreigners spending €77,221,100 on new build and reformed properties in the first three quarters of 2016, an increase of 9.89% over the same period in 2015. Total transaction value of Barcelona property purchases by foreigners in the first three quarters of 2016 grew by 15.25% over the amount of trading for the same period in 2015 (€972,146,200 in Q1-Q3 2016 compared with €843,525,700 in Q1-Q3 2015).

### BARCELONA FREE HOUSING PROPERTY SALES TRANSACTIONS PEAK (Q1 2007) AND Q3 2012 - Q4 2016

Source: National Institute of Statistics



### BARCELONA NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS BY FOREIGNERS Q1 2013 - Q3 2016

Source: Spanish Department of Development



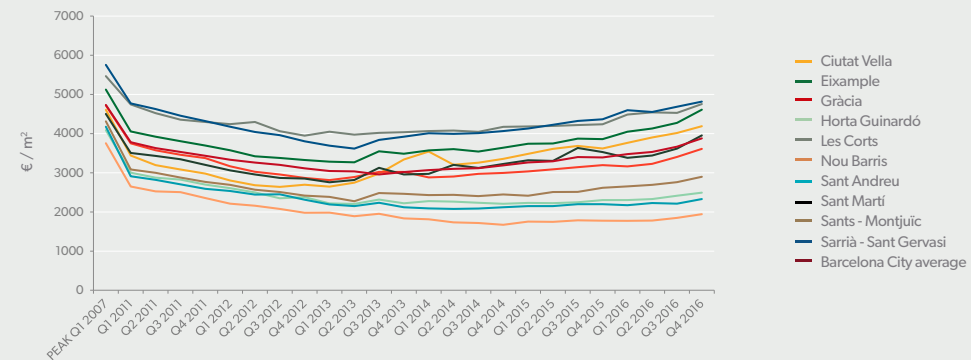


## BARCELONA PROPERTY PRICES

According to leading property portal Idealista (which bases its figures on asking prices), property prices for all of Barcelona averaged €3,879 per square metre by the end of 2016, up €487 over the average at the end of 2015, showing an annual growth rate of 14.36% in average property prices. The more prestigious, luxury districts of Eixample and Zona Alta (Les Corts and Sarrià-Sant Gervasi) ended the year with the highest average prices, at €4,610 and €4,787 per square metre respectively, compared with €3,861 and €4,303 per square metre at the end of 2015 (showing an increase of 19.40% and 11.25% respectively). Every district of Barcelona saw an increase in average prices between the end of Q2 2016 and the end of the year.

### BARCELONA CITY AVERAGE PROPERTY SALES PRICES PEAK (Q1 2007) AND Q1 2011 - Q4 2016

Source: Idealista



13 out of 26 apartments of the Casa Burés New Development in Eixample were sold in the private launch phase



## BARCELONA MID-MARKET PROPERTY SALES TRANSACTIONS

Barcelona trading of mid-market properties (valued at between €450,000 and €900,000) has increased every quarter over the corresponding quarter in the previous year since the start of 2013. 1,086 mid-market properties were sold in Barcelona in the first half of 2016 (for which the latest data is available), representing 19.27% of the total Spanish mid-priced property market and an overall growth rate of 30.84% over sales transactions for the corresponding period in 2015.

## LUCAS FOX BUYER COUNTRY OF ORIGIN AND MOTIVATION FOR MID-MARKET PROPERTIES

National buyers continue to make up a significant proportion of mid-market property buyers with almost a quarter of Lucas Fox buyers coming from Spain. Lucas Fox data from 2016

shows a reduction in UK buyers from the mid-level market, probably down to the prospect of Brexit following the UK's referendum in June and the subsequent weakening pound, but a continued strong representation from the Middle East.

A noticeable change has been that buyers looking for a primary residence (frequently as part of a relocation to Barcelona) have dominated the mid-level market in 2016, with 37.29% seeking a primary home. Those looking for properties as a secondary residence (30.51%) or investment property (20.34%) continue to make up a substantial proportion of the market. The number of buyers seeking access to the Golden Visa has increased with 10.17% of buyers purchasing properties in order to take advantage of the scheme where non-European residents receive residency rights when purchasing property over €500,000.



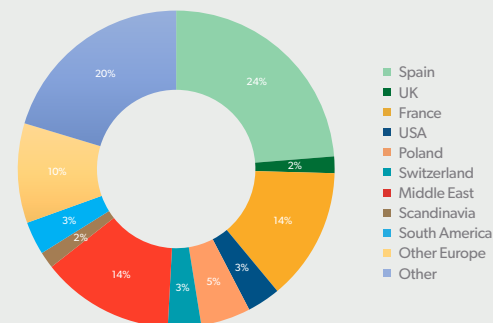
### BARCELONA MID-MARKET PROPERTY SALES TRANSACTIONS (BETWEEN €450,000 AND €900,000), Q1 2012 - Q2 2016

Source: Spanish Department of Development



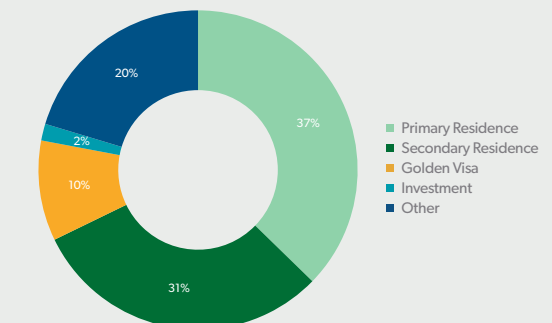
### MID-MARKET PROPERTY BUYERS IN BARCELONA CITY: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox sales data



### MID-MARKET PROPERTY BUYERS IN BARCELONA CITY: MOTIVATION FOR PURCHASE, 2016

Source: Lucas Fox sales data





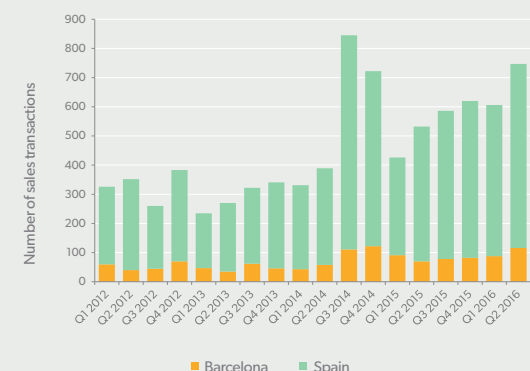


## BARCELONA PRIME PROPERTY SALES TRANSACTIONS

Following a peak in the second half of 2014, sales of prime properties (valued at over €900,000) in Barcelona have shown a steady growth since the second quarter of 2015. In the first half of 2016 (for which the latest data is available) 204 prime properties were sold across the province of Barcelona, showing an increase of 26.71% over the same period in 2015 and representing 17.75% of the Spanish prime property market overall.

### BARCELONA PRIME MARKET PROPERTY SALES TRANSACTIONS (OVER €900,000), Q1 2012 - Q2 2016

Source: Spanish Department of Development





### LUCAS FOX BUYER COUNTRY OF ORIGIN AND MOTIVATION FOR PRIME MARKET PROPERTIES

Following on from 2015, national buyers continue to make up a significant proportion of Lucas Fox prime property (valued at over €900,000) buyers, with almost 30% of all buyers coming from Spain, up from 17% in 2015. Lucas Fox data for 2016 shows a significant increase in buyers from the United States and Canada (12.50%) and a continued strong presence from Scandinavia (16.67%), Western Europe (16.66%) and the Middle East (8.33%).

In 2016 the motivation for high-end property purchases in Barcelona was dominated by those looking for a secondary residence (54.17%). Other buyers were split between those purchasing property as a primary residence (20.83%) and a long-term investment (16.67%) or in order to obtain a Golden Visa (4.17%).

### BARCELONA RENTAL MARKET

The average rental prices for Barcelona city and for each individual district have risen substantially in all neighbourhoods in the last three years.

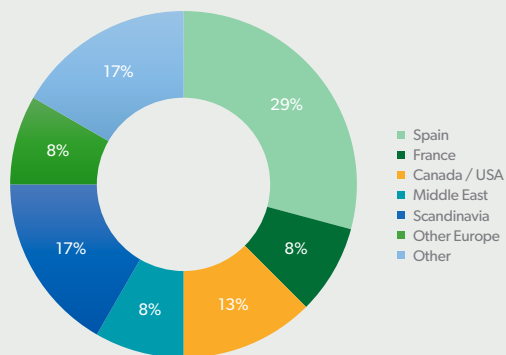
The overall average rental price for Barcelona city ended the year on €17.90 per square metre, up €2.60 over the end of 2015 average, an increase of 16.99%. The city centre neighbourhood of Ciutat Vella and the inner city Modernista neighbourhood of Eixample ended 2016 on the highest rental prices, with Ciutat Vella now averaging €19.90 per square metre (up €2.30 from the end of 2015) and Eixample now averaging €18.90 per square metre (up €3.20 from the end of 2015).

Lucas Fox Barcelona's long-term rentals division continues to grow with the vast majority of its clients during 2016 coming from abroad (88% foreign clients and 12% national

clients), often as part of a relocation package. The biggest proportion of foreign rental clients came from the UK (12%), followed by the Netherlands (7%) and France (7%). Most rental clients are looking in central areas such as Eixample or the Old Town. Families tend to look at locations near to international schools such as the Zona Alta, Gavà or Castelldefels. The price ranges between €1,800 (for an MBA student) and €6,000 (for expat families). The average price of a Lucas Fox rental property in 2016 was €4,571.58 and it took an average of 20 days to rent a property. 10% of rental clients go on to buy a property in the city.

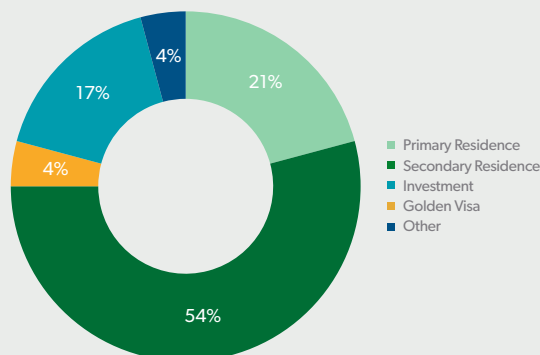
#### PRIME MARKET PROPERTY BUYERS IN BARCELONA CITY: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox sales data



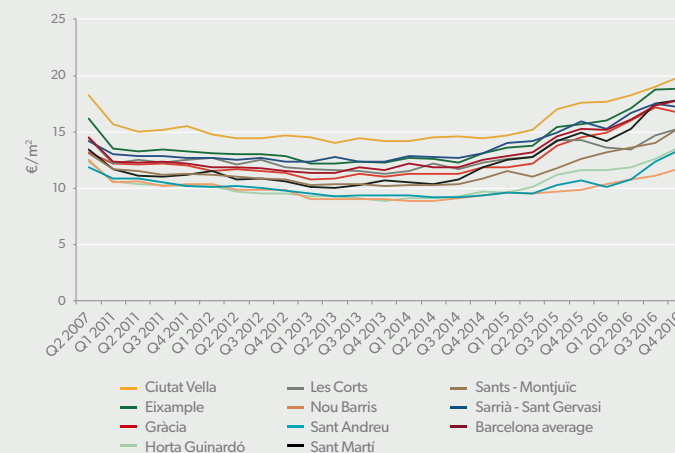
#### PRIME MARKET PROPERTY BUYERS IN BARCELONA CITY: MOTIVATION FOR PURCHASE, 2016

Source: Lucas Fox sales data



#### BARCELONA CITY AVERAGE RENTAL PRICES PEAK (Q2 2007) AND Q1 2011 - Q4 2016

Source: Idealista





## SHORT-TERM RENTAL DEMAND

Barcelona airport arrivals and the number of travellers staying in holiday apartments are good indicators of both the demand for short-term rental accommodations and for the potential benefit of purchasing property for investment as tourist accommodation or for use as a holiday home with some income generation during periods when the property is not in personal use, although tourist licences are still not available in Barcelona Old Town.

Holiday apartment accommodations again outperformed the previous year with 708,286 foreigners staying in holiday apartments in 2016, up from 641,766 in 2015, representing an annual growth rate of 10.37%.

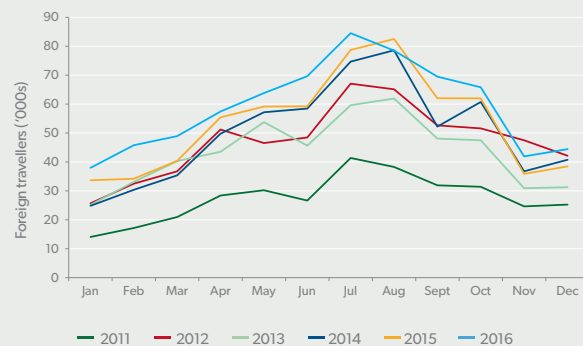
Monthly passenger arrivals at Barcelona's El Prat airport have been higher for every month of this year over 2015 figures, which in turn were higher than in 2014. 2016 saw an increase of 11.19% over passenger arrivals in 2015, with a total of over 44 million passenger arrivals in 2016.

Foreign travellers with Catalonia as a primary destination – the majority coming to Barcelona – rose again in 2016, maintaining a consistent proportion of almost 25% of all international tourists visiting Spain, similar to the previous two years. Almost 18 million international tourists visited Catalonia in 2016, showing an annual growth rate of 5.27%.



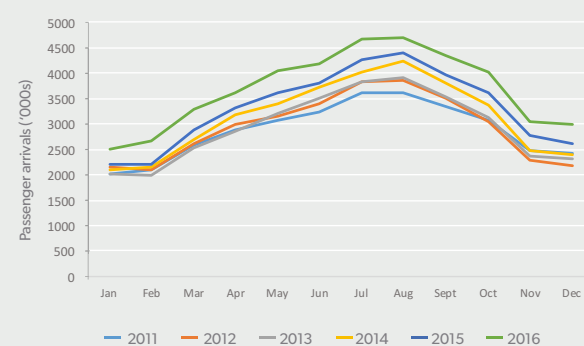
### FOREIGN TRAVELLERS STAYING IN HOLIDAY APARTMENT ACCOMMODATION, Q1 2011 - Q4 2016

Source: National Institute of Statistics



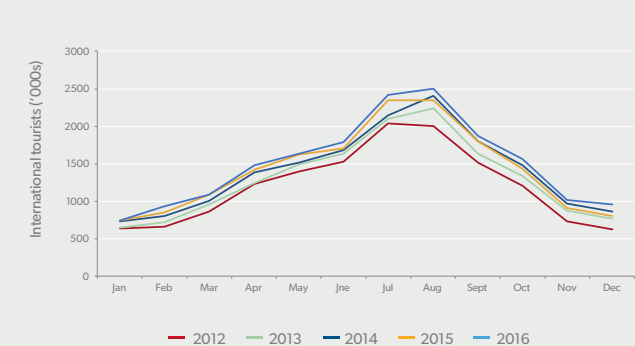
### PASSENGER ARRIVALS AT BARCELONA AIRPORT Q1 2011 - Q4 2016

Source: Aena



### FOREIGN TOURISTS WITH A PRIMARY TRAVEL DESTINATION IN CATALUNYA (INCLUDING BARCELONA), Q1 2012 - Q4 2016

Source: National Institute of Statistics



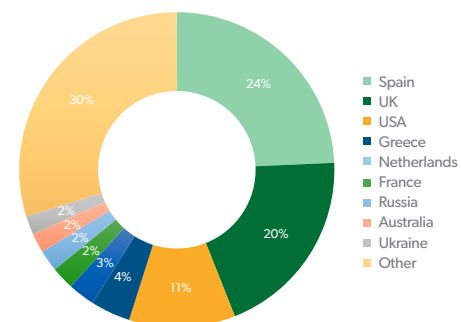


### LUCAS FOX WEBSITE INTEREST

Almost a quarter of interest in Barcelona properties on the Lucas Fox website came from Spanish residents in 2016. Website visitors from the United Kingdom made up nearly 20% of the total number of visitors and just over 10% of visitors came from the United States. European buyers from France, Germany and the Netherlands also regularly review Barcelona properties on the website.

#### WEBSITE INTEREST IN BARCELONA PROPERTY: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox website data





### LUCAS FOX PREDICTS

*"The Barcelona property market continues to attract investors from all over the world, thanks to its exceptional lifestyle and investment potential. In 2017 we expect New Development sales to drive the residential property market in Barcelona. We expect prices in the city centre to continue to increase, by between 6% to 8%. Other larger New Development projects that should come onto the market in the second half of 2017 are located in the areas of Eixample Left, Diagonal Mar and Poble Nou. They are perfect rental investments and will also attract non-European buyers looking to take advantage of the Golden Visa residency scheme. Our prediction is that sales in these developments will make up a high percentage of the mid-market transactions by foreign buyers. We predict further growth in the national market, more specifically in the Zona Alta, as the economy recuperates and financing becomes more accessible. We believe that Barcelona will continue to be an investment hotspot for several years to come, and capital gains growth will be consistent throughout."*

**Rod Jamieson**

Head of Operations, Lucas Fox Barcelona



# MARESME



## MARKET OVERVIEW AND FORECAST FOR 2017

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## MARESME: MARKET OVERVIEW AND FORECAST FOR 2017

2016 has been a very positive year for the Maresme property market with the Lucas Fox Maresme office in Alella reporting an 88% increase in the number of sales compared to 2015.

The market has seen considerable movement around the €500,000 to €700,000 mark and local buyers now account for nearly half of all sales (47%). Many local buyers have been waiting for the right moment to buy and 2016 seems to have proved a turning point.

*"THIS YEAR WE HAVE ALSO SEEN AN INCREASE IN DEMAND FOR HISTORIC, PERIOD PROPERTIES IN SOUGHT-AFTER VILLAGES SUCH AS ALELLA, WITH INTEREST FROM INVESTORS BOTH FOR PRIVATE AND COMMERCIAL USE."*

*"THE MARESME MARKET IS LESS DEPENDENT ON BRITISH BUYERS THAN OTHER RESORT AREAS SO THE FALLOUT FROM THE BREXIT VOTE HAS HAD LESS IMPACT ON THE MARESME REGION."*



**Tom Maidment**  
Partner, Lucas Fox Maresme

*"Townhouses located centrally in the most sought-after villages and sea view villas in prime areas remain most in demand," comments Lucas Fox Maresme Partner Tom Maidment. "Likewise, there has also been greater demand for older properties requiring renovation in key residential areas such as Can Teixidó in Alella, given the attractive prices and investment opportunities now available. This year we have also seen an increase in demand for historic, period properties in sought-after villages such as Alella, with interest from investors both for private and commercial use."*

Lucas Fox Maresme has seen a drop in British and Irish buyers from 25% in 2015 to 13% in 2016, largely due to the negative impact of the Brexit vote on the value of the Pound Sterling. The office has also seen a complete drop in Russian buyers from 20% in 2015 to no sales at all in 2016.

*"The Maresme market is less dependent on British buyers than other resort areas so the fallout from the Brexit vote has had less impact on the Maresme region," adds Mr Maidment.*

There has been a lack of movement at the higher end of the market with very few transactions in Maresme over €1.5 million, despite the overall increased movement in the market and ample supply of product at this price level. The market is moving substantially below the €1 million mark but the luxury end remains slow.



## LUCAS FOX BUYER COUNTRY OF ORIGIN AND MOTIVATION

Following on from trends in 2015, the majority of Lucas Fox prime market property buyers in the Maresme region have been purchasing properties for private use, either as a primary residence (53.33%) or secondary residence (33.33%), with the remainder buying as an investment.

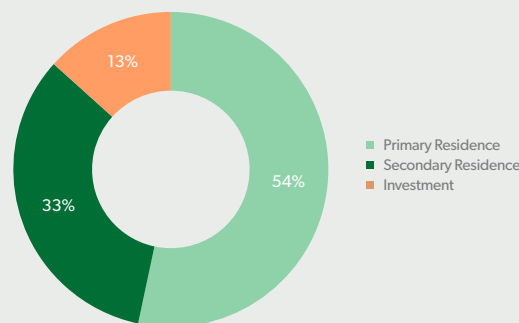
Following an emergence of national buyers in 2015, local clientele continue to represent a significant proportion of Lucas Fox property buyers with almost half (46.67%) of all buyers coming from Spain. Alongside growing domestic interest, Maresme properties are still highly sought after by buyers from the United Kingdom and Ireland (13.33%), followed by those from the Middle East (13.33%), France (6.67%) and the United States (6.67%).

## LUCAS FOX WEBSITE INTEREST

In 2016 interest in Maresme properties on the Lucas Fox website generally matched patterns in 2015, with Spanish and UK buyers dominating, representing almost 45% of all website visitors. There is a continued strong interest from Northern Europe and US buyers account for 7.24% of all website visitors seeking properties in the Maresme region.

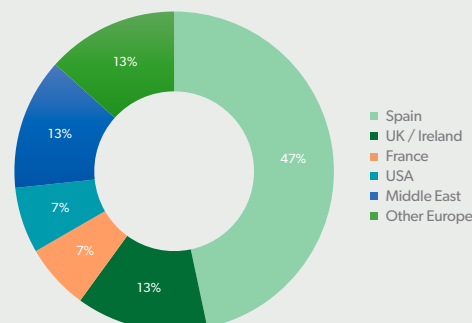
### MARESME PROPERTY BUYERS: MOTIVATION FOR PURCHASE, 2016

Source: Lucas Fox sales data



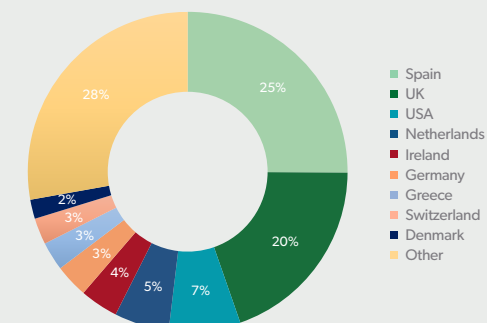
### MARESME PROPERTY BUYERS: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox sales data

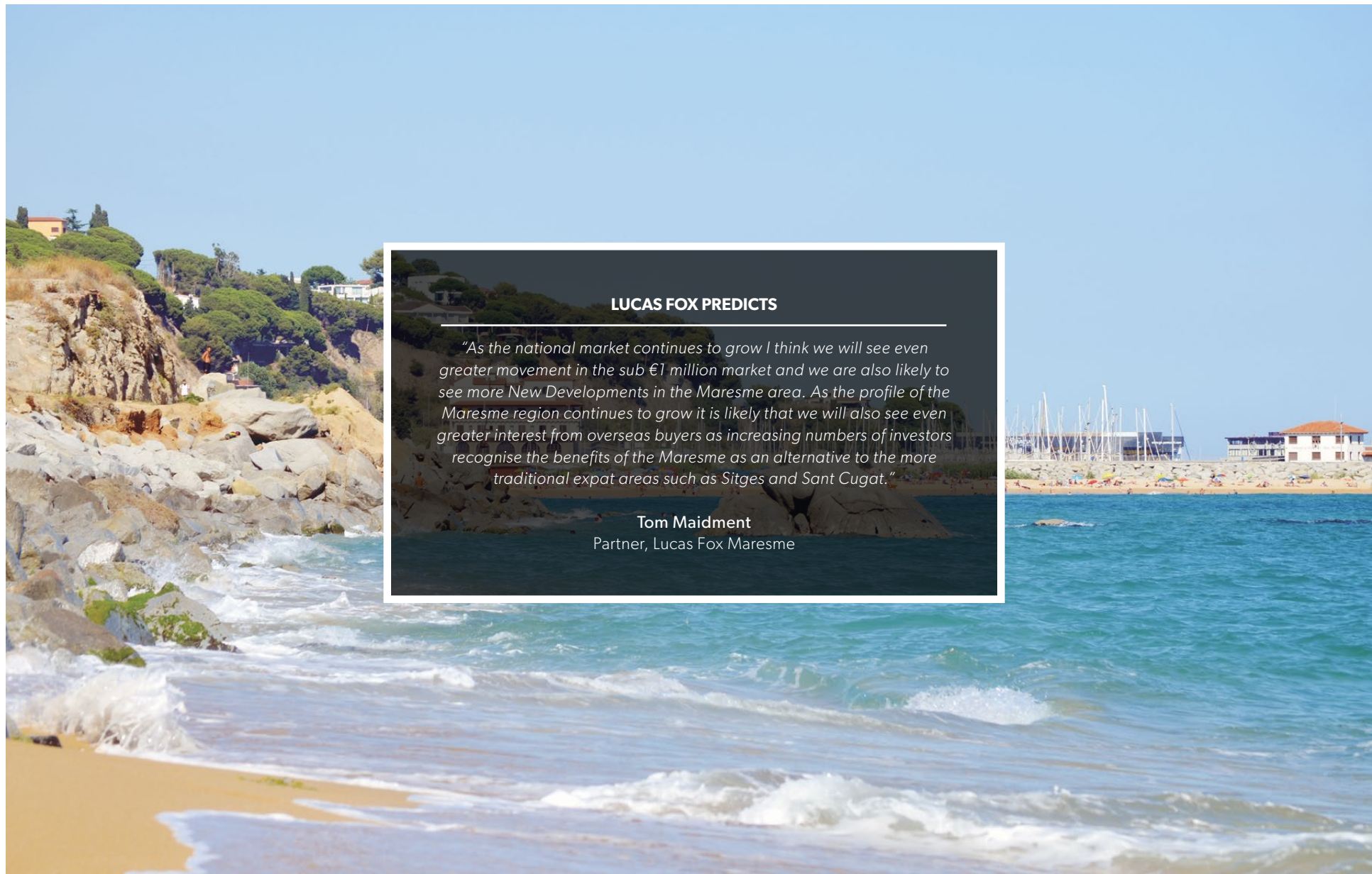


### WEBSITE INTEREST IN MARESME PROPERTY: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox website data







#### LUCAS FOX PREDICTS

*"As the national market continues to grow I think we will see even greater movement in the sub €1 million market and we are also likely to see more New Developments in the Maresme area. As the profile of the Maresme region continues to grow it is likely that we will also see even greater interest from overseas buyers as increasing numbers of investors recognise the benefits of the Maresme as an alternative to the more traditional expat areas such as Sitges and Sant Cugat."*

**Tom Maidment**  
Partner, Lucas Fox Maresme

# SITGES



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## SITGES: MARKET OVERVIEW AND FORECAST FOR 2017

2016 saw a noticeable increase in the numbers of enquiries from national buyers looking for homes in and around Sitges, including at the top end of the market. This is in part thanks to the continued low interest rates and competitive mortgage packages currently offered by banks. Despite the shock result of the EU referendum resulting in a slight reduction of enquiries from British buyers, they still continue to dominate foreign interest in Sitges and the surrounding areas.

The Lucas Fox Sitges office had a slow start to the year but enjoyed greater movement in the last quarter. In the final three months of 2016, Lucas Fox Sitges closed more operations than in the whole of the rest of the year.

*"WE DO HAVE FEWER ENQUIRIES FROM BRITISH BUYERS AND THEY TEND TO BE FROM FAMILIES OR COUPLES LOOKING FOR A SECOND HOME AROUND THE €500,000 MARK. ON THE OTHER HAND WE HAVE SEEN AN INCREASE IN ENQUIRIES FROM OTHER NATIONALITIES AND ESPECIALLY NATIONAL BUYERS."*

*"IF THE PROPERTY IS ATTRACTIVE, WELL PRESENTED AND IN A PRIME LOCATION YOU COULD EXPECT IT TO BE RENTED OUT FROM MAY THROUGH TO OCTOBER AS WELL AS OTHER POPULAR TIMES ON THE SITGES CALENDAR."*



**Rachel Haslam**  
Director, Lucas Fox Sitges

*"Initially there was a concern that Brexit would have a detrimental effect on the market and would slow down the level of sales as many of our clients were British," comments Lucas Fox Sitges Director Rachel Haslam. "Apart from an initial reaction from a handful of buyers who decided to 'wait and see what happens' the issue has barely come up. However, we do have fewer enquiries from British buyers and they tend to be from families or couples looking for a second home around the €500,000 mark. On the other hand we have seen an increase in enquiries from other nationalities and especially national buyers."*

As far as what properties are most in demand, Sitges buyers look for homes close to the town centre and beach or villas in the surrounding hills offering sea or mountain views. Buyers are also interested in the potential rental income from second homes during the summer period.

*"A 5-bedroom property in the hills with a pool and mountain views which can be bought for around €400,000 to €500,000 can be rented out in the summer months for around €2,500 a week," explains Ms Haslam. "These properties require more maintenance and are less likely to be rented in the quieter months. A town centre apartment can be bought from around €300,000 upwards, depending on its condition and whether it has sea views. It can be rented out for less during the summer months but would have a higher occupancy rate throughout the year. If the property is attractive, well presented and in a prime location you could expect it to be rented out from May through to October as well as other popular times on the Sitges calendar such as Carnival and the Film Festival, especially those properties that are well located in the town centre or with sea views. Any investor not wanting the hassle of holiday lets could either pass it onto a company specialising in holiday lets or could consider long-term lets as the demand far outstrips the supply in Sitges so attractive rents can be achieved."*

## SITGES PROPERTY PRICES

According to leading property portal Idealista (which bases its figures on asking prices), Sitges average property prices ended 2016 on €3,744 per square metre, up €163 per square metre over the end of 2015 average, representing a 4.55% annual growth rate. Having risen every quarter since the fourth quarter of 2013, Sitges average prices showed a slight dip in the third quarter of 2016, increasing again in the final quarter but ending the year below the Barcelona average (€3,879 per square metre).

2016 saw average sales prices rise in Castelldefels, where they ended the year on €2,787 per square metre,

representing an annual growth rate of 4.3%. Average prices in Gavà have shown a similar trend to 2015, rising and falling as the market settles, ending the year on €2,421 per square metre, €21 above the average price at the end of 2015.

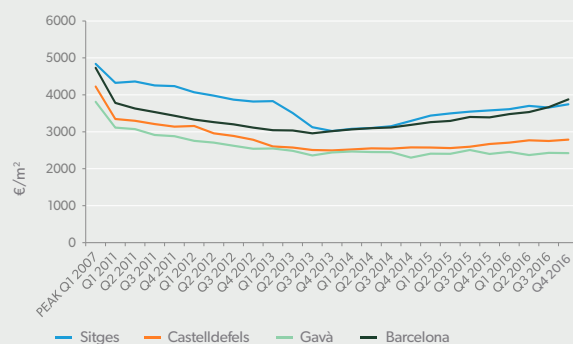
## LUCAS FOX BUYER COUNTRY OF ORIGIN AND MOTIVATION

2016 saw an increase in national buyers with a third of Lucas Fox clients coming from Spain. Amongst foreign buyers, the majority came from the United States, the Middle East and Scandinavia. Following on from the trend in the first half of the year, over 50% of buyers in 2016 were looking for properties to use as a primary residence.



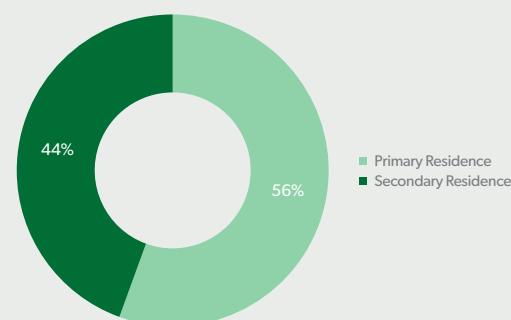
### SITGES AVERAGE PROPERTY SALES PRICES PEAK (Q1 2007) AND Q1 2011 - Q4 2016

Source: Idealista



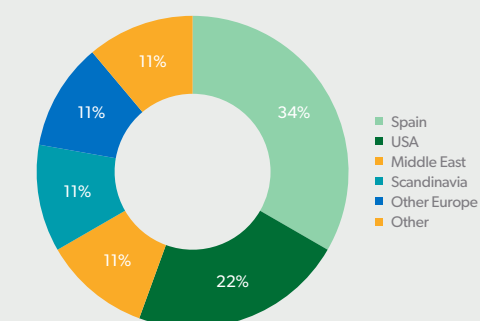
### SITGES PROPERTY BUYERS: MOTIVATION FOR PURCHASE, 2016

Source: Lucas Fox sales data



### SITGES PROPERTY BUYERS: COUNTRY OF ORIGIN, 2016

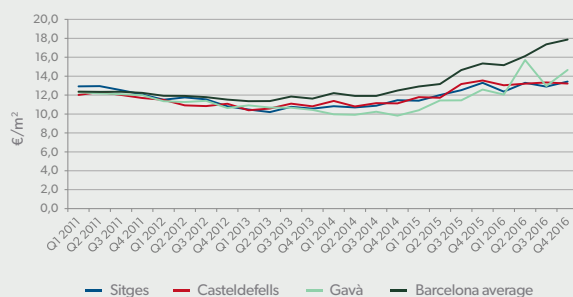
Source: Lucas Fox sales data





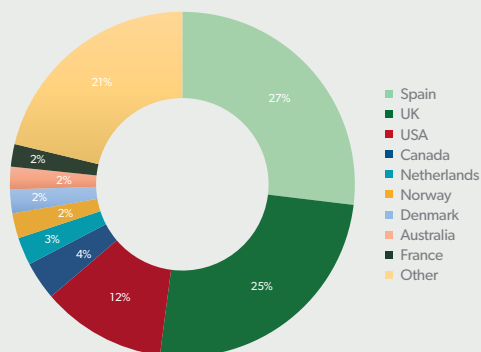
### SITGES AVERAGE RENTAL PRICES Q1 2011 - Q4 2016

Source: Idealista



### WEBSITE INTEREST IN SITGES PROPERTY: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox website data



### SITGES RENTAL MARKET

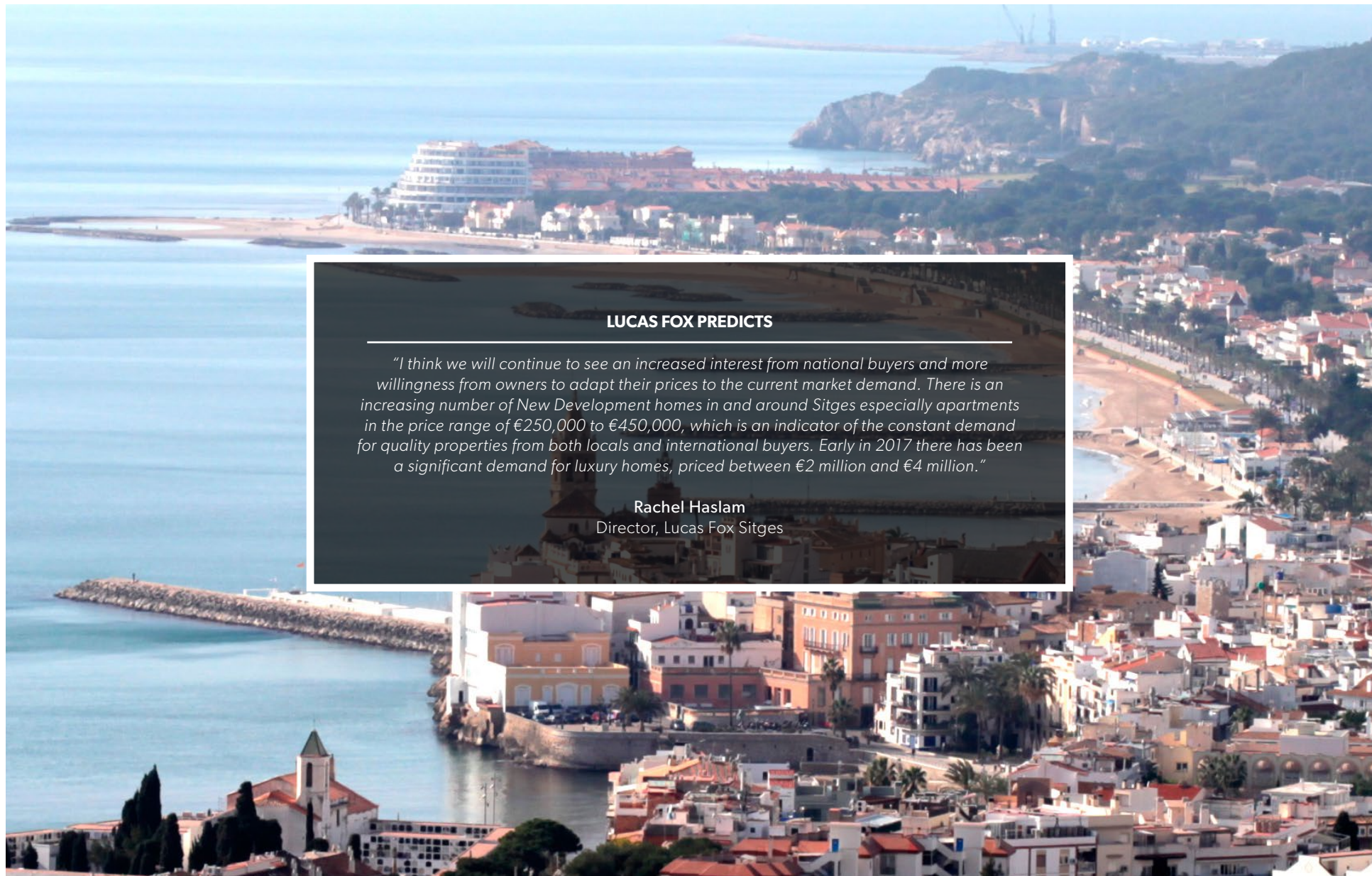
Following a pronounced jump in 2015, Sitges average long-term rental prices saw slight fluctuations in 2016 ending the year on €13.40 per square metre, just above the end of 2015 average price (€13.30 per square metre). Average rental prices in nearby Castelldefels dropped, ending the year on €13.20 per square metre, €0.30 below the end of 2015 average price. Gavà, however, showed a significant increase with average rental prices ending the year on €14.70 per square metre, up €2.10 from the end of 2015 average price, representing an annual growth rate of 16.67%.

The short-term rental market continues to thrive in and around Sitges. Family homes outside the town centre bought for around €500,000 can achieve €2,500 to €3,000 per week in the popular summer season. Seafront properties can achieve the same rate but have the advantage of being able to be rented out all year round, thanks to Sitges' busy cultural calendar.

### LUCAS FOX WEBSITE INTEREST

In 2016 the number of national visitors to the Lucas Fox website looking for property in Sitges was down slightly over the number of visitors in 2015, with just over a quarter of all website visitors coming from Spain. 2016 saw an increase in website visitors seeking Sitges property from both the United Kingdom and the United States.





#### LUCAS FOX PREDICTS

*"I think we will continue to see an increased interest from national buyers and more willingness from owners to adapt their prices to the current market demand. There is an increasing number of New Development homes in and around Sitges especially apartments in the price range of €250,000 to €450,000, which is an indicator of the constant demand for quality properties from both locals and international buyers. Early in 2017 there has been a significant demand for luxury homes, priced between €2 million and €4 million."*

**Rachel Haslam**  
Director, Lucas Fox Sitges



# MADRID



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COSTA BRAVA

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## MADRID: MARKET OVERVIEW AND FORECAST FOR 2017

The property market in Madrid grew significantly during 2016 with a notable increase in transactions during the last quarter of the year. Political uncertainty dampened activity, particularly with national buyers, but growth has been consistent. Demand for high quality renovated properties still far outweighs supply, especially in the mid-market range. Madrid continues to remain on the radar of international investors as a place with excellent potential to achieve good returns and long-term capital growth.

*"THE 6% AVERAGE PRICE INCREASE  
FOR MADRID THIS YEAR CONTINUES  
TO REINFORCE CONFIDENCE IN THE  
PROPERTY MARKET."*

*"A TEMPORARY SLOWDOWN  
WAS FELT IN NATIONAL MARKET  
TRANSACTIONS EARLIER IN THE YEAR  
DUE TO SPAIN'S NON-CONCLUSIVE  
ELECTION RESULTS. HOWEVER THIS IS  
NOW WELL BEHIND US."*



**Rod Jamieson**  
Director, Lucas Fox Madrid

*"We have seen a much higher demand from international buyers throughout 2016, continuing the trend of 2015," comments Lucas Fox Madrid Director Rod Jamieson. "The 6% average price increase for Madrid this year continues to reinforce confidence in the property market."*

Latin American investors continue to dominate international sales, especially for properties over €1 million and which are located in prime areas such as Salamanca, Chamberí or Justicia, with their main motivation for buying being as a second home. There has also been increased interest from British and French buyers during 2016 despite the prospect of Brexit and the looming French elections. These buyers tend to look for rental income properties in the mid price range from €450,000 to €900,000. The Golden Visa scheme is attracting more investors from the Middle East and Asia, who are searching for future security for their families, as well as taking advantage of free movement within the Schengen zone.

*"The shortage of quality product available in the market has been our principal challenge during 2016," adds Mr Jamieson. "Although there are a good number of New Development / renovation projects currently under construction, availability has remained limited throughout the year. A temporary slowdown was felt in national market transactions earlier in the year due to Spain's non-conclusive election results. However this is now well behind us."*

Prime located luxury apartments in classical buildings that have been renovated to a high standard, with 2 to 3 bedrooms and 2 bathrooms, measuring between 150m<sup>2</sup> and 200m<sup>2</sup>, and priced between €1 million and €1.5 million, are most in demand. 1 and 2-bedroom properties of at least 50m<sup>2</sup> that are centrally located, in the €500,000 price range, are also proving to be popular as rental investments.





## MADRID PROPERTY SALES TRANSACTIONS

The Comunidad region of Madrid closely matches national sales transactions patterns and has done so for the past three years. Sales transactions in Madrid in 2016 saw an annual growth rate of 12.23%. Madrid averaged 4,853 transactions per month in 2016, up from an average of 4,324 in 2015.

## TRANSACTION VALUE OF PURCHASES BY FOREIGNERS

Following a peak in the total transaction value of purchases by foreigners in Madrid in the last quarter of 2015, the first three quarters of 2016 (for which the latest data is available) saw an increase in total transaction value over the same period in 2015 (€599,278,200 in Q1-Q3 2016 compared with €561,835,600 in Q1-Q3 2015). This represents an annual growth rate of 6.66%. The amount spent by foreigners on new builds and newly renovated properties also saw an increase in value, with a total of

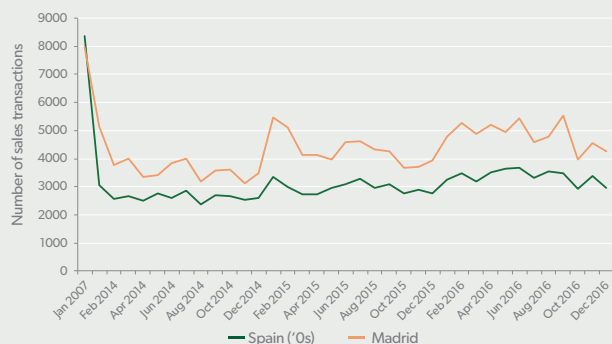
€47,311,300 in the first three quarters of 2016 compared with €43,389,400 in the same period in 2015, showing an annual growth rate of 9.04%.

## MADRID PROPERTY PRICES

According to leading property portal Idealista (which bases its figures on asking prices), key luxury districts in Madrid continue to show rising average prices in 2016, as greater demand for properties influences asking prices. Average prices in Madrid centre have risen consistently since mid 2014, ending 2016 on €3,779 per square metre, showing an annual growth rate of 5.91%. The affluent districts of Chamartín, Chamberí and Salamanca have also shown an annual growth, ending the year on €4,072, €4,060 and €4,590 respectively (annual growth rates of 7.43%, 7.98% and 5.04%). Following trends from 2015, prices for Madrid districts overall have continued to rise slightly, with the city's average price ending the year on €2,921 per square metre, up €101 over the end of 2015 average price, representing an annual growth rate of 3.58%.

### MADRID FREE HOUSING PROPERTY SALES TRANSACTIONS PEAK (Q1 2007) AND Q1 2014 - Q4 2016

Source: National Institute of Statistics



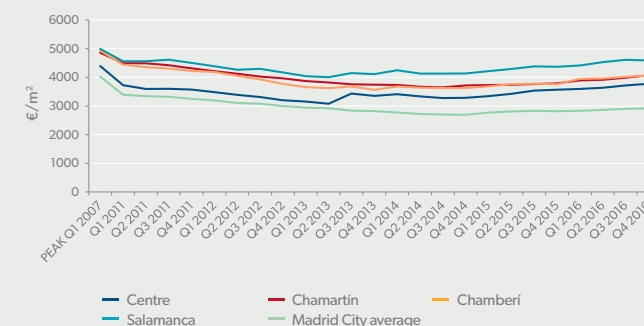
### MADRID NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS BY FOREIGNERS, Q1 2013 - Q3 2016

Source: Spanish Department of Development



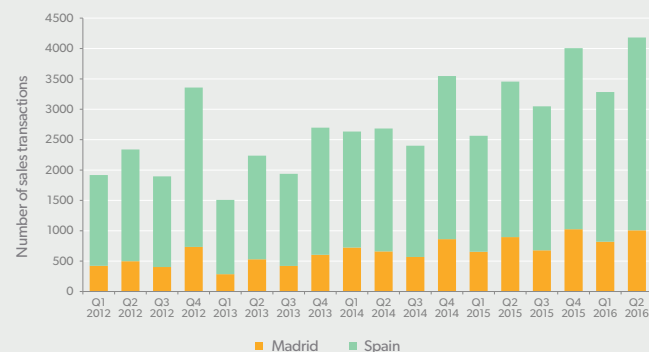
### MADRID KEY LUXURY DISTRICTS AVERAGE PROPERTY SALES PRICES PEAK (Q1 2007) AND Q1 2011 - Q4 2016

Source: Idealista



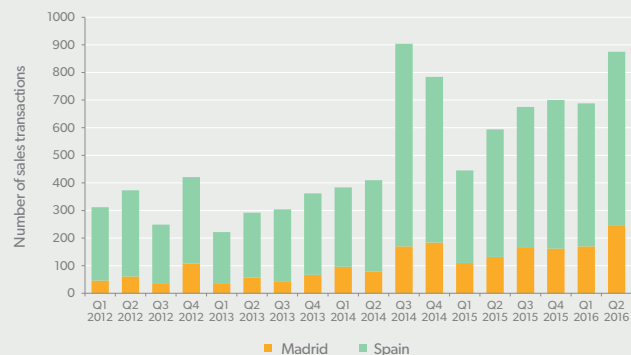
#### MADRID MID-MARKET PROPERTY SALES TRANSACTIONS (BETWEEN €450,000 AND €900,000), Q1 2012 - Q2 2016

Source: Spanish Department of Development



#### MADRID PRIME MARKET PROPERTY SALES TRANSACTIONS (OVER €900,000), Q1 2012 - Q2 2016

Source: Spanish Department of Development



#### MADRID MID-MARKET PROPERTY SALES TRANSACTIONS

Madrid mid-market property sales (where properties sell for prices between €450,000 and €900,000) follow similar trends to sales across all of Spain, with Madrid sales making up almost a third (32.43%) of the total Spanish mid-level property market in the first half of 2016 (for which the latest data is available). In the first six months of 2016 there were 1,828 properties sold in Madrid for between €450,000 and €900,000, 279 more than the same period in the previous year, representing an annual growth rate of 18.01%.

#### MADRID PRIME PROPERTY SALES TRANSACTIONS

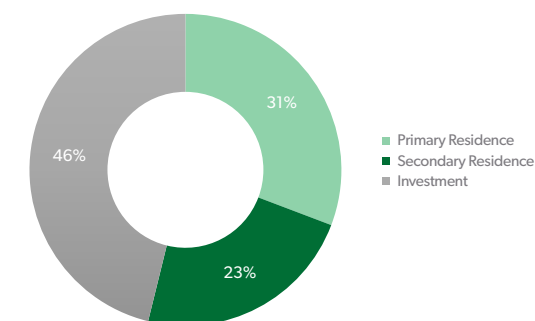
In the first half of 2016 (for which the latest data is available) the number of prime property sales transactions in Madrid grew significantly with 414 properties valued at over €900,000 being sold. This represents 36.03% of the Spanish prime property market and shows an annual growth rate of 71.07% (414 prime properties sold in Q1 & Q2 2016 compared with 242 in Q1 & Q2 2015).

#### LUCAS FOX BUYER COUNTRY OF ORIGIN AND MOTIVATION

Amongst Lucas Fox property buyers in Madrid in 2016, almost a third of purchases have been made by buyers looking for a primary residence, often following a relocation to the Spanish capital. The remainder is split between those looking for a secondary residence (23.08%) and those buying property as an investment (46.15%). Continuing the trend in the first half of the year, the majority of Lucas Fox buyers in 2016 came from Spain (69.23%), with the remainder split between Asia and South America.

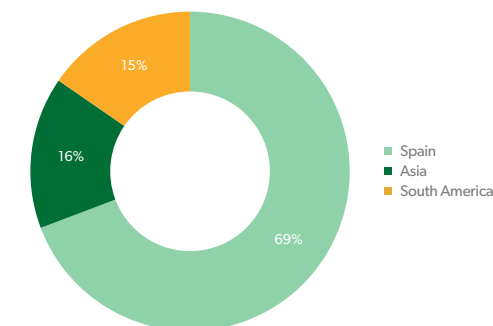
#### MADRID PROPERTY BUYERS: MOTIVATION FOR PURCHASE, 2016

Source: Lucas Fox sales data



#### MADRID PROPERTY BUYERS: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox sales data





## MADRID RENTAL MARKET

Average rental prices have continued to increase in all luxury districts and across Madrid as a whole during 2016.

Madrid's city centre remains the highest, ending the year on an average rental price of €17.70 per square metre, representing an annual growth rate of 15.65%. The prestigious district of Salamanca increased to an average price of €16.70 per square metre, a growth rate of 11.41% over the average at the end of 2015. Chamartín and Chamberí also increased their averages to €14.10 and €17.30 per square metre respectively, with Chamberí showing the city's highest annual growth rate (18.65%).

## TOURISM

Airport arrival data is a strong indicator of international demand for properties in the Madrid region. Passengers arriving at Madrid Barajas airport in 2016 rose by 7.67% over the previous year, showing a smaller annual growth rate

than experienced in 2015. 50.4 million passengers passed through Madrid's Barajas airport in 2016.

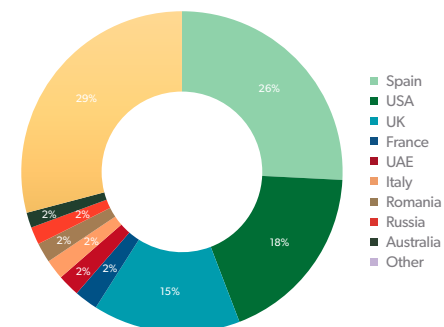
International tourism to the Spanish capital also grew in 2016, recording an annual growth rate of 12.6%. Unlike other Spanish key tourism zones, international travellers tend to visit Madrid in spring and autumn rather than summer. Over 5.7 million international tourists visited the capital in 2016, representing 7.63% of the total Spanish international tourism market.

## LUCAS FOX WEBSITE INTEREST

Spanish interest in Madrid properties represented just over a quarter of Lucas Fox website visitors in 2016, although this figure is disproportionate to the proportion of actual buyers (almost 70% of Lucas Fox Madrid sales in 2016) in the Spanish capital. Amongst international buyers the majority of interest came from the United States (18.37% of website visitors), the United Kingdom (14.84%), France (2.36%) and the United Arab Emirates (2.23%).

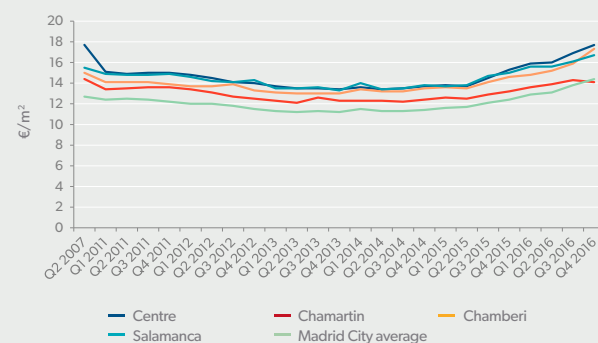
### WEBSITE INTEREST IN MADRID PROPERTY: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox website data



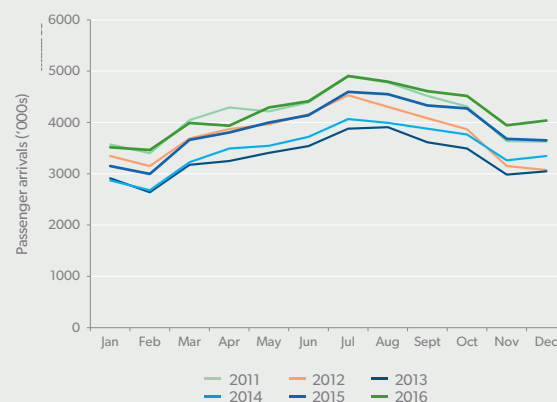
### MADRID AVERAGE RENTAL PRICES PEAK (Q2 2007) AND Q1 2011 - Q4 2016

Source: Idealista



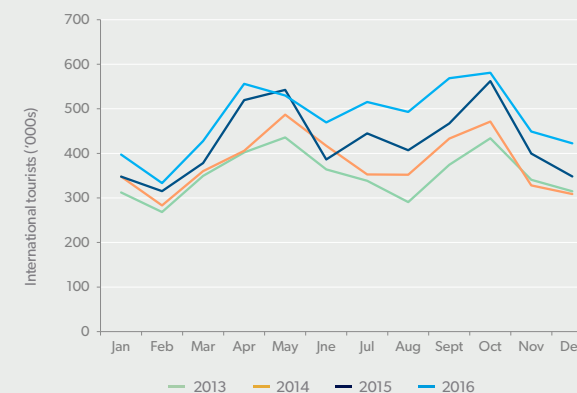
### PASSENGER ARRIVALS AT MADRID AIRPORT 2013 - Q4 2016

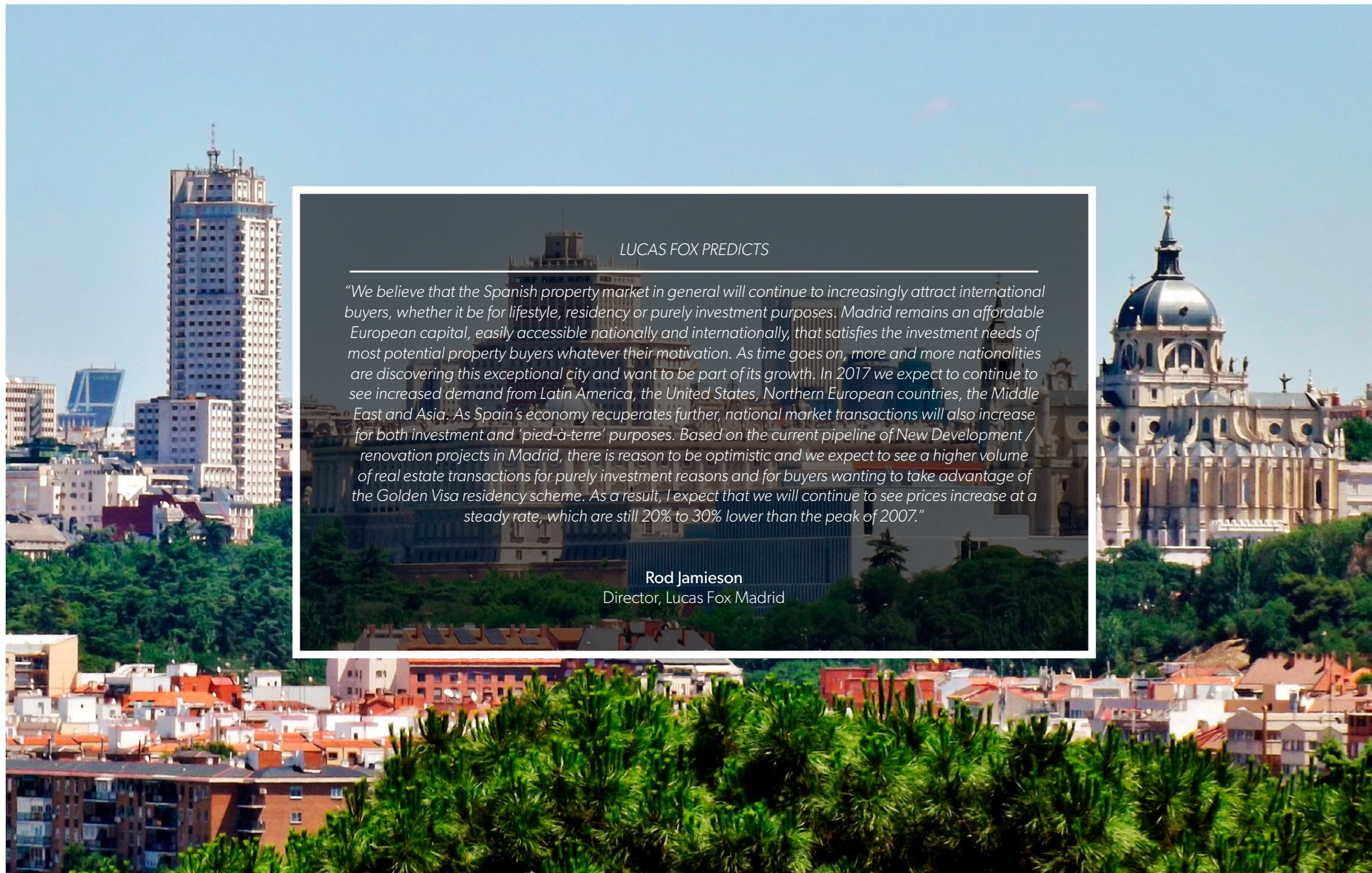
Source: Aena



### INTERNATIONAL TOURISM TO MADRID Q1 2013 - Q4 2016

Source: Frontur (estadisticas.tourspain.es)





#### LUCAS FOX PREDICTS

*"We believe that the Spanish property market in general will continue to increasingly attract international buyers, whether it be for lifestyle, residency or purely investment purposes. Madrid remains an affordable European capital, easily accessible nationally and internationally, that satisfies the investment needs of most potential property buyers whatever their motivation. As time goes on, more and more nationalities are discovering this exceptional city and want to be part of its growth. In 2017 we expect to continue to see increased demand from Latin America, the United States, Northern European countries, the Middle East and Asia. As Spain's economy recuperates further, national market transactions will also increase for both investment and 'pied-à-terre' purposes. Based on the current pipeline of New Development / renovation projects in Madrid, there is reason to be optimistic and we expect to see a higher volume of real estate transactions for purely investment reasons and for buyers wanting to take advantage of the Golden Visa residency scheme. As a result, I expect that we will continue to see prices increase at a steady rate, which are still 20% to 30% lower than the peak of 2007."*

**Rod Jamieson**  
Director, Lucas Fox Madrid



# VALENCIA



## MARKET OVERVIEW AND FORECAST FOR 2017

SPAIN

OVERVIEW

BARCELONA

MARESME

SITGES

MADRID

VALENCIA

COSTA BRAVA

MARBELLA-  
COSTA DEL SOL

IBIZA

## VALENCIA: MARKET OVERVIEW AND FORECAST FOR 2017

Valencia is becoming increasingly attractive for international clients who value its lifestyle and quality of life. Time magazine recently described the city as 'the world's best place to live' thanks to the city's low cost of living, culture, gastronomy and its reputation as a growing business hub. Lucas Fox Valencia has seen continued positive developments and improvements during 2016. The volume of sales transactions in Valencia province in 2016 increased by 16% over 2015. 2016 saw a third consecutive year of significant increases in property sales transactions. After the peak of 2007 prices fell by as much as 50% but are now continuing to recover. By the end of 2015 property prices saw an increase of around 3.5% and by the end of 2016 they recovered a further 4.5% compared to 2015. In the prime areas of Valencia, such as Eixample, the decrease in property prices from the peak was a bit lower (around 42%) and the recovery of prices in these areas is faster.

*"IN 2017 WE EXPECT TO SEE MORE  
CRANES OVER THE VALENCIA  
SKYLINE, SIGNIFYING THE  
RETURN OF NEW RESIDENTIAL  
DEVELOPMENTS FUNDED MAINLY  
BY FINANCIAL INSTITUTIONS AND  
FOREIGN INTERNATIONAL FUNDS."*

*"IN 2016 LUCAS FOX VALENCIA  
SOLD A MANSION IN CALLE CIRILO  
AMORÓS IN EIXAMPLE FOR A FIGURE  
GREATER THAN €1.5 MILLION,  
SIGNIFYING THAT PRIME PROPERTIES  
ARE ONCE AGAIN BEGINNING TO  
ATTRACT INTEREST."*



**Juan Luis Herrero**  
Partner, Lucas Fox Valencia

*"Both 2015 and 2016 years have been quite similar with regards to the Valencia property market," comments Lucas Fox Valencia Partner Juan Luis Herrero. "The most important difference to previous years is that in 2016 prices have been recovering at a steadier pace, although the growth is moderate and is strongly influenced by the evolution of the general economic situation. In 2016 Lucas Fox Valencia sold a mansion in Calle Cirilo Amorós in Eixample for a figure greater than €1.5 million, signifying that prime properties are once again beginning to attract interest."*

Lucas Fox Valencia's key international clients originate from Central and Northern Europe and tend to look for property in the desirable districts of Eixample and Patacona. There is now also more movement in the high-end districts of Monasterios and Santa Barbara / Campolivar. International clients tend to prefer renovated homes in central and beachside locations. Prices vary depending on the exact location and quality of the housing. In the case of the Eixample there are vast price fluctuations and property can be sold from €500,000 up to €1.5 million.

National buyers continue to dominate sales. They tend to prefer spacious properties to renovate and price is an important factor. 2016 has also seen a growing interest in country properties, where buyers want an international school nearby and good transport links to the city.

Lucas Fox Valencia opened a second Property Lounge in the zone of Patacona beach early in 2017, an area popular with international visitors to the city.



## VALENCIA PROPERTY SALES TRANSACTIONS

The city and surrounding area of Valencia has closely matched the prevailing national trend in property sales transactions for the past three years. Sales transactions in 2016 saw an annual growth rate of 15.82% with 1,828 sales per month in 2016, up from an average of 1,579 in 2015.

### TRANSACTION VALUE OF PURCHASES BY FOREIGNERS

Amongst foreign buyers the total transaction value of purchases of second-hand properties was higher in the first three quarters of 2016 (for which the latest data is available)

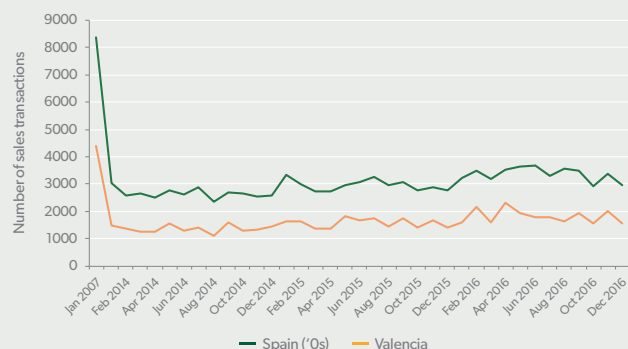
than in the same period in 2015 (€187,965,000 in Q1-Q3 2016 compared with €165,113,000 in Q1-Q3 2015), showing an annual growth rate of 13.84%. The amount spent on new builds and newly reformed properties has decreased slightly, with foreigners spending €9,527,900 on new builds in the first three quarters of 2016, compared with just over €10 million in the same period in 2015, predominantly due to the absence of new stock. Total purchase value of property transactions in Valencia amongst foreigners for the first three quarters of 2016 grew by 12.72% over the amount of trading for the same period of 2015 (€197,492,900 in Q1-Q3 2016 compared with €175,211,000 in Q1-Q3 2015).

## VALENCIA PROPERTY PRICES

According to leading property portal Idealista (which bases its figures on asking prices), having increased almost every quarter since the end of 2014, Valencia average property prices have shown a slight decrease in the last quarter of 2016. However average property prices have still seen an annual increase overall with average prices ending the year on €2,282 per square metre in the Old Town (Ciutat Vella) and €1,504 in the region as a whole, showing an annual growth rate of 3.84% and 4.57% respectively.

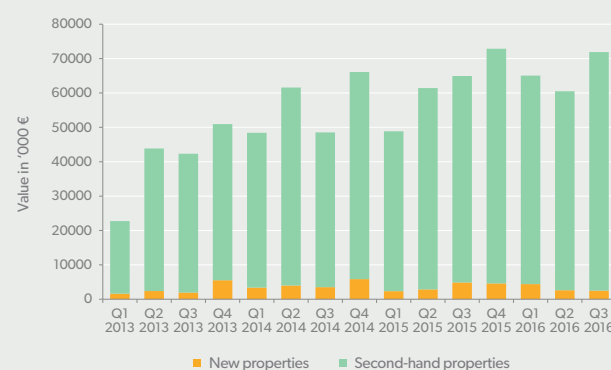
### VALENCIA FREE HOUSING PROPERTY SALES TRANSACTIONS PEAK (Q1 2007) AND Q1 2014 - Q4 2016

Source: National Institute of Statistics



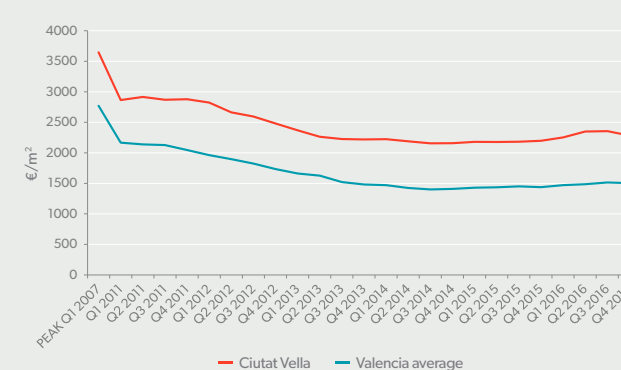
### VALENCIA NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS BY FOREIGNERS, Q1 2013 – Q3 2016

Source: Spanish Department of Development



### VALENCIA AVERAGE PROPERTY SALES PRICES PEAK (Q1 2007) AND Q1 2011 - Q4 2016

Source: Idealista





## VALENCIA MID-MARKET PROPERTY SALES TRANSACTIONS

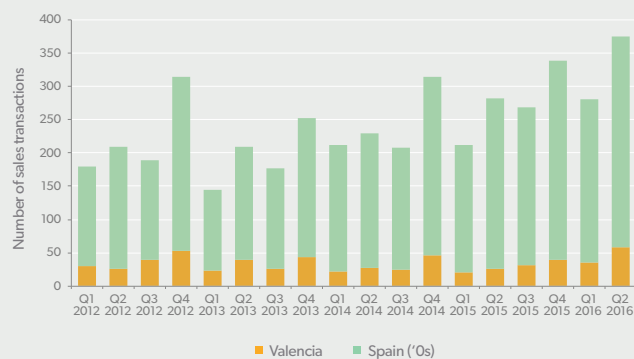
Sales transactions for mid-market properties (valued at between €450,000 and €900,000) in Valencia largely followed national trends, with Valencia accounting for about 1.65% of all property sales transactions in the first two quarters of 2016 (for which the latest data is available), up from being 1.2% of the Spanish mid-level property market in the first two quarters of 2015.

## VALENCIA PRIME PROPERTY SALES TRANSACTIONS

The first half of 2016 (for which the latest data is available) saw the nearly the same number of prime properties (valued at over €900,000) sold in Valencia as for the whole of 2015 (28 in Q1-Q2 2016 compared with 31 in the whole of 2015). The number of prime properties sold in the first two quarters of 2016 saw an increase of 64.71% over the same period in 2015, representing 2.44% of all sales of prime market properties sold in Spain.

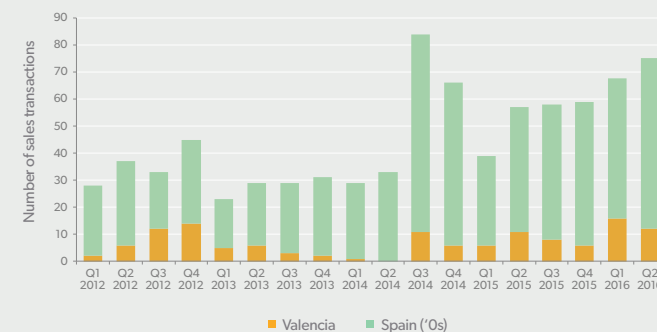
### VALENCIA MID-MARKET PROPERTY SALES TRANSACTIONS (BETWEEN €450,000 AND €900,000), Q1 2012 - Q2 2016

Source: Spanish Department of Development



### VALENCIA PRIME MARKET PROPERTY SALES TRANSACTIONS (OVER €900,000), Q1 2012 - Q2 2016

Source: Spanish Department of Development





## LUCAS FOX BUYER COUNTRY OF ORIGIN AND MOTIVATION

Lucas Fox property buyers in Valencia were largely split between those looking for a primary residence (38.10%) and those seeking a secondary residence (57.15%), with just under 5% buying for investment purposes.

Continuing buyer trends from previous years, Valencia sees two-thirds of the Lucas Fox buyer market coming from Spanish investors in 2016. The remainder of the market is split between the UK, Scandinavia and other parts of Europe.

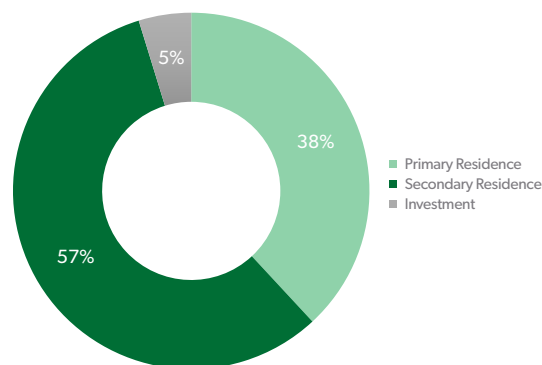
## VALENCIA RENTAL MARKET

Average rental prices in the Valencia city area have risen significantly in 2016, ending the year on an average of €7.50 per square metre, representing an annual growth rate of 20.97%. In the nearby southern regional area of Alicante average rental prices also rose, ending the year on €6.50 per square metre, an increase of 8.33% over the end of 2015 average price.



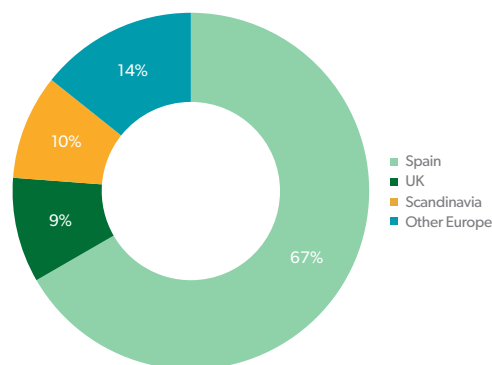
### VALENCIA PROPERTY BUYERS: MOTIVATION FOR PURCHASE, 2016

Source: Lucas Fox sales data



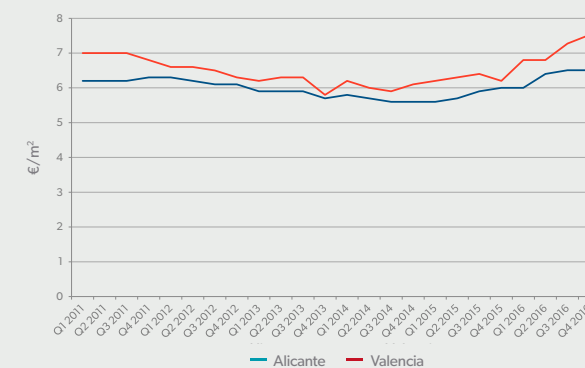
### VALENCIA PROPERTY BUYERS: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox sales data



### VALENCIA AVERAGE RENTAL PRICES Q1 2011 - Q4 2016

Source: Idealista



## TOURISM

2016 was a strong year for passengers arriving at Valencia airport, with Valencia seeing an annual increase of 14.79% over passenger arrivals in 2015. Almost 6 million passengers arrived at Valencia airport in 2016.

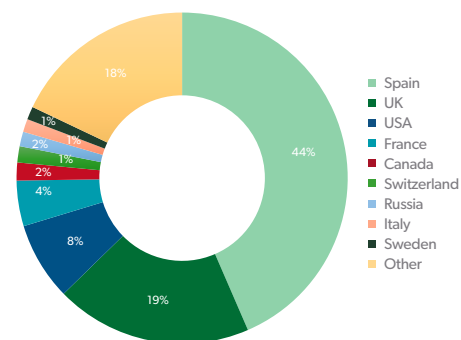
International tourism continued to increase in 2016, growing by 17.39% over international visitor numbers in 2015. The Valencia region hosted 7.8 million international tourists in 2016.

## LUCAS FOX WEBSITE INTEREST

Valencia is predominantly a national market, with 43.49% of Lucas Fox website visitors looking at Valencia properties in 2016 coming from Spain. Amongst international buyers Valencia properties saw interest primarily from the United Kingdom (19.20% of website visitors) and the United States (7.62%).

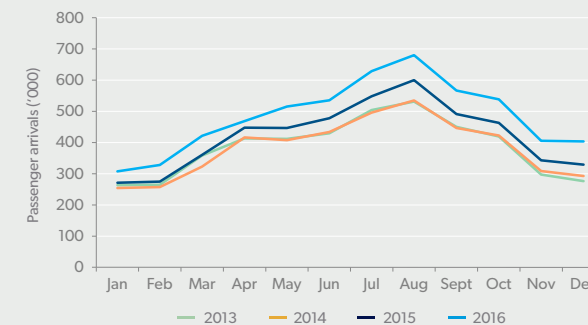
### WEBSITE INTEREST IN VALENCIA PROPERTY: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox website data



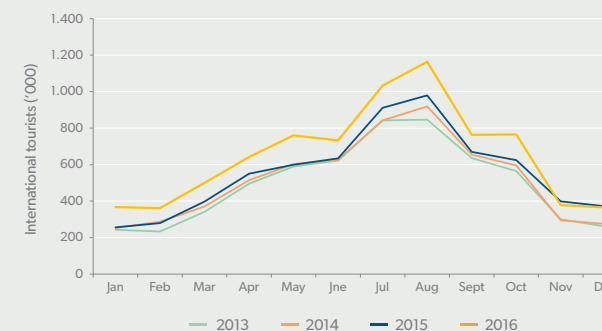
### PASSENGER ARRIVALS AT VALENCIA AIRPORT Q1 2013 - Q4 2016

Source: Aena

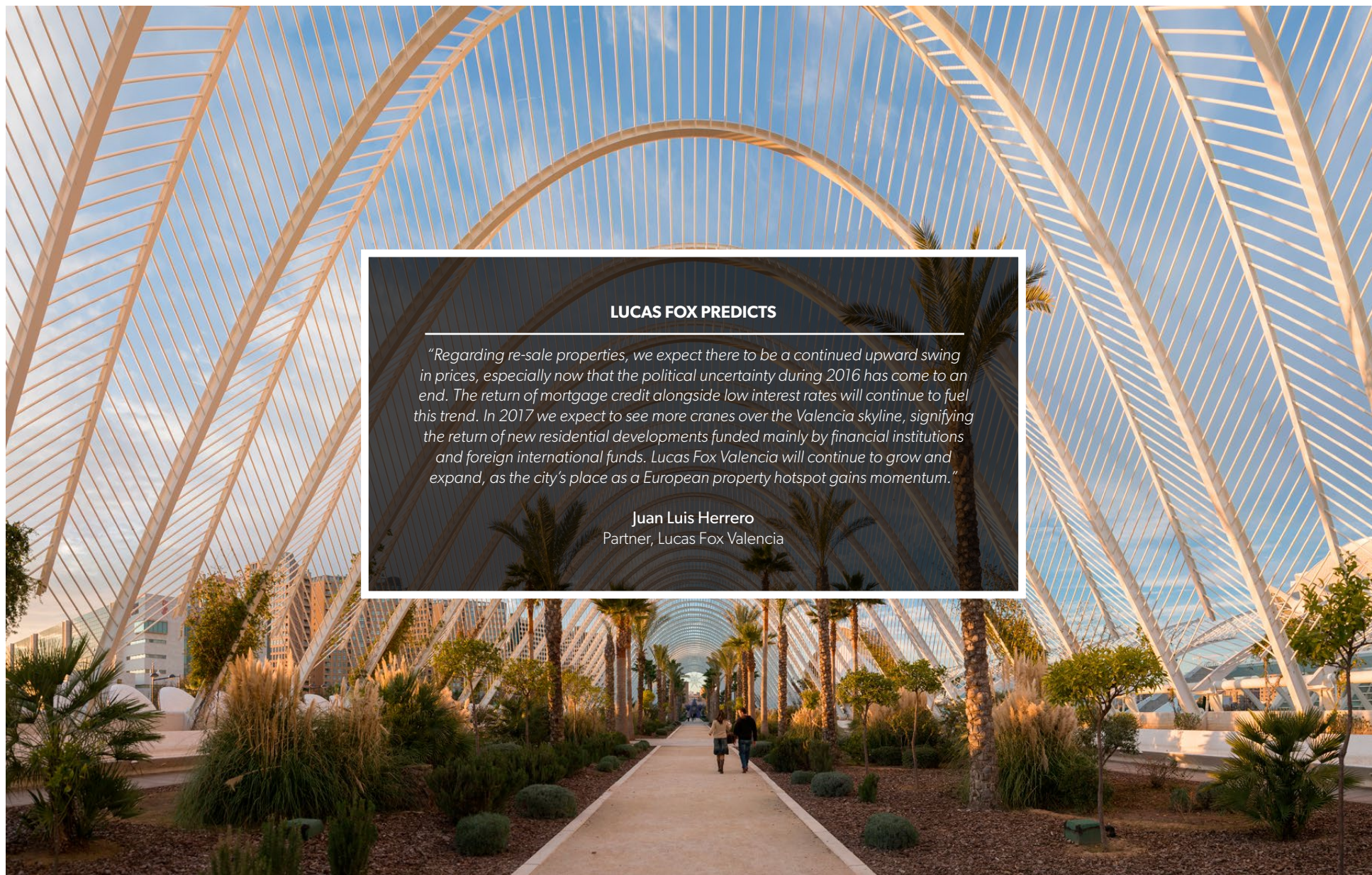


### INTERNATIONAL TOURISM TO VALENCIA Q1 2013 - Q4 2016

Source: Frontur (estadisticas.tourspain.es)







#### LUCAS FOX PREDICTS

*"Regarding re-sale properties, we expect there to be a continued upward swing in prices, especially now that the political uncertainty during 2016 has come to an end. The return of mortgage credit alongside low interest rates will continue to fuel this trend. In 2017 we expect to see more cranes over the Valencia skyline, signifying the return of new residential developments funded mainly by financial institutions and foreign international funds. Lucas Fox Valencia will continue to grow and expand, as the city's place as a European property hotspot gains momentum."*

**Juan Luis Herrero**  
Partner, Lucas Fox Valencia



# COSTA BRAVA



**MARKET  
OVERVIEW  
AND FORECAST  
FOR 2017**

**SPAIN**

**OVERVIEW**

**BARCELONA**

**MARESME**

**SITGES**

**MADRID**

**VALENCIA**

**COSTA BRAVA**

**MARBELLA-  
COSTA DEL SOL**

**IBIZA**



## COSTA BRAVA: MARKET OVERVIEW AND FORECAST FOR 2017

2016 has seen increased movement in the Costa Brava and substantial movement at the higher end of the market compared to previous years. International buyers continue to dominate Lucas Fox sales in this highly sought-after second home destination. Interest from national buyers remains strong, however, with locals accounting for as much as a quarter of Lucas Fox total sales in 2016. The inland market has also started to pick up again including several mid to high-end sales to local buyers, a positive sign after a long period of limited activity in the rustic sector and with few sales to the national market.

Another notable change in 2016 has been the increase in sales to American and Canadian clients, which this year accounted for over 15% of Lucas Fox total sales in the Costa Brava and Girona.

*"THE SECOND AND THIRD QUARTERS WERE UNUSUALLY QUIET – POSSIBLY RESULTING FROM UNCERTAINTY AROUND BREXIT – BEFORE A PEAK IN SALES IN THE FINAL QUARTER OF THE YEAR. PRICES REMAIN STABLE WITH NO SIGNS OF ANY NOTABLE INCREASES YET."*

*"IMMEDIATELY FOLLOWING THE BREXIT REFERENDUM RESULT THERE WAS A LOT OF UNCERTAINTY ABOUT WHAT THE VOTE MIGHT MEAN FOR BRITISH HOME OWNERS OVERSEAS AND BRITISH RESIDENTS IN SPAIN."*



**Tom Maidment**  
Partner, Lucas Fox Costa Brava

*"The year started well with a number of transactions closing in the first quarter," comments Lucas Fox Costa Brava Partner Tom Maidment. "Conversely, the second and third quarters were unusually quiet – possibly resulting from uncertainty around Brexit – before a peak in sales in the final quarter of the year. Prices remain stable with no signs of any notable increases yet."*

Both Lucas Fox Costa Brava sales volume and turnover are up on 2015 figures. Despite Brexit, the number of sales transactions to British clients increased by 200% on 2015, half of which were completed prior to the Brexit vote.

*"The British market has always been an important part of the Costa Brava business so the uncertainty post the Brexit vote has definitely had an impact on business," adds Mr Maidment. "Immediately following the Brexit referendum result there was a lot of uncertainty about what the vote might mean for British home owners overseas and British residents in Spain. These concerns were soon replaced by challenges presented by the falling Pound which, in recent months, has made it very difficult for Sterling investors."*

In coastal regions, sea view villas with private pools in prime areas within the €500,000 to €800,000 price range are the most sought-after properties, where demand currently outstrips supply. Latterly, in inland regions there has been an increase in demand for rustic properties with land up to around the €1 million mark and stone townhouses in sought-after medieval villages of the Empordà for around €500,000 to €700,000.

## COSTA BRAVA PROPERTY SALES TRANSACTIONS

Property sales transactions across the Girona region, including the Costa Brava, remained steady in 2016 with an average of 735 property sales every month. 2016 has seen an increase in sales volume with a total of 8,822 sales transactions, up from 7,612 in 2015, showing an annual growth rate of 15.90%.

## TRANSACTION VALUE OF PURCHASE BY FOREIGNERS

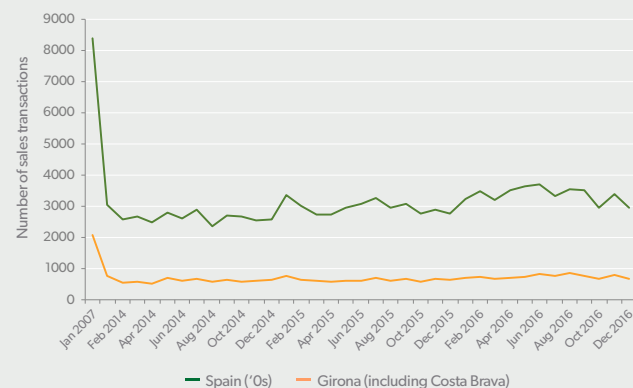
In 2016 the Girona region saw an increase in total sales value amongst foreigners. In the first three quarters of 2016 (for which the latest data is available) foreigners purchased €356.41 million worth of property in the Girona and Costa Brava area, compared with €316.74 million in the same period of 2015. This represents an annual growth rate of 12.53%. The value of sales of second-hand properties purchased by foreigners in the Girona region has also increased, with foreigners spending €33.41 million on second-hand properties in the first three quarters of 2016, an increase of 14.38% over the same period of 2015.

## COSTA BRAVA PROPERTY PRICES

According to leading property portal Idealista (which bases its figures on asking prices), Costa Brava average property prices at the end of 2016 varied from €1,207 per square metre in Cadaqués in the region's far north (up from €1,149 at the end of 2015) to €2,211 per square metre for properties in L'Escala and Roses (up from €2,078 at the end of 2015). Properties in sought-after towns of Palafrugell, Tamariu and Llafranc saw an average price of €2,065 per square metre at the end of 2016, up from €1,987 per square metre at the end of 2015. While properties in and around Cadaqués saw slight variations up and down each quarter, all regions showed an increase in the last quarter of 2016.

### GIRONA (INCLUDING COSTA BRAVA) FREE HOUSING PROPERTY SALES TRANSACTIONS, PEAK (Q1 2007) AND Q1 2014 - Q4 2016

Source: National Institute of Statistics



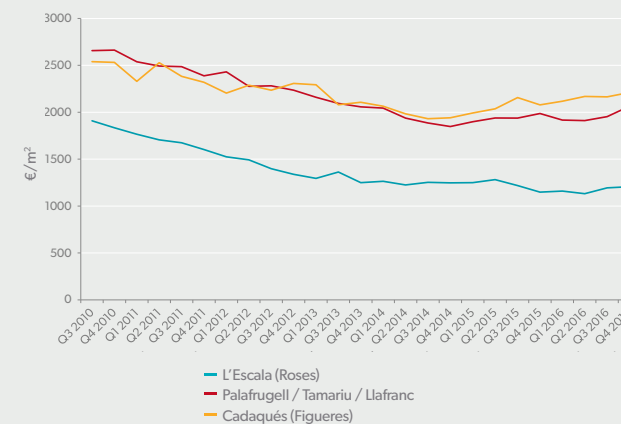
### GIRONA (INCLUDING COSTA BRAVA) NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS BY FOREIGNERS Q1 2013 - Q3 2016

Source: Spanish Department of Development



### COSTA BRAVA AVERAGE PROPERTY SALES PRICES Q3 2010 - Q4 2016

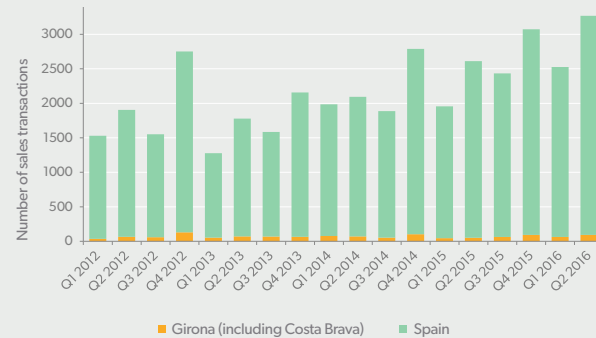
Source: Idealista





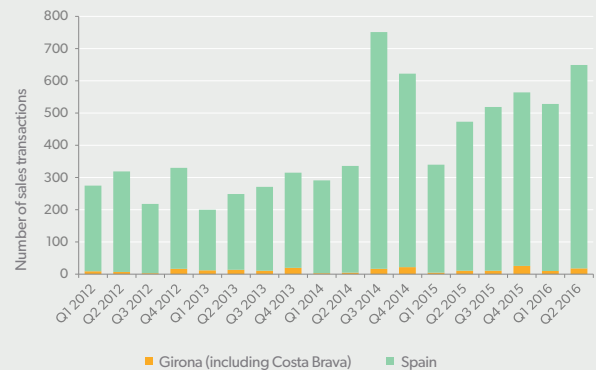
#### GIRONA (INCLUDING COSTA BRAVA) MID-MARKET PROPERTY SALES TRANSACTIONS (BETWEEN €450,000 AND €900,000), Q1 2012 - Q2 2016

Source: Spanish Department of Development



#### GIRONA (INCLUDING COSTA BRAVA) PRIME MARKET PROPERTY SALES TRANSACTIONS (OVER €900,000), Q1 2012 - Q2 2016

Source: Spanish Department of Development



#### COSTA BRAVA MID-MARKET PROPERTY SALES TRANSACTIONS

The Girona (including the Costa Brava) mid-level property market represents less than 3% of the overall Spanish property market. In the first half of 2016 (for which the latest data is available) 157 properties were sold for between €450,000 and €900,000 in the region, up from 98 properties in the same period in 2015.

#### COSTA BRAVA PRIME PROPERTY SALES TRANSACTIONS

In the first two quarters of 2016 prime market property transactions in Girona (including the Costa Brava), represented just under 2.5% of the Spanish prime property market. The region has also seen a substantial increase in the number of prime properties sold, with 28 properties for above €900,000 sold in the first two quarters of 2016 (for which the latest data is available), up from 16 in the same period in 2015.

## LUCAS FOX BUYER COUNTRY OF ORIGIN AND MOTIVATION

Continuing buyer trends from previous years, the majority of Lucas Fox buyers are looking at the Costa Brava for a secondary/holiday home, although an increasing number of buyers are looking for property to use as their primary residence. Lucas Fox data for 2016 shows an increase in the number of buyers from the United Kingdom (despite Brexit) and the United States (perhaps thanks to the 'Trump effect'), with a continued national presence.

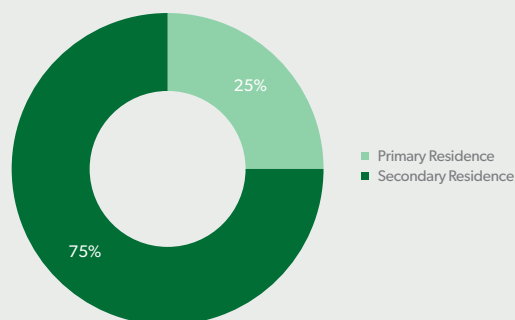
## LUCAS FOX WEBSITE INTEREST

Just under 20% of Lucas Fox website visitors looking at Costa Brava properties originated from Spain in 2016. The majority of international interest in Costa Brava properties came from the United Kingdom (26.97% of website visitors) and the United States (9.45%), followed by buyers from the Ukraine, France and the Netherlands.



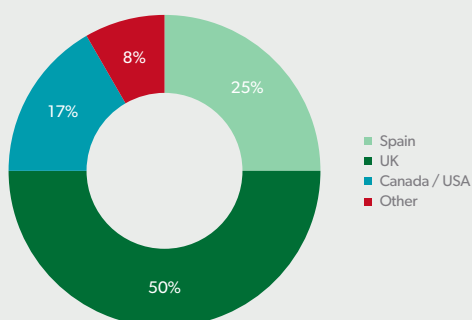
### COSTA BRAVA PROPERTY BUYERS: MOTIVATION FOR PURCHASE, 2016

Source: Lucas Fox sales data



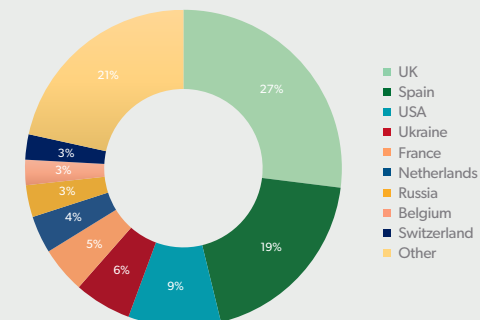
### COSTA BRAVA PROPERTY BUYERS: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox sales data



### WEBSITE INTEREST IN COSTA BRAVA PROPERTY: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox website data





### LUCAS FOX PREDICTS

*"As the national market continues to grow, I think we will see ever greater demand in the traditionally sought-after coastal villages such as Llafranc, Calella de Palafrugell and Begur. Likewise in the prime inland villages such as Torrent, Sant Feliu de Boada, Peratallada and Ullastret. These are the areas where we are likely to see the first increases when prices begin to rise. Given recent events in the US it is possible that we will see increasing numbers of buyers from the US, some no doubt attracted by the residency visa. Meanwhile, second home buyers from the UK are likely to hold off until Article 50 is triggered or until Sterling shows signs of stabilising."*

**Tom Maidment**

Partner, Lucas Fox Costa Brava



# MARBELLA- COSTA DEL SOL



**MARKET  
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COSTA DEL SOL**

**IBIZA**



## MARBELLA: MARKET OVERVIEW AND FORECAST FOR 2017

2016 was a more challenging year for the Marbella market than 2015. There has been a slowdown in sales particularly at the high end of the market both due to legislative changes and the knock-on effect of the EU referendum in the UK.

The Supreme Court's ruling to cancel the Marbella General Plan had a negative effect on the number of new projects being launched in Marbella, due to the subsequent difficulty in obtaining building licences. The ruling has only affected areas controlled by the Marbella Town Hall, however, and consequently has had a positive knock-on effect on the surrounding areas of La Cala de Mijas, Benahavís and Estepona.

Overall, there has been a significant increase in the launch of new off-plan developments thanks to investments made during previous years, particularly of mid to low priced projects. There has also been an increase in the supply of renovated re-sale homes with modern designs in the Marbella area, reflecting the need for sellers to become more competitive and offer better quality properties.

The prospect of Brexit has had a major effect on the numbers of enquiries from British buyers among almost all agents, most notably from the start of 2016 when the uncertainty began.

*"SINCE THE REFERENDUM, UK BUYERS  
HAVE DROPPED OFF DUE TO THE  
WEAKENING OF THE POUND."*

*"TOWARDS THE LATTER HALF OF THE  
YEAR THERE HAS BEEN AN INCREASE IN  
THE NUMBERS OF SELLERS OF RE-SALE  
PROPERTIES DISCOUNTING PRICES,  
PARTICULARLY BRITISH SELLERS WHO  
CAN NOW AFFORD TO REDUCE THE  
PRICE WITHOUT AFFECTING WHAT THEY  
WILL MAKE IN STERLING."*



**Stephen Lahiri**  
Partner, Lucas Fox Marbella

*"Since the referendum, UK buyers have dropped off due to the weakening of the Pound," explains Lucas Fox Marbella Partner Stephen Lahiri. "There is still movement at the lower end of the market and some British buyers who had higher budgets have now reduced them. In general buyers are younger than in previous years and tend to prefer contemporary modern designs. This has been reflected by the level of interest in new build and off-plan projects compared to re-sale homes. However, as the number of new projects has increased, even off-plan projects are facing increasing competition. Price has become a deciding factor in secondary locations."*

*"Towards the latter half of the year there has been an increase in the numbers of sellers of re-sale properties discounting prices, particularly British sellers who can now afford to reduce the price without affecting what they will make in Sterling," adds Mr Lahiri. "Even certain developers are now starting to reduce prices and tighten their margins to compete with the increased competition."*

The continued buyer preference is for off-plan projects rather than (better value) re-sales (even though they are mostly in secondary locations). It seems that most buyers are less inclined to renovate properties (unless for investment) despite the now significant price advantage. Developers are also offering increasingly interesting payment terms to attract buyers. Scandinavian and Belgian buyers are now the most important nationalities in the market in Marbella, particularly in areas such as Nueva Andalucía and even some Spanish buyers have returned to the market. The areas outside of Marbella have seen more movement, such as La Cala de Mijas, Benahavís and Estepona.

## MARBELLA PROPERTY SALES TRANSACTIONS

Property sales transactions in the province of Málaga have shown a steady increase year-on-year during the last 4 years. The total transaction volume in 2016 shows an annual growth rate of 6.65%. The average sales volume was 2,182 per month, up from an average of 2,046 in 2015.

## TRANSACTION VALUE OF PURCHASES BY FOREIGNERS

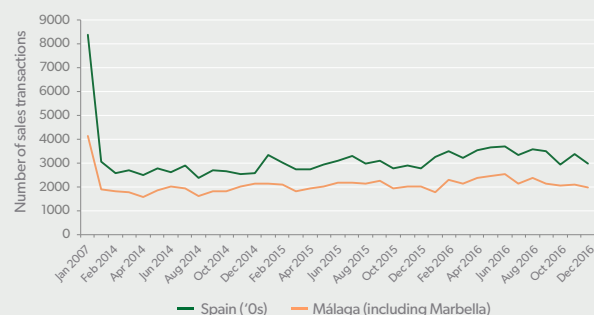
Amongst foreign buyers the total transaction value of purchases made across the Málaga region (which includes Marbella) was higher in each of the first three quarters of 2016 (for which the latest data is available) than in the corresponding quarters in 2015. Total purchase value of property transactions made by foreigners in the first three quarters of 2016 surpassed €1.5 billion, showing a 13.65% increase over the same period in 2015. Purchases of new properties make up only a small amount of overall trading, with foreigners spending just over €120 million on new build and reformed properties, representing 8.23% of the overall market.

## MARBELLA PROPERTY PRICES

Having increased steadily during the first three quarters of 2016, Marbella's average property prices dropped slightly in the last quarter of the year, ending the year on €2,374 per square metre, €8 below the price at the end of 2015, according to leading property portal Idealista (which bases its figures on asking prices). Average property prices in the key districts of Benahavís and Estepona rose however, increasing over the end of 2015 to €2,037 and €1,683 per square metre respectively, representing annual growth rates of 6.59% and 7.58%.

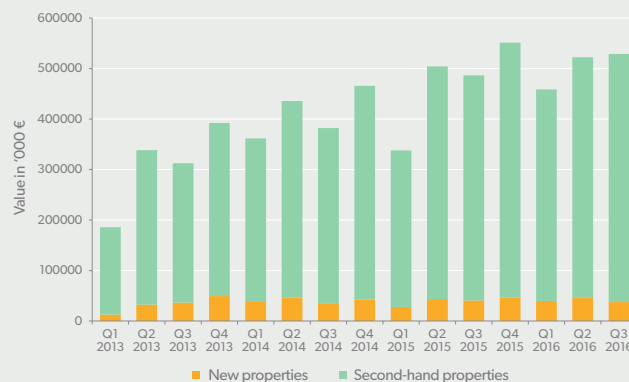
### MÁLAGA (INCLUDING MARBELLA) FREE HOUSING PROPERTY SALES TRANSACTIONS, PEAK (Q1 2007) AND Q1 2014 - Q4 2016

Source: National Institute of Statistics



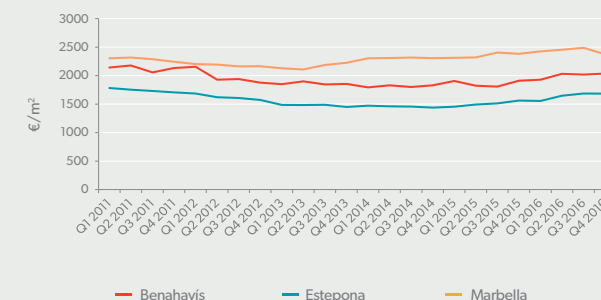
### MÁLAGA (INCLUDING MARBELLA) NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS BY FOREIGNERS Q1 2013 – Q3 2016

Source: Spanish Department of Development



### MARBELLA AND KEY DISTRICTS AVERAGE PROPERTY SALES PRICES Q1 2011 - Q4 2016

Source: Idealista







## MARBELLA MID-MARKET PROPERTY SALES TRANSACTIONS

Sales transactions for mid-market properties (valued at between €450,000 and €900,000) in Málaga (which includes Marbella) accounted for almost 10% of all sales of mid-market properties in Spain in the first two quarters of 2016 (for which the latest data is available), the same proportion as in the whole of 2015.

## MARBELLA PRIME PROPERTY SALES TRANSACTIONS

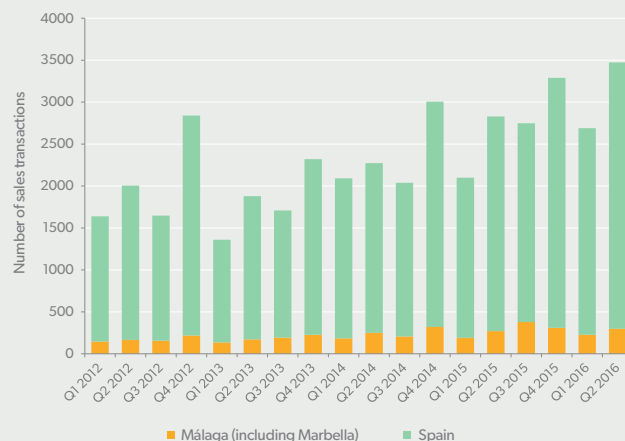
In the first half of 2016 (for which the latest data is available) trading of prime market properties in Málaga (which includes Marbella) grew by 27.55% over the number of prime property sales transactions for the first half of 2015. In the first two quarters of 2016 125 properties valued at more than €900,000 were sold, representing 10.88% of all sales of prime market properties in Spain in the first half of 2016, a slightly lower proportion of the market than in 2015.

## LUCAS FOX BUYER COUNTRY OF ORIGIN AND MOTIVATION

Continuing trends from previous years, Lucas Fox data in 2016 shows that the majority of property buyers in the Marbella region are looking for a secondary / holiday home, with the remainder seeking a long-term investment. A third of Lucas Fox property buyers come from the Middle East with the remaining two-thirds coming from Europe.

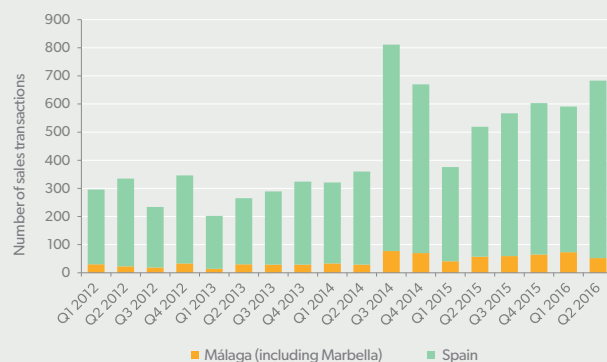
### MÁLAGA (INCLUDING MARBELLA) MID-MARKET PROPERTY SALES TRANSACTIONS (BETWEEN €450,000 AND €900,000), Q1 2012 - Q2 2016

Source: Spanish Department of Development



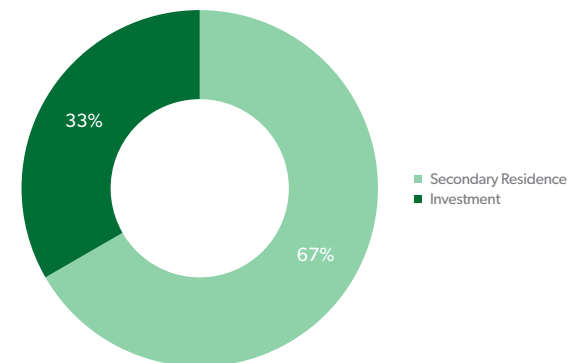
### MÁLAGA (INCLUDING MARBELLA) PRIME MARKET PROPERTY SALES TRANSACTIONS (OVER €900,000), Q1 2012 - Q2 2016

Source: Spanish Department of Development



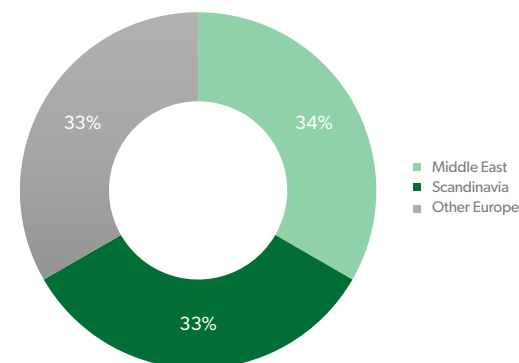
### MARBELLA PROPERTY BUYERS: MOTIVATION FOR PURCHASE, 2016

Source: Lucas Fox sales data



### MARBELLA PROPERTY BUYERS: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox sales data





## MARBELLA RENTAL MARKET

Average rental prices in Estepona and Marbella rose again substantially in 2016, reflecting a similar trend across the entire Málaga region.

Marbella ended the year on €9.80 per square metre, up by 10.78% over the end of 2015 average price. The average rental price in Estepona was €7.70 by the end of the 2016, an increase of 17.15% over the average price at the end of 2015. Across the Málaga as a whole, average rental prices commanded €8.60 per square metre by the end of the year, up from the end of 2015 average price of €7.80. Average rental prices in Marbella, Estepona and across the Málaga region have been growing fairly consistently since the third quarter of 2013.

A new rental law similar to that in Barcelona was passed in Andalucía in 2016, imposing greater regulations on the market. A tourist licence is now mandatory for any property rented for less than two months. This is likely to have a

significant impact on the rental market, particularly on price and the number of rental properties available.

## TOURISM

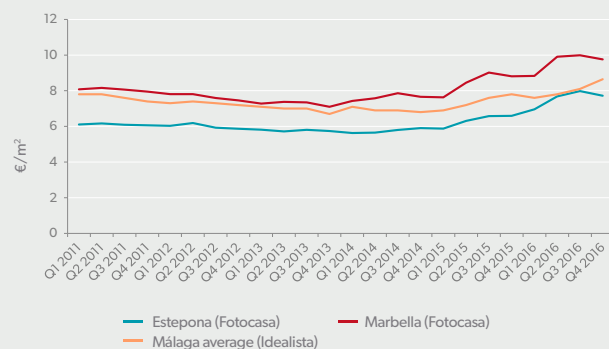
Airport arrival data is a strong indicator of international demand for properties in the Marbella region. Passengers arriving at Málaga-Costa del Sol airport in 2016 rose by 13.81% over those arriving in 2015, making 2016 yet another record-breaking year after a consistent increase every year in airport arrivals since 2011. In 2016 passenger arrivals to Málaga-Costa del Sol airport reached over 16.3 million.

## LUCAS FOX WEBSITE INTEREST

Spanish interest in Marbella properties represented just over 40% of Lucas Fox website visitors in 2016. Amongst international buyers the majority of interest in properties in Marbella comes from the United Kingdom (18.62%) and Scandinavia (7.53%).

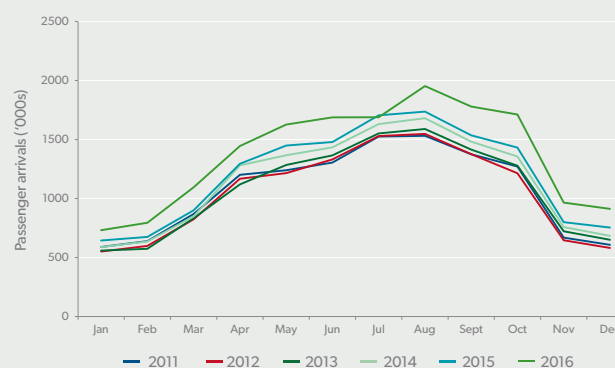
### MARBELLA AVERAGE RENTAL PRICES Q1 2011 - Q4 2016

Source: Idealista, Fotocasa



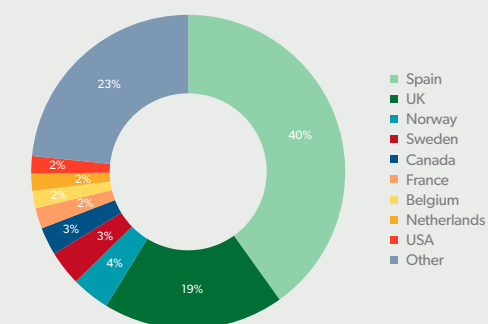
### PASSENGER ARRIVALS AT MÁLAGA-COSTA DEL SOL AIRPORT Q1 2011 - Q4 2016

Source: Aena



### WEBSITE INTEREST IN MÁLAGA PROPERTY: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox website data





### LUCAS FOX PREDICTS

*"An improvement in the political stability of Spain and resolution of the Marbella Town Hall planning issues, with licences being granted again, will bring confidence back to the market. The increase in numbers of new projects is leading to greater competition and developers are now focusing on prices and payment terms in addition to value for money. We also expect to see re-sale prices coming down, resulting in some competitive deals becoming available, particularly for larger and second line properties. Finally Lucas Fox is aware of and involved in some very exciting and high profile new projects that are due to be launched during 2017. We believe that these will have a very significant and positive impact on Marbella."*

**Stephen Lahiri**  
Partner, Lucas Fox Marbella



# IBIZA



## MARKET OVERVIEW AND FORECAST FOR 2017

SPAIN

OVERVIEW

BARCELONA

MARESME

SITGES

MADRID

VALENCIA

COSTA BRAVA

MARBELLA-  
COSTA DEL SOL

IBIZA





## IBIZA: MARKET OVERVIEW AND FORECAST FOR 2017

Lucas Fox Ibiza has had another positive year, seeing an increase in the numbers of enquiries from German, French and Dutch buyers. The EU referendum in the UK, however, has had a significant impact on the buying habits of British buyers who have traditionally made up the highest proportion of foreign investors on the island. In addition, the changes to laws surrounding the building on rustic plots and the tighter rental licence legislation has meant that the buying and rental processes are now more complicated.

*"WE ARE NOW SEEING BUDGETS  
OF UP TO €2 MILLION AND  
SOMETIMES MORE."*

*"BECAUSE OF THE UNCERTAINTY  
OVER BUILDING LICENCES FOR PLOTS  
IN THE COUNTRYSIDE, WE THINK  
THAT PEOPLE WILL SHOW GREATER  
INTEREST FOR PROPERTIES IN  
URBANISATIONS DURING 2017."*



**Susana Sánchez**  
Director, Lucas Fox Ibiza

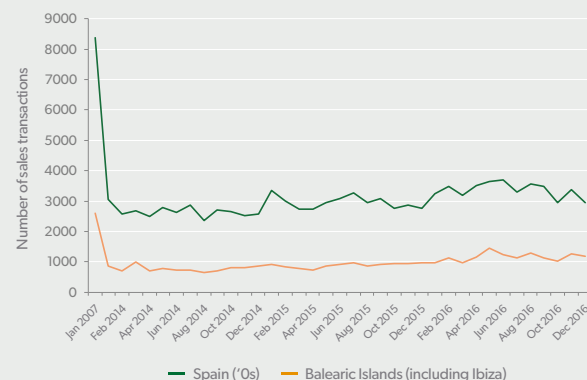
"Clients' budgets went up in 2016," comments Lucas Fox Ibiza Director Susana Sánchez. "During 2015 a lot of our clients had budgets of up to €1 million and we are now seeing budgets of up to €2 million and sometimes more. The French (who are fairly new to the market), Dutch and Germans have become the most prolific buyers, taking over from British clients. They are generally looking for second homes, holiday homes and villas to rent out during the summer and are often cash buyers."

An increasing number of people are looking to earn rental income from their property purchase. Around 70% of Lucas Fox clients intend to rent their property out during the summer for at least a couple of weeks. Buyers tend to be company executives, entrepreneurs and also retirees, who love the climate and tranquillity of Ibiza. The British are more likely to relocate because of the island's family-friendly environment, the weather and tranquillity. Ibiza also has also a British school.

The most popular properties during 2016 have tended to be rural homes priced between €1 million and €2 million. Buyers are also seeking new builds, modern homes or villas to renovate and some buyers are still looking for the typical Ibicenco-style homes. The area of San José continues to be in high demand but there have also been more enquiries about properties for sale in the north of the island, an area which is becoming increasingly popular thanks to its tranquility and beautiful scenery. It is also a region that is vibrant all year round.

### BALEARIC ISLANDS (INCLUDING IBIZA) FREE HOUSING PROPERTY SALES TRANSACTIONS, PEAK (Q1 2007) AND Q1 2014 - Q4 2016

Source: National Institute of Statistics



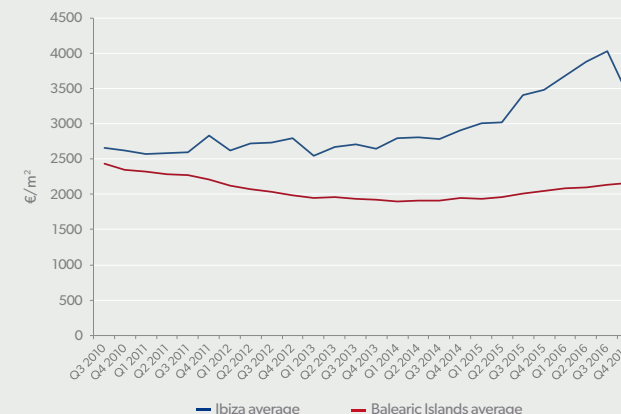
### BALEARIC ISLANDS (INCLUDING IBIZA) NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS BY FOREIGNERS Q1 2013 - Q3 2016

Source: Spanish Department of Development



### BALEARIC ISLANDS (INCLUDING IBIZA) AVERAGE PROPERTY SALES PRICES Q3 2010 - Q4 2016

Source: Idealista



## BALEARICS PROPERTY SALES TRANSACTIONS

Following on from recent years, sales trading in the Balearic Islands (which includes Ibiza) has continued to see a much faster growth than is visible in Spain as a whole. In 2016 property trading across the Balearic Islands averaged 1,157 sales per month, up 273 sales per month from an average of 884 in 2015. The total transaction volume in 2016 showed an annual growth rate of 30.96%.

## TRANSACTION VALUE OF PURCHASES BY FOREIGNERS

Following a peak in the last quarter of 2015, the total value of purchases by foreigners in the Balearic Islands (predominantly in Ibiza) has decreased in each quarter of 2016. However, the total value in the first three quarters of 2016 (for which the latest data is available) still shows an annual increase of 11.82% compared to the same period in 2015. Total transaction value of properties purchased by foreigners in the first three quarters of 2016 totalled €1.05 billion. Foreign investors spent over €100 million on new build housing in the first three quarters of 2016, a slight reduction in the amount spent in the same period in 2015 (€113 million).

## BALEARICS PROPERTY PRICES

According to leading property portal Idealista (which bases its figures on asking prices), average prices in the Balearic Islands (which includes Ibiza) have continued to rise for the seventh consecutive quarter. Average prices ended the year on €2,157 per square metre, showing an annual growth rate of 5.22%. The situation was different, however, in Ibiza where prices rose for the first three quarters of the year but fell by 15.23% in the last quarter, ending the year on €3,417 per square metre, down €66 from the end of 2015.





## BALEARICS MID-MARKET PROPERTY SALES TRANSACTIONS

Sales transactions for mid-market properties (valued at between €450,000 and €900,000) in Ibiza follow national trends, with total transactions on the Balearic Islands continuing to make up a substantial proportion of national sales. In the first half of 2016 (for which the latest data is available) 11.07% of all mid-market property transactions in Spain occurred in the Balearic Islands, predominantly Ibiza, around the same proportion of the market as in the same period in 2015.

## BALEARICS PRIME PROPERTY SALES TRANSACTIONS

Following national trends, trading of prime properties (valued at over €900,000) across the Balearic Islands (predominantly in Ibiza) was lower in the first quarter of 2016 than in the last quarter of 2015 but then increased again in the second quarter. In the first half of 2016 (for which the latest data is available) there were 195 prime properties sold, 60 more than in the corresponding period in 2015. This represents 16.97% of all sales of prime market properties in Spain in the first half of 2016.

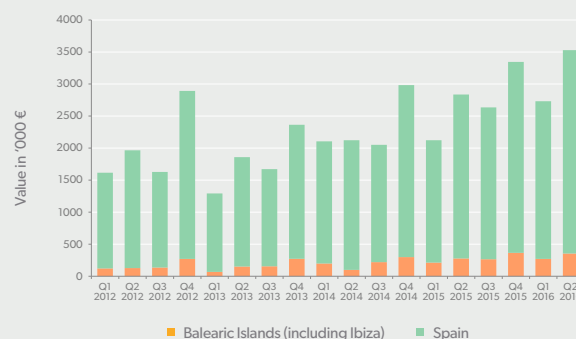
## LUCAS FOX BUYER COUNTRY OF ORIGIN AND MOTIVATION

Amongst Lucas Fox property buyers in Ibiza in 2016, the majority of purchases continue to be made by buyers looking for a secondary residence (71.43%) with the remainder seeking an investment property. This is driven by high short-term rental and sales prices that are notably above the national average, providing buyers with excellent rental investment opportunities.

2016 continued to see a large proportion of Lucas Fox property buyers coming from Western Europe, including Germany, the United Kingdom and Belgium. This is consistent with the demographics of buyers in previous years.

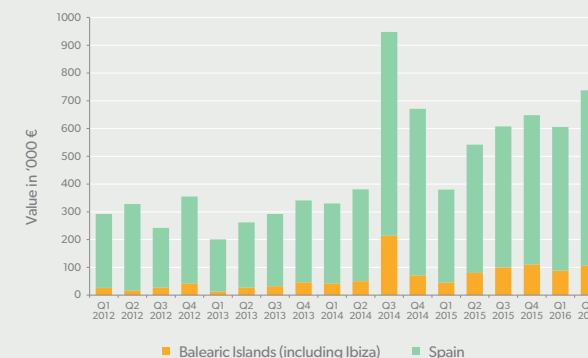
### BALEARIC ISLANDS (INCLUDING IBIZA) MID-MARKET PROPERTY SALES TRANSACTIONS (BETWEEN €450,000 AND €900,000), Q1 2012 - Q2 2016

Source: Spanish Department of Development



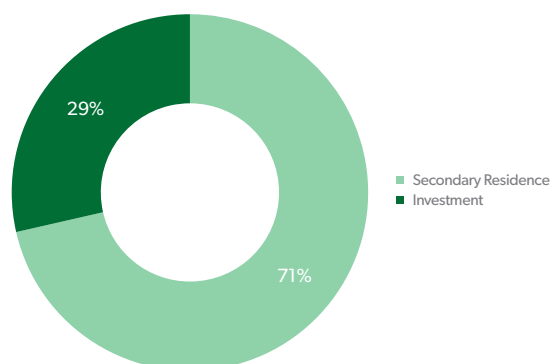
### BALEARIC ISLANDS (INCLUDING IBIZA) PRIME MARKET PROPERTY SALES TRANSACTIONS (OVER €900,000), Q1 2012 - Q2 2016

Source: Spanish Department of Development



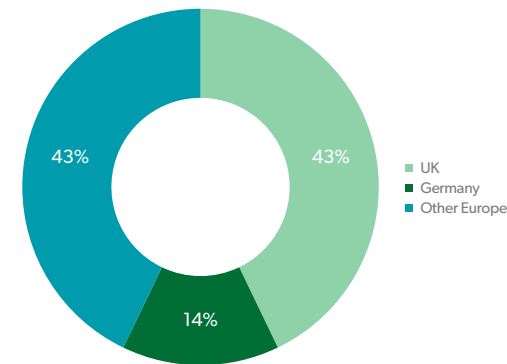
### IBIZA PROPERTY BUYERS: MOTIVATION FOR PURCHASE, 2016

Source: Lucas Fox sales data



### IBIZA PROPERTY BUYERS: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox sales data





## IBIZA RENTAL MARKET

The annual summer trend in Ibiza, where increased demand drives up the average rental prices across the middle of the year, was not so pronounced in 2016 as it has been in previous years. Average rental prices were still at their highest in the second quarter of the year, however, when properties were being rented out for an average of €14 per square metre, a slight decrease over the average rental price in the second quarter of 2015 (€15.10 per square metre). Despite this decrease, average rental prices ended the year on €12 per square metre, an annual increase of 26.5% over the average price at the end of 2015.

## TOURISM

Airport passenger arrivals data is a strong indication of international interest in Ibiza, as almost all airplane travellers to the island arrive from international destinations. This year again saw an increase in airport passenger arrivals, with a 17.14% increase over 2015 airport arrivals. Passenger arrivals were higher every month this year over the corresponding months in 2015, which in turn were higher every month of the year over 2014 figures. In 2016 passenger arrivals to Ibiza airport reached over 7.5 million.

## LUCAS FOX WEBSITE INTEREST

Spanish interest in Ibiza properties represented just over 20% of Lucas Fox website visitors in 2016. Amongst international buyers the majority of interest in Ibiza properties came from the United Kingdom (30.47% of website visitors), the Netherlands (9.33%) and Italy (6.44%).

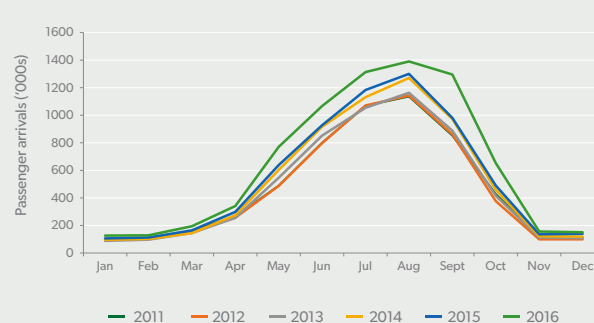
### IBIZA AVERAGE RENTAL PRICES Q1 2013 - Q4 2016

Source: Fotocasa



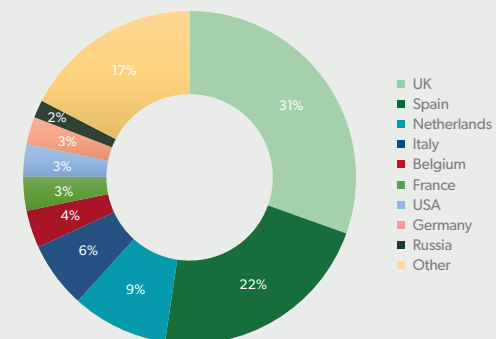
### PASSENGER ARRIVALS AT IBIZA AIRPORT Q1 2011 - Q4 2016

Source: Aena

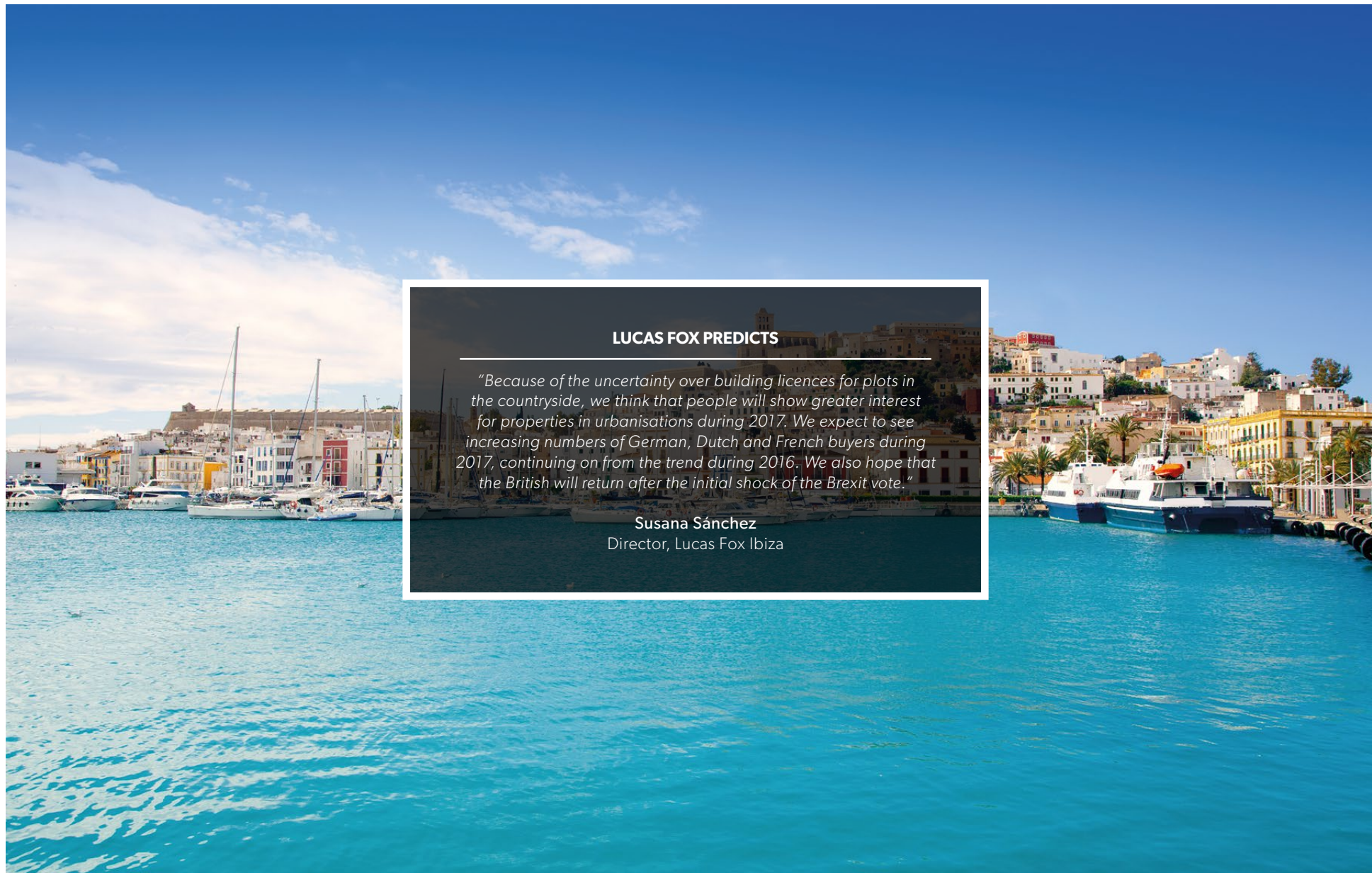


### WEBSITE INTEREST IN IBIZA PROPERTY: COUNTRY OF ORIGIN, 2016

Source: Lucas Fox website data









BARCELONA  
COSTA BRAVA  
GIRONA  
IBIZA  
MADRID  
MALLORCA  
MARBELLA - COSTA DEL SOL  
MARESME  
SEVILLE  
SITGES  
VALENCIA  
  
ANDORRA  
PORTUGAL

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