



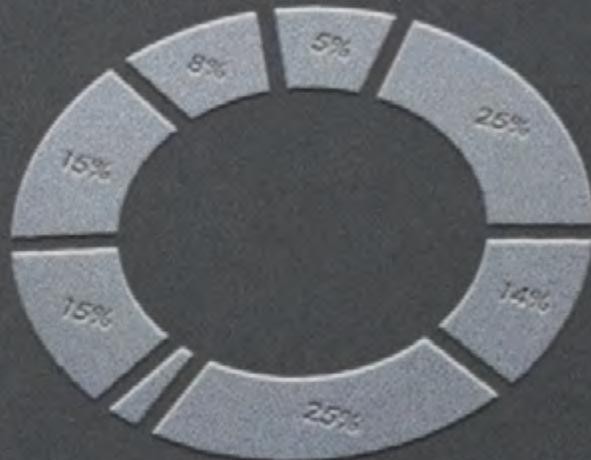
MARKET OVERVIEW / FORECAST  
PRIME PROPERTY MARKET / AVERAGE SALES PRICES  
SALES TRANSACTIONS / CAPITAL PRICES



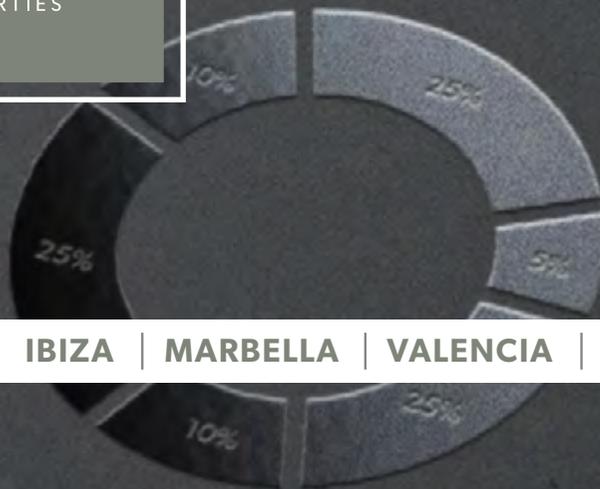
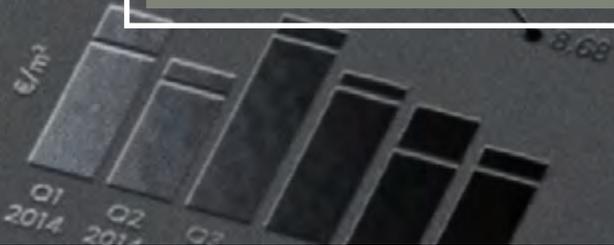
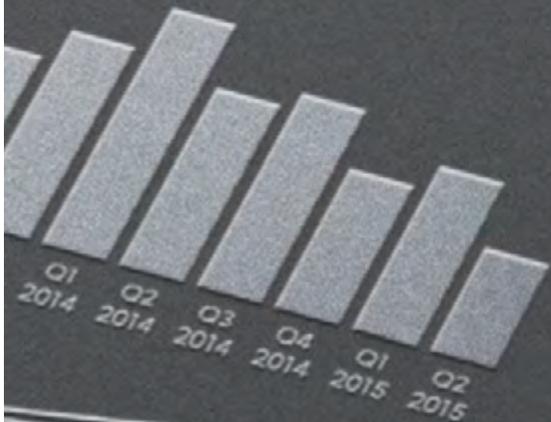
# MARKET REPORTS Q1 & Q2 2015



LUCAS FOX  
INTERNATIONAL PROPERTIES



↑ 23% ↓ 9%



OVERVIEW | BARCELONA | COSTA BRAVA | MARESME | SITGES | IBIZA | MARBELLA | VALENCIA | MADRID



**LUCAS FOX**  
INTERNATIONAL PROPERTIES

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**MARKET  
REPORTS  
Q1 & Q2 2015**

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**BARCELONA** 7



**COSTA BRAVA** 13



**MARESME** 17



**SITGES** 20



**IBIZA** 23



**MARBELLA** 28



**VALENCIA** 33



# EXECUTIVE SUMMARY



## OVERVIEW OF SPANISH PROPERTY MARKET

- In 2015, there are strong signs of what potentially could be a spectacular turnaround for Spanish real estate. There is more confidence in the market, transaction numbers are going up, and prices, after falling up to 40% in some areas, have leveled out.
  - New housing construction remains minimal in almost all regions, meaning that new properties and high quality refurbished homes are in the highest demand, with new developments in prime areas selling off plan very fast and, in most cases, at close to asking price.
  - In almost all markets, renewed confidence amongst Spanish buyers and the Spanish banks' willingness to offer mortgages for property purchases has brought new buyers into the market, and in the major cities international buyers are now competing against local buyers to secure the best properties in prime locations.
-



## BARCELONA OVERVIEW

- 2015 is expected to be the most significant year of recovery for the Barcelona prime residential property market in the past seven years. Prices have stabilised in the past 12 to 18 months, and international interest for turnkey properties is forcing up demand, alongside renewed confidence amongst local buyers.
- Sales prices for all of Barcelona averaged €3,293 per square metre by the midpoint of 2015, up €105 over the average at the end of 2014. The districts of Eixample, and Zona Alta (Les Corts and Sarria-Sant Gervasi) ended the half-year with the highest average sales prices, at €3,747 and €4,211 per square metre respectively.
- Prime property sales prices for all of Barcelona city averaged €4,213 per square metre by the middle of 2015.



## COSTA BRAVA OVERVIEW

- Sales in the Costa Brava in the first half of the year have been dominated once again by Northern European buyers – British, French, Swiss, Dutch and Scandinavian clients being the most active.
- Costa Brava average sales prices varied from €1,282 per square metre in Cadaques in the region's far north to €1,939 per square metre for properties in Palamós in the Baix Empordà (which also includes the sought after coastal towns of Tamariu, Calella de Palafrugell and Llafranc). Overall, average prices for Costa Brava properties reached €1,860 per square metre, the highest average since Q2 2012.
- Whilst most of the sales activity has focused on properties in the €500,000 to €1.2m price bracket, Lucas Fox has also seen a handful of sales between €5m to €11m, suggesting that buyer confidence at the very top end of the market is also on the rise.



## MARESME OVERVIEW

- Whereas in previous years local buyers accounted for as little as 20% of Lucas Fox's Maresme sales enquiries, this figure is now closer to 50% and there has been a substantial increase in the number of sales transactions to local clients. National interest is primarily focused on properties in the €400,000 to €700,000 price bracket.
- Lucas Fox data shows that the majority of prime market property buyers on the Maresme Coast were purchasing properties for private use, either as a primary (36.4%) or secondary residence (27.3%).



## SITGES OVERVIEW

- Lucas Fox's Sitges office has had a very positive start to 2015. Buyers are more serious and ready to pass offers and close transactions quickly. There have been more enquiries than previously from local buyers although the majority of sales are still to overseas buyers.
- Sitges average sales prices ended the first half of 2015 at €3,499 per square metre, up €203 per square metre compared to the end of 2014 averages. Sitges average prices have risen every quarter for the past six consecutive quarters, since the fourth quarter of 2013.
- The Sitges prime property market has seen increased activity in 2015. In the first two quarters of 2015, twice as much property was traded by Lucas Fox Sitges as in the same period in 2014.



## IBIZA OVERVIEW

- Q1 and Q2 2015 has been extremely busy for Lucas Fox's Ibiza office, both in terms of the increased number of serious buyer enquiries, and the volume of sales completed. This stems from a number of factors such as the Ibiza 'lifestyle destination brand' continuing to spread globally, the strength of Sterling and Dollar against the Euro and better mortgage conditions.
- While national averages of property prices continued to decline slightly throughout 2014 and beginning to level off in 2015, average prices in Ibiza have seen increases since the start of 2013.
- Average prices show the island's capital of Eivissa reached €3,022 per square metre by the midpoint of 2015, up from €2,909 per square metre at the end of 2014, a half-yearly variation rate of 3.9%. Average prices in Ibiza (Eivissa) are currently €1,443 per square metre above the national average.



## MARBELLA OVERVIEW

- Sales have increased across the Marbella region, leading to a shortage of good quality properties in prime locations, and prices being pushed up. Buyers are also snapping up new off-plan properties that are being launched and in some cases projects are selling very quickly, as they are cheaper than many re-sale properties. These turnkey projects are selling so fast that Lucas Fox is seeing regular price increases of new off-plan properties coming onto the market.
- Buyers are increasingly design, quality and location-orientated, with the strongest demand for properties within the €400,000 to €2m price range.
- Trading of prime market properties in Malaga (which includes Marbella) doubled in the final two quarters of 2014. In 2014, 209 properties valued at more than €900,000 were sold, representing 10.7% of all sales of prime market properties in Spain in 2014.



## VALENCIA OVERVIEW

- The first quarter of 2015 has seen an increase of 14% for property re-sales, a sure sign that the sector is becoming stronger. House prices are remaining constant because the increase in demand has been accompanied by a similar increase in supply, which has meant more competition.
- While significantly down from the market's peak in Q1 2007, Valencia average sales prices have been steady in 2014, with average prices in the Old Town maintaining at 2.358€ per square metre by the end of the half year for 2015. For the region as a whole, average prices ended 2014 at €1,436 per square metre, up from €1,410 per square metre at the end of 2013.
- Lucas Fox data shows that almost two-thirds of all Valencia buyers aim to use their prime market property as a primary residence, with the remaining buyers seeking a holiday home.



## MADRID OVERVIEW

- The property market in Madrid continues to attract more and more investment from both national and international investors. On the national side, there have been an increased number of transactions from investors wanting centrally located primary and second homes in the Spanish capital and the recent wider availability of financing, combined with low rates, is having a positive effect.
- Prices for Madrid districts overall started to rise slightly this year, ending their downward trend and suggesting that the market bottom has been reached, with the city's average ending the second quarter of €2,810 per square metre, up €116 over end of 2014 averages.
- Amongst prime market property buyers in Madrid, 60% of Lucas Fox buyers purchase property for use as a primary residence, with a fifth buying to obtain the 'Golden Visa'.



# BARCELONA

OVERVIEW

BARCELONA

COSTA BRAVA

MARESME

SITGES

IBIZA

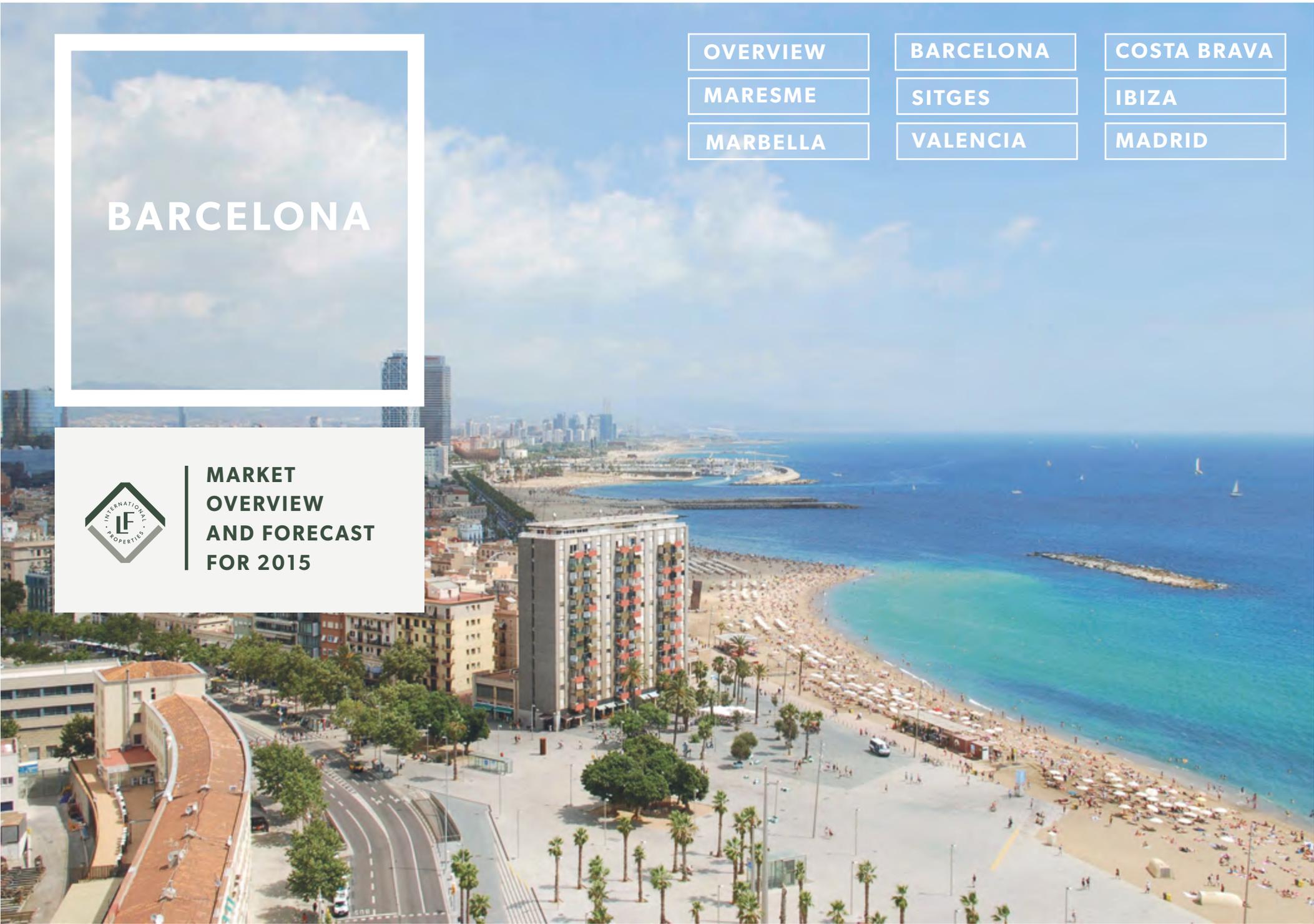
MARBELLA

VALENCIA

MADRID



**MARKET  
OVERVIEW  
AND FORECAST  
FOR 2015**





### BARCELONA: MARKET OVERVIEW AND FORECAST FOR 2015

Barcelona is one of the cities leading the way in Spain's recovery, thanks to a combination of factors: lowest prices for a decade, a strong local economy and the ongoing appeal of the city for lifestyle investors – Barcelona has a great climate, is well communicated with the rest of Europe and is an established cultural and gastronomic hub.

*"In 2015, we are seeing the start of what potentially could be a spectacular turnaround for Spanish real estate: the tide is turning and people's faith in the market is slowly being renewed,"* says Alexander Vaughan, Lucas Fox Founding Partner. *"There is more confidence, transaction numbers are going up, and prices, after falling up to 40% in some areas, have leveled out.*

*Thanks to the strong Pound and Dollar, 2015 has seen growth in the numbers of British and American buyers looking to invest in Barcelona. Many international clients want new build turnkey projects, but demand currently outstrips supply and it will be a while before sufficient numbers of new build properties come onto the market.*

*Lucas Fox has further consolidated its position in the Spanish property market by re-launching its New Developments business in September 2015, and I believe that this part of the market will be driving sales in Barcelona for many years to come, hopefully assisted by the re-activation of the local market. In 2014, around 90% of our sales in Barcelona were to foreigners. In the first two quarters of 2015, that figure has dropped to around 75%, a sure sign that national buyers have also decided that now is the right time to buy".*

*"IN 2015, WE ARE SEEING THE START OF WHAT POTENTIALLY COULD BE A SPECTACULAR TURNAROUND FOR SPANISH REAL ESTATE: THE TIDE IS TURNING AND PEOPLE'S FAITH IN THE MARKET IS SLOWLY BEING RENEWED."*

*"LUCAS FOX HAS FURTHER CONSOLIDATED ITS POSITION IN THE SPANISH PROPERTY MARKET BY RE-LAUNCHING ITS NEW DEVELOPMENTS BUSINESS IN SEPTEMBER 2015, AND I BELIEVE THAT THIS PART OF THE MARKET WILL BE DRIVING SALES IN BARCELONA FOR MANY YEARS TO COME."*



**Alexander Vaughan**  
Lucas Fox Founding Partner

### PROPERTY TRANSACTIONS

The peak trading of properties in Barcelona was at the start of 2007, when over 8,000 sales transactions were registered in the opening month of the year. However, since then, sales figures both in Barcelona and across Spain have been significantly muted, although a slight and steady increase is observable throughout 2014 over 2013 and 2012 transaction levels and also in the first 6 months of 2015.

Property sales transactions in Barcelona follow a similar trend to Spanish national sales trading. Following the distorted bump that can be seen in the second quarter of 2013 where increased sales completions were rushed through before changes to the Spanish transfer tax took effect, property transactions have shown a steady increase year on year. In the first half of 2015, total sales in Barcelona averaged 2,676 transactions per month, up an additional 429 sales per month over the average for the preceding 6 months.

**BARCELONA FREE HOUSING PROPERTY SALES TRANSACTIONS PEAK (Q1 2007) AND JULY 2012 - JUNE 2015**

Source: Ine.es





### TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

Amongst foreign buyers resident in Spain, transaction value of purchases of second hand properties was higher in the first quarter of 2015 than in 2014 (€206,164,800 in Q1 2015 compared with €200,182,700 in Q1 2014). However, reflecting the lack of new build properties entering the market, the value of transactions of new housing sales in Barcelona was lower than in the previous year. Trend data for 2015 is difficult to ascertain based on one quarter's available data, but total transaction value was slightly higher in 2015 than the comparable period for 2014: €222,978,200 in Q1 2015 compared with €220,249,900 in Q1 2014). Total transaction value of Barcelona property purchases by foreigners resident in Spain in 2014 was just over €1 billion.

### BARCELONA PROPERTY SALES PRICES

Sales prices for Barcelona city averaged €3,293 per square metre by the midpoint of 2015, up €105 over the average at the end of 2014. The districts of Eixample, and Zona Alta (Les Corts and Sarrià-Sant Gervasi) ended the half-year with the

highest average sales prices, at €3,747 and €4,211 per square metre respectively. In the majority of cases in Barcelona's districts, data shows that the market has bottomed out and in some prime residential areas, prices are showing a slight increase each quarter for the past three quarters.

### BARCELONA MID-MARKET PROPERTY TRANSACTIONS

Barcelona trading of mid-market properties (i.e., those selling for between €450,000 and €900,000) has increased each quarter since the start of 2013, with 1,518 properties sold in 2014, representing 18% of the total Spanish mid-priced property market.

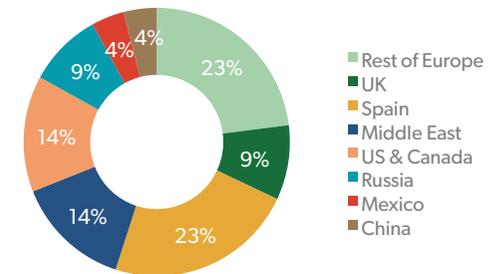
### BUYER COUNTRY OF ORIGIN AND MOTIVATIONS FOR MID-MARKET PROPERTIES

Lucas Fox buyers of mid-market properties in Barcelona for the first half of 2015, included almost a quarter of Spanish buyers and the usual strong representation from UK and Western Europe, most notably The Netherlands, Austria and the UK. Russian buyers decreased overall in 2015 and were more likely to buy mid-market rather than high end properties. US & Canada buyers grew the most, entering the mid-level property market in greater numbers in 2015.

The mid-level property market (with property prices between €450,000 and €900,000) in Barcelona is split fairly evenly between those looking for a primary residence (frequently as part of a relocation to Barcelona), holiday/secondary homes, and investment decisions where buyers are aiming to convert apartments into holiday rental accommodation.

### MID-MARKET PROPERTY BUYERS IN BARCELONA CITY: COUNTRY OF ORIGIN Q1 & Q2 2015

Source: Lucas Fox sales data



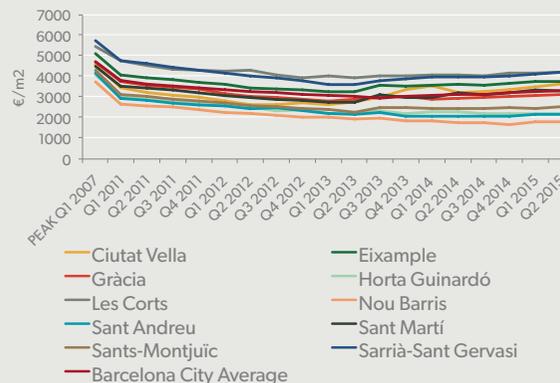
### BARCELONA NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS 2013 - Q1 2015

Source: Spanish Department of Development



### BARCELONA AVERAGE PROPERTY SALES PRICES PEAK (Q1 2007) AND Q1 2011 - Q2 2015

Source: Idealista.com



### BARCELONA PROPERTY TRANSACTIONS OVER PROPERTIES SOLD BETWEEN €450 - €900,000 Q1 2012 - Q4 2014

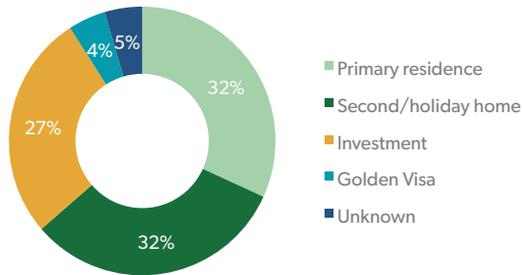
Source: Spanish Department of Development





**MID-MARKET PROPERTY BUYERS IN BARCELONA CITY: MOTIVATION FOR PURCHASE Q1 & Q2 2015**

Source: Lucas Fox sales data



**BARCELONA CITY PRIME PROPERTY MARKET**

Interest in prime property in Barcelona continues to grow, with transactions particularly strong in the past two years.

It is difficult to calculate average prices for prime residential property in Barcelona city, as the stock sold varies widely, from un-renovated apartments with no terrace in key luxury districts to newer penthouses in beachfront apartment complexes. However, some trends can be identified in sales data from Lucas Fox prime residential sales transactions over the past two years. In general, prime market average property prices grew from Q1 2013 to Q2 2015, with beachfront sales, in particular, increasing substantially over that time.

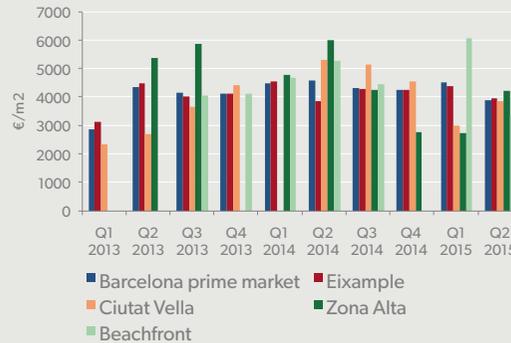
Prime property sales prices for all of Barcelona city averaged €4,213 per square metre by the middle of 2015 (prime property averages are calculated as total interior space and half of outdoor terrace space).

**PROPERTY TRANSACTIONS FOR PRIME PROPERTIES**

Sales of prime market properties in Barcelona have shown a similar but more steady growth trend than is observable across all of Spain. While high end property transactions have increased

**BARCELONA PRIME MARKET AVERAGE SALES PRICES Q1 2013 - Q2 2015**

Source: Lucas Fox sales data



**NUMBER OF PROPERTY SALES TRANSACTIONS FOR BARCELONA PROPERTIES SOLD WITH PRICE OF OVER €900,000 Q1 2012 - Q4 2014**

Source: Spanish Department of Development

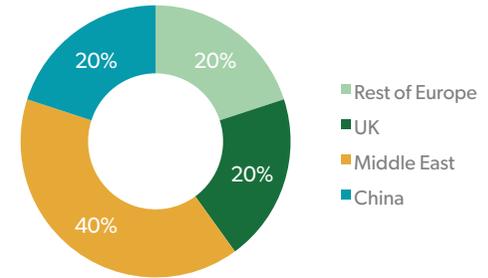


from mid 2013, trading has grown substantially since the middle of 2014, a trend that is also observable across Spain, but more sustained in Barcelona at the end of 2014.

In 2014, 380 properties valued at over €900,000 were sold across Barcelona province, the majority in Barcelona city. This represents close to 20% (19.5%) of the Spanish prime property market overall.

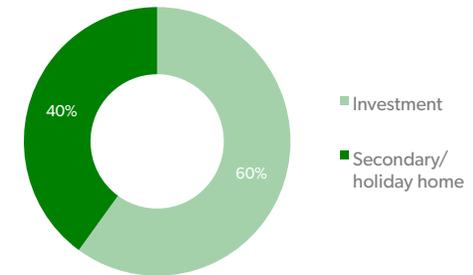
**BARCELONA CITY PRIME MARKET PROPERTY BUYERS: COUNTRY OF ORIGIN Q1 - Q2 2015**

Source: Lucas Fox sales data



**PRIME PROPERTY BUYERS IN BARCELONA CITY: MOTIVATION FOR PURCHASE Q1 & Q2 2015**

Source: Lucas Fox sales data



**BUYER COUNTRY OF ORIGIN AND MOTIVATIONS FOR PRIME MARKET PROPERTIES**

Prime property (those properties valued at €900,000 and higher) buyers in Barcelona were split between from Europe & UK, Middle East, and Asia.

Unlike mid-market purchases, prime market properties are purchased for either long-term investment or for use as a secondary or holiday home, with no buyers looking to relocate or use the property as their primary residence. In the first half of 2015, investment has been the key motivation for purchase of high-end Barcelona properties.

### BARCELONA CITY RENTAL MARKET

The average rental prices for Barcelona city and for each individual district have risen in all neighbourhoods, compared with the average rental prices at the end of 2013.

Overall, average rental prices for Barcelona city ended the first six months of 2015 on €13.20 per square metre, up €0.70 over end of 2014 averages. The city centre neighbourhood of Ciutat Vella and the inner-city modernist neighbourhood of Eixample ended the half year on the highest rental prices, with Ciutat Vella averaging €15.20 per square metre (up €0.80 from the end of 2014), and Eixample ending the second quarter of 2015 on €13.80 per square metre, up from €13.10.

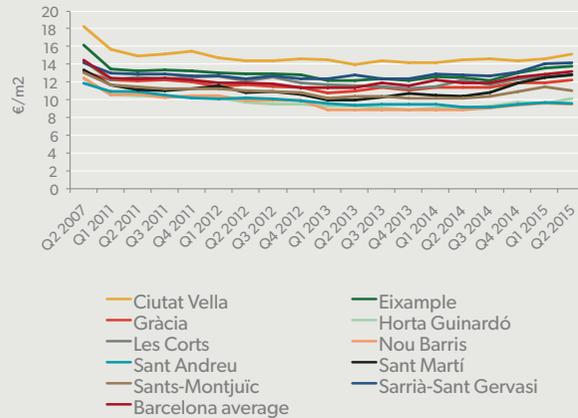
### SHORT-TERM RENTAL DEMAND

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 short term rental licences are no longer available in Barcelona Old Town.

Despite a slightly slower start to the year than in 2014, holiday apartment accommodations again outperformed the past previous years as the summer season commenced, with May and June once again surpassing corresponding months in 2014. 65,985 foreigners stayed in holiday apartments in June 2015 (up from 62,318 for June 2014). The number of foreigners staying in holiday apartments in Barcelona continues to grow year on year. Up until the end of June 2015, total foreign travellers staying in holiday apartments in Catalonia (the majority in Barcelona) reached 198,305, up from 195,048 for the first six months of 2014. The recent moratorium on tourist rental apartment licenses in Barcelona city should impact on these figures in the remainder of 2015.

**BARCELONA AVERAGE PROPERTY RENTAL PRICES PEAK (Q1 2007) AND Q1 2011 - Q2 2015**

Source: Idealista.com



**PASSENGER ARRIVALS AT BARCELONA AIRPORT 2011 - Q2 2015**

Source: Aena-aeropuertos.es



**FOREIGN TRAVELERS STAYING IN HOLIDAY APARTMENT ACCOMMODATION 2011 - Q2 2015**

Source: Ine.es



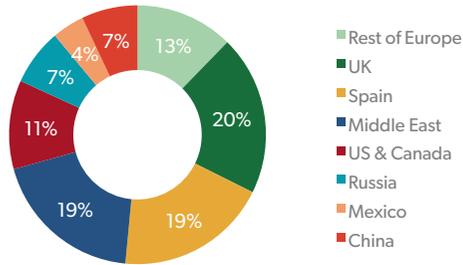
**FOREIGN TOURISTS WITH A PRIMARY TRAVEL DESTINATION IN CATALONIA (INCLUDING BARCELONA) 2011 - Q2 2015**

Source: Frontur.iet.tourspain.es



**BARCELONA CITY INTERNATIONAL PROPERTY BUYERS: COUNTRY OF ORIGIN Q1 - Q2 2015**

Source: Lucas Fox sales data



Airport arrivals data shows an even clearer trend. Monthly passenger arrivals at Barcelona’s El Prat airport have been higher for every month of this year over 2014 figures, which in turn were higher than 2013. The first half of 2015 has seen an increase of 2.7% over passenger arrivals for the corresponding period in 2014, with a total of over 18 million passenger arrivals in the first half of 2015.

Foreign travelers with a primary destination of Catalonia - the majority coming to Barcelona - rose again in the first half of 2015, maintaining its constant proportion of hosting 25% of all international tourists visiting Spain, as it had in 2014. By the end of the first half of 2015, international tourism increased 1.8% over the past twelve months, with almost 7.5 million foreign travellers visiting Catalonia and Barcelona, in particular.

Across all of Lucas Fox’s Barcelona City luxury residential market property sales in 2015 (€450.000and above), the countries of origin of international buyers has evolved over the past two years. While UK and Northern European buyers from Germany, France and, increasingly The Netherlands, continue to purchase prime properties, Russian purchases have slowed considerably, while Canadian and US sales have increased alongside new growth markets in The Middle East, and China.



**LUCAS FOX PREDICTS**

Based on the trends observable in the first half of 2015, and following a fairly consistent growth pattern over the past eighteen months, we expect to see sales prices continue to rise slowly but steadily in prime residential areas such as Eixample. Rental prices are expected to follow a similar but stronger trend. Quality new constructions and turnkey projects in prime city centre locations will continue to be sold quickly, reflecting the continued lack of supply of new builds across the city. Barcelona city property is expected to see its most aggressive year of trading since 2013 as more Spanish buyers re-enter the market alongside growing international interest as confidence returns.

# COSTA BRAVA

OVERVIEW

BARCELONA

COSTA BRAVA

MARESME

SITGES

IBIZA

MARBELLA

VALENCIA

MADRID



**MARKET  
OVERVIEW  
AND FORECAST  
FOR 2015**





## COSTA BRAVA: MARKET OVERVIEW AND FORECAST FOR 2015

With its access to Barcelona and northern Europe, its beautiful, unspoilt inland and coastal landscapes and its world renowned gastronomy, the Costa Brava continues to be a much sought-after destination for discerning international buyers seeking second homes in exclusive, tranquil and picturesque surroundings. The region boasts a superb transport infrastructure – including a high speed rail link, an international airport and an excellent road network, superb golf courses, numerous Michelin star restaurants and a wonderful year round climate, making it the chosen destination for buyers the world over.

*“THIS IS A VERY EXCITING PERIOD FOR THE COSTA BRAVA REAL ESTATE MARKET WITH SOME OPPORTUNITIES AVAILABLE THAT PERHAPS WON'T BE REPEATED FOR A GENERATION.”*

*“MANY OF THESE PROPERTIES WILL SELL OVER THE COURSE OF THE NEXT 12 TO 18 MONTHS AS THE RECOVERY CONTINUES TO GATHER PACE AND IT COULD BE MANY, MANY YEARS BEFORE BUYERS HAVE THE OPPORTUNITY TO ONCE AGAIN ACQUIRE PRIME SEAFRONT PROPERTIES IN THESE EXCLUSIVE AREAS OF THE COSTA BRAVA COASTLINE.”*



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

*“Sales in the Costa Brava in the first half of the year have been dominated once again by Northern European buyers – British, French, Swiss, Dutch and Scandinavian clients being the most active. There has also been a notable increase in demand from British and American clients, no doubt taking advantage of the weak Euro and low property prices,”* says Tom Maidment, Partner of Lucas Fox Costa Brava.

*Another interesting factor this year has been the return of Spanish buyers to the market. We have seen a significant increase in demand from local buyers and a number of transactions closed. Domestic interest is focused primarily on the low to mid end of the market, from around €400,000 to €1m. With the continuing political and economic troubles in Russia, this segment of the market has all but disappeared and has had a major impact on areas of the Costa Brava that have traditionally attracted large numbers of Russian buyers, particularly Lloret de Mar and Blanes in the southern area of the coastline. Whilst most of the sales activity has focused on properties in the €500,000 to €1.2m price bracket, we have also seen a handful of sales between €5m to 11m, suggesting that buyer confidence at the very top end of the market is also on the rise.*

*This is a very exciting period for the Costa Brava real estate market with some opportunities available that perhaps won't be repeated for a generation. In areas such as the exclusive bay of Aiguablava near Begur there are several first line properties currently on the market. For such a small area this is an unusually high level of seafront product and a situation that, prior to the start of the crisis, would have been unimaginable. A significant number of these properties have been owned by the same families for generations but – primarily due to the economic crisis of the past 7 years – many owners have taken the tough decision to sell. Many of these properties will sell over the course of the next 12 to 18 months as the recovery continues to gather pace and it could be many, many years before buyers have the opportunity to once again acquire prime seafront properties in these exclusive areas of the Costa Brava coastline.”*

## COSTA BRAVA PROPERTY SALES TRANSACTIONS

The Costa Brava follows national trends in levels of property trading. Property sales transactions in Girona province (which includes the Costa Brava) have remained constant at around 3,600 sales every six months: from 3,596 sales in Q1/Q2 2014 to 3,584 in Q3/Q4 2014 and 3,627 sales in Q1/Q2 2015.

## TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

Total sales value amongst foreign residents for Girona property purchases (which includes the Costa Brava) was less in the first quarter of 2015 than for the corresponding period in 2014. In the first quarter of 2015, €98 million worth of property was purchased by foreigners, compared with €109 million in the first quarter of 2014.

## COSTA BRAVA PROPERTY SALES PRICES

Costa Brava average sales prices varied from €1,282 per square metre in Cadaques in the region's far north to €1,939 per square metre for properties in Palamos (which includes the districts of Palafrugell, Taimariu and Llafranc). Overall, average prices for Costa Brava properties reached €1,860 per square metre, the highest average since Q2 2012.

## MIDMARKET PROPERTY PRICES

The Girona (and Costa Brava) mid-level property market is a small part of the overall Spanish market, representing just 3% of the overall market. In 2014, 306 properties were sold for between €450,000 and €900,000 in the region.

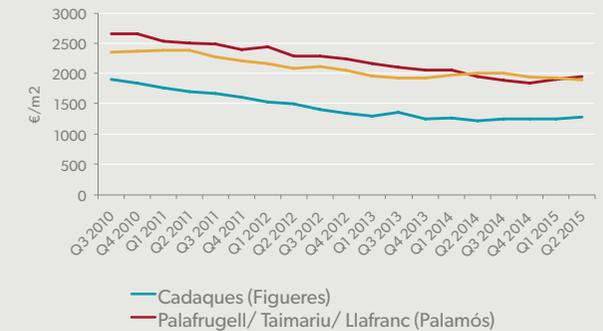
### PROPERTY TRANSACTIONS OF FREE HOUSING FOR GIRONA INCLUDING COSTA BRAVA PEAK (Q1 2007) AND Q3 2012 - Q2 2015

Source: Ine.es



### COSTA BRAVA AVERAGE SALES PRICES Q3 2010 - Q2 2015

Source: Idealista.com



### GIRONA (INCLUDING COSTA BRAVA) NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS 2013 - Q1 2015

Source: Spanish Department of Development



### NUMBER OF SALES TRANSACTIONS OF PROPERTIES SOLD BETWEEN €450,000 AND €900,000 IN GIRONA PROVINCE Q1 2012 - Q4 2014

Source: Spanish Department of Development

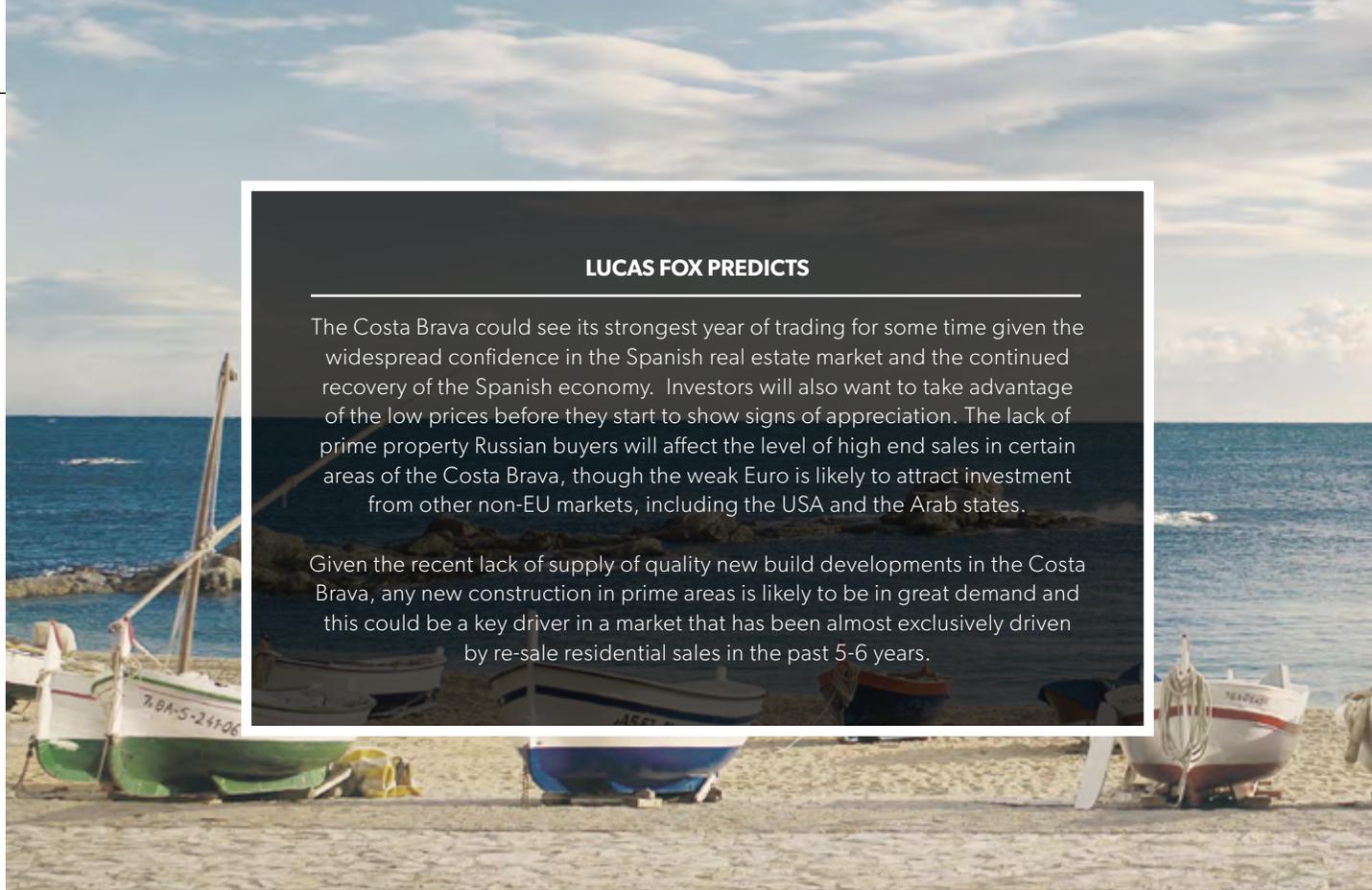


**COSTA BRAVA PRIME MARKET PROPERTY**

In 2014, 47 properties were sold for more than €900,000 in Girona (including along the Costa Brava), representing 2.4% of the Spanish prime property market.

The majority of prime market buyers are looking at Costa Brava as a second/holiday home, although an increasing number of buyers (25% up from 13.3% in 2014) are looking for prime property to use as their primary residence.

The first half of 2015 has seen a growing domestic interest in the Costa Brava, with just over half of all enquiries for Costa Brava properties coming from Spain. The UK and Western Europe makes up a good third of all interest. U.S. interest has also grown whilst Russian interest has receded.



**LUCAS FOX PREDICTS**

The Costa Brava could see its strongest year of trading for some time given the widespread confidence in the Spanish real estate market and the continued recovery of the Spanish economy. Investors will also want to take advantage of the low prices before they start to show signs of appreciation. The lack of prime property Russian buyers will affect the level of high end sales in certain areas of the Costa Brava, though the weak Euro is likely to attract investment from other non-EU markets, including the USA and the Arab states.

Given the recent lack of supply of quality new build developments in the Costa Brava, any new construction in prime areas is likely to be in great demand and this could be a key driver in a market that has been almost exclusively driven by re-sale residential sales in the past 5-6 years.

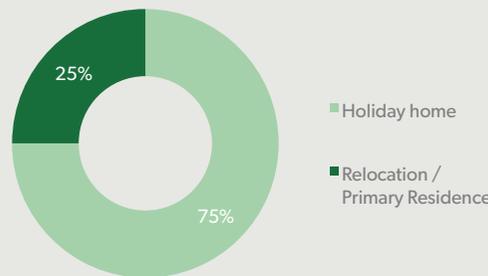
**NUMBER OF SALES TRANSACTIONS OF PROPERTIES SOLD OF OVER €900,000 IN SPAIN & GIRONA PROVINCE Q1 2012 - Q4 2014**

Source: Spanish Department of Development



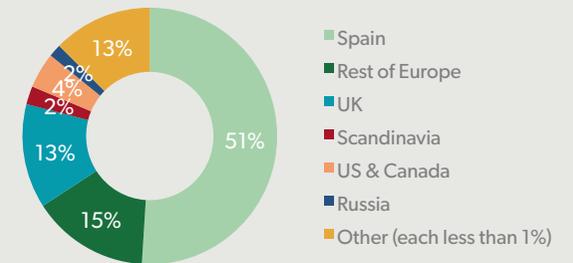
**COSTA BRAVA PRIME MARKET BUYER MOTIVATIONS Q1 & Q2 2015**

Source: Lucas Fox Sales Data



**INTEREST IN COSTA BRAVA PROPERTY: COUNTRY OF ORIGIN Q1 - Q2 2015**

Source: Lucas Fox website data



# MARESME COAST

OVERVIEW

BARCELONA

COSTA BRAVA

MARESME

SITGES

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**MARKET  
OVERVIEW  
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## MARESME: MARKET OVERVIEW AND FORECAST FOR 2015

The Maresme Coast, just north of Barcelona, continues to attract lifestyle buyers who want a coastal property in close city proximity to Barcelona city. Access to international schools, golf courses, a growing boutique viticulture industry, 38km of beaches, several luxury urbanizations and superb access to Barcelona city continue to drive up international interest in the area. There are few locations on the Mediterranean that offer such a diverse lifestyle and the Maresme's exceptional quality of life is being increasingly recognised by international buyers. The number of foreigners now living in some of the most desirable towns of the Maresme has increased by as much as 350% over the course of the past decade.

*"IT IS NOW MUCH EASIER FOR SPANISH AND FOREIGN CLIENTS TO FINANCE PROPERTY TRANSACTIONS AND THIS HAS HELPED STIMULATE SALES ACTIVITY. THERE IS STRONG COMPETITION AMONGST LENDERS AND SOME VERY INTERESTING MORTGAGE PRODUCTS ON OFFER AS THE EURIBOR REMAINS AT RECORD LOW LEVELS."*

*"THE NUMBER OF FOREIGNERS NOW LIVING IN SOME OF THE MOST DESIRABLE TOWNS OF THE MARESME HAS INCREASED BY AS MUCH AS 350% OVER THE COURSE OF THE PAST DECADE."*



**Tom Maidment**  
Partner, Lucas Fox Maresme

*"The first half of 2015 has seen a continued rise in the number of transactions on the Maresme Coast," says Lucas Fox Maresme Partner Tom Maidment. "Whilst international buyers are still the most active clients, perhaps the most notable change in the market since the start of the year has been the increased activity by national buyers. Whereas in previous years Spanish buyers accounted for as little as 20% of Lucas Fox's Maresme sales enquiries, this figure is now closer to 50% and there has been a substantial increase in the number of sales transactions to local clients. National interest is primarily focused on properties in the €400,000 to €700,000 price bracket.*

*International investment in the Maresme region has once again focused on the southern stretch of the coastline, between Alella and Sant Vicenç de Montalt: the area that offers best access to Barcelona city and the Hamelin international school in Alella (now relocating to a new site in nearby Montgat for the 2015/16 academic year).*

*The greatest volume of transactions have centred on the €500,000 to €800,000 price bracket and, to a lesser extent, properties up to around €2m. It is now much easier for Spanish and foreign clients to finance property transactions and this has helped stimulate sales activity. There is strong competition amongst lenders and some very interesting mortgage products on offer as the Euribor remains at record low levels. The absence of Russian buyers is still impacting on sales activity at the higher end of the market and this is reflected in the limited number of transactions over the €2m mark.*

*Given that Maresme is predominantly a primary residence area, prices in the region have been slower to fall than in other areas – such as neighbouring Costa Brava, for example, which is dominated by second home residences. We have, however, seen a notable drop during the first 6 months of 2015, above all in the 650.000€ - 900.000€ price level, attributable in part to the substantial supply of property at this level of the market. Mid to prime market property owners in Maresme tend to be mortgage free retirees with no real urgency to sell. Many are selling to downsize and are prepared to wait for the right buyer at the right price."*



### MARESME PRIME MARKET PROPERTY

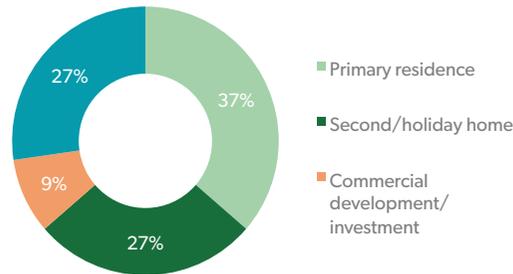
The majority of prime market property buyers on the Maresme Coast have been purchasing properties for their private use, either as a primary (36.4%) or secondary residence (27.3%), with some commercial development interest also driving purchasing decisions.

At Lucas Fox, clientele interested in buying in the Maresme area are predominantly foreign buyers, although this year has seen growing confidence amongst local buyers who recognize the quality and long-term investment potential of buying along this stretch of beautiful coastline.

Alongside strengthening domestic interest, Maresme properties are sought after by UK and Western European buyers (particularly France, Germany and the Netherlands), and by Nordic buyers (particularly from Sweden). Russian interest is still quite strong, despite the weakening value of the rouble.

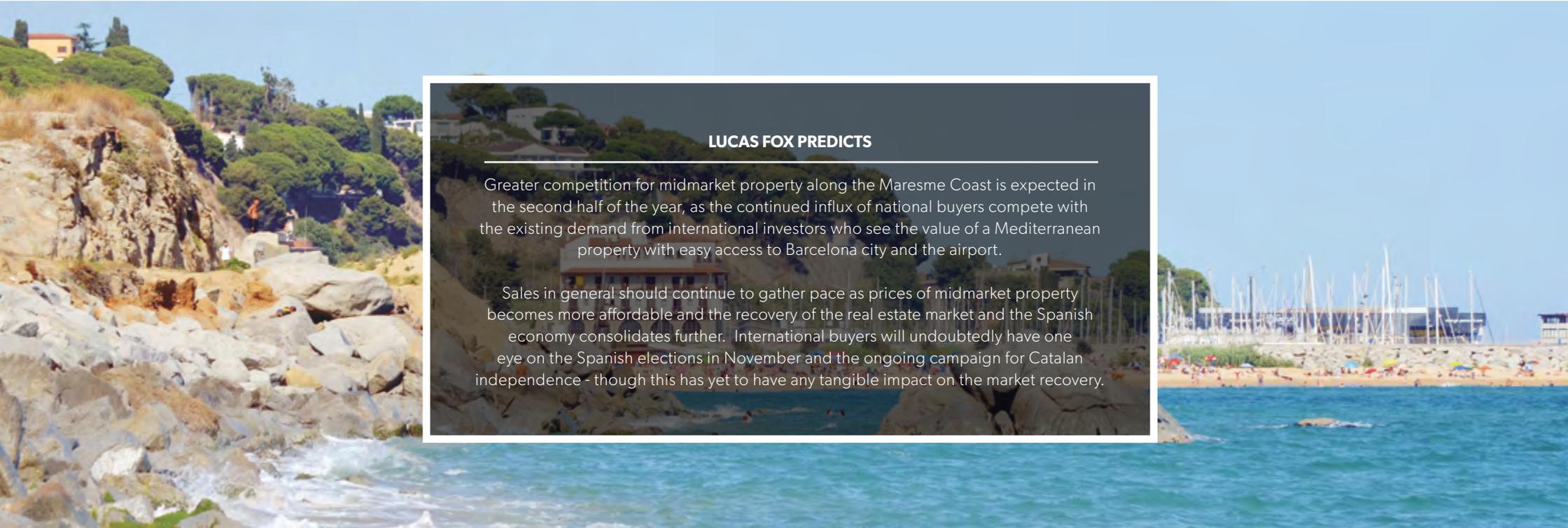
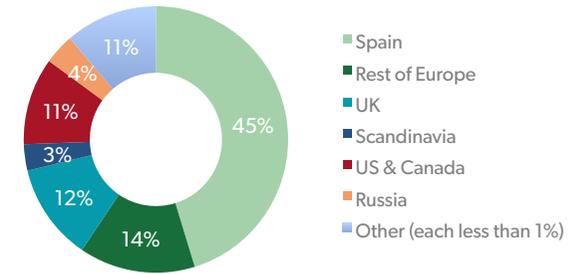
#### MARESME PRIME MARKET BUYER MOTIVATIONS Q1 & Q2 2015

Source: Lucas Fox sales data



#### INTEREST IN MARESME COAST PROPERTY: COUNTRY OF ORIGIN Q1 - Q2 2015

Source: Lucas Fox website data



#### LUCAS FOX PREDICTS

Greater competition for midmarket property along the Maresme Coast is expected in the second half of the year, as the continued influx of national buyers compete with the existing demand from international investors who see the value of a Mediterranean property with easy access to Barcelona city and the airport.

Sales in general should continue to gather pace as prices of midmarket property becomes more affordable and the recovery of the real estate market and the Spanish economy consolidates further. International buyers will undoubtedly have one eye on the Spanish elections in November and the ongoing campaign for Catalan independence - though this has yet to have any tangible impact on the market recovery.



# SITGES



**MARKET  
OVERVIEW  
AND FORECAST  
FOR 2015**

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**MARBELLA**

**BARCELONA**

**SITGES**

**VALENCIA**

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**MADRID**





## SITGES: MARKET OVERVIEW AND FORECAST FOR 2015

With protected parklands, international schools, superb beaches, excellent infrastructure, a year-round cultural calendar and excellent communication with Barcelona city and airport, the cosmopolitan town of Sitges is gaining a major foothold as a key luxury property investment area in northern Spain.

*“Lucas Fox’s Sitges office has had a very positive start to 2015” explains Rachel Haslam, Director of Lucas Fox Sitges. “Buyers are more serious and ready to pass offers and close transactions quickly. In some cases we are seeing buyers being gazumped, a scenario which would have been unheard of a couple of years ago when the market was more stagnant. We have a lot more enquiries than previously from serious local buyers although still the vast majority of sales are to foreign buyers*

*Most of our buyers are still cash buyers although mortgage rates are currently very attractive and offer potential buyers the possibility to top up their budget. We recently sold a €1m property to a couple who initially set out with a €600,000 budget! It took them a while but they ended up getting an 87% loan with excellent mortgage conditions (no bank commissions and Euribor + 1.5%).*

*“BUYERS ARE MORE SERIOUS AND READY TO PASS OFFERS AND CLOSE TRANSACTIONS QUICKLY. IN SOME CASES WE ARE SEEING BUYERS BEING GAZUMPED, A SCENARIO WHICH WOULD HAVE BEEN UNHEARD OF A COUPLE OF YEARS AGO WHEN THE MARKET WAS MORE STAGNANT”*



**Rachel Haslam**  
Director of Lucas Fox Sitges

*Most demand comes in Sitges from buyers with a budget of €500,000 to €800,000 searching for a detached contemporary villa as close to the town as possible, preferably walking distance from the centre and with sea view – these properties do come at a price and generally command prices upwards of €1.2m. Buyers looking in Castelldefells or Gavà Mar generally are people who travel a lot for work and wish to be closer to the city and airport. Modern detached villas close to the beach or with spectacular sea views in the areas of Bellamar, Rat Penat and Montemar are most in demand. However such properties command a premium.”*

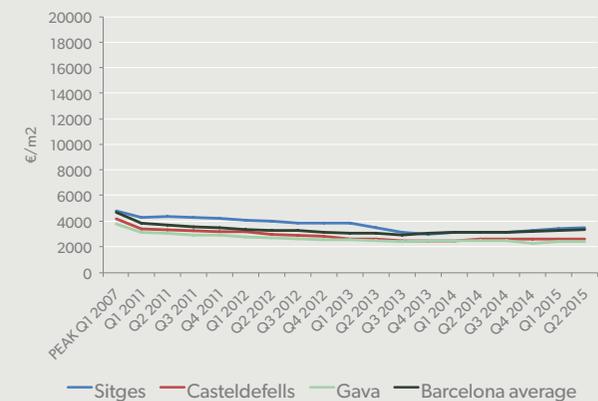
## SITGES PROPERTY SALES PRICES

Sitges average sales prices ended the first half of €3,499 per square metre, up €203 per square metre over the end of 2014 averages. Sitges average prices have risen every quarter for the past six consecutive quarters, since the fourth quarter of 2013. By the midyear point of 2015, Sitges average property prices were €206 per square metre higher than the Barcelona average. The first two quarters of 2015 have seen average sales prices drop slightly in Castelldefells and hold steady in Gava, where average sales prices stayed at €2,405 per square metre by the end of June 2015.

Castelldefells average sales prices dropped €20 per square metre compared with the end of 2014 prices, ending the half-year on €2,559 per square metre.

### SITGES AVERAGE SALES PRICES PEAK (Q1 2007) AND Q1 2011 - Q2 2015

Source: Idealista.com



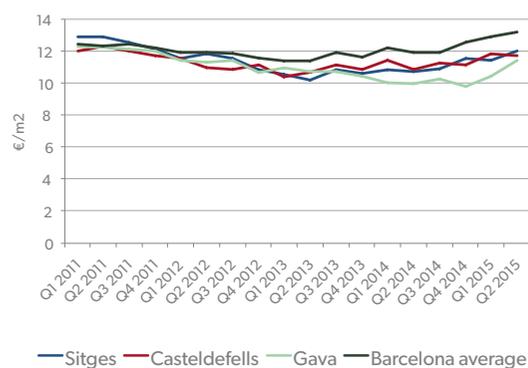
## SITGES RENTAL MARKET

Sitges average rental prices continue to rise, reaching €12.00 per square metre by mid 2015. Average rentals in Gava and Casteldefells both rose €0.60, ending the half-year on €11.40 and €11.70 per square metre respectively.

At Lucas Fox, clientele interested in buying in the Sitges area are more likely to be foreigners, with just over a third (37.6%) from the UK and Western Europe, 6.3% of interest generated from U.S. and Canadian residents, and a large diversity in international interest, with 18.1% of all interest coming from over 125 countries globally.

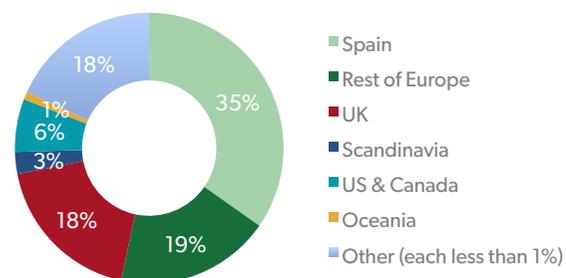
### SITGES AVERAGE RENTAL PRICES

Q1 2011 - Q2 2015 / Source: Idealista.com



### INTEREST IN SITGES PROPERTY: COUNTRY OF ORIGIN

Q1 - Q2 2015 / Source: Lucas Fox website data



### LUCAS FOX PREDICTS

Sitges will remain a competitive market through the rest of 2015, with no clear trends in type of buyer, as the area will continue to appeal to a large cross-section of Spanish and international buyers. Based on growing national buyer interest, sales transactions volume in the first half of 2015, and the continued strong interest in properties observed by Lucas Fox throughout the summer months, the usual slowdown in trading across winter is expected to be less marked than in 2014.

# IBIZA

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## IBIZA: MARKET OVERVIEW AND FORECAST FOR 2015

Over the past several years, the Ibiza luxury property market has matured, gaining interest amongst buyers who see the island's idyllic charm beyond its international nightlife reputation. As a result, areas outside of the Old Town are gaining in prominence and lifestyle buyers from a wider international base and spanning a wider age range are taking serious interest in the island's unspoilt coastal and country areas.

*"Q1 and Q2 2015 has been extremely busy for Lucas Fox's Ibiza office, both in terms of the increased number of serious buyer enquiries, and the volume of sales completed"* explains Jason Ham, Lucas Fox's Ibiza-based Head of Business Development *"This stems from a number of factors such as the Ibiza 'lifestyle destination brand' continuing to spread globally (particularly to the USA), the strength of Sterling and Dollar against the Euro and Spanish banks keen to start lending again. As a result we have seen numbers of UK and US buyers increase here hugely and also a large increase in investment and lending requests from the normally cautious Scandinavians, a great indicator of market confidence.*

*The rental market this summer has also hit incredible levels encouraging greater numbers of investors to look for properties where average 8-9% annual rental yields are achievable in just 4 months.*

*The trend in growing demand for the northern more tranquil parts of the island such as Santa Gertrudis, San Juan, and San Carles continues, especially for year-round living, although the*

*"THE RENTAL MARKET THIS SUMMER HAS ALSO HIT INCREDIBLE LEVELS ENCOURAGING INCREASING NUMBERS OF INVESTORS TO LOOK FOR PROPERTIES WHERE AVERAGE 8-9% ANNUAL RENTAL YIELDS ARE ACHIEVABLE IN JUST 4 MONTHS."*



**Jason Ham**  
Head of Business Development,  
Lucas Fox Ibiza

*south west of the island (in particular Es Cubells) still dominates for wealthy summer home investors and the Marina Botofoch zone for apartments.*

*As ever, requests for plots with licences to build villas continue to far outstrip supply and the current strict planning policies which look set to continue whilst the new political party is in power, will only serve to push prices up across the island, which can still vary wildly. This makes providing comparables notoriously difficult. Most sellers have realised that if they price their properties even relatively reasonably, then they will sell fast. Ibiza may be a dream destination but the majority of high-end buyers are 'property-savvy' and the investment market is also well educated here."*

## IBIZA PROPERTY TRANSACTIONS

Sales trading in the Balearic islands (which includes Ibiza) continues to demonstrate a more robust incremental increase in sales activity than for the rest of Spain. Throughout 2014, trading increased each month and despite a small dip in the winter months at the start of 2015, trading levels rose again with May levels already on a par with the strongest months at the end of 2014 (when trading increases to close off sales before another year's property taxes are calculated).

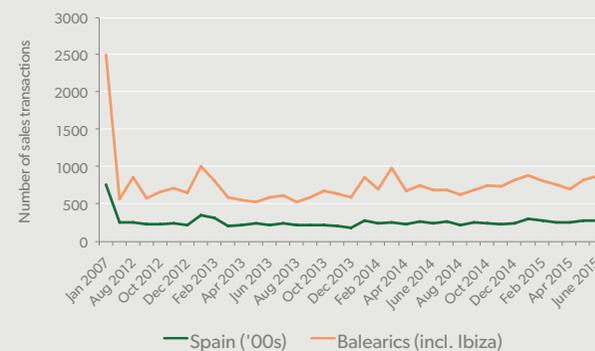
In the first half of 2015, property trading across the Balearics averaged 812 sales per month, the majority in Ibiza, up from an average of 754 for all of 2014 trading.

Transaction value of purchases started the year strong, with total transaction value of new and second hand properties purchased by foreign residents in the Balearics, predominately in Ibiza during the first quarter of 2015 totaling €209,463,600 (€4,737,200 higher than for the first quarter of 2014).

Total purchase value of property transactions across the Balearics - predominantly in Ibiza - for all of 2014 was just over €969.3 million.

### PROPERTY SALES TRANSACTIONS ACROSS THE BALEARIC ISLANDS INCLUDING IBIZA PEAK 2007 & Q3 2012 - Q2 2015

Source: Ine.es



## IBIZA PROPERTY SALES PRICES

While national averages of property prices continued to decline slightly throughout 2014 and beginning to level off in 2015, average prices in Ibiza have seen increases since the start of 2013. Average prices show the island's capital of Eivissa reached €3,022 per square metre by the midpoint of 2015, up from €2,909 per square metre at the end of 2014, a half-yearly variation rate of 3.9%. Average prices in Ibiza (Eivissa) are currently €1,443 per square metre above national averages.

## BALEARIC MIDMARKET PROPERTY TRANSACTIONS

While sales transactions for mid-market properties (valued at between €450,000 and 900,000) in Ibiza follow national trends, the Balearic Island makes up a substantial proportion of national sales. In 2014, close to 10% of all midmarket property transactions in Spain occurred in the Balearic Islands, predominantly Ibiza.

## IBIZA RENTAL MARKET PRICES

Ibiza rental averages follow an annual summer trend, where demand increases across the middle of the year, driving up averages in Q2 and Q3. However since 2013, winter prices have increased over the previous year, such that each year, summer averages increase and some of that increase is then maintained across the usual dip in winter averages. By the end of the second quarter of 2015, average rental prices reached their best level in ten years, ending the half year on €15.14 per square metre.

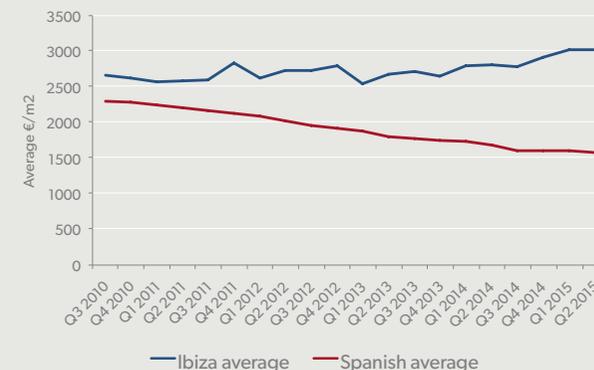
### IBIZA AVERAGE RENTAL PRICES Q1 2013 - Q2 2015

Source: Fotocasa.es



### IBIZA AVERAGE SALES PRICES Q3 2010 - Q2 2015

Source: Idealista.com



### BALEARICS (INCLUDING IBIZA) NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS 2013 - Q1 2015

Source: Spanish Department of Development



### SALES TRANSACTIONS FOR PROPERTIES SOLD FOR BETWEEN €450,000 AND €900,000 IN THE BALEARICS AND SPAIN Q1 2012 - Q4 2014

Source: Spanish Department of Development



**IBIZA PRIME MARKET PROPERTY**

Trading of prime market properties continues to increase across the Balearic Islands, with the majority of sales occurring in Ibiza. In 2014, 377 properties valued at more than €900,000 were sold, representing 19% of all sales of prime market properties in Spain in 2014. In Q3 and Q4 2014, across several prime market areas in Spain, properties valued at more than €900,000 sold in substantially increased numbers, but none more so than in Ibiza. According to data supplied by the Spanish Department of Development, 614 properties were sold in Q3 2014 valued at more than €900,000. A full 199 of these (just under a third of all sales) were in the Balearic Islands, predominantly Ibiza.

In the past eighteen months, the majority of prime market buyers sought a holiday home property, although several indicated they also planned to use the property for investment when not in use. Purchase for primary residence has only become a new motivation for buying seen for the first time this year, and a further strong indicator of the year-round attraction that Ibiza is currently seeing amongst buyers and visitors.

**TOURISM**

Airport passenger arrivals data is a strong indication of international interest in Ibiza, as almost all travelers to the island by plane arrive from international destinations. This year again saw an increase in airport passenger arrivals, with a 5.1% increase between mid-year 2014 and mid-year 2015. Passenger arrivals were higher every month this year over the corresponding months in 2014.

Over a third of all interest in Ibiza properties comes from UK and Western Europe, with a 5% of global interest coming from the U.S. Spanish buyers interest is also more pronounced in the first half of 2015, now making up 43% of all website visits reviewing Lucas Fox Ibiza properties.

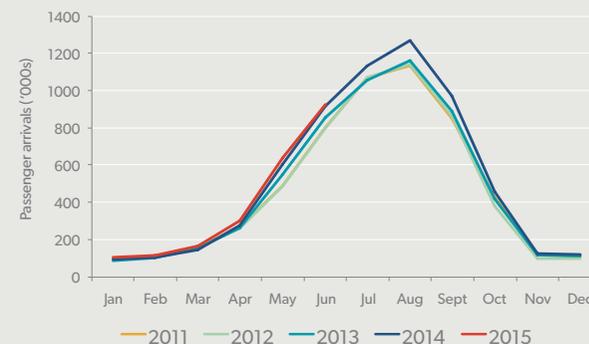
**NUMBER OF SALES TRANSACTIONS FOR PROPERTIES OVER €900,000 IN THE BALEARICS AS A PROPORTION OF ALL SPANISH PROPERTY SALES Q1 2012 - Q4 2014**

Source: Spanish Department of Development



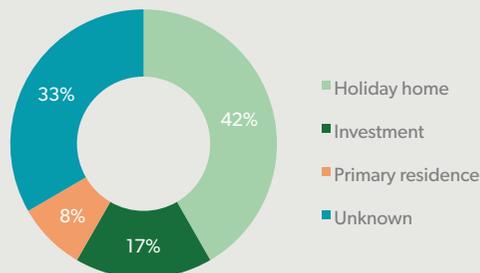
**IBIZA AIRPORT PASSENGER ARRIVALS 2011 - Q2 2015**

Source: Aena-aeropuertos.es



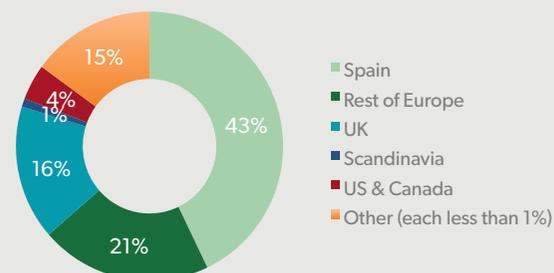
**IBIZA PRIME MARKET BUYER MOTIVATIONS Q1 & Q2 2015**

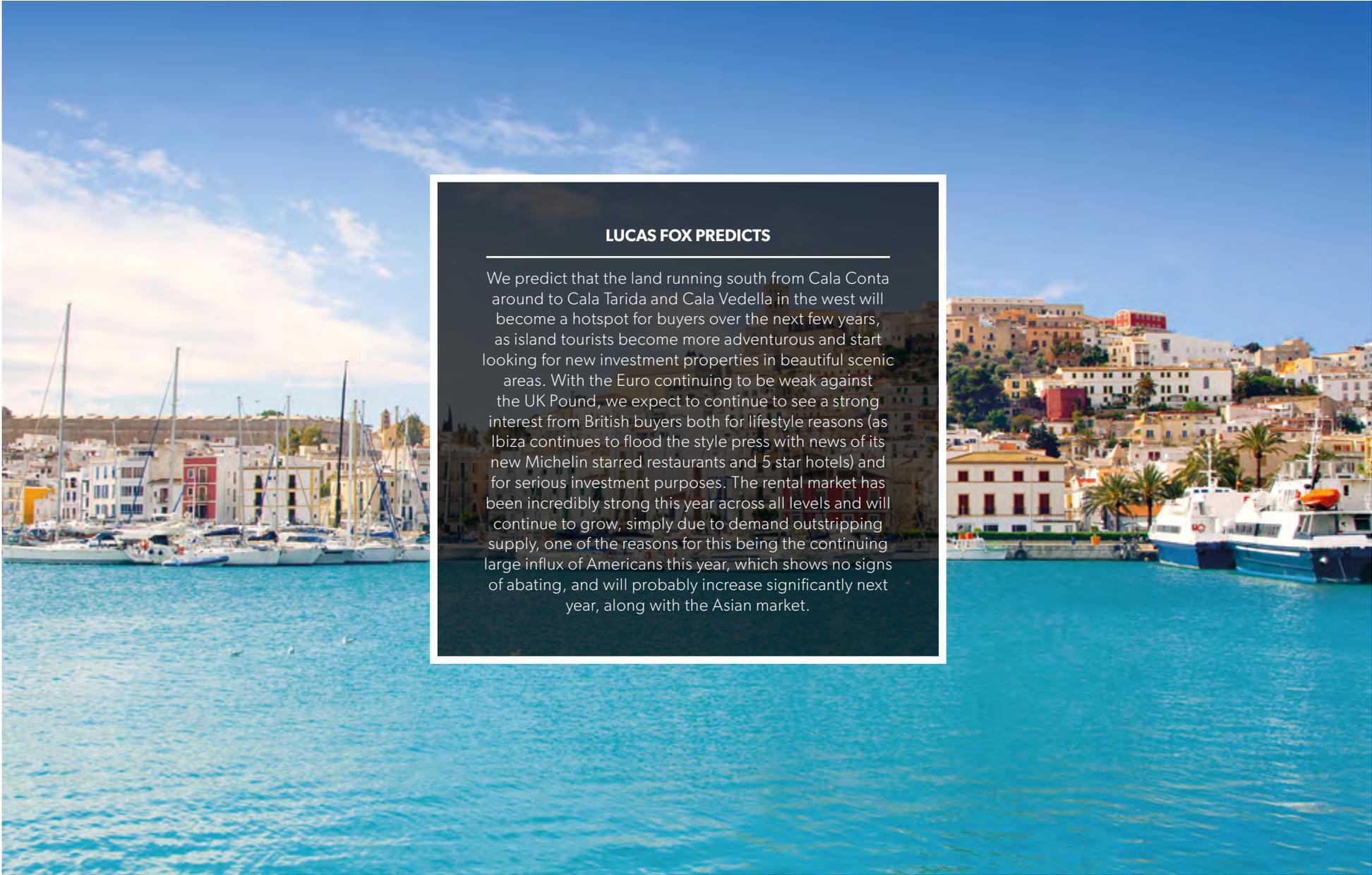
Source: Lucas Fox sales data



**INTEREST IN IBIZA PROPERTY: COUNTRY OF ORIGIN Q1 - Q2 2015**

Source: Lucas Fox website data





**LUCAS FOX PREDICTS**

We predict that the land running south from Cala Conta around to Cala Tarida and Cala Vedella in the west will become a hotspot for buyers over the next few years, as island tourists become more adventurous and start looking for new investment properties in beautiful scenic areas. With the Euro continuing to be weak against the UK Pound, we expect to continue to see a strong interest from British buyers both for lifestyle reasons (as Ibiza continues to flood the style press with news of its new Michelin starred restaurants and 5 star hotels) and for serious investment purposes. The rental market has been incredibly strong this year across all levels and will continue to grow, simply due to demand outstripping supply, one of the reasons for this being the continuing large influx of Americans this year, which shows no signs of abating, and will probably increase significantly next year, along with the Asian market.

# MARBELLA

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## MARBELLA: MARKET OVERVIEW AND FORECAST FOR 2015

Marbella is one of the most dynamic luxury property markets in Spain, attracting a solid base of UK and Northern European investors, and seeing a growing interest amongst Middle East royalty and affluent US and Chinese buyers. They are attracted to its year-round outdoor lifestyle, high quality services, vibrant restaurant scene, solid infrastructure and good international schools. The desire to be in prime locations such as on Marbella's Golden Mile, Nueva Andalucia, Sierra Blanca and Benahvis is as strong as ever and demand for property in these areas is currently outstripping supply.

*"The real estate market in Marbella is now well and truly buzzing again. Good quality properties in desirable locations are selling well and in prime locations, prices are increasing. Overall, however prices are still around 20-30% lower than at the peak in 2007. The number of transactions is up significantly as sellers feel more confident that prices will not drop further. However they are less open to negotiation,"* explains Stephen Lahiri, Partner of Lucas Fox Marbella.

*Since sales have increased there is now a shortage of good quality properties in prime locations, which is pushing prices up. Buyers are also snapping up new off-plan properties that are being launched and in some cases projects are selling very quickly, as they are often cheaper than most re-sale properties. These turnkey projects are selling so fast that we are seeing regular price increases of new off-plan properties coming onto the market.*

*"...BUYERS ARE ALSO SNAPPING UP NEW OFF-PLAN PROPERTIES THAT ARE BEING LAUNCHED AND IN SOME CASES PROJECTS ARE SELLING VERY QUICKLY, AS THEY ARE OFTEN CHEAPER THAN MOST RE-SALE PROPERTIES. THESE TURNKEY PROJECTS ARE SELLING SO FAST THAT WE ARE SEEING REGULAR PRICE INCREASES OF NEW OFF-PLAN PROPERTIES COMING ONTO THE MARKET."*



**Stephen Lahiri**  
Partner, Lucas Fox Marbella

*Buyers are very design, quality and location-orientated, with the strongest demand for properties within the €400,000 to €2m price range.*

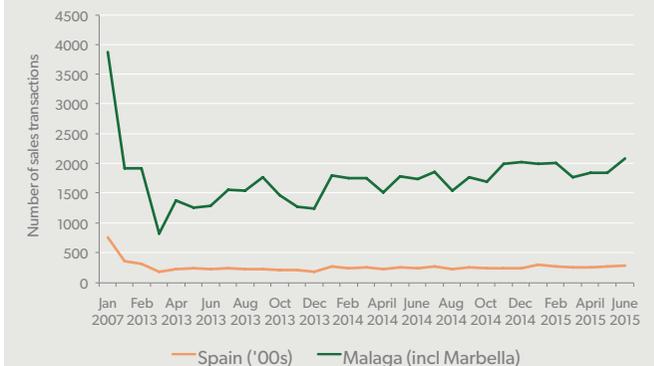
*Most buyers are cash buyers, although some do take up mortgages where available. The mix of nationalities buying is varied including from Northern Europe, the Middle East and Asia. Villas and apartments in prime locations, close to the beach and near amenities in Nueva Andalucia, Golden Mile, San Pedro de Alcántara are in demand but there is also strong demand for luxury villas sometimes slightly inland in the district of Benahavis, in locations such as La Zagaleta, El Madroñal and La Alquería."*

## MARBELLA PROPERTY SALES TRANSACTIONS

The broader Andalusian area of Malaga has seen a more dynamic property trading atmosphere than was reflected in the broader Spanish market, with the first half of 2015 seeing a total of 11,556 property sales transactions of free housing, with steady levels of sales throughout the half-year, compared with the drop-and-recovery in trading levels seen for the Spanish market overall.

### MALAGA FREE HOUSING PROPERTY SALES TRANSACTIONS (INCLUDING MARBELLA) PEAK (Q1 2007) AND Q1 2013 - Q2 2015

Source: Ine.es





## TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

After a year of increasing quarterly sales volume throughout 2014 (over corresponding periods in 2013), amongst foreign buyers resident in Spain, transaction value of purchases made across the Malaga region (which includes Marbella) was lower in the first quarter of 2015 than in the first quarter of 2014. Purchases of new properties make up only a small amount of overall trading, due to the absence of available new stock in the market but demand continues to be very high. Total purchase value of property transactions in Malaga for the first quarter of 2015 reached almost 321 million Euros.

## MARBELLA PROPERTY SALES PRICES

All three key luxury districts across the Marbella region held steady or increased slightly in average property prices in the first two quarters of 2015. The exclusive zone of Benahavis reached €1,823 per square metre at the end of the second quarter of 2015. Marbella rose in average prices, increasing over the end of 2014 to €2,320 per square metre, up €13 from the end of 2014. Estepona performed best in terms of increases, rising to €1,493 per square metre, up €55 from the end of 2014.

## MIDMARKET PROPERTY TRANSACTIONS

Sales transactions for mid-market properties (valued at between €450,000 and 900,000) in Marbella largely followed national trends, with the region that includes Marbella accounting for about 11% of all sales transactions in 2014.

## PRIME MARKET PROPERTY TRANSACTIONS

Trading of prime market properties in Malaga (which includes Marbella) doubled in the final two quarters of 2014. In 2014, 209 properties valued at more than €900,000 were sold, representing 10.7% of all sales of prime market properties in Spain in 2014.

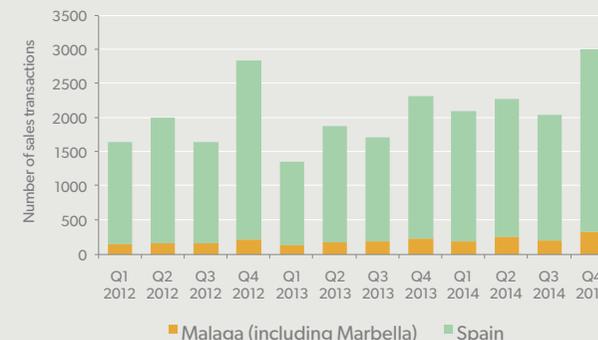
### MARBELLA NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS 2013 - Q1 2015

Source: Spanish Department of Development



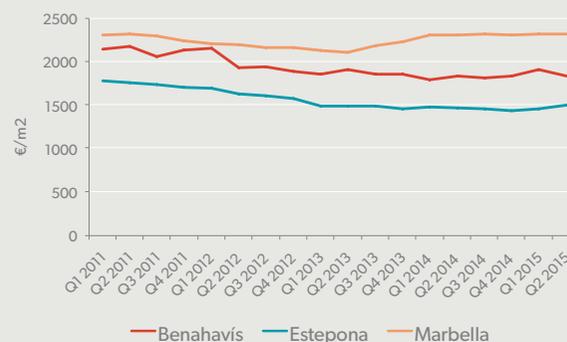
### SALES TRANSACTIONS FOR PROPERTIES SOLD FOR BETWEEN €450,000 AND €900,000 IN MALAGA Q1 2012 - Q4 2014

Source: Spanish Department of Development



### MARBELLA AND KEY DISTRICTS AVERAGE PROPERTY SALES PRICES Q3 2010 - Q4 2014

Source: Idealista.com



### NUMBER OF MALAGA SALES TRANSACTIONS FOR PROPERTIES OVER €900,000 AS A PROPORTION OF ALL SPANISH PROPERTY SALES Q1 2012 - Q4 2014

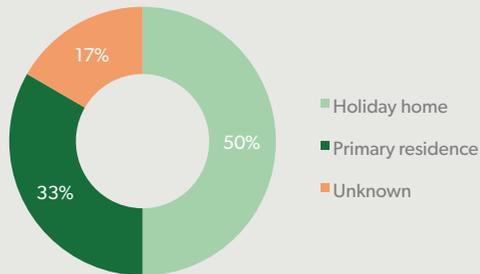
Source: Spanish Department of Development





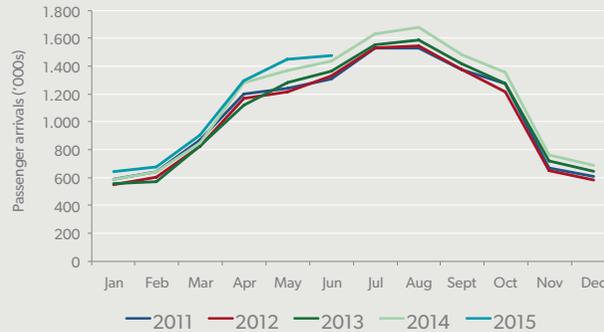
**MALAGA PRIME MARKET BUYERS: MOTIVATION FOR PURCHASE Q1 & Q2 2015**

Source: Lucas Fox sales data



**PASSENGER ARRIVALS AT COSTA DEL SOL-MALAGA AIRPORT 2011 - Q2 2015**

Source: Aena-aeropuertos.es



**MOTIVATIONS FOR PURCHASE AMONGST PRIME MARKET PROPERTY BUYERS**

Lucas Fox data shows that half of all buyers in the Marbella region aim to use their prime market property as a secondary/holiday home, while at least a third have purchased as a primary residence.

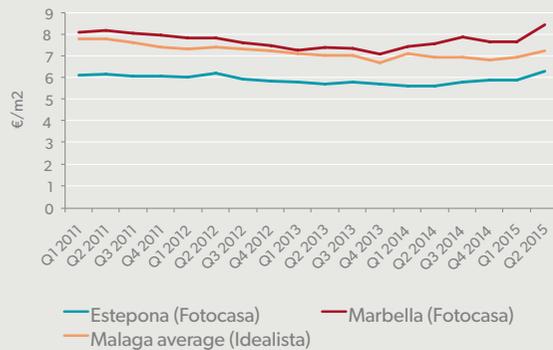
**MARBELLA RENTAL MARKET**

Average rental prices rose in Estepona and Marbella rose substantially in the first half of 2015, reflecting a similar trend across all of the Malaga region.

Marbella ended the half-year on €8.45 per square metre. Average rental prices in Estepona were €6.31 by the end of the second quarter of 2014. Across the Malaga coastal region average rental prices commanded €7.20 per square metre by the midyear point of 2015, up from the end of 2014's average price of €6.80.

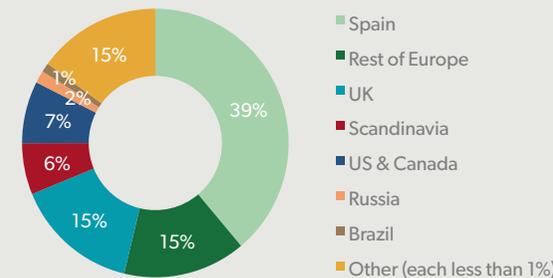
**MARBELLA AVERAGE PROPERTY RENTAL PRICES Q1 2011 - Q2 2015**

Source: Idealista.com, Fotocasa.es



**INTEREST IN MALAGA PROPERTY: COUNTRY OF ORIGIN Q1 - Q2 2015**

Source: Lucas Fox website data



**TOURISM**

Airport arrivals data is a strong indicator of international demand for properties in the Marbella region. Passengers arriving at Costa del Sol-Malaga airport in 2015 rose by 4.6% over the corresponding period in 2014, making 2015 another record-breaking half year after a consistent increase every year in airport arrivals since 2011.

In the first half of 2015, passenger arrivals to Malaga airport reached over 6.4 million.

This year, interest in Malaga property has been split between a growing domestic market (now totaling 39% of all interested buyers), the continued strong UK and Europe interest (36%), and growing markets in U.S., Canada and Brazil.

### LUCAS FOX PREDICTS

We expect continued increases in levels of trading throughout the Marbella region over the next 6 months and beyond. The market mix is much more diverse than it was 10 years ago with buyers now coming from as far afield as the U.S, Middle East and Asia, as well as traditional northern European countries. At the higher end of the market there seems to be increasing interest from buyers wanting to disperse their property investment in alternative locations such as Marbella, a trend we expect to continue.

In order to keep up with the demand for new quality properties, there has already been, and we predict, will continue to be, an increase in the number of New Build projects being launched, offering high quality and modern design properties. As we are already seeing, we expect these will continue to be bought off-plan as the demand for these new properties continues to outstrip supply. These projects are also popular as mortgages are becoming easier to obtain and the properties usually have attractive payment terms.

At the same time, whilst the number of projects is increasing, this is also creating greater competition in the market and so, at least for the short term, we do not expect to see prices of New Build off-plan projects going up quickly and expect them to remain relatively competitive compared with re-sale (existing) properties.

This is particularly the case in prime and consolidated areas where there is a shortage of good quality existing properties, and have pushed prices up and will no doubt continue to increase significantly over the next couple of years.

Apart from the increase in numbers of new properties being built there is also significant new investment being made in new facilities such as a new marina, new shopping malls and more medical and educational facilities which are encouraging greater numbers of people to consider re-locating to Marbella to live either part or full time, and benefit from a better quality of life.

# VALENCIA

OVERVIEW

BARCELONA

COSTA BRAVA

MARESME

SITGES

IBIZA

MARBELLA

VALENCIA

MADRID



**MARKET  
OVERVIEW  
AND FORECAST  
FOR 2015**





## VALENCIA: MARKET OVERVIEW AND FORECAST FOR 2015-16

One of Lucas Fox' two newest property markets is Valencia, an area that continues to grow in popularity, especially in the northern area of the city in desirable locations like Ademuz, Alfinach and Monasterios Puzol. As Spain's third largest city, investor interest is growing, particularly with such modern and globally recognised attractions such as the City of Arts and Sciences, and major sporting events like the America's Cup, the European F1 Grand Prix, and the Valencia 500 open tennis tournament.

*"...CONFIDENCE IS SLOWLY RETURNING TO THE MARKET, WHICH AS A RESULT, IS BECOMING MORE ACTIVE. THE CONSTANT ARRIVAL OF INTERNATIONAL BUYERS IN THE LAST FIVE YEARS HAS INCREASED FIVEFOLD AND 2014 CLOSED WITH A 57.7% INCREASE OF SALES."*



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

*"2015 is turning into a great year for the recovery of re-sale property market in Valencia" explains Lucas Fox Valencia Partner Juan Luis Herrero. "The numbers speak for themselves: property sales have shown a 45.6% increase during the first quarter of 2015. These sales bring us closer to the number of transactions carried out in 2008. Second-hand properties are playing a leading role within the real estate market, with an almost complete absence of new developments."*

*The constant improvement of economic indicators, employment and disposable income since the second half of 2013 has penetrated Valencian society and the perception that prices have bottomed out and are beginning to pick up slightly is widespread. Consequently, confidence is slowly returning to the market, which as a result, is becoming more active. The*

*constant arrival of international buyers in the last five years has increased fivefold and 2014 closed with a 57.7% increase of sales, which, together with the awakening of the middle class mortgages, has strengthened the sector. The detached property market begins to show signs of recovery and the beachfront market continues to be very active, with many sale transactions.*

*Paradoxically, despite the marked improvement in sales so far during 2015 (45.6%), property prices remain stable with a slight overall rise in the city of 1.45% so far this year. While prices remain stable in the most expensive areas of Pla del Remei and the Old Town, the most deprived areas are beginning to recover, featuring a 4.96% rise in Ruzafa and a 4.36% fall in Pla del Real. Prices show resistance to rising because the supply of properties continues to rise above 10% and, despite the economic improvement, the competition to sell is high"*

## VALENCIA PROPERTY SALES PRICES

The city and surrounding area of Valencia closely matches the prevailing national trend in property sales transactions, with a slightly brisker trading level in the second quarter of 2015. Valencia averaged 1,328 sales per month in the first half of 2015 (to May 2015), almost 150 more sales per month than the average in 2014.

**CITY OF VALENCIA FREE HOUSING PROPERTY SALES TRANSACTIONS PEAK (Q1 2007) AND 2014 - Q2 2015 / Source: Ine.es**





### TRANSACTION VALUE OF PURCHASES BY FOREIGN RESIDENTS

Amongst foreign buyers resident in Spain, transaction value of purchases in the Valencia city region increased each quarter in 2014 over 2013 levels, with Q4 2014 seeing the strongest level of trading in the past two years. As with other Spanish markets, the transactional value of purchases of new properties make up only a small amount of overall trading, predominantly due to the absence of available new stock. Total purchase value of property transactions in Valencia amongst foreign investors for the first quarter of 2015 totaled over 46 million Euros.

### VALENCIA PROPERTY SALES PRICES

While significantly down from the market's peak in Q1 2007, Valencia average sales prices steadied in 2014 with average prices in the Old Town (Ciutat Vella) maintaining at €2,179 per square metre by the end of the half year for 2015 (€21 higher than at the end of 2014). For the region as a whole, average prices ended 2014 at €1,436 per square metre, up from €1,410 per square metre at the end of 2014.

### MIDMARKET PROPERTY 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 1.4% of all property sales transactions in 2014.

### PRIME MARKET PROPERTY TRANSACTIONS

In 2014, 18 properties valued at more than €900,000 were sold in Valencia, representing just under 1% (0.92%) of all sales of prime market properties in Spain in 2014.

VALENCIA NEW AND SECOND-HAND PROPERTY TRADING: TOTAL VALUE OF SALES TRANSACTIONS 2013 - Q1 2015

Source: Spanish Department of Development



SALES TRANSACTIONS FOR PROPERTIES IN VALENCIA SOLD FOR BETWEEN €450,000 AND €900,000 Q1 2012 - Q4 2014

Source: Spanish Department of Development



VALENCIA AVERAGE PROPERTY SALES PRICES FOR THE REGION AND OLD TOWN (CIUTAT VELLA) PEAK 2007 AND Q1 2011 - Q2 2015

Source: Idealista.com



NUMBER OF SALES TRANSACTIONS FOR PROPERTIES IN VALENCIA OVER €900,000 AS A PROPORTION OF ALL SPANISH PROPERTY SALES Q1 2012 - Q4 2014

Source: Spanish Department of Development



## MOTIVATIONS FOR PURCHASE AMONGST PRIME MARKET PROPERTY BUYERS

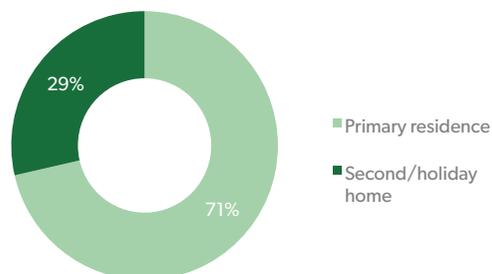
Almost two-thirds of all Valencia buyers aim to use their prime market property as their primary residence, with the remaining buyers seeking a secondary or holiday home.

## VALENCIA RENTAL MARKET

Average rental prices in the Valencia city area remain steady, rising €0.40 per square metre since the end of 2014, ending the second quarter of 2015 on €6.30 per square metre. By comparison, average rental prices in the southern regional area of Alicante rose by only €0.10 per square metre since the end of 2014, ending the 2015 half year on €5.70 per square metre.

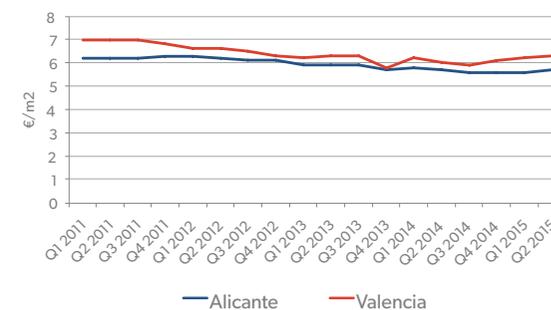
### VALENCIA PRIME MARKET BUYERS: MOTIVATION FOR PURCHASE Q1 & Q2 2015

Source: Lucas Fox sales data



### VALENCIA AVERAGE PROPERTY RENTAL PRICES Q1 2011 - Q2 2015

Source: Idealista.com

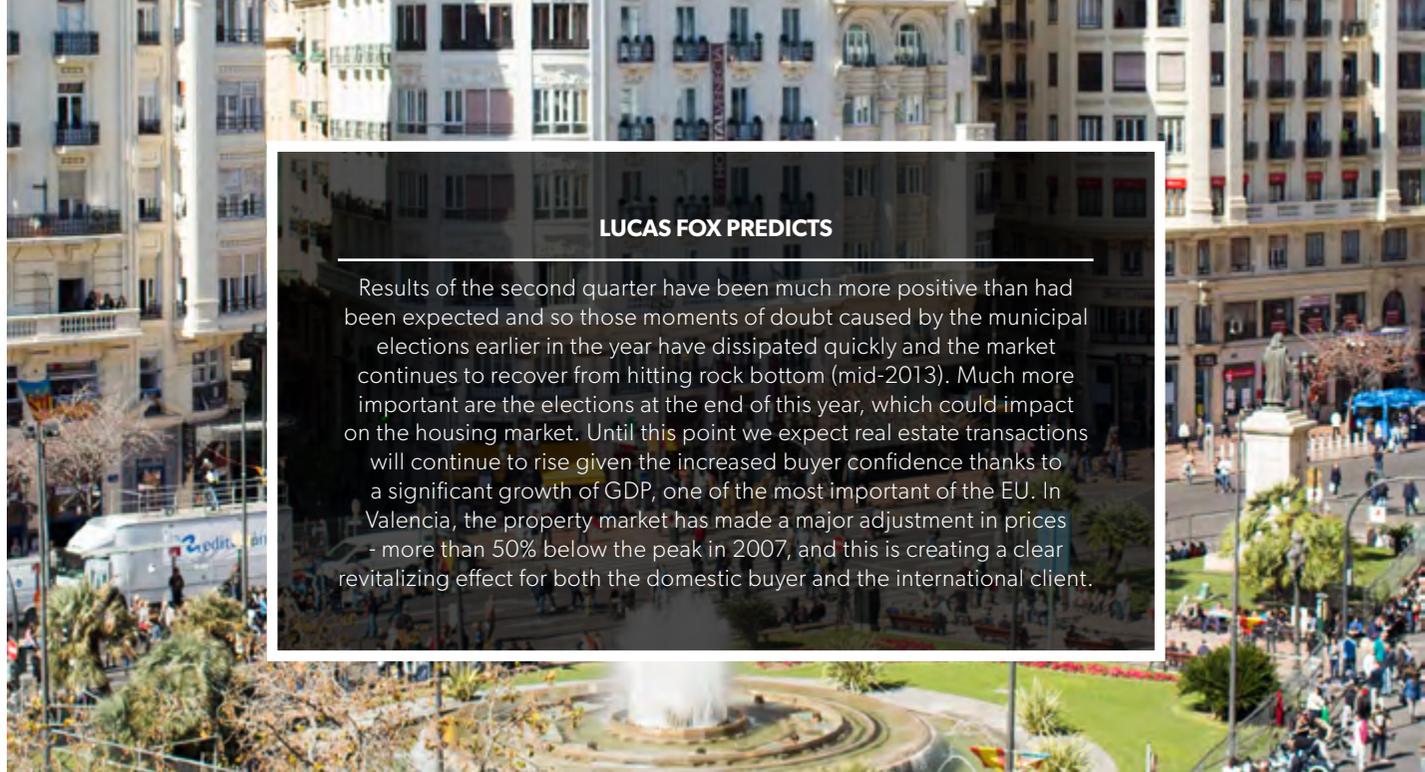


**TOURISM**

2015 has been a strong year so far for passengers arriving at Valencia airport, with over 2.2 million passengers arriving by the end of June 2015. This represents an 8.9% rise over the same period for last year.

International tourism continues to increase, growing by 2.4% over international visitor numbers for the previous twelve-month period. The Valencia region hosted 2.7 million international tourists in the half year to June 2015, representing 9.3% of all international tourism in Spain this year.

Reflecting Valencia's market as primarily a domestic property market, almost two-thirds of all property interest comes from buyers within Spain. UK & Western European buyers are increasingly showing more interest the area (21.2%), and there is some interest (4.9%) amongst U.S. buyers.



**LUCAS FOX PREDICTS**

Results of the second quarter have been much more positive than had been expected and so those moments of doubt caused by the municipal elections earlier in the year have dissipated quickly and the market continues to recover from hitting rock bottom (mid-2013). Much more important are the elections at the end of this year, which could impact on the housing market. Until this point we expect real estate transactions will continue to rise given the increased buyer confidence thanks to a significant growth of GDP, one of the most important of the EU. In Valencia, the property market has made a major adjustment in prices - more than 50% below the peak in 2007, and this is creating a clear revitalizing effect for both the domestic buyer and the international client.

**PASSENGER ARRIVALS AT VALENCIA AIRPORT  
2013 - 2015**

Source: Aena-aeropuertos.es



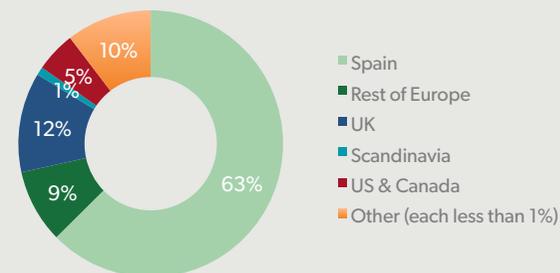
**INTERNATIONAL TOURISM TO COMMUNITAT DE VALENCIA  
2013 - 2015**

Source: Frontur.es



**INTEREST IN VALENCIA PROPERTY: COUNTRY OF ORIGIN  
Q1 - Q2 2015**

Source: Lucas Fox website data





# MADRID

OVERVIEW

BARCELONA

COSTA BRAVA

MARESME

SITGES

IBIZA

MARBELLA

VALENCIA

MADRID



**MARKET  
OVERVIEW  
AND FORECAST  
FOR 2015**



## MADRID: MARKET OVERVIEW AND FORECAST FOR 2015

Madrid is Europe's third largest city, hosting some of Europe's most important cultural heritage landmarks and a key international business hub in Southern Europe.

As Lucas Fox' newest property market, Madrid offers a diverse range of property to buy and rent, from traditional and contemporary city centre apartments in desirable areas such as the fashionable districts of Salamanca, Justicia and Chamberí, to luxury family homes in the sought after residential areas surrounding the city, including the exclusive neighbourhoods of Pozuelo, Aravaca, and La Moraleja where you will find the many prestigious international schools.

*"INTERNATIONAL BUYERS FROM NORTHERN EUROPE, ASIA, THE MIDDLE EAST AND LATIN AMERICA CONTINUE TO LOOK AT MADRID FOR A STABLE PROPERTY INVESTMENT, MAINLY DUE TO IMPROVED ECONOMIC INDICATORS, BOTTOMED OUT PRICES, AND AN EXCELLENT POTENTIAL FOR CAPITAL GROWTH OVER THE YEARS TO COME."*



**Rod Jamieson**  
Director, Lucas Fox Madrid

*"The property market in Madrid continues to attract more and more investment from both national and international investors" explains Lucas Fox Madrid Director Rod Jamieson "On the national side, there have been an increased number of transactions from investors wanting centrally located primary and second homes in the Spanish Capital and the recent wider availability of financing, combined with low rates, is having a positive effect."*

*International buyers from Northern Europe, Asia, the Middle East and Latin America continue to look at Madrid for a stable property investment, mainly due to improved economic indicators, bottomed out prices, and an excellent potential for capital growth over the years to come.*

*Depending on the location, the average selling prices remain between 23% and 35% lower than 2007 levels, but are on the rise again. Demand is high for newly renovated apartments with 2 bedrooms and 2 bathrooms, located in classical buildings in sought-after areas such as Salamanca, Chamberí, Justicia, Cortes and Palacio. For the moment, there is a short supply in the market of this product and they sell very quickly"*

## MADRID PROPERTY SALES TRANSACTIONS

The Comunitat region of Madrid closely matches national sales transactions patterns, albeit with less pronounced heading into the summer months of 2015. Sales transactions in Madrid for the first half of 2015, averaged 3,840 per month, increasing the levels of trading over the average of 3,276 monthly transactions observed in 2014.

### MADRID FREE HOUSING PROPERTY SALES TRANSACTIONS PEAK (Q1 2007) AND 2014 - Q2 2015

Source: Ine.es





**MADRID NEW AND SECOND-HAND PROPERTY TRADING:  
TOTAL VALUE OF SALES TRANSACTIONS 2013 - Q1 2015**

Source: Spanish Department of Development



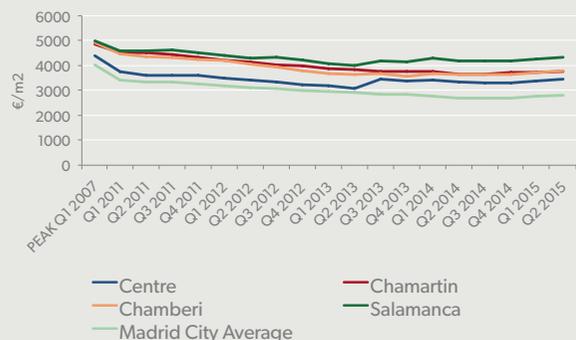
**NUMBER OF SALES TRANSACTIONS FOR MADRID PROPERTIES  
SOLD BETWEEN €450 - 900K Q1 2012 - Q2 2015**

Source: Spanish Department of Development



**MADRID KEY LUXURY DISTRICTS AVERAGE PROPERTY SALES PRICES  
PEAK 2007 AND Q1 2011 - Q2 2015**

Source: Idealista.com



**NUMBER OF PROPERTY SALES TRANSACTIONS FOR MADRID  
PROPERTIES SOLD WITH PRICE OF OVER €900,000  
Q1 2012 - Q4 2014**

Source: Spanish Department of Development



**TRANSACTION VALUE OF PURCHASES  
BY FOREIGN RESIDENTS**

Amongst foreign buyers resident in Spain, transaction value of purchases increased each quarter in 2014 over 2013 levels, and this trend continues into 2015, where Q1 total transaction value is higher in 2015 than in 2014. Total purchase value of property transactions in the Madrid region by international investors exceeded 629 million Euros in 2014, and already totaled €143.7 million in the first quarter of 2015.

**MADRID PROPERTY SALES PRICES**

Key luxury districts in Madrid continue to show rising average prices in 2015, as greater demand for properties influences asking sales prices. Madrid centre saw average prices rise for the third consecutive quarter, ending the half-year on €3,424 per square metre. The affluent districts of Chamberi, Chamartin and Salamanca continue to rise each quarter as well, reaching €3,765, €3,740 and €4,692 per square metre, respectively. Prices for Madrid districts overall started to rise slightly this year, ending their downward trend and suggesting the market bottom has been reached, with the city's average ending the second quarter of €2,810 per square metre, up €116 over end of 2014 averages.

**MADRID TRANSACTIONS OF MID-RANGE PROPERTIES**

Madrid midmarket property sales (where properties sell for prices between €450,000 - 900,000) follow similar trends to sales across all of Spain, with Madrid sales making up a third (33%) of the total Spanish mid-level property market. In 2014, there were 2,817 properties sold in Madrid for between €450,000 and €900,000.

**MADRID PRIME PROPERTY MARKET**

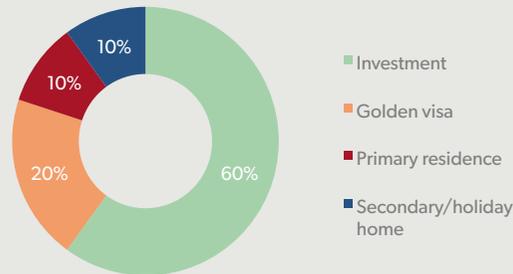
In 2014, 529 properties valued at over €900,000 were sold in Madrid, representing 27% of the Spanish prime property market.

Amongst Lucas Fox's prime market property buyers in Madrid, close to two-thirds (60%) purchase property for use as an investment, with 20% of purchases bought to assist buyers with meeting Golden Visa requirements for Spanish residency when purchasing property of greater than €500,000. The remainder of those buying property was evenly split between using the property for the primary residence or as a holiday home.



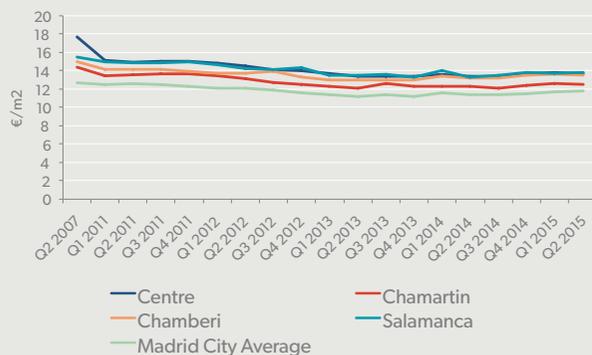
### PRIME MARKET PROPERTY BUYERS: MOTIVATIONS FOR PURCHASING IN MADRID Q1 & Q2 2015

Source: Lucas Fox sales data



### MADRID AVERAGE PROPERTY RENTAL PRICES 2007 PEAK AND Q1 2011 - Q2 2015

Source: Idealista.com



### MADRID RENTAL MARKET

Madrid's luxury districts and the city's average maintained their average price levels from the end of 2014 in the first half of 2015.

The prestigious district of Salamanca maintained its close of 2014 average price of €13.80 per square metre. The city centre also ended the half year on €13.70 per square metre, the same price it closed out 2014. Chamartin and Chamberi also maintained their averages of €12.50 and €13.50 per square metre respectively.

### TOURISM

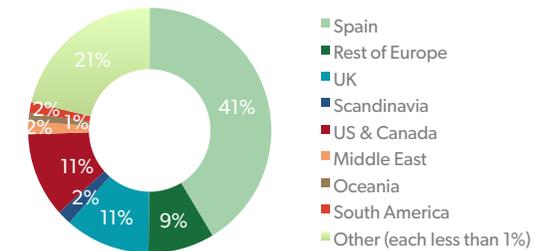
Airport arrivals data is a strong indicator of international demand for properties for the Madrid region. Passengers arriving at Madrid Barajas airport this year rose by 11.4% over the previous twelve month period. 21.7 million passengers have passed through Madrid's Barajas airport in the first 2 quarters of 2015.

International tourism to the Spanish capital also grew in 2015, recording an 8.2% increase over the previous twelve months levels, although falling more sharply in the usual summer month downward trend this year. Unlike other Spanish key tourism zones, international travelers tend to visit Madrid in spring and autumn rather than in summer. Despite this drop, overall international tourism to Madrid is much higher than it was in the first six months of 2014, with 2.5 million international tourist visiting the capital so far this year, representing 8.5% of the total Spanish international tourism market.

International interest in the prime market property in Madrid is fairly evenly split amongst global buyers. While Spanish investors makes up two-fifths of interest, buyers from UK and Europe (22.3%) continue to be attracted to property in the Spanish capital. There is also regular interest from Australia, the U.S., the Middle East, and Argentina. Over 115 other countries make up a share of the 22.6% "other" interest in Madrid property.

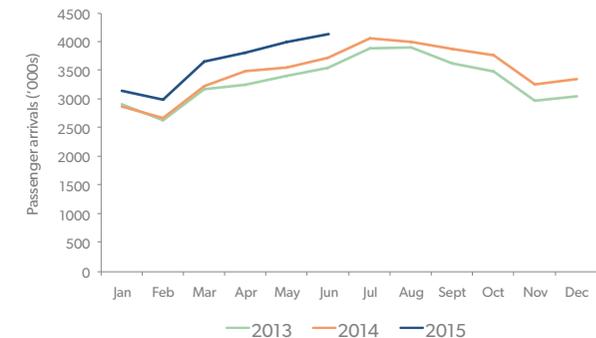
### INTEREST IN MADRID PROPERTY: COUNTRY OF ORIGIN

Q1 - Q2 2015 / Source: Lucas Fox sales data



### PASSENGER ARRIVALS AT MADRID AIRPORT

2013 - Q2 2015 / Source: Aena-aeropuertos.es



### INTERNATIONAL TOURISM TO MADRID

2013 - Q2 2015 / Source: Frontur.es





#### LUCAS FOX PREDICTS

We will see a number of interesting new build/renovation projects come to market in the third and fourth quarters of 2015. This will drive up trading and bring some stronger competition as buyers jostle to purchase the best of the properties available. Madrid trading in the second half of 2015 and throughout 2016 is expected to remain strong. We expect to see some of the highest levels of transactions taking place that we have seen in the past few years, especially in midmarket and prime property markets.



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

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