



# MARBELLA

REAL ESTATE MARKET Q1 & Q2 2014



**LUCAS FOX**  
INTERNATIONAL PROPERTIES

## OVERVIEW

Confidence has returned to the Marbella region and many sellers, whose properties have been valued up to 50% less since the peak, are now less prepared to discount further. Offers significantly below asking price are increasingly being turned down as sellers put their properties on the market at more realistic asking prices.

Many key luxury districts across the Marbella region have seen slight increases in average property prices between the end of 2013 and the end of the half-year to June 2104. Overall Marbella average prices have been increasing for the past four consecutive quarters and ended the second quarter of 2014 on an average of €2,302 per m<sup>2</sup>.

As in much of Spain, in Marbella there have been very few new residential projects planned and built over the last 5-6 years. Many projects which were in the hands of the banks have now been purchased by investment funds at significantly discounted prices and will be released back onto the market over the next 6 to 18 months for sale to end users.

During 2014 there has been an increase in the number of development plots (mostly smaller projects) purchased by new developers and many now have projects pending planning approval. It is anticipated that there will be a significant increase in the number of new projects available to purchase off-plan during 2015.

Marbella reached its best prices for rental averages since mid-2012, ending the half-year on €7.46 per m<sup>2</sup>.

Whilst British clients still remain the biggest group of buyers in the Marbella region, accompanied by Scandinavians, Northern Europeans and Russians, there are now increasing numbers coming from countries such as the US (largely investment funds), Belgium, France and even Brazil. However the most significant increase has been from clients coming from the Middle East.

## MARBELLA REAL ESTATE MARKET: SUMMARY

Like much of Spain the Marbella property market took a hit during the last 5-7 years and prices have come down by 40% - 50% from their peak. However luxury properties in prime locations (such as beachside locations, Golden Mile and Sierra Blanca) have been much less affected than the mid-market level.

Marbella has remained a popular destination in general, mainly due to its wonderful year-round climate, strong infrastructure, high standard of living, excellent facilities and reliable rental market. These fundamentals have ensured continued international interest in both buyer and visitor numbers. Many people believe that this is now the right time to buy as they believe the market has bottomed out and this is one of the key reasons for the significant increase in transactions.

Sellers are increasingly turning down offers that are not close to asking price and refusing to discount prices further. Over the last 6 months, in many of the prime locations in Marbella, there has been an increasing lack of supply vs demand for quality properties, particularly for modern, new build, high quality apartments and villas.

*"The positive trend of steadily increasing numbers of property transactions that started in the latter part of 2012 has continued during the first half of 2014,"* says Stephen Lahiri, Director of Lucas Fox Marbella. *"Most of the transactions are still focused on prime locations such as near to Marbella, Puerto Banús and close to the beach."*

*Official statistics for the Málaga region in general show that overall, the number of property transactions in the first five months of this year have increased a further 18% on the same period the previous year,"* Lahiri continues. *"Some recent reports and articles in the media have suggested that the increase in transactions for Marbella specifically may be up as much as*



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**Stephen Lahiri**  
Director Lucas Fox Marbella



70% on the same period the previous year. However I believe that whilst there has certainly been a big increase in the number of individual transactions, such a huge increase is also attributed to the fact that there have also been a number of transactions that have involved the purchase of projects with multiple units by investors and funds from either banks or bankrupt companies in order to package and re-market to end users.

There have been very few new developments released in Marbella over the last 5-6 years. Only three developers have launched marketed projects and actually in most cases they have very quickly been sold off-plan. As a result, there is now actually a shortage of new quality, modern properties for sale.

In terms of villas, over the last years some private investors and smaller companies have taken advantage of this opportunity by buying distressed properties and renovating them to then sell on. However now that prices are leveling out there are increasingly fewer properties of this type available and so the focus has now changed to purchasing green field plots to develop."

## MARBELLA PROPERTY SALES PRICES

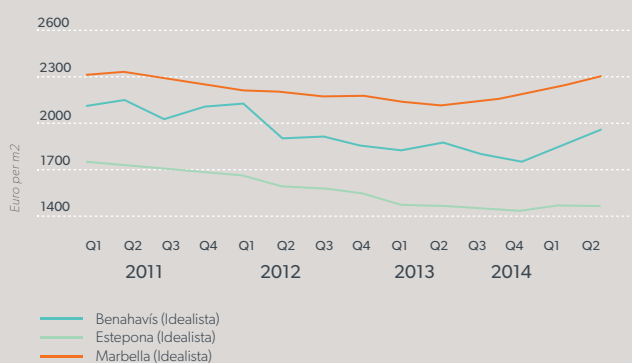
Key luxury districts across the Marbella region all showed increases in average property prices between the end of 2013 and the end of the half-year to June 2014. The exclusive zone of Benahavis showed the most dramatic jump, from €1,840 per m<sup>2</sup> at the end of 2013, up 12% to end the half-year on €1,952 per m<sup>2</sup>. Marbella average prices have been increasing for the past four consecutive quarters, ending the second quarter of 2014 on €2,302 per m<sup>2</sup>.

## MARBELLA RENTAL MARKET

While data is only available for two months of the second quarter in 2014, the trend is still apparent amongst average rental prices in the luxury residential areas of Estepona and Marbella, with rental averages returning to their best prices since mid-2012 in Marbella, ending the half-year on €7.46 per m<sup>2</sup>. Average rental prices in Estepona were lower at €5.61 while across the Málaga coastal region average rental prices commanded €6.40 per m<sup>2</sup> by the midway point of 2014.

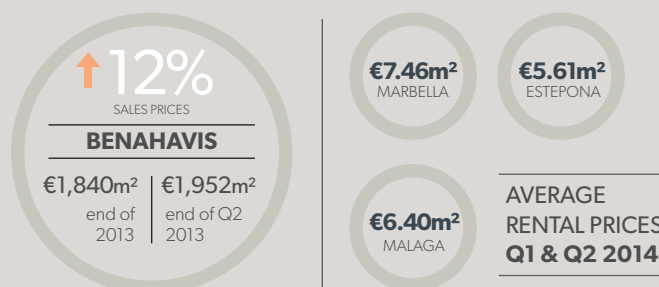
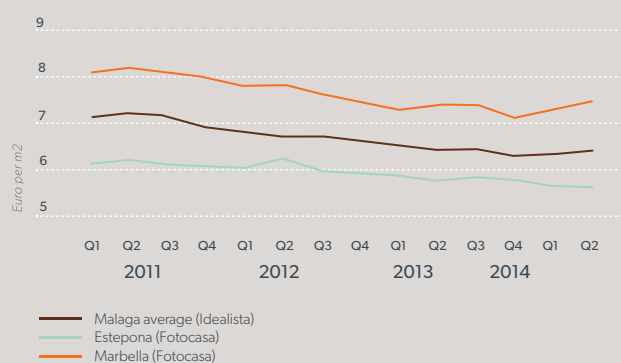
### MARBELLA AND KEY DISTRICTS AVERAGE PROPERTY SALES PRICES, Q3 2010 - Q2 2014

Source: Idealista.com and Fotocasa.es



### PROPERTY RENTAL PRICES, Q1 2011 - Q2 2014

Source: Idealista.com, Fotocasa.es



## PASSENGER ARRIVALS – MALAGA AIRPORT

Airport arrivals at Málaga airport data is a strong indicator of international demand for properties in the Marbella region. 1,434,100 passengers arrived at Costa del Sol-Málaga airport in June 2014, an increase of 68,022 passengers over the same time last year and representing a 5% increase overall.

2014 is on track for another record-breaking level of tourism for the area. In the first six months of 2014, passenger arrivals to Málaga airport were 7.7% higher than the previous year.

International interest in Marbella prime residential properties continues to grow each month. Overseas clients viewing Marbella properties on the Lucas Fox website reflect buyer trends in the area. While traditional buyers in the UK and US continue to make up the bulk of the buyer market, there is also continued strong levels of interest from Northern European (French, Dutch, Belgian and German) buyers, and a significant Scandinavian buyer market (Sweden and Norway in particular). Non European buyers - particularly from Russia, Brazil, United Arab Emirates and Saudi Arabia - are increasingly turning to Marbella when considering their next property purchase.

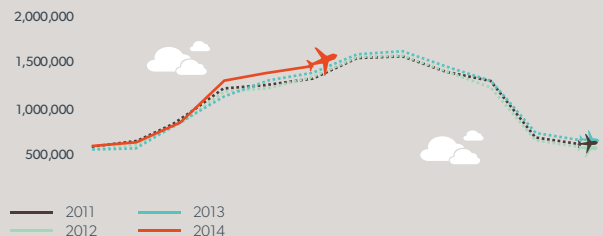
According to the Spanish General Council of Notaries, interest in Spanish property amongst foreign buyers overall grew by 27.2% in the first three months of 2014, with half of all foreign buyers residing outside of Spain. Foreign buyers represent just under 20% of all buyers in the Spanish market.

*“Without a doubt, there has been a shift in where the main interest is coming from with a clear change in the demographics of the clients who are now buying in Marbella,”* comments Stephen Lahiri, Director of Lucas Fox Marbella.

*“Whilst British clients remain the most numerous, accompanied by the Scandinavians, there are now increasing numbers of clients coming from Belgium, Russia, China and most significantly from the Middle East. Whilst Marbella has always been popular with the Royalty and important families from the Middle East, there is now a significant interest at the mid-market level also (€250,000 – €500,000).”*

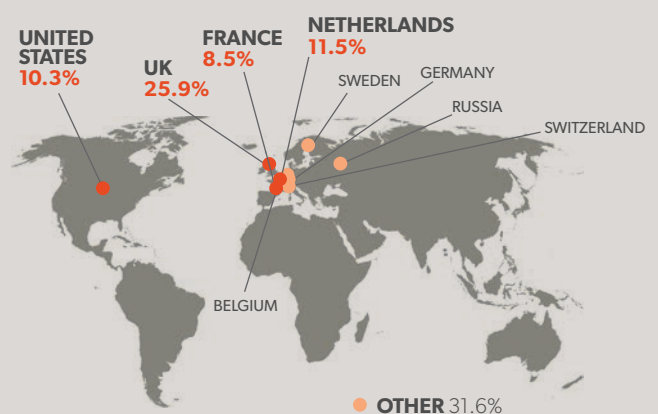
## PASSENGER ARRIVALS AT COSTA DEL SOL-MÁLAGA AIRPORT 2011 - Q2 2014

Source: Aena-aeropuertos.es



## INTERNATIONAL INTEREST IN MARBELLA PRIME MARKET, COUNTRY OF ORIGIN

Source: Lucas Fox website analytics





## LUCAS FOX ANALYSIS AND PREDICTIONS

*“High quality, new build, contemporary designed properties are the most popular,”* comments Stephen Lahiri, Director of Lucas Fox Marbella. *“Due to the lack of investment over the previous five years, these properties are in relatively short supply and so those that do exist have been selling very quickly in comparison to older, more traditional style buildings. Accordingly, those clients that do prefer the traditional rustic style properties are still able to negotiate some very good deals.”*

*Most buyers in the Costa del Sol are purchasing for lifestyle purposes: as a holiday home or in some cases as a permanent or second home to live in. However, Spain’s new “Golden Visa” residency laws are now generating interest from buyers who probably intend to use the property far less and are therefore interested in the investment potential, specifically in terms of good rental return.*

*The key areas to invest would definitely be close to the beach, as the facilities and views are fantastic. These include Golden Mile, Sierra Blanca, Nueva Andalucía and up-and-coming areas such as San Pedro and the district of Benahavís.*

*As far as prices are concerned, all the signs are indicating a very busy second half of 2014. There were record number of visitors to Marbella and Puerto Banús in Summer 2013 and it is anticipated that 2014 will be at least as good, if not busier. Ramadan is finishing in the last week of July, meaning that Arabic clients will be traveling during August. The significant upturn in tourism and the shortage of rental accommodation is creating greater and greater interest in purchasing in Marbella for rental investment, as well as personal use.*

*There are currently limited opportunities available for investors but with several new projects being planned, some with extensive resort facilities, it is likely that there will be some great new off-plan investments coming up in the next year. One of the best opportunities right now is San Pedro de Alcántara where there has been significant infrastructural investment in the last year and a half, particularly a new pedestrian beachside link between it and Puerto Banús (a 30 minute walk) and a beautiful new ‘Ramblas-style’ park that connects the quaint Spanish old town and the newer beachside developments.”*



### MORE INFORMATION:

If you are interested in knowing more about the property market in this region, please contact Lucas Fox on:

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