

Sun, sea and bargain property

Now could be the perfect time to pick up a holiday house in Marbella or a cool city apartment in Barcelona



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FRANCE has long been a popular port of call for foreigners wanting a European bolthole — but, as Spain's residential real estate prices plummet by up to 60 per cent, agents report a tripling in the number of inquiries from foreigners.

But it's not only cut-price real estate drawing buyers to Spain, which has long lured foreigners with the promise of sun, sea and sangria.

Since last year, the Spanish government has bestowed foreign buyers with automatic residency and free movement within the Schengen zone if they spend more than €500,000 (\$717,400) buying real estate.

As such, Russian, Chinese, Norwegian and Southeast Asian buyers are heading to Spain in a bid to pick up a heavily discounted resort-style property in Marbella or a cool city apartment in Barcelona.

British buyers account for about 15 per cent of all purchases, followed by French at 10 per cent and Russians at 9 per cent.

The time could be right for Aussies to pick up a holiday house in Spain. Spanish real estate has copped 25 consecutive quarters of falls.

In 2012, house prices fell 11.34 per cent, followed by 9.19 per cent last year. Meanwhile, unemployment rates hover at about 25 per cent.

But Spanish real estate agents says prices are starting to pick up, largely because of foreign buyers. Agents predict record transactions this year.

There are still bargains. Bank repossession properties are particularly cheap. A four-bedroom, three-bathroom townhouse on 231sq m, in Marbella on the Costa del Sol, has been reduced from €461,735 to €348,500. And a tiny 25sq m studio apartment close to the beach near Marbella is for sale for just €33,000. Both properties are through Elite Properties Spain.

Two-bedroom apartments in the Los Flamigos Golf development in Malaga are priced from €211,700, including a communal pool and a year's free golf club membership, according to the Elite Properties Spain website.

French properties prices are also down.

French and Italian property lawyer specialist Michael Bula, of Melbourne-based Michael Bula Solicitors, says his business has experienced a 30 per cent spike in Australians wanting to buy in France since last year.

Bula says that outside Paris and the regional city of Lyon, prices have dropped about 20 per cent and there is plenty of real estate on the market because the French government has reduced capital gains tax by 25 per cent until the end of this month.

"Australians are still buying in France because of the good prices," Bula says. "My business is at least one-third up on last year."

But there are pitfalls. According to Barcelona-based agents Lucas Fox, residential property buyers must pay a Spanish transfer tax of between 8 per cent and 10 per cent of the purchase price, depending on the location of the property. Notary and land registry fees also apply. Lucas Fox advises buyers to hire an independent lawyer.

Perhaps that 33,000sq m flat on the Costa del Sol is not as cheap as one may think.