



Buying in Spain



Your guide to buying
a home in Spain, safely

- Your timetable to buying in Spain
- Focus on where and what to buy
- Set your budget
- Understand the legal processes
- Buy safely in Spain

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The legal process explained



Speak to the experts

Buying a property in Spain is a simple matter of putting one foot in front of the other. But you do need to ensure that you are on a firm footing by having a team of professionals behind you. **At Property Guides we call the perfect team our Golden Three: estate agent, lawyer and currency specialist.** Contact us to be introduced to your Golden Three.

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Buying safely in Spain

– about this guide

Property Guides was set up after a close relative of one of the company's founders fell foul of a property scam overseas nearly twenty years ago, with tragic results. Our aim has always been to make buying in Spain safe. Since then, new laws have been brought in in Spain, the property business has been cleaned up and the cowboys driven out of town. Most of them anyway.

Still, many of us are understandably nervous. We want to spend our holidays, long weekends or even our retirement in the sun, but we're nervous about sending so much money to another country with an unfamiliar legal system, language and currency. We've read stories about British people who have run into difficulties when buying property in Spain. We're worried about getting a properly-built home, about signing contracts we don't understand, about healthcare, pensions, currency and now Brexit!

The Spain Buying Guide's aim is simple – to help you to buy safely in Spain. Our founder's tragic experience could have been avoided if honest, up-to-date and reliable information had been available to her. Since 2004 we have been putting that right.

Not everyone delays buying because they're worried. Some just don't know where to start. We can help you too, with a roadmap and clear explanation of the buying process, the costs and timescales.

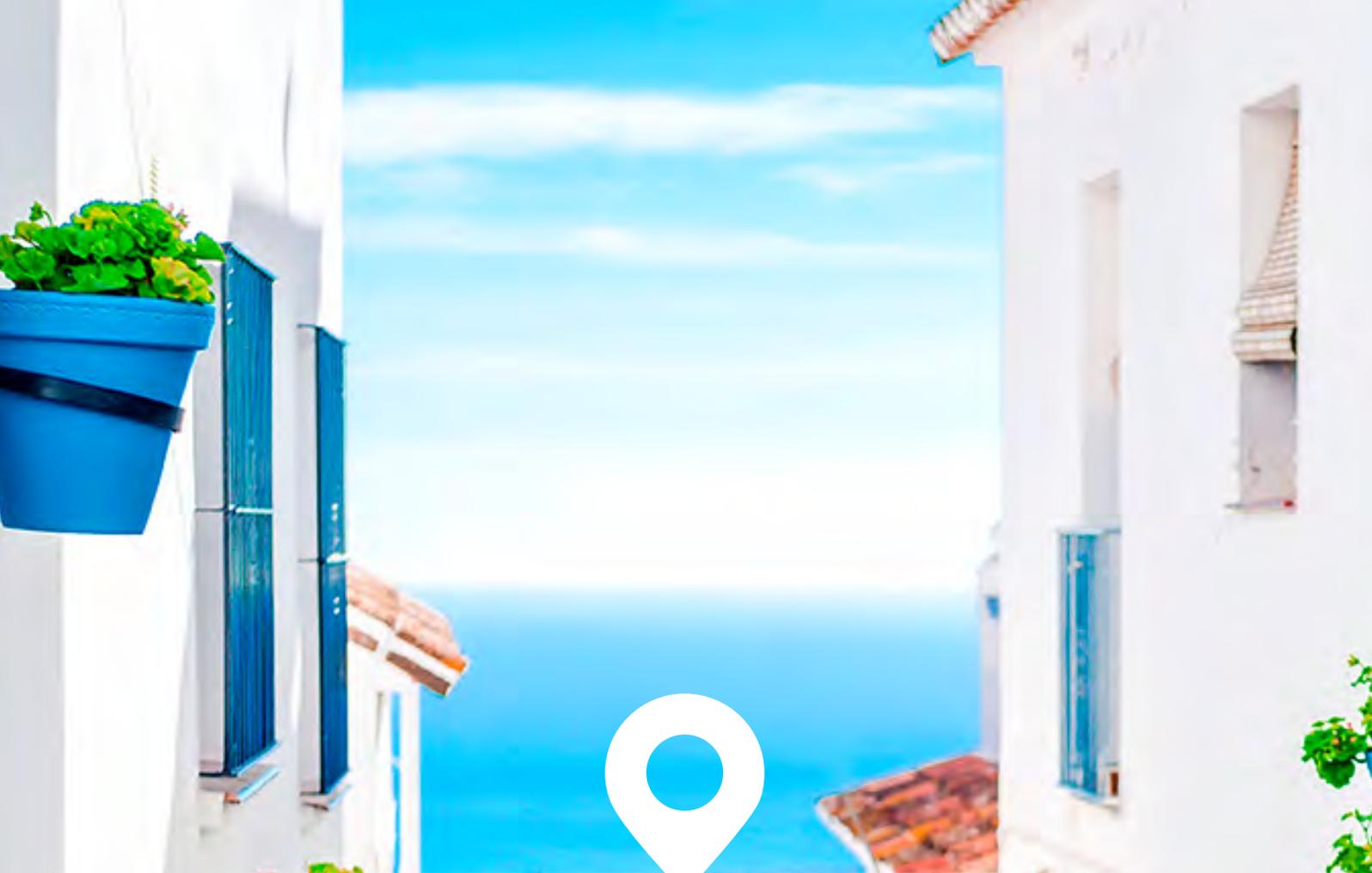
Along with a trustworthy estate agent and a good, specialist lawyer, the third way to eliminate risk is to stop exchange rate movements wrecking your budget. You wouldn't agree to buy a home in your own country where the price could move by 10 or even 20% before you have to pay for it, yet that is the risk you take if you don't lock in your exchange rate. We will explain how you can prevent that.

The Spain Buying Guide will help you achieve your dream of home-ownership in Europe's favourite place to relax and enjoy life. It's easy if you follow our simple steps.

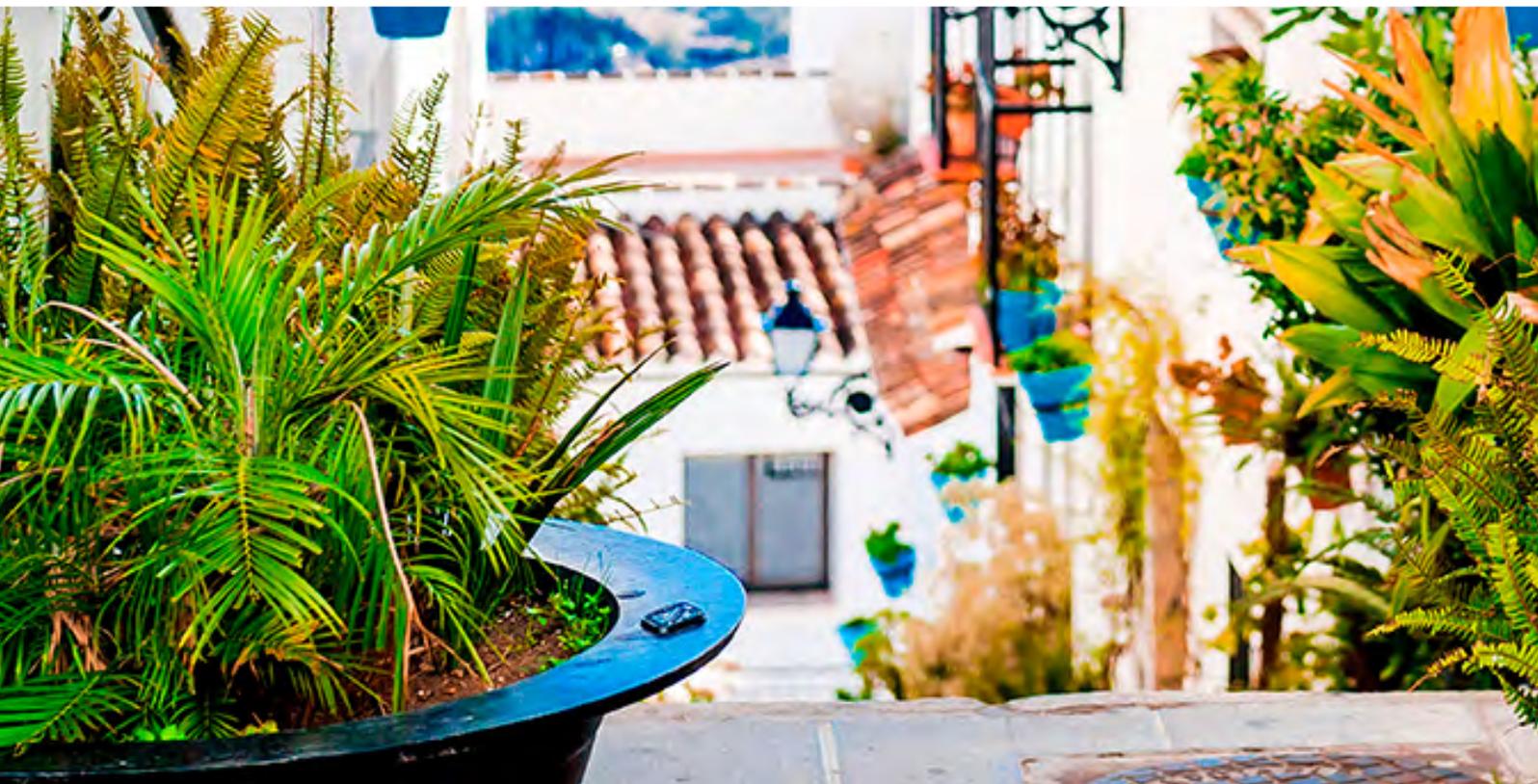
Visit our website propertyguides.com/spain for more information about buying property in Spain. You can read property market updates, news and area guides. Sign up to our fortnightly blog written by our British writer in Spain – lifting the lid on what life is really like in Spain.

Happy house hunting!

Elaine Ferguson
Customer Service Manager
Spain Property Guides Resource Team
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Is this the year?



You can own a home in Spain

You can own a home in Spain. You can swap the 1,500 hours of sunshine that the UK averages per year for the 3,000 hours that the Costa del Sol gets. You can enjoy the lower living costs, weather in which you can play golf, swim or just sit outside comfortably all year, the emptier roads, the excellent health service, the family-oriented lifestyle, the food and the wine and the friendly people.

Here is why we think you should make this the year you move to Spain:

1. Sunshine

Being that much further south, Spain not only enjoys twice as much sunshine as the UK, but it's spread throughout the year much better. So even in the depths of winter Spain has two hours more daylight in the evenings. The effects on one's health – both physical and mental – are hard to calculate, but it certainly allows for a round of golf after lunch!

2. An outdoor lifestyle

It's not just because of the weather that people spend more time outdoors in Spain. Whereas in UK highstreets the shops close at 6 and people rush home to their TVs, the evenings in Spain are the time to see and be seen! The paseo is a leisurely evening stroll, with a drink, maybe a bit of shopping, a chat with the neighbours and a chance for the kids to run around in the warm, fresh air.

3. Family life

When the OECD compared happiness and well-being in the world's 34 major industrialised countries, Spain was above average for work-life balance, safety and community. It's a country where kids tend to be happy and occupied. The latest PISA (The Programme for International Student Assessment) stats show that Spanish kids were significantly happier and less stressed than almost every other country, especially the UK, despite performing generally better at school.

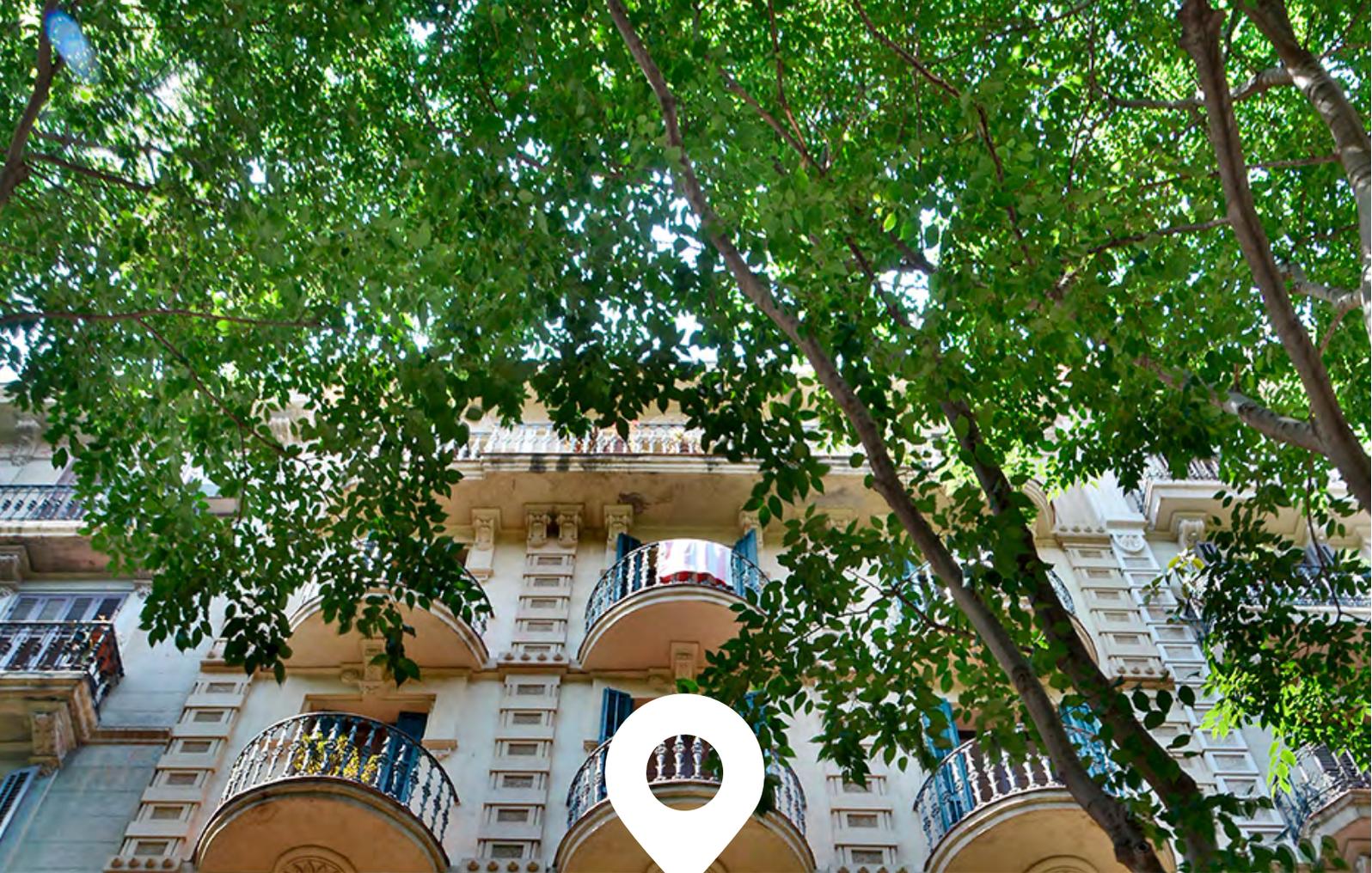
4. Cost of Living

You might think that the UK is an expensive place to live, but in global terms, except for property, the UK compares quite well. Countries like France, Italy, Australia and the USA are all more expensive to live than the UK. But not Spain. In Spain your pension goes much further and your holidays are cheaper. Prices undercut those in Britain by around 30% in restaurants and 16% in the supermarket.

5. Flights

While seaside areas of countries like Greece virtually shut down for the winter, there are affordable flights to Spain from even the most out of the way airports. You can get to just about every corner of Britain to every corner of Spain with ease, all year. It also offers the chance to drive, take the train or even a ferry once in a while.

“Even in the depths of winter Spain has two hours more daylight in the evenings. The effects on one's physical and mental health are hard to calculate. It certainly allows for a round of golf after lunch!”



Deciding What to Buy



Step One: Essential Decisions

Your dreams and intentions may change throughout the process, but organising your initial plans is the place to start. You should ask yourself these five basic questions.

Why are you buying?

So you know you want to buy a property in Spain, but why, exactly? Analysing and articulating your thoughts can help motivate and direct you, so write down your ideas. Here are some examples:

- “We want to enjoy more space, sun and warmer weather.”
- “Our pension will go much further in Spain.”
- “I want a place to enjoy memorable holidays with family and friends.”
- “Now the kids have left home, we need a new adventure.”
- “Property investments in the UK look a bit iffy, why not try abroad?”
- “I don’t want ever to look back on my life with regret, never having made the move.”

How will you use it?

This is crucial to ensuring that you really enjoy your property. What will you do with it? Long weekends, three weeks over the summer, for investment, for relocation, for holidays and then eventually retirement? Be honest with yourself. If you really don’t think you’ll be nipping down for weekends, you can save money by being further from the airport. If you don’t want other people using it and don’t need the money, why worry about rental or investment potential?

How much can you afford?

There may be ways to raise more money, or even share the costs, but get an idea of your realistic budget from the off. (See our finance guide on page 18). You should budget for at least 10% extra for buying costs. Don’t forget also that you won’t quite get the “interbank” rate for your currency that’s shown on the news and the FX sites, but a percentage point or two below that. (See our currency guide on page 20). On the other hand, you might be able to knock a little bit off the price of the property too.

What MUST your Spanish home have?

What are your deal-breakers, the must haves? How many bedrooms or bathrooms do you need? Is a pool essential or would a local beach be better? Outdoor space? And what would you like your Spanish home to have? What would make it perfect for you? Do you want a terrace, garden and/or a swimming pool? (See our checklist on the next page).

What are your turn-offs?

It’s nice to be positive, but focusing on what we can’t stand can be quite liberating too! Would you hate queueing for hire cars every time you go to Spain? Fortunately Spain’s public transport is fantastic, but do check the routes work for you. Do you find a sandy beach less appealing than your own pool? Are you worried that you’ll be saddled with all the pool cleaning, or cooking? Now is the time to say it loud and clear. Would you find the presence of holidaymakers on your doorstep all summer a little irksome?

You want to love this home, so spell out what will stop that happening, then see if your partner or spouse feel the same!



Buying tip!

Pull together as much information on moving to Spain as you can – both positive and negative. Research newspapers, magazines, books, etc.

Look online at expat groups/forums (particularly for issues or complaints that stand out or reoccur) and Spanish property websites.

Visit overseas property exhibitions to get first-hand information before paying out for a viewing trip.

Checklist to a perfect property

The location:

Essential

Preferable

Which costa?		
Region, province?		
Expatriate area or more Spanish?		
City, town, village, country?		
Maximum distance to shops?		
Max distance to airport?		
Max distance to hospital?		
Max distance to beach?		
Need public transport?		
Other location requirements?		

The property:

Budget (in pounds)?		
Old or modern?		
House, flat?		
Detached, semi or neither?		
Bedrooms?		
Bedrooms with ensuite?		
Bathrooms?		
Living area – open plan?		
Separate dining room?		
Wheelchair accessible?		
Rough square metres?		
View?		
State of repair?		

Outside space:

Garden?		
Terrace?		
Pool, private or communal?		
Garage?		

Step Two: Countdown to Buying

Working out a timetable is a powerful tool in turning dreams to reality. Many people wait until the spring or autumn to start looking – but why wait until everyone is buying? High demand, after all, generally means higher prices. Not only can you start looking at property at any time, but quiet times can be good for picking up bargains too. Estate agents will be keener and sellers more motivated, fearful of being stuck with a property for another season.

A tactic that we find works well is to set an end date and fix in your mind being in the property by then. Then work your way back from that. Tick these off as you achieve them.

Six months from being a Spanish home owner:

- Narrow down your choices using our checklist and propertyguides.com/Spain articles. Prepare a list of must haves and nice-to-haves.
- Speak to Smart Currency Exchange. Until you have consulted our currency partner it will be impossible to set your budget. Remember, you will not be able to access the “interbank” rate that you see on the news and on the property websites, so it is essential to get an idea of your real buying budget and lock that in.
- Speak to a mortgage advisor, if required.
- Set your budget.

Five months from owning:

- Begin your detailed property search.
- Speak to a lawyer about how best to structure the deal.

Four months from owning:

- Speak to estate agents.
- Narrow down properties for realistically achievable viewing trips.
- Book a viewing trip(s).
- Detailed discussions with lawyer and Smart Currency Exchange.

Three months from owning:

- Viewing trips.
- Attend property exhibitions (see box below)
- Sort out NIE number.
- Make an offer.
- Protect your budget with currency specialist. Consider forward contract.
- Book a survey, if required.

Two months from owning:

- Sign reservation contract, if required, to start buying process.
- Sign deposit contract and pay deposit.
- Contract notary.
- Plan removals and decoration.
- Ensure utilities will be connected.
- Make final payment. Sign sale contract.
- Receive keys and move in.



Your Overseas Home

Spain Property Guide will be at several Your Overseas Home shows this year. It's a special show for those people in the final stages of buying in Spain. It is for those who have decided they are definitely buying, but they just need to get a few niggly legal, tax or inheritance questions answered first, and then to look at some properties. Check out the website for **FREE tickets** and details of new events.

www.youoverseashome.com

Step three: Where to Buy

Spain's costas vary quite significantly in character, climate and the cost of homes.

The Balearic Islands

The Balearics are among the most popular tourist destinations in Europe, but such is the ease of getting there and the year-round appeal of a city like Palma that there is also a settled international community too, especially in Mallorca. Although one of the more expensive parts of Spain to buy a home, few people ever regret buying here. Mallorca has something for every taste and budgets above around €150,000. Idyllic villages such as Valldemossa and Deia, the wealthy shops and nightlife of the capital Palma, with its medieval old town and cobbled alleyways around the cathedral, family-friendly resorts along the south-east coast, beautiful country homes inland, and then the raucous (but fun) nightlife of resorts like Magalluf.

Many people prefer Menorca, "the Jewel of the Balearics", for its quieter and more relaxed atmosphere. There are hints of Britain's colonial rule in the 1700s, in some Georgian architecture and the British have tended to feel at home here (well, where don't we?). The island's main draw is its beautiful coastline, with more beaches than Mallorca and Ibiza put together. Menorca is harder to reach in winter, but prices are lower than in Mallorca too.

Ibiza, "The White Island" may be more famous for clubbing and hedonism, but wander off from the coastal strip and you'll find it's a wooded island with lovely peaceful rural areas. It also has a spiritual undercurrent, mixed in with the hedonism. Property is pricey, as you might expect, but has enormous rental appeal in summer, so it's an excellent option for sheltering from the British winter then renting your place out all summer.

Costa Brava

Wooded cliffs lead down to pretty bays. Around each headland is another gorgeous view and a road leading down through the pines to a classy village with a sandy beach and maybe a marina. We're in the Costa

Brava, where the Pyrenees meets the Mediterranean.

The Costa Brava is cool, classy and cultural. Part of Catalonia, it's a hard-working area with a strong sense of style – the land of Gaudi, Dali and Miro. The weather is perfect for summers but chillier than the more southerly costas in winter.

With just a two hour flight from Barcelona or Girona to London or Manchester, and advance fares as low as £20 each way, 'euro-commuting' is a real possibility from both the Costa Brava and Costa Dorada.

Costa Dorada

The 300 kilometres of the Golden Coast include the cities of Barcelona and Tarragona and resorts such as Salou, Sitges and Roc de Sant Gaietà. Most people come for the beaches, the nightlife and the entertainment such as PortAventura, the huge waterpark near Tarragona with Europe's highest freetail waterslide. The hinterland is beautiful too, with vineyards in the foothills of the mountains. The River Ebro, one of Spain's mightiest, provides diverse wildlife and outdoor entertainment.

Property is cheaper than in most costas, but off-season the coast is very quiet and it's colder than the more southern stretches.

Costa del Azahar

The Orange Blossom Coast has been hiding its light behind an orange bushel for too long! Often bypassed by British house-hunters it is as beautiful as the northern Costa Blanca that borders it. It also has the city of Valencia, with its dramatic modern architecture and a rich cultural life. The food is pretty good too – Valencia is generally credited as the home of paella.

Coastal towns along its 250 kilometre length include Alcossebre, Benicassim, Peñíscola and Gandia. Houses are affordable too, as peak British expat demand tends to stop at Denia, a little further south. Partly that's because many of us prefer the option of flying into Alicante, which is a couple of hours' drive south, and there are fewer flights into Valencia Airport.

A guide to Spain and its islands

See the map for the coasts, then search for them at propertyguides.com/spain/buying/where-to-buy for more idea of what they are like.



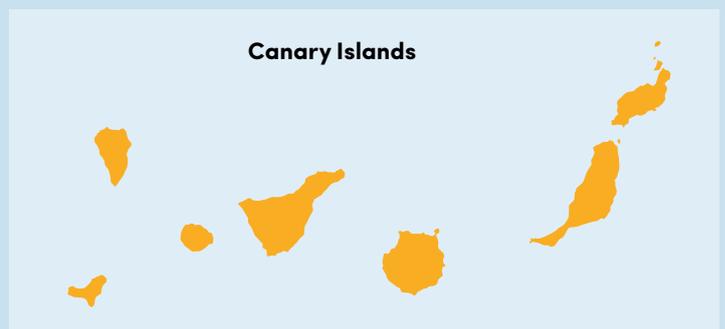
Speak to the experts

Visit our website propertyguides.com/spain for more information about buying property in Spain. You can read property market updates, news and area guides.

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The Costa Blanca

Whether you want an adventurous retirement of golf and sailing, a holiday home just a short hop from the airport, a permanent home with an easy commute back to the UK, the Costa Blanca is an easy and affordable option. The sun beats down for 320 days of the year on both the residential apartments of Benidorm and Torrevieja, and the inland villages.

The Costa Blanca is an affordable choice for property, with apartments available from little over €40,000, and the savings continue into its golf courses and amenities, reasonably priced compared to Spain's more blingy costas.

Alicante airport has flights from every corner of the UK, all year. Drive north from the airport and, after skirting the tower blocks of Benidorm shimmering in the heat haze, the countryside is greener, with pine forests and palm trees. Former fishing villages and small towns like Jávea, Moraira and Dénia combine historic castles, rural beauty, pretty coves, beaches, mountains and excellent fish restaurants. They are still traditional Spanish towns that have thriving and fun expat communities too, being far enough from the airport to turn off the long-weekenders and appealing more to permanent residents and retirees.

South of Alicante the weather is warmer and the countryside is flatter. The beaches are pristine, property developments have been kept low-rise and there is highly accessible local entertainment for every age group, from golf courses to water parks. Torrevieja and Oriheula continue to attract large numbers of British property buyers.

Costa Cálida

With year-round flights and year-round warmth, this long stretch of coast is holiday-home heaven. Highlights include the small town of Águilas, curving around a couple of beautiful sandy bays. Apartments go from €50,000; resort-style property out of town around 50% more than that. Almost in the centre of the Costa Cálida is the Gulf of Mazarrón: 35 kilometres of beautiful sandy beaches and fishing villages. It has a lively

expat community of whom the British are the largest group. Even stunning-looking modern villas with pools are available for under €150,000 and getting here is easy, being just 45 minutes' drive from San Javier Airport.

Further west is the region's largest city, Cartagena, with many grand buildings in Spain's distinctive modernist style (with renovated two- or three-bedroom apartments for under €100,000). Cartagena has a thriving economy based on ship-building, but the authorities are promoting the port as a major tourist attraction with bars and restaurants on the quayside. Outside of town there are resort-style developments with communal pools for a similar price, and villas from around €125,000.

La Manga and Mar Menor are the best know areas for UK property buyers. Europe's largest saltwater lagoon, El Mar Menor (the small sea), is the perfect place to learn watersports such as wind surfing, sailing and diving. The narrow strip of land called the La Manga ("the sleeve") separates it from the Mediterranean. This thin stretch of land, 24 kilometres long, is packed with apartment blocks and superb amenities including marinas, supermarkets, sailing schools, leisure centres, shops, bars and restaurants.

The resort of Mar Menor is rather special, with golf courses, superb tennis facilities and all the luxurious touches you would expect from Spain's most famous gated development. Within the local area there are, however, some delightful villages which are off the tourist track and retain their own traditional lifestyle, bars and restaurants. These are becoming increasingly popular with British buyers too, looking for authenticity and affordability more than spa and beauty treatments on the doorstep as in La Manga.

Costa Almeria

The Costa Almeria is in Andalusia, the huge region that covers the bottom third of Spain and gave us flamenco, bullfighting, Picasso and tapas. Almeria is at the far eastern part of the region, and is relatively inexpensive: you can buy a villa with a sea view for less



than €150,000. Almeria includes well-known resorts like Roquetas de Mar, Almerimar, Carboneras, Mojácar and Vera, all with pretty harbours or long sandy beaches.

Fans of the Costa Almería say it is more Bohemian and alternative than its neighbouring coasts. Vera is famous for naturism, Almanzora for cave homes. There are still resorts though, including the Desert Springs golf resort, where Ian Botham and Daley Thompson have been homeowners. There are lively British expat communities in Mojácar in particular.

You can get there via Almeria Airport with easyJet and Ryanair from many UK airports.

Costa del Sol

The Costa del Sol is 160 kilometres of sundrenched pleasure. The quality of the beaches goes without saying, but the seaside fun includes every family-friendly entertainment you can imagine, great shopping opportunities, Michelin-starred restaurants, championship golf courses, marinas and spas – everything for the well-heeled him and her.

The hills overlooking the beaches are thronged with multi-million euro villas, but alongside the upmarket resorts such as Marbella, Puerto Banús and Estepona, there are less expensive neighbourhoods like Torremolinos, Mijas and Fuengirola too. All are easy to reach from the airport at Malaga – you'll appreciate the savings on car hire – and with so many flights that weekend trips really are doable.

Don't forget the inland appeal. There are "white villages" that retain their age-old traditions and beyond that the rolling hills of olive and almond trees, with affordable country homes in the "campo" (countryside). The Costa del Sol has exciting cities, most notably Malaga but with Granada, Seville and Cordoba all within reach, it has culture as the birthplace of Picasso and flamenco dancing, it has wonderful food and drink and gave the world tapas.

Costa de la Luz

The stretch of coast that leads from Gibraltar up to the Portuguese border is known for wide, empty beaches, full of windsurfers in summer but empty in winter. The huge



Case Study: Michael Sinisgalli bought a home in Estepona last year

I hadn't been to the Costa del Sol for 20 years, until we (my wife and two children, aged 10 and 12) were invited to a family event here. I wasn't looking forward to it as I remembered the area as being a little tacky. But we went and they had built up the boardwalk and it looked great and I said to my wife, "wow this has really changed, maybe this is something we should look at." It seemed a little bit crazy at the time but when we started looking at the market, we said yeah, maybe this is a good time to buy.



We did online research for two months, just looking at properties and getting an idea of things. We narrowed it down to two areas; Cala de Mijas (close to the airport and with a nice beach/boardwalk, but rather a lot of holidaymakers) or Estepona. We really wanted somewhere more authentic and Spanish, and in the particular urbanisation we liked in Estepona many of the people live there full time, both Spanish and foreigners. That was important to us.

Secondly, we set a budget and said "this is what we have, we can't go above that." Thirdly, we had specific requirements; something directly on the water with nothing coming between our property and the water, and that's quite hard to find along the Costa del Sol. We did manage to find something directly on the water, and in our budget.

Finding an estate agent, I spent a long time searching around on the internet and went to all of their websites and their Facebook pages, if they had them, and decided on two different agents. When I asked them to provide a reference I could contact they did that, and that worked out.

For the lawyer, I found Raquel Perez. I saw several YouTube interviews with her and I read the e-publication she had and I was just so impressed with her, and liked that she was Spanish. That's another tip, I spent so much time worrying about picking the right agent but at the end of the day what's more important is to pick the right lawyer. I felt that she had my back. If you have a good lawyer all of those fears fall away.

One step at a time

As Michael's experience shows, buying a property in Spain is a simple matter of putting one foot in front of the other. But you do need to ensure that you are on a firm footing by having a team of professionals behind you.

At Property Guides we call the perfect team our Golden Three: estate agent, lawyer and currency specialist. Call our Resource Centre on 020 7898 0549 to be introduced to your Golden Three.

Doñana national park is in the middle of the region – you could see the lynx, Europe’s only big cat there. Property is more affordable than in the neighbouring Costa del Sol and Portuguese Algarve, despite it being unspoilt by development.

It includes the city of Seville, a little inland, Andalusia’s largest city and one that has proven popular with long weekenders as a (whisper it), classier alternative to the likes of Marbella. Seville is famous for its festival, the Feria de Abril, sherry (drunk dry and ice cold), tapas and its Moorish feel. The art, culture, food and wine is a rich combination of North Africa and Spain, with a distinct taste of the exotic in cities like Cadiz.

The eastern Costa de la Luz is famous for windsurfing and the party lifestyle that windsurfers love so much. The beautiful seaside city of Cadiz is here too. The western side is “Spain’s Algarve”, with large-scale resorts such as Isla Cristina. Inland are historic towns like Jerez and Medina Sidonia. You’ll find reasonably priced country properties inland too.

Four airports in the region have flights from the UK – Gibraltar, Seville, Jerez and Faro, over the border in Portugal.

The Canary Islands

The Canaries, sitting off the coast of Morocco, are warm all year but rarely either

too hot or too cold. Buy here and you can get four seasons of enjoyment (or rental). They are made up of seven islands of varying size and geography: Tenerife, Lanzarote, Fuerteventura, Gran Canaria, La Palma, La Gomera and El Hierro. Each is different; some sandy, others with deep gorges, tropical forests, banana plantations and snow-capped mountain, others with vibrant nightlife and cheap holiday apartments, others more genteel and laid back.

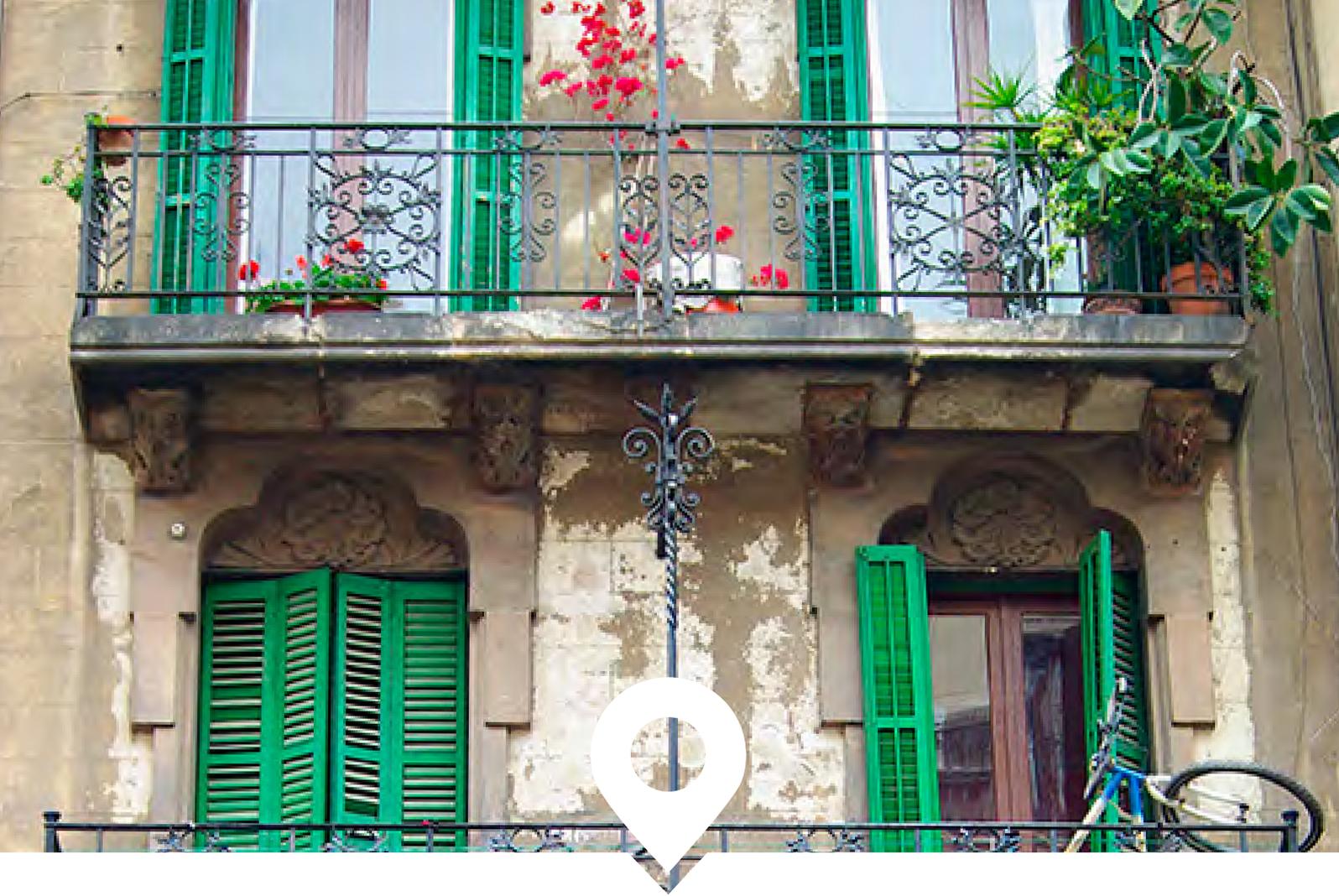
Tenerife is the largest island, with 900,000 people, then Gran Canaria with just a few fewer. Lanzarote has 140,000 and then down to Fuerteventura, La Palma, La Gomera and finally El Hierro with 11,000. Discovering which island you like the most is part of the fun, and with no shortage of year-round flights and a flight time of around four hours, with no jetlag, the Canaries are a great option for winter sun.

All the islands have great opportunities for a healthy active retirement or fun for the kids. Anything water-based is well catered for, from deep-sea fishing to whale watching and windsurfing. There are some world-class golf courses too.

The architecture includes cheap and cheerful apartment blocks overlooking the towns and beaches, villas further out of town, but also some lovely South American style villages, and colonial-style houses with wooden balconies and leafy patios.

“The Canary Islands, sitting off the coast of Morocco, are warm all year but rarely either too hot or too cold. Buy a home here and you can have four seasons of enjoyment (or rental income)”





How to buy



How to pay for your house in Spain

You need to know exactly how much money you can spend, and what your financial sources are: savings, the sale or re-mortgage of your UK property, etc. It's also important to think about the costs involved in buying a property.

The key financial points to consider are:

Funds available:

Work out the total amount of money you have available to purchase a property. It could include cash, savings, items you can sell, pension drawdown, investments you can cash in. Consider buying with friends or family **read our guide, Buying Abroad With Family.**

Additional finance:

Can you buy with a mortgage? Speak to an estate agent, independent financial advisor, bank or other lender to assess your options. If so, how much deposit will you need, and how will you service the monthly repayments? What would you do in an emergency, such as unemployment or illness?

Do you have a property in the UK from which you can release funds, either by remortgaging or by equity release?

Our Resource Centre can recommend mortgage advisors and equity release specialists. Email spain@propertyguides.com or call us on 020 7898 0549.

Ongoing finance:

There are costs that will come after you have bought the property, including local property taxes, maintenance and traveling expenses to get there. How will you cover these? Don't forget too, that exchange rates can change, and a pension or investments paid in pounds will not guarantee an income in euros. (Although, see Managing Your Currency Risk on the next page, for Regular Payment Plans where you can lock in a rate).

Investments:

If you're moving to Spain for good, you could benefit from moving your pension

overseas into another scheme, such as a self-invested personal pension (SIPP) or a Qualifying Recognised Overseas Pension Scheme (QROPS). Conditions do apply, but typically you could gain greater control over your pension and reduce your tax bill. Please note: the UK authorities will only allow you to transfer your pension into one of these schemes if you meet certain criteria: you need to be living, or going to live, abroad and you must remain living abroad. It's important to remember that it takes ten years of being a non-resident and moving the pension for a QROPS to show real benefits, making it really important to consider your options now rather than later.



Getting a mortgage

With interest rates so low, it's no wonder that many buyers are choosing to borrow to invest in Spain's affordable but rising market. To apply, have the following documentation ready:

- **Income tax declaration for the past two years**
- **Bank statements from the past year**
- **Payroll or other proof of income for the past six months**
- **A list of mortgage loans already held**
- **A statement of your assets and liabilities, confirmed by an accountant.**
- **A copy of your passport.**

Just like in the UK with pensions, Spain has had its scandals concerning the mis-selling of mortgages. Your lawyer should ensure that your mortgage takes into account consumer protection legislation. The contract of sale and signing of the mortgage will normally happen altogether, with a staff member from the bank present at the signing of the deeds in the notary's office, forwarding the money to the seller.

Managing your Currency Risk

Exchange rates are the great unknowns when buying property abroad. The risk of currencies moving is often overlooked in the excitement of buying, despite the fact that the price of your property will be changing by the minute. As a 'live' market, the cost of buying euros in the morning will be different to that in the afternoon. Over the course of days, weeks and months that fluctuation can be dramatic.

During 2017 your British pound would have got you anywhere from €1.20 to €1.08. If you had agreed to buy a €200,000 property in June, when the pound was at €1.15 it would have cost you just under £174,000 (at the "interbank" rate). But if you were completing on it just two months later when the pound had fallen after the General Election, that same property would cost over £185,000 and you would have to find another £11,000. If you couldn't find it, you might have lost the property and your deposit.

Such variations (known as "volatility") over the course of the buying process are perfectly normal; indeed they can be much worse. So while it is perfectly natural to want to buy in Spain when the pound is looking strong, unless you lock in your currency with a Forward Contract you are taking a huge gamble.

What many people don't realise is that you can lock in an exchange rate today for a purchase later – securing the price of the property in pounds having already agreed the price in euros.

We recommend getting in contact with our trusted partners, Smart Currency Exchange, as early as possible in your process.

Smart Currency Exchange has been one of the UK's most highly regarded currency exchange experts, dedicated to the overseas property market, since 2004. Smart has an "Excellent" rating from the thousands of its clients on the independent ratings service Trustpilot, and is the trusted currency partner of Rightmove.

What our readers said about currency:

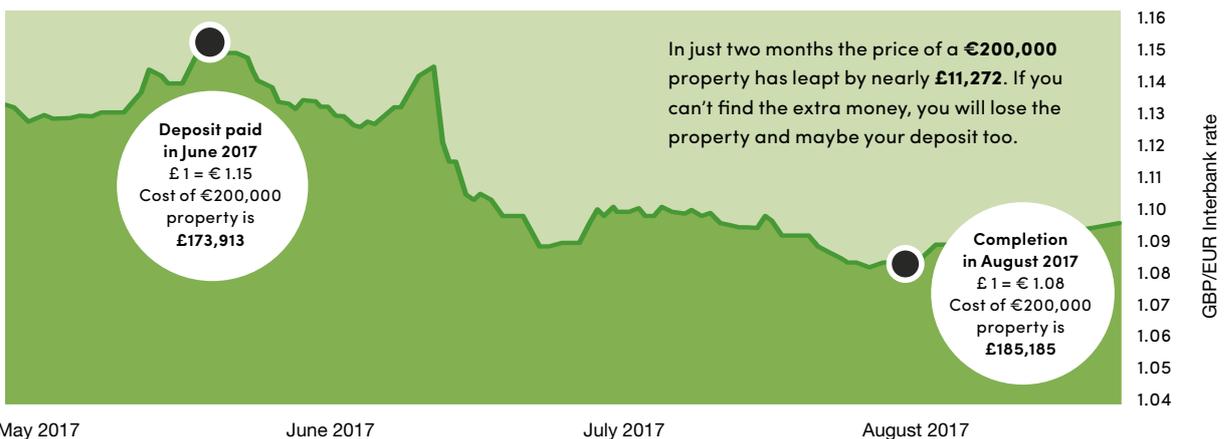
"I cannot speak highly enough of the professional and friendly service we received from Smart Currency Exchange during our house purchase in Spain. At all times we were kept fully informed by our trader Dalvinder (and, on other occasions, David) and the whole process was streamlined, simple and efficient. Highly recommended."

Stephen Vallely

"We have recently bought a house in Spain and involved Smart Currency from the start. David Comber and everyone else we have spoken to were straightforward to deal with. No jargon, no fuss and with a network of relevant experts at their fingertips (e.g. lawyers). Of course we had concerns about handing a large amount of money over to strangers but it's all been absolutely fine. Involve them before you go house hunting and you will be ahead of other purchasers."

David Browning

Don't leave yourself exposed to currency risk



Buying Costs

The costs involved in buying a property in Spain will vary depending on whether the property is a new-build or a resale, the actual purchase price itself, and whether you are buying with a mortgage.

As a general rule of thumb, you should allow 10-12% of the purchase price to cover all taxes and fees. These include:

- **For a resale property, transfer tax (ITP) will need to be paid. This is levied at 8% across most of Spain (including the islands), but in some areas it is 10%.**
- **Notary fees – These are normally split between the buyer and seller, with the buyer paying for the issuing of the deeds. Rates are set by law. Allow for 0.5 to 1% of the purchase price.**
- **Land Registry fees – Allow for 1% of the purchase price.**
- **Independent lawyer fees – this varies, but allow for €1,500 to €3,000. If the purchase is particularly complicated the fees can be higher.**
- **If you are buying with a mortgage, add valuation fees of around €350, stamp duty (1.5% of the mortgage deeds) and a lender's commission (typically 1% of the capital loans)**
- **VAT of 10%, instead of ITP if the property is newly built.**
- **Stamp duty for a new-build adds around 1% of the purchase price but varies between regions. It is not applied to resale property sales.**
- **In addition to these extra costs, as a non-resident you will need a tax identification number (NIE) to buy property. This is issued by the General Directorate of the Police, and must be used on all tax returns and communications addressed to the tax authorities. This NIE should be processed before completion and you cannot buy a property in Spain without an NIE. The NIE is also required if you wish to claim residency and protect your EU rights. See Protecting Your EU rights on page 11.**

The Estate Agent

A good estate agent will be the most important ingredient to successfully finding a property in Spain. You need one that is legal, reliable and, most importantly, understands the type of property you want.

A good agent:

Operates legally and ethically

Spain has several professional organisations for estate agents that require training and therefore offer a degree of protection for buyers. The best known are the API (Agentes de la Propiedad Inmobiliaria) or GIPE (Gestores Intermediario en Promociones de Edificaciones).

Check that the agent is still a member by looking at the organisation's website.

Is proactive and offers a good service

If you ask a question, you want an agent who calls you back. If you have a problem, you want someone who takes action to get it resolved. Determining up front if an agent is helpful will give you a better chance of getting things done properly. Send them a brief or an email before you go to Spain, asking them a question and see how long



In its FREE report, **The Property Buyer's Guide to Currency**, David Comber, Senior Trader at Smart Currency Exchange, shares his top tips for a successful property purchase. He explains why currency market movements make such a big difference and how to protect your budget from currency risks.

For Smart Currency's free guide: The Property Buyer's Guide to Currency, and the latest currency forecasts, Call our Resource Centre on 020 7898 0549.

they take to get back to you – and how enthusiastic they are about helping you. You could fill in our checklist on page 14, photograph or scan it and send it to a few agents.

Has experience working with UK buyers

You want an agent who speaks your language, knows the popular areas for British buyers, understands the market and knows the politics and planning involved to make things happen. In Spain, agents will typically focus on a particular patch – so make sure you get one that knows your favourite patch well.

Stays with you until the end

Any agent should help you get your NIE number, as earning their commission depends on it. They may also help you open a bank account too, and find a surveyor, builder, notary and anyone else to smooth the sales process.

A really good agent will help you further than just the final contract, however, suggesting a good local doctor, school and whatever else you need. You can find out if your prospective agent does this by asking for past-buyer feedback. Most estate agents working in the British buying market stay in contact with happy buyers and will be only too pleased to introduce you.

Gestor

If you are buying off the beaten track in rural Spain, you may find yourself working with a gestor. In the days when many people were illiterate, they needed a representative to deal with bureaucracy. The gestor role still exists even if illiteracy doesn't, and they can be helpful in dealing with bureaucracy and organising the connection of utilities when you have bought the property. They should not replace your lawyer, however.

The Viewing Trip

Five tips for a successful viewing trip:

1. Avoid peak time. Even apart from the obvious downsides of expensive flights, hotels and tourist crowds, many of the best rental properties will have guests inside them. If looking off-season, do some research into how different the resort is in the height of the season.

2. Use technology. There's nothing more frustrating than driving miles to a property which you hate as soon as you lay eyes on it! Use Google Streetview to weed out those properties that lack kerb appeal before you even get to Spain. Once you're back home, you won't be able to pop back for another look, as you would if you were buying somewhere in the UK, so use your smart phones to take photos and video clips of properties.

3. Don't be too polite. Avoid any estate agent that tries to control or take over your time or schedule while there. A good agent might offer to find you a hotel, drive you around, even take you to dinner, but equally they will be happy to leave you to your own devices.

4. Engage the imagination. Sure, it looks a bit rough around the edges now, but picture it with a John Lewis kitchen and coat of Farrow & Ball...! Even the most sparkling pool can look like a little swampy after a month or two of neglect. Do consider that ugly duckling property – it might be tens of thousands of euros cheaper but cost just hundreds to turn into a gleaming white beauty of a home for generations to come.

5. Be ready with a deposit. Be prepared to come up with a few thousand to secure a property via a reservation deposit. You should have registered with Smart Currency Exchange already when planning your budget, but you certainly should by the time you leave for your viewing trip.

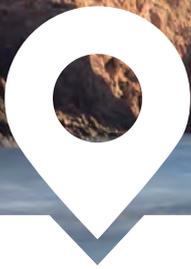
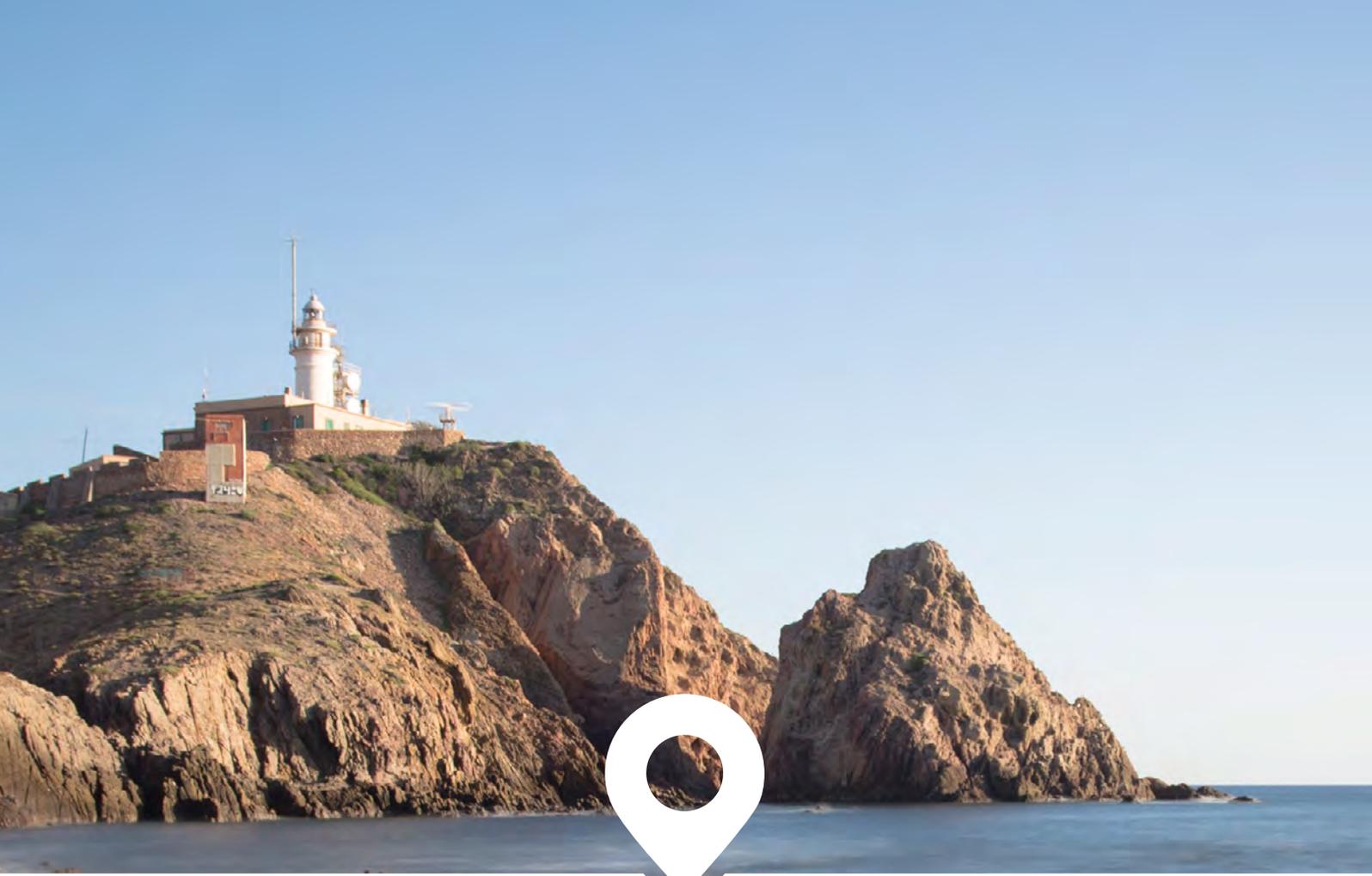
Estate agents

If you would like help finding the right estate agent in Spain, **Call our Resource Centre on 020 7898 0549.**

Viewing Trips

For more information about viewing trips, **Call 020 7898 0549 for our free Viewing Trip guide**





Making An Offer



How to bargain

Once you've had a viewing trip or two, narrowed down your property search to a handful of options, and know how you are going to pay for it, it's time to start making offers. Your agent should be able to let you know what an acceptable offer is, and make recommendations.

Remember, though, that the agent is working for the seller, and paid a higher commission the higher the price. It can be hard to gauge what is a fair price when you're buying abroad, in a country you're new to, so here are seven simple tips to staying in control during the negotiation process:

1. Know what you are talking about

By conducting the market research and reviewing recent local sales you will be confident in asking for a fair price. Being well-informed and asking educated questions will show you mean business.

2. Get your game face on

Don't come across too keen, nor too blasé. Be polite yet serious, let the selling team know you've viewed a lot of houses and know your stuff. Just like a poker player, read your seller's emotions: with some sellers you might want to show how much you love the property, with others you want to play it cool.

3. Charm

You are buying something that someone loves. Being too aggressive in your attitude or pricing will kill off all your good work. You should normally negotiate via the agent but writing a letter to the seller introducing yourself and explaining why you're interested in their property can help you stand out from competition.

4. Take control of the negotiations

You are the one making the offer. The seller wants to make a sale and understanding their vulnerability puts

you at an advantage. You can walk away at any minute and buy something else; the seller needs to sell that property.

5. Counter offer quickly

Any delay in responding leaves room for a seller to consider other offers. Make sure you are prepared for what you are willing to pay before entering negotiations and respond quickly and confidently to any counter-offers.

6. Don't stress if it falls through

Stay rational and if a deal falls through, don't worry. In many cases buyers look back on deals that didn't happen with relief, finding the ideal property later down the road.

7. Contact Smart Currency Exchange

Do this before you make an offer on a property in Spain. Otherwise you could make an offer and then find that the exchange rate has moved against you before the other side has even responded.

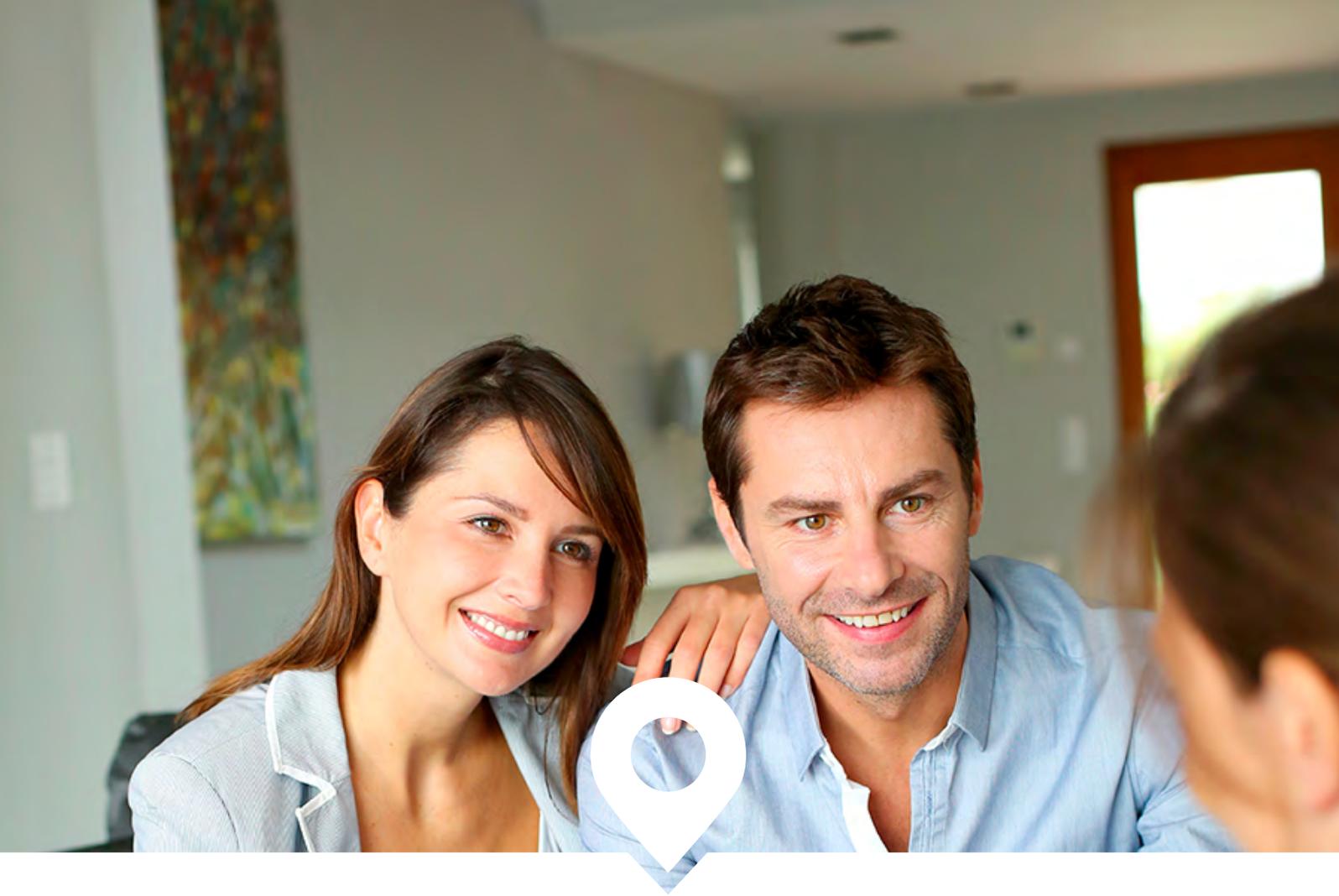
How to Negotiate Abroad
Buying your overseas property at the best price

This guide will help you to:

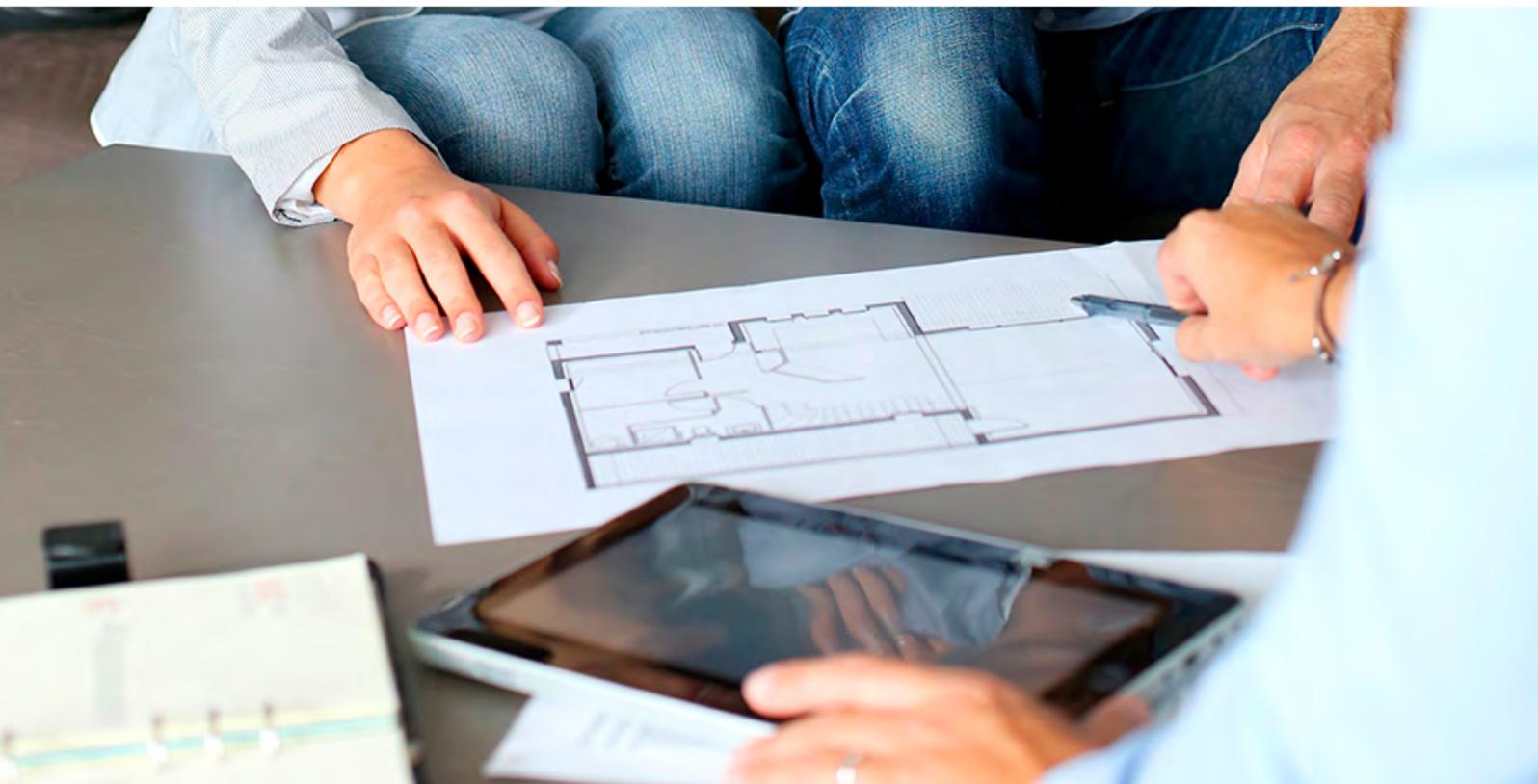
- Feel confident when buying a home abroad
- Assess the property market and establish true value
- Empower your bargaining position
- Learn the best approaches to negotiating
- Get the best homes available for your budget

Property Guides

Read more about how to bag yourself a great deal by reading our guide, How to Negotiate Abroad.



The Legal Process



Spain's buying system

The British have the same right to buy in Spain as the Spanish do, but the legal processes will not be like those you are used to in the UK.

It is highly advisable to invest in the services of an independent, English-speaking Spanish solicitor, who specialises in property law. They will not only oversee and organise the whole purchase process, but will often advise you on tax and inheritance issues too. This is even more important if you aren't a fluent Spanish speaker, as they will be able to guide you through the details of the transaction, so that you fully understand the contract and supporting documentation. It is important to establish in whose names the property will be put and who will inherit it (especially for unmarried couples with children from previous relationships), among many other vital issues.

To be introduced to a recommended and trusted Anglo-Spanish law firm, email spain@propertyguides.com or call our Resources Centre on 020 7898 0549.

As buyer, you will have the choice of notary (*Notario*). Don't confuse a lawyer, employed by you alone to protect your interests, with a notary. While Spanish notaries are legally trained and mandatory for any property transaction in Spain, they are employed by the government and so officially do not act for either the buyer or vendor. The role of a notary is to oversee and rubber-stamp the paperwork in a property transaction, check all necessary taxes are paid and register the property with the Spanish Land Registry.

1. Reservation agreement.

When you have found the property you wish to buy and have agreed a price, the agent will usually ask you to sign a reservation agreement to take the property off the market at the agreed price for, usually, 15–30 days. You will normally pay at least €3,000 but it could be as high as €10,000 or more, depending on the price of the property. Sometimes the deposit will be returnable if you change your mind at this early stage, but sometimes it won't; it depends on the terms. By making the agreement subject to preliminary legal checks, mortgage loan

availability on the property and a building survey, the deposit should be returned if there are problems.

Most legal documents will be in Spanish so a translation must be given and both signed by the owner and the buyer or their representatives.

2. Getting your NIE number

Each person buying the property will need to get their *número de identificación de extranjero*. It is essential for opening a bank account, buying property, mortgages and getting utilities connected. It's easy to get an NIE but it can take from one day to six weeks, so it is often the first thing you do after agreeing on a property. Your estate agent will normally help, since their commission depends on it, taking you down to the immigration or tax office and ensuring you have all the correct documentation.



What will your lawyer check?

Before you pay any money other than a reservation deposit, your lawyer will get the following information from the Land Registry.

- Who owns the property and has the right to sell it.
- If there are debts against it. For example, a mortgage or court judgement. Also, if the seller is up-to-date with the community fees and property taxes.
- If there are sitting tenants in the property.
- If it is subject to any special rules such as subsidised housing.
- For new homes, if insurance is in place to cover structural defects.

Your lawyer will now start the search process to ensure that the property is legally the seller's to sell, has planning permission and no debts or restrictions on the sale. At this stage if there are legal problems not mentioned in the sale particulars you will be entitled to back out and get your deposit repaid.

3. Deposit contract

Before the 15–30 days set out on the reservation agreement have run out, you will be asked to sign the deposit contract. This commits you to buying the property and the seller to sell it to you, so there is no chance of gazumping like in the UK. There are various legal ways of doing this, but for most British buyers it will be a deposit contract (*contrato de arras*), which is sometimes translated as the 'earnest money contract'.

The *contrato de arras* sets out the exact details of the property: what it is and what the sale includes, where it is and who owns it. It sets out the price, payment method and when the purchase will be completed.

The buyer normally pays a deposit of 10% of the price at this stage. Although the parties can agree not to include these conditions, the law says that if the buyer now pulls out (breaches the agreement) they lose the deposit and if the seller is in breach, they must return the deposit DOUBLED. The deposit should be kept in a separate account controlled by the lawyers and not passed to the seller until the final agreement.

4. The sale contract, *escritura*

Signing the *escritura* completes the process. You normally sign this at the notary's office, but you can give your lawyer Power of Attorney if you prefer. Signing the *escritura pública* (contract of sale) is the formal handover of the property. The buyer pays the balance and gets the keys in return.

Welcome to Spain!



Power of attorney

If it's inconvenient to return to Spain to sign each document you can grant Power of Attorney to your lawyer or other representative, authorising them to sign on your behalf. To do this, both you and whoever you are giving Power of Attorney to go to the notary's office to prove who you are and explain the terms and limitations of the power of attorney. You can also do this in the UK, by going before a notary in the UK, or at the Spanish consulates in Manchester or London. The process cost around £250 in the UK but much less in Spain.

Thank you for reading the Spain Buying Guide

We hope that this guide will help you on your journey to buying a home in Spain. We also publish news, feature articles and blogs from our resident writers in Spain. Find them all via our website:

www.propertyguides.com/spain.

Here at the Spain Buying Guide, we are also regularly in touch with companies that operate in the overseas property industry. We can recommend a wide range of service providers operating in the Spanish property market, including estate agents, a mortgage broker, currency transfer specialist, law firm, tax and financial advisory firm, rentals website and more.

Please do take advantage of these contacts!

On a final note, a highly respected lawyer we recommended to our readers once said that there are three key things necessary for a successful overseas property purchase:

- **A good estate agent**
- **A good lawyer**
- **A good currency exchange specialist**

If there is anything else that we can help you with, call the Resource Centre on **020 7898 0549**, and we'll try our best to point you in the right direction.

Best of luck with all your plans!

Christopher Nye
Senior Editor, Spain Buying Guide
020 7898 054



Your Overseas Home

Spain Property Guide will be at several Your Overseas Home shows this year. It's a special show for those people in the final stages of buying in Spain. It is for those who have decided they are definitely buying, but they just need to get a few niggly legal, tax or inheritance questions answered first, and then to look at some properties. Check out the website for **FREE tickets** and details of new events.

www.youoverseashome.com

Finally, if while buying property in Spain, you learn something that you feel others should know about, or you simply want to share your own buying experience, please email me, the Senior Editor at Property Guides on **chris.nye@propertyguides.com**. We publish dozens of stories and suggestions every month.



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