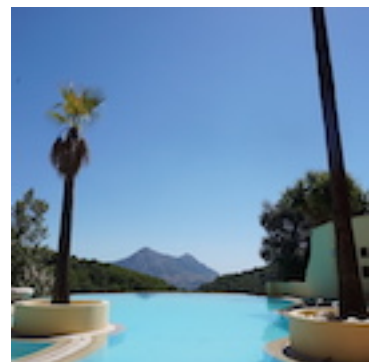


# Andalucía Market Report 2024



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## Introduction

In property terms Andalucía is an important part of Spain's overall property market because it accounts for approximately 20% of total transactions. As regards the overseas sector, approximately 20% market share in Andalucía as a whole can be attributed to foreigners. However, as this report will detail, foreign market share in some areas is double that figure.

I think it's now time to move on from the statistics relating to the pandemic affected years of 2020/21/22 and, for the most part, I won't be making comparisons between the figures for 2023 and those of 2022. It's now clear just how much the post-pandemic surge of overseas buyers playing catch up has distorted the statistics, leading to an all-time record of foreign buyers by the end of 2022. However, if you compare the total of foreign buyers during the 3 pandemic-affected years of 2020/21/22 with the total in the 3 years prior to the pandemic, 2017/18/19, they are very similar. Analysis of these 2 periods show the overseas market had grown by 8% at the end of 2022 when compared with 2019, but that's no more than might be expected with small annual increases of 2% - 3%.

It's true the market felt abnormally busy from mid-2021 to the end of 2022 and that it seemed less so in 2023 but I believe that's because 3 year's of activity was being squeezed into 18 months. The overseas sector of the property market was already growing nicely in terms of increased demand in 2019, just before the pandemic arrived, and the statistics for 2023 so far are already 31% ahead of where we were then.

In my view, most of the overseas buyers who went missing due to the pandemic's travel restrictions, (about 30,000 nationally of which 4,000 were in Andalucía) have now entered the market and bought and the surge is over. And I think this means the 2023 statistics give us an indication of what the new normal looks like and to do this I am comparing the latest 2023 figures with those 3 pre-pandemic years of 2017/18/19.

## Where The Numbers Come From

The most accurate statistics are those produced by the Notaries, with breakdowns by nationality, autonomous regions and prices per square metre. These are published half-yearly. We get the 1st half year in October of the same year and the 2nd half in March of the following year. In addition, I analyse Ministry of Transport, Movement & Urban Planning (MITMA) statistics, which are published quarterly, giving breakdowns by province and municipalities, making it easy to spot market hotspots. However, they do not count by nationality, foreign buyers are counted as a block.

In general, I pay no attention to statistics from the Property Registries as they don't record when a purchase is actually done but when it is entered in the Registry, which may be weeks and even months later. So, for accuracy, I stick with the Notaries and MITMA.

To understand where the property market is it helps to know where it's come from so I'll start with a brief resumé.

## Where We Were

At the peak of the Spanish Property Market bubble which burst as a result of the 2008 global crash the highest market share attributed to overseas buyers was 8.9%. In 2007, 57,674 foreigners bought a property in Spain, 7.3% of the total property market. However, with foreign buyers totalling 11,898 in Andalucía that year, overseas market share was 20.6%, highlighting just how important the overseas element was in the region, whether you look at transaction numbers or market share.

While the domestic sector of the Spanish property market was still in steep decline until 2014, growth in the overseas sector got going again in 2012 and buyer numbers have increased every year since with the exception of 2020, the year most affected by Covid -19 lockdowns. In price terms, Marbella was the first place anywhere on Spain's Mediterranean coast to register price rises after the 2008 meltdown. That was in Q1 of 2014 and prices have risen every quarter since. In the 3 years before the pandemic arrived the annual average of foreign property buyers in Andalucía was 18,500 so before diving into the latest statistics I'll put forward a few reasons why Andalucía is such a magnet for buyers from overseas.

## Why Andalucía?

Andalucía is not only Spain's largest autonomous region it is one of the most varied. It has both Mediterranean and Atlantic coasts, a vast, mountainous interior and some of Spain's most historic cities; Cádiz, Málaga, Seville, Granada and Córdoba, for example. Cádiz is thought to be the oldest continuously inhabited city in Europe, settled by the Phoenicians over 3,000 years ago and the annual New York Times list of 52 places to see, 1 for every week, had Cádiz at number 50 in 2019. In November 2023, Forbes magazine reported on the annual poll by InterNations, a global community of people living and working abroad, which ranks the best places in the world to be an ex-pat. Málaga was ranked #1. (Source: [Forbes](#))

The Sunday Times has also highlighted great things to do in Andalucía that have nothing to do with lying on a beach. For example, some serious [hiking](#) or discovering the triangle of iconic [Andalucían cities](#). And the project to link the entire 185kms of the [Costa del Sol](#) with a coastal path is progressing well..

Andalucía really does have something for everyone, with lots of options for property buyers. It's so much more than a sun 'n sand summer destination, everywhere on Spain's Mediterranean and Atlantic coasts is good for that. However, many foreigners forget that only a small part of Spain's Mediterranean mainland coast faces south and that's all in Andalucía and helps explain why it is one of the very few places in Spain with a genuine 12-month season. The micro-climate areas on Andalucía's southern Mediterranean coast are buzzing all year round, particularly in the main golfing locations. That's where you find the mildest winter temperatures on the European mainland. Meanwhile, on Andalucía's Atlantic coast there are some of the best wind and kite surfing conditions in the world throughout the year.

Head into the Sierra Nevada for Europe's most southerly and sunniest ski-resort, just 45 minutes from the coast. And it's also one of Europe's highest resorts with slopes between 2,100m and 3,300m above sea-level. These altitudes mean it is usually open by the end of November and rarely closes before May.

For sports enthusiasts Andalucía is a dream location. There's horse-riding on the coasts and in the sierras. Tennis year-round, scuba diving, wind and kite surfing, rock-climbing, hiking, cycling and mountain biking, snow skiing. They're all there, with the perfect climate in which to enjoy them. But for Andalucía the biggest sport of them all is golf.

### **Golf, Golf & More Golf**

Andalucía has 102 golf courses and 47 of those are in Málaga province. That's why the Costa del Sol also brands itself the Costa del Golf. In Cádiz province there are 7 courses in the Sotogrande area. Valderrama is the most famous, thought by many to be the the best course in Europe and one of the best in the world. Who can forget the Seve Ballesteros Ryder Cup in 1997, played on this course?

In fact, 25% of all Spain's courses are in Andalucía, bringing in more than half a million golfers between October and May. Without doubt, golf is the one of the reasons for the 12-month season on the Costa del Sol. In comparison, Mediterranean coasts without a thriving golf sector are relatively quiet and many bars, restaurants and businesses close. The golf sector currently generates around €1bn+ for the Andalusian economy and the daily spend of golfers is estimated to be about double that of summer visitors.

### **Unpicking The Statistics**

Overseas market share in Andalucía is normally similar or slightly above the national average. In 2023, it was 19.3% against 20.9% nationally. However, what the average masks is the high levels of foreign buyer activity in a few locations and almost none in others. As a result, when it comes to the overseas property market it's better to think about the individual provinces rather than the region as a whole.

The full-year statistics for 2023 show that 28.4% of all transactions occurred in just one of Andalucía's eight provinces, Málaga. Of those 35,515 property transactions in the province, 13,843 were by foreign buyers, that's a 39% market share, approximately double both the regional and national levels. And the overseas buyers in Málaga province represented 60% of all foreign buyers in Andalucía.

As regards the other seven provinces in Andalucía the two inland provinces of Córdoba and Jaén had 372 and 354 oversea purchasers respectively. Granada province, whose coastline is the lovely Costa Tropical, managed 1510 and Cádiz, with the prime areas of the Atlantic coastline and Sotogrande, counted 1,528. Almería received 3,878, Huelva 888, while the autonomous region's capital, Seville, counted 987 (Source: MITMA). These numbers make it quite clear that Málaga province is in a league of its own and is the engine of the Andalusian overseas property market.

Excluding the pandemic affected years, the highest number of overseas buyers recorded in a year in Andalucía occurred in 2018, a total of 18,908. The 2023 totals beat that and by quite a margin, up 23.5% to 23,353.

### **Andalucía's Prime Locations**

The statistics given in the previous section show that Málaga province leads the way in Andalucía. Within the province, the prime areas are the Marbella municipality, the

Benahavís municipality which takes in the hills just behind the coast, heading up the Ronda road, and Estepona. Just these 3 municipalities accounted for 25% of the total market in 2023. With Málaga city itself added into the mix, that rises to 44%.

The Costa Tropical in Granada province is where buyers can find superb panoramic sea views, very close to the water. Some frontline properties even have steps right into the sea. Its proximity to the Sierra Nevada mean it is one of the few places where it is possible to sunbathe on the beach in the morning then head into the mountains for an afternoon of skiing. In Cádiz province, Sotogrande is the star turn, with a property range that goes from holiday apartments to the most palatial mansions.

Inland, the prime locations include Iznájar, Ronda, Gaucín, Coín and Alhaurín el Grande. However, after the 2008 crash the rural market returned to more of a niche market, appealing to a certain type of foreign purchaser, perhaps about 5% of the total overseas sector. Typically, they are looking for a country property with some land or a character village house. The figures tell the story. The total number of purchases in 2023 were just 22 in Iznájar, 294 in Ronda, 25 in Gaucín and 233 in Coín. There is no domestic/overseas split at the municipal level, these numbers are the totals. As you can see, the rural market is very small.

### **Foreign Spending Power**

And it's not just the numbers that make foreign buyers so important to the Spanish Property market. They spend more too. Typically, foreign buyers pay more per square metre than the average for domestic buyers and the latest statistics show this trend continued in 2023. As a result, the average spend by a foreign buyer in 2023 was €2,175per m2, 37.6% higher than the domestic average of €1,580.

All the overseas buyer hotspots saw increases in the average amount paid by foreigners per square metre. In the case of Andalucía, if we make the comparison against the previous high in 2019, just before the pandemic, we see that, on average, overseas buyers are paying 23.6% more per square metre in Andalucía in 2023 and 30% more in the prime municipality of Marbella.

### **New-Build Demand**

For reasons I have never quite understood, foreign buyers are like moths to a flame if new-build is available, even when the location is inferior, the size is smaller and the price per square metre is double. The fact is there is very little raw building land available in the very best locations, it was built on years ago. Consequently, it follows that much of the new-build activity is not in prime locations. In addition, plot sizes and constructed square metres are becoming ever smaller in comparison with resale product. In fact, I've seen some new-build villas on such small plots that they are hardly detached at all and have very little privacy.

Once recovery started after the 2008 crash, the supply side of new properties lagged way behind demand. In reality, there was no supply side as the construction industry was more or less wiped out. At the height of the building frenzy in 2006, Spain approved building licences for 735,000 units, of which approximately 21,000 were in Málaga province. However, in 2014, the number of building permits granted in the province was a total of 798, a fall of 96.2%. Demand, particularly from overseas buyers, started to recover from 2012 onwards and rapidly overtook supply.

However, building licences and project starts have risen every year since 2013. Consequently, the demand/supply ratio has improved and I will be looking to see if too much new-build supply becomes the issue in this sector in 2024. Looking around, I can see unsold units in new developments that were finished before the pandemic and still haven't found a buyer. I reviewed a property for clients in 2022 that was bought as an off-plan investment in 2018, sticking on the market until it finally sold in 2023. It wasn't that particularly well-located, reasonable but not prime and, in the end, my clients bought a secondhand, refurbished property, in a far superior position for the same price. Location always wins.

In the context of new-build of the highest quality in the most prime locations it is the Marbella municipality that trumps everywhere else. 2024 should see the final approval of the new, and long-awaited, planning regulations for the municipality. However, although this will mean more land will be available for development there won't be any improvement in the supply side in the short term.

### **Resale Demand**

In contrast, lack of well-priced, top quality resale properties in prime locations means demand is running way ahead of supply in this segment of the market in Andalucía. Given rising demand, it is now very common for there to be competition between buyers for a good property in the right location. In addition, whereas in 2019 I would have said buyers were more likely to walk away from a purchase than overpay, lack of stock is ramping up the pressure on buyers.

Buyers should be prepared to move quickly to secure properties in prime locations. In two recent cases our clients succeeded in buying beachside properties even before they came on the market because I had done all the research in advance. There would have been serious competition once they were openly marketed. Instead of which, no local agent even knew either was for sale and our clients were first through the front doors and got a clear run at them.

Nevertheless, I have a problem with some asking prices. I feel sellers assume that just because new-build prices have gone through the roof they can ramp up their asking prices to similar levels. Interestingly, a report from Tecnocasa, one of the big valuing companies in Spain, suggests resale asking prices are still, on average, at least 20% above the eventual price achieved. In fact, clients of The Property Finders recently bought a frontline golf course house, detached with five bedroom suites and lots of extras, with a 14% reduction from the original asking price. That had been way too much but an interim reduction brought it into the frame and we still got another 8% off.

### **Getting It right in 2024**

If you buy at the right price, property in Andalucía is still relatively affordable. There's potential for substantial capital growth in the medium term and excellent rental yield potential. One of The Property Finders clients is seeing a 2019 purchase generating a gross yield of 8% for a one-year let. The sun continues to shine and the quality of life is rated one of the best in the world. What's not to like?

My advice is always the same. Don't buy anything that is blighted. Roads tend to get busier over time so if it's noisy now it will only get worse. If there is a mobile mast in view assume there will be more as the tendency is for them multiply. High-tension

electricity pylons are also a big no-no. We can assume new housing will increase in the medium term, so it's essential to be aware of local planning issues and what might be in the pipeline.

It is essential to do the research and compare asking prices for new property with comparables in the resale sector. Buyers in the new-build sector should be cautious and ignore what an agent friend of mine calls 'candles and cushions' marketing. Lots of soft focus life-style images, very seductive, but better to check the price per square metre and ask if it makes sense.

Andalucía's varied geography and climate means property buyers need to think carefully about the right location for them. It's hot everywhere in summer but away from the cooling coastal breezes the interior can be too hot for many, frequently over 40°C. In winter, even on the coasts, being outside one of the special micro-climate areas can mean temperatures as much as 10°C lower than the warmest locations. Inland, the snow line is around 800m above sea level and daytime temperatures are as much as 15°C lower than on the coasts. At night, it is often below freezing. If you're are considering a purchase inland my advice is always to do the looking and choosing between October and April.

And finally, when I am assessing properties for my clients I always ask the following questions. If circumstances change and they need to sell quickly is the price right to enable them to do that? Secondly, is this a property for which there will always be demand irrespective of market conditions? The fact that it is quality property in the most prime locations driving the current market shows there will always be demand for top quality in prime locations. It always has been, still is and always will be about location. Do not compromise on location, it must always be the key consideration.

## **Conclusions**

Throughout the pandemic I was surprised by just how well demand held up. And in post-pandemic 2022 demand from overseas buyers just kept on growing to record levels. I thought 2023 would tell us if the surge that followed the removal of travel restrictions has been absorbed and we could expect to return to normal but slower annual growth.

I believe the surge is over but I think 2023 statistics show us a new normal for the overseas sector of the property market, increased demand from a broad spectrum of international buyers, particularly at the luxury end of the market. If demand continues to grow at the same rate we've seen in 2023 then 2024 may just be a continuation of 2023 - demand way ahead of supply putting upward pressure on prices.

Foreign buyers drove the initial recovery of the property market after the 2008 crash, buying in record numbers and increasing market share from 2013. And now it seems they are doing the same in the post-Covid period, with record numbers and increasing market share. And there's no doubt in my mind that with the 'work from home' and 'work from abroad' options becoming a reality for more people, many buyers from overseas will be deciding that home will be in Andalucía.