

There Is Finally A Balance in The Spanish Market Positive Numbers. Greater Profitability, More Mortgages, Increased Sales and New Constructions

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The data is in for 2017 closed with positive numbers.-Greater profitability, more mortgages, increased sales and-new constructions, 2018 is looking positive for the private investor looking for strong returns by utilising the the long-term rental market with The Bank of Spain predicting 10.9% per annum,

The real estate market in Spain has closed 2017 with positive numbers.-Greater profitability, more mortgages, increased sales and-new constructions are some of the improvements-which the sector has experienced during this last year and, as expected, the-forecasts for 2018 will not be different.

The sale of the new property is growing and financial institutions are improving mortgage conditions, as confirmed the Bank of Spain.-In addition, interest rates continue to fall and, therefore, benefit the borrowers. But, the best is yet to come,-during the next year the-Euribor is expected to remain at a minimum,-according to the latest Bloomberg survey among investment banks.

The sale of homes in Spain increased 16.9% in 2017-compared to the previous year, surpassing the 472,000 operations,

according to Julián Cabanillas, CEO of Servihabitat. The market has loosened at the end of the year and didn't finally overcome the barrier of half a million homes as was predicted months ago, but still has been the largest record since 2008.

Already in 2018, Servihabitat estimates that 560,000 homes will be sold, so the market will increase by 18.3%. Other forecasts are more cautious: "The total number of transactions will grow 9.7% in 2018. Growth will be hampered by the situation in Catalonia that will evolve below its potential," says José Luis Suárez, the professor at IESE Business School.

Leaving the crisis in the past, the real estate sector presents positive annual expectations but, with some turbulence, as the political crisis in Catalonia is damaging the investment market in the Autonomous Community, especially the foreign one, which is why the investor will take a while to re-invest and the cities of Madrid and Valencia will be benefited by the flight of foreign investors.

The new demand

Experts say, "Private demand is back to stay." Also, the investor profile who bets its savings on the purchase of a flat for rent, whether tourist or traditional, will remain very present while maintaining high returns. The long-term rental is at 10.9% per annum (includes rental and revaluation of housing), according to the Bank of Spain.

The demand for replacement will continue to take over the transactions and young people will continue to have complicated access to their first home. But political programs have already been presented to curb this juvenile disability, which is expected to be approved and carried out in a short time.

New housing will gain more prominence in 2018. The year closed around 85,000 or 90,000 new homes bought and in 2018 will reach 120,000 units, advances Daniel Cuervo, managing director of the Association of Real Estate Developers of Madrid (Asprima).

But what matters most to future buyers are the prices. In 2018 it will be more expensive to buy a home because there will be more new-off-plan. But luckily the improvements of the mortgage conditions will support the buyer and will benefit him in each case. One example is the new mortgage law, which, some present that the number of fixed rate mortgages will increase thanks to the facilities of the new law.

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