

Marbella leads the way in high end real estate

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In the past decade, Marbella has become the undisputed leader when it comes to the most exclusive and luxurious properties in Spain. A seismic shift in the market has led traditional areas such as Mallorca and even the most desirable locations in the capital Madrid trailing in its wake.

So how did Marbella, once a sleepy fishing town on the Costa del Sol, better known as a mid-budget resort, change to an international destination that has millionaires from around the world snapping up properties. Demand is currently exceeding supply, with top end villas up to 36 million euros being sold within days of coming onto the market?

With a population of just over 200,000, the average house price stands at almost eight million euros. That, however, is just the average price. In the exclusive development of La Zagaleta, located in the hills behind Marbella, villas are priced at an average of 10.7 million euros with some properties valued at as much as 36 million euros. With the security usually seen at foreign embassies and a discreet, “no comment” policy about who actually owns a property in the development, it is little wonder that La Zagaleta is a popular choice for international CEOs, high tech billionaires, sports stars (Ronaldo is rumoured to have two properties) and foreign leaders who like their privacy.

A recent survey by real estate portal Idealista revealed that of the ten most expensive streets in Spain, five are in Marbella and its surroundings. House prices are 38 times higher than the most exclusive streets in other resort towns. The area is also home to six of the ten homes with the highest sales prices in the country, surpassing 30 million euros

(\$32 million). Mallorca, once a firm favourite with the jet set, came in a distant fourth.

Geography also works in Marbella's favour when it comes to maintaining its high prices. The mountains behind the town, which includes the iconic La Concha, not only ensures an enviable microclimate, but also means there is a high premium on available land. This, along with international schools, beaches, beautiful countryside, improved infrastructure, and quality restaurants – including Michelin-starred establishments, all add to the attraction. The provincial capital Málaga, has reinvented itself as a high tech centre with excellent international communication links, an added bonus.

Marbella has also seen famous names such as Eva Longoria and Novak Djokovic, move to the area and they are not the only international stars to make a base here. The past five years has seen a growing trend in other developments, which have gained prominence thanks to brands that have partnered with investors to build. Lamborghini has plans for over 50 villas in Benahavís. The Karl Lagerfeld brand is predominant on five houses currently under construction for \$15 million apiece in the Golden Mile, while Dolce & Gabbana has broken ground on 60 multi-million euro apartments in the same area.

The arrival of these top end luxury developments has also led to the establishment of specific companies to service their needs. The most prominent is the Association of Entrepreneurs for High-Quality Housing that had a turnover of one billion euros in 2022. With over 30 companies specialising in architecture, painting, electricity, internet and other services, the association has created 2,000 direct jobs.

Another significant change in the high end market has been the profile of investors. With the sudden pull out of Russians following the invasion of Ukraine, other countries including Poland, the Czech Republic, the Netherlands or the United States, have replaced that exodus.

In addition, rather than seeing Marbella as a retirement destination, the most recent figures see the demographic of investors becoming younger, with the average age of people making coast their permanent home now between 35-50 years old.

With wealthy younger, more tech-savvy and cosmopolitan investors continuing to view Marbella as an ideal destination, the high end market shows no sign of slowing down.