

Your guide to buying in Spain



savills



IN SEARCH OF

the good life

World-class culture, glittering coastlines and exceptional cuisine: welcome to Spain.

Does any country match authentic culture with an outstanding lifestyle as successfully as Spain? As western Europe's second largest country, imprinted over centuries by the Romans and the Moors, and with 3,000 miles of coastline and an enticing mix of cities and countryside, the variety of locations and property styles of offer is wondrous.

It might have been sunshine and beaches that first brought visitors to Spain but it's ever-more sophisticated facilities that keep them coming back. Legendary golf courses, superb marinas, polo fields and challenging cycle routes all make the country a spectacular sporting arena, enjoyed alongside one of Europe's finest year-round climates. The sophistication is apparent in Spain's great cities too, successful economic powerhouses attracting significant numbers of international companies and private investment for their well-balanced work-live-play lifestyle.

Spain has made clear strides in its infrastructure too. It has Europe's longest high-speed rail network and the world's fifth longest motorway network while its efficient international airports are a well-connected European gateway to the world. Across healthcare and education, standards are reassuringly high and the country's Golden Visa programme, introduced in 2013, continues to attract international buyers and investors.

The Spanish have an infectious passion for life, focusing on family, friends, good food and a healthy, outdoor lifestyle. It's a passion that provides a compelling welcome.

01 | AREA GUIDE

From cities packed with culture to laid-back island life, Spain really does have it all.

02 | ARCHITECTURE GUIDE

Find traditional farmhouses, modern apartments, breezy coastal homes and everything in between.

03 | RESEARCH

Despite recent challenges, Spain's property market is consistently busy with domestic and international buyers.

04 | DAILY LIFE

From the education system to transport links, here's everything you need to know about daily life.

05 | BUYING PROCESS

A step-by-step guide to the property process in Spain, along with top tips and guidance.

06 | CONTACTS

Our team of experts are here to advise on Spain's best-in-class properties.

We know the places to be

From style-setting cities to celebrated leisure resorts via one of Europe's best-loved and sophisticated islands, Spain's prized property locations pack a heady punch.



Barcelona

Gothic cathedrals, the 'Modernisme' of Gaudi's curves and colours, a seafront location and a thrilling food scene helped make Barcelona a favourite weekend destination, but for its residents, it offers so much more. The city is a centre for tech start-ups, a design and fashion hub and host to annual international sporting, leisure and cultural events. A home in Barcelona propels you into this cosmopolitan world, complete with urban beaches, marinas and, nearby, the coves and calm countryside of the Costa Brava. Barcelona's Old Town's narrow streets are loaded with charm while the graceful grid of Eixample and leafy residential areas including Sarrià and Sant Gervasi, close to several international schools, offer homes with more space, inside and out.



Madrid

Madrid has revealed itself as one of Europe's most energetic, upbeat capitals. Work-hard-play-hard is the motto of Madrileños whose city effortlessly operates as a business hub, a cultural colossus of museums and galleries and a wonderland of restaurants and food markets. Desirable barrios - neighbourhoods - include Salamanca, Chamberí, Chamartín and the elegant streets of Jerónimos beside Retiro Park, Madrid's magnificent green lungs. Fully serviced five-star branded residences and luxury developments in the city centre, complete with standout facilities, are relatively recent additions to Madrid's property scene, finding favour with discerning international buyers.



Malaga

Malaga is the gateway to Andalucía and the beaches, golf courses and prime properties of the Costa del Sol but it's also a city that has recently emerged as a supreme location to work and live. It's affordable, thoroughly Spanish with a gripping history, sandy beaches and a wondrous artistic heritage as the birthplace of Picasso, filled with over 30 museums including the only Pompidou Centre outside France. Little wonder that digital and executive nomads are relocating there in numbers, closely followed by international companies, impressed by the talent they find.



Marbella and Golf Valley

Around 40 minutes from Malaga airport, at the most southerly tip of mainland Europe, Marbella with its excellent microclimate has been a magnet for international travellers since the 1950s. It's an appeal that has further strengthened thanks to first-rate sports facilities, international schools and marinas. Prime areas further west, along the glamour-filled boutiques and restaurants of the Golden Mile, include the yachting playground of Puerto Banús while inland, sought-after names include Benahavís, Mijas and Nueva Andalucía, known as Golf Valley.



Sotogrande

Sotogrande, half an hour from Marbella at the western edge of the Costa del Sol, was conceived over 60 years ago as an elite European residential country club and recent, concerted investment has kept it at the top of its game. Among the extensive leisure facilities are polo fields, tennis centres and three golf courses including the famous Real Club Valderrama golf course.

Exclusive property options include villas and apartments at La Reserva, a gated estate within Sotogrande with its own inland beach club and man-made lagoon. Sotogrande's proximity to Gibraltar and its thriving international school has encouraged many young families to relocate there.



Mallorca

Sophisticated Mallorca's impressive infrastructure includes Spain's third busiest airport and this, coupled with its marvellous variety of coast and country, has made the Balearic Island a well-established international favourite. Prime locations include Palma, the buzzy capital in the south, the golf courses of Santa Ponsa and Son Vida, and the town of Pollensa in the North. Prized village

locations close to the cycling and hiking epicentre of the UNESCO World Heritage Tramuntana Mountains include traditional Alaró and also Deia on the west coast, well-known for its iconic hotels and rollcall of celebrity residents. Nearby, Soller and Valldemossa combine rural beauty with easy access to the coast. All on an island threaded through with almond trees, vineyards and citrus groves.



We know the architectural gems

Grand rural estates, contemporary waterfront villas, sporting resorts and city centre apartments: Spanish property choices cover every lifestyle option.

1. Fincas and Cortijos

Fincas and cortijos offer an historical sweep through Spanish rural life with, traditionally, a cortijo, or country house, found on a finca, or farm. Today, finca generally refers to a farmhouse, old or newly built, with some land, while a cortijo is a larger, grander residence, often with a tower and set in substantial farmland. Both are a particular feature of southern Spain, notably Andalucía, where their flat-fronted white facades, red tiled roofs and spacious inner courtyards make them instantly recognisable. Inside, high ceilings and whitewashed walls create elegant, airy homes with authentic Spanish flair.

2. Coastal homes

Spain's sun swept coastline, including the Balearic beaches of Mallorca and Ibiza, offers outstanding waterfront properties. Dynamic jet-set destinations with world-class marinas and modern apartment developments - Puerto Banús for example - are matched by quaint fishing villages where well-renovated terraced homes retain an authentic charm. Marbella, at the heart of the Costa del Sol, and locations along the Golden Mile are home to both super-sized villas and small, gated communities of apartments and townhouses. Boating fans can choose homes overlooking marinas in Sotogrande, Barcelona and Mallorca while the hills rising up from Andratx in southwest Mallorca are dotted with magnificent glass-walled contemporary villas. There's room for chiringuitos alongside office life: Barcelona and, more recently, Malaga combine their coastline with an impressive business-focused infrastructure.

3. Golf course living

Spain, quite rightly, claims a special place in golfer's affections with Spanish golf courses including some of the most famous names in the sport. As well as quality though, the country can boast about the quantity, with 24 courses on Mallorca and well over 70 along the Costa del Sol on the mainland. The Costa Brava's eight courses include some of the top-rated in Spain while closer to Barcelona on the Maresme coast, Llaneras Golf Club is considered one of the most beautiful in Catalonia. A home overlooking a golf course should ensure a protected and handsome view, one reason why it is not only golfers who choose them, plus of course a greater opportunity to maximise year-round yields if you choose to rent your home.

4. Sport resorts

Buying a home on a well-equipped and gated resort means plenty of activities for all the family in a secure setting, the ideal criteria for a multi-generational holiday home. And with remote working now well established, a home that provides a year-round checklist of activities has an obvious appeal, both for owners and potential rental clients. The very best resorts include La Zagaleta in Benahavis near Marbella and also Sotogrande at the western edge of the Costa del Sol, where the range of activities includes equestrian sports, polo, golf on three elite courses, racket sports, cycling and every water sport imaginable. Typically, these resorts offer an extensive range of homes, compact apartments, airy penthouses, small houses and exclusive detached villas with private grounds and pools.



5. New developments

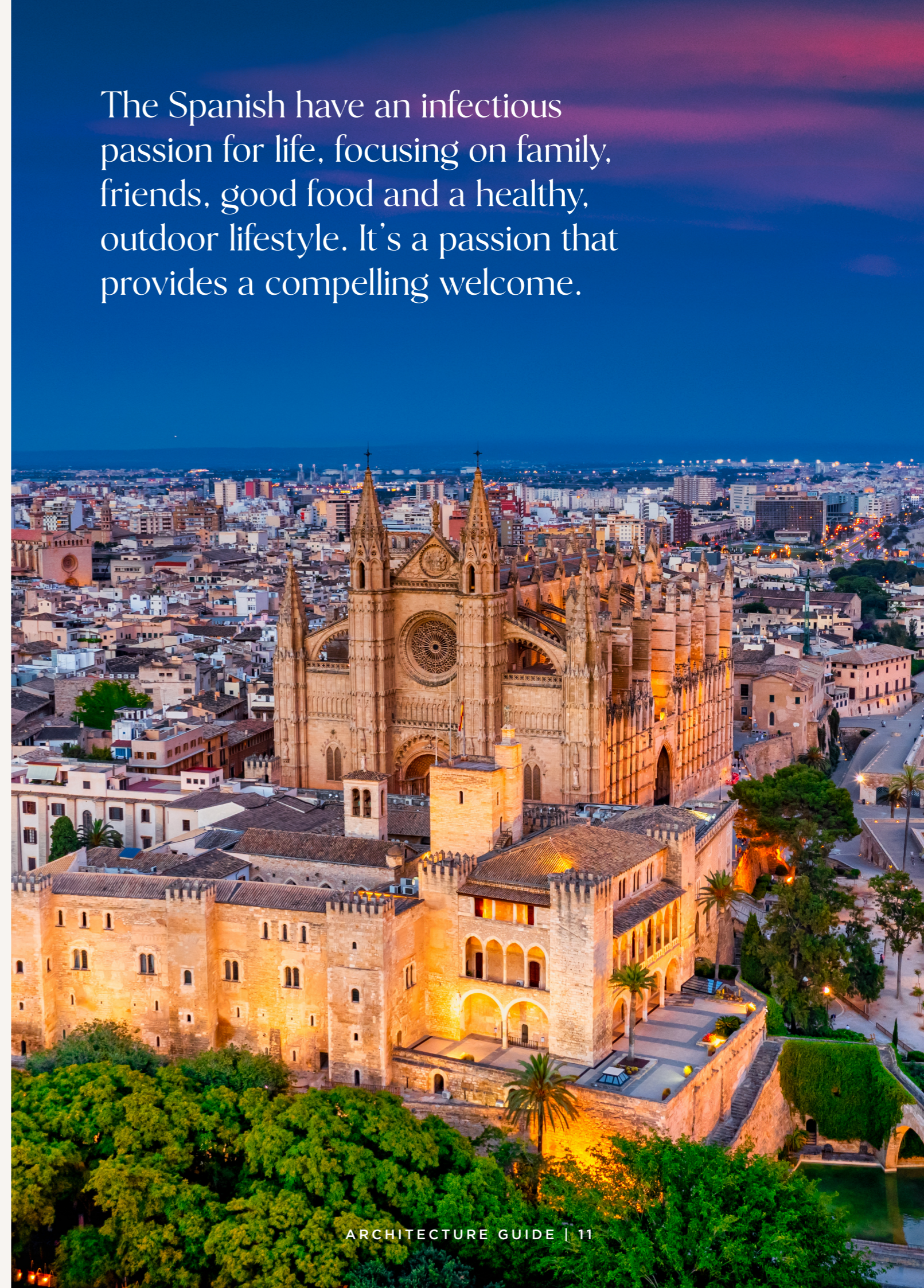
From the cities of Madrid and Barcelona to the Andalusian countryside, new developments in Spain are introducing international standards of quality and design. Well-located and well-built properties, perhaps on a gated development with communal facilities such as swimming pools, a tennis court or offering onsite management and maintenance, make convenient and secure lock-and-leave homes for frequent short visits and with the additional benefit of potential for attractive rental returns. Developers in Spain today have a good understanding of what international buyers want: open-plan living, light interiors with generous windows and an easy indoor-outdoor flow, all finished with natural high quality materials, and that's what the finest developments deliver.

6. City apartments

Once something of an outlier, a city home is now well-established on the wish list of international buyers looking to combine year-round life with high culture and Spain's architectural choices carry serious swagger. Palma de Mallorca offers apartments in bohemian Santa Catalina, larger penthouses in grand 17th and 18th Century converted palacios by the Gothic cathedral and more modern homes overlooking the Med. In Madrid, classical apartments in Jerónimos mix in with newly completed branded residences from elite five-star hotels, Barcelona's homes provides a 360° architectural tour of past and present while new developments are transforming the face of Malaga, offering contemporary comfort with sea views. In all these cities, any outside space, a garden, terrace or even a balcony, will always command a premium.



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A market on the move

Overall performance of the Spanish economy in 2023 exceeded expectations, with 2.5% GDP growth, outstripping the forecasted 1.0% at the close of 2022.



The sector has been bolstered by a strong labour market, significant immigration, high demand, limited supply of new housing, and improved household finances. Stabilised construction costs led to a consistent number of new home construction permits compared to previous years, however, well below market needs.

Spain has joined Portugal and Ireland in ending “golden visas” for real estate investment. Introduced in 2013, these visas granted residency to those investing €500,000+ in property. The decision comes amid political pressure to address rising housing costs and control property prices.

In a global context, the residential market, especially the prime market has performed well. European and Middle Eastern cities saw the highest capital value growth in the Savills World Cities Prime Residential index for the first half of 2024, driven by undersupplied markets unable to meet the soaring demand from international buyers. Madrid and Barcelona feature highly on the list seeing capital value growth of 3.5% and 2.7%, respectively.

Whilst the Spanish market has seen strong price and rental growth over recent years, it still remains competitively priced by global standards.

Prime markets of Madrid and Barcelona offer the greatest European value across the 30 cities in the index, only beaten by Kuala Lumpur and Cape Town in terms of lowest prices per square metre.

In the year leading up to June 2024, Madrid's prime residential prices rose 5.4%, driven by international demand with over 10% of 2023 property transactions from foreign buyers. Prime prices now reach €7,400 per square metre, while the mainstream market saw a 9.6% rise as both local and global buyers flock to the capital bringing capital values per square metre to €4,500. The outlook remains positive, with prices continuing their upward trend. Sustained demand underscores Madrid's appeal as a top destination for high-end real estate investment.

Prime residential prices in Barcelona increased by 3.3% in 12 months to June 2024, with the average reaching €6,700 per square metre. The mainstream market also performed well, prices rising by 6.3% and average prices at €4,400 per square metre, up by 10.3% compared to 25.5% in Madrid and nearly 40% in Valencia. Barcelona's market is expected to maintain its current trajectory, with limited availability of properties supporting price increases, reflecting the city's attractiveness and high demand for its unique lifestyle and amenities.

The primary driver of rising prices is limited supply of new construction. Demand, mainly from Barcelona and central and northern European countries, focuses on second-hand properties. Recently, there has been growing interest from Latin American and US buyers in Barcelona's prime market.

Spain's global appeal for tourism and residency will continue for many years to come. The market's strong fundamentals, robust – if undersupplied – housing markets, culture, climate, and infrastructure make the country a top destination for permanent residents and second home buyers.

International buyers remain crucial to the Spanish housing market, although domestic buyers will continue to dominate. Constrained supply means prices are likely to stay elevated, presenting opportunities for developers to introduce new stock into these key markets. Even with strong price growth, Spain represents considerable value in a global context. It is likely international buyers will continue to recognise this and look to purchase property in Spain.

In a higher interest rate environment, though rates are forecast to decrease slightly, we expect that the rental market will continue to outperform residential price growth.





Settle in to Spanish life

Whether your Spanish property is designed as an occasional holiday home or a permanent residence, key information on daily life will help you settle in smoothly.

Work

A typical working week in Spain is 40 hours and while the working day might not start until 9.30 or 10am, it can finish around 8pm. Lunch is taken seriously, so while the siesta is now largely an urban myth, a sandwich eaten hastily at the desk is not the Spanish way. As the second most visited country in the world, Spain's main industry is tourism – followed by manufacturing, banking and agriculture. It's also a fashion hub, and home to internationally recognised retailers including Zara, Mango and luxury brands like Loewe and Balenciaga. Madrid is Spain's financial and business centre, while Barcelona has a booming IT sector and is an acknowledged base for tech workers and digital nomads. Both Madrid and Barcelona featured in PwC's latest top ten European cities for investment potential, Madrid in third place and Barcelona in 10th.

Education

Education is compulsory for children in Spain between the ages of 6 and 16, to gain their official qualification (Graduado en Educación Secundaria Obligatoria) – and state schools, both primary and secondary, are free. In Barcelona and Mallorca,



the Catalan language as well as Spanish is used in many state schools. The school day runs from 8am to 2-3pm in state schools and from 9am to 4pm in international schools. There are close to 300 international schools around the country, including 58 in Madrid, 36 in Malaga and along the Costa del Sol and 18 in Mallorca, with well over half following the International Baccalaureate (IB) curriculum. That includes Sotogrande International School, Spain's only IB day and boarding school, where around 1,000 students aged from 3 to 18 come from over 45 countries. As well as following the IB curriculum, you'll find schools following the national curriculum of the UK, USA, France, Sweden, Germany and Italy.



Transport

Spain can be proud of its extensive and generally affordable public transport system. It has Europe's longest high-speed rail network and the national rail company, Renfe, operates one of Europe's busiest networks. Renfe is working with French operators to improve international connections, historically handicapped by differing gauges on train lines. Madrid and Barcelona both have an underground system and operate trams. Spain's main airports are monumental in size and true global hubs, a notable entry point to South America in particular, with the four busiest, in size order, Madrid-Barajas, Barcelona-El Prat, Palma de Mallorca and Malaga. The European Union has invested heavily and effectively in Spain's road network and the country now has the fifth largest motorway network in the world. As a rule, toll-free motorways are designated by the letter A (Autovías) and toll roads by AP (Autopistas). Efforts to improve city centre air quality have seen Barcelona introduce a low-emissions zone, while Madrid deploys a fleet of electric buses.

Health

The World Health Organisation rates the Spanish healthcare system as one of the best worldwide and in the main, it has modern facilities and state-of-the-art equipment. Anyone working and paying taxes in Spain is eligible for free healthcare along with their spouse and any children under 26 who reside in Spain, although everyone must be registered in advance. Most primary care is free, but part or full payment may be expected for prescriptions and specialised care including orthopaedic treatment and dentistry. Around one fifth of the Spanish population have some additional private health insurance to speed access to medical treatment, while for foreigners planning to spend more than three months, most visa applications require that they have either private health insurance or travel insurance.

Culture

Spain has an exceptional musical, artistic and architectural heritage. From the classical mastery of works by painters El Greco, Velázquez or Goya hanging in Madrid's Prado Museum - to the riotous thrill of a flamenco dancer in full hand-clapping flight, the country's culture is a life-affirming joy. The classical guitar was first played in Andalucía, adapted from the lute. Picasso, Miro and Gaudi are inextricably linked with Spain, their work on show in museums and in buildings from Malaga

to Barcelona. The culture of the Spanish people, easy-going and welcoming with an enviable lust for life, is equally noteworthy. Family, friends and food play a pivotal role and a lengthy, late Sunday lunch is an indispensable weekly date for many, even in big cities. Fiestas are also a key part of Spanish life. Spain has 14 annual public holidays, compared with an EU average of 12, and even small villages celebrate their own annual fiesta with an enthusiastic street party.



Your guide to the buying process

As the buying process in Spain is significantly different from many other countries, you'll need a local, bilingual lawyer. They'll be experienced in the Spanish property market and know how to complete your property purchase in the shortest time frame.

01. Your offer and reservation deposit

Once you've found a home, made an offer and agreed a price, it's essential to involve your lawyer to make sure there are no outstanding charges on the property. Spain has the law of subrogation, where properties carry the debts of previous owners – so you'll want to make sure there aren't any surprises.

Next, your lawyer will confirm that the property has full title by checking the Registro de Propiedad. After this, they'll arrange for technical surveys to check structural integrity and bank valuations to assess your financial options.

They'll also help to secure you an NIE (Número de Identificación de Extranjero), a unique identification number assigned to all foreigners. This is required to do anything in Spain – whether you're buying a property, opening a bank account, applying for a driving licence or buying a car.

It's important that your lawyer explains and guides you through all tax-related matters – including inheritance tax, wealth tax and annual tax return. Tax rates are assigned regionally, so will differ according to location and the value of the property you buy. Other factors include whether the buyers are married or single, or buying through a company which may or may not already be registered in the country.

You can reserve a property by paying a small amount, normally 1% of the selling price, as part of a reservation agreement. This is a simple contract between the buyer and the seller that agrees the sales price and means the property will be taken off the market for a set period, while the Option-to-Buy Contract or Arras Contract is being prepared.

02. Option-to-Buy or Arras Contract

The next step is for both buyer and seller to sign the preliminary contract, an Option-to-Buy or an Arras Contract. This is legally binding and outlines the agreed sale price, description of the property, the names of the buyer, the seller and the completion date for all necessary steps. It usually includes a clause stipulating that if the seller decides not to sell the property, the deposit will be forfeited.

Then, a deposit of 10% is paid at this stage and held in escrow by the public notary who will be responsible for overseeing the signing of the purchase deed to complete the transaction. A notary is an independent, state-paid official who acts neutrally on behalf of both parties. Most lawyers in Spain have a preferred and trusted notaire who they work with on a regular basis, for a more straightforward and secure process.

03. Signing the purchase deed

You'll pay the full amount with all costs and taxes, taking into account what has already been paid through the reservation fee and deposit. If there were any outstanding charges against the property (like taxes or mortgages) which your lawyer has identified, then these will be deducted from the amount the owner receives from the purchase.

Both the buyer and seller then sign the purchase deed, escritura de compraventa, in front of the notary. They will make sure that you understand the details of your purchase, which your lawyer will have already clearly outlined. The notary will also ensure your name is put on the final deeds, and then logs the deeds with the property registry office to make sure they're delivered to both the tax authorities and land registry. The fees for the notary and land registry vary depending on purchase price and the complexity of the property deed.



Property purchase costs

The costs that come with the purchase of a property vary, depending on whether it's new or second hand. But those costs are generally higher in Spain than in the UK, so we recommend allowing 10-13% of the purchase price as a rule of thumb.

Property Transfer Tax (ITP – Impuesto de Transmisiones Patrimoniales) applies to second-hand property purchases and is between 6-11% per cent of the purchase price, depending on the region of Spain. For example, in Catalonia and Barcelona, it's 10% for properties up to 1 million euros and increases to 11% for properties over 1 million euros. Over in Madrid, it's 6 percent, while in Andalucia it's usually between 8-10%.

When you buy a new development property or you're the first occupier of a dwelling or residential property, then Value Added Tax (VAT) and Stamp Duty (AJD) will apply. VAT is a nationally established rate of 10% of the purchase price for residential properties (apartments, apartments, houses and villas) and 21% for plots of land regardless of where in Spain the property is purchased – with the exception of the Canary Islands. AJD is calculated based on a percentage of the purchase price and varies depending on which autonomous community you're buying in. The base is usually between 0.5% and 1.5% – for example, in Barcelona the tax is 1.5% of the purchase price.

Ongoing fees and taxes on property in Spain

IBI

Impuesto sobre Bienes Inmuebles (IBI) is a property tax calculated from the cadastral value (the monetary value local authorities give to a property in Spain). It varies depending on the area and other elements linked to the property – including the municipality it's located in. Before you purchase your property, you'll be given information on the exact cost of the IBI.

Community fees

Community fees apply when the property being purchased is in a shared building or complex such as an apartment, townhouse or villa. They are paid monthly or quarterly and vary depending on the services offered – like concierge, elevators and cleaning.

Non-resident taxes

The non-resident income tax (IRNR) applies to property owners who don't have their tax residence in Spain and non-residents with a property in Spain. If you're not a resident of Spain, you'll be required to pay 'deemed tax' or 'Impuesto de la Renta de no Residentes, Declaración Ordinaria' (IRNR) regardless of whether or not you rent your property.

IRNR is calculated using 2% of the cadastral value of the property – which is usually significantly lower than the commercial value of the property. If you rent your property, the rate is based on the income you receive. If you're a resident of the European Union, then expenses such as management and maintenance can be deducted. If you have no other source of taxable income in Spain, the rate is 19% for EU residents and 24% for non-EU residents.

Wealth tax

Anyone who owns property in Spain must pay an annual tax on their wealth. This is based on the value of assets in Spain after allowable deductions, such as mortgages. Residents of the European Union must also include assets held in other EU countries.

Wealth tax is calculated based on the net value of your property and other assets in Spain such as bank funds, art collections or others with a tax-free allowance. This allowance varies depending on the region – in Catalonia, for example the tax free allowance is €500,000 for residents and €700,000 for non-residents. The tax rate operates on a sliding scale, ranging from 0.2% to 2.5%. If two people are buying the property, the wealth tax is split in two.

Here for every step

For over 30 years, our team of experts have been advising on best-in-class property in Spain's most desirable neighbourhoods. We know your area, because it's our area too.

Whether you're investing in a breezy beachfront villa in Mallorca or an apartment in the historical heart of Madrid, you can count on us to help you make the right property decisions every step of the way.

With over 700 offices across the Americas, Europe, Asia Pacific, Africa and the Middle East, our experience and expertise spans the world.

It's this global and local knowledge that helps us to bring you industry-leading expertise - from our own, specialist teams to all of the leading local developers, architects and interior designers we work with.

If you'd like to find out more about how we could help you, get in touch with the team today.

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