

The Rise of A Healthy Real Estate Market

03/10/2014

Spanish Real Estate News



'This client has returned stronger and determined to take advantage of the improvement of the Spanish real-estate market. Armed with local offices and employees, some of them acquired banking services but still 80% of them have not met their targets', says Dario-Fernandez, chief of the Residential department at JLL (former Jones Lang LaSalle).

The funds heard the call of Sareb (Spain's bad bank) and arrived in the country. Since the beginning of 2014, they have been pressing residential prices, driving the market's recovery up. 'This summer trend was developable land in Madrid, Barcelona and the Costa del Sol coastline. Foreign funds poach first class plots because they believe they can construct on them and benefit from the sales', explains Fernandez.

The tendency brought the investors to poaching downtown plots sold by public administrations or repossessed by banks. 'Transaction volume has shrunk due to tremendous number of seekers. Before, deals started at around 200 and 300 million euros but now also 50 and 60 million portfolios are taken under consideration', remarks Mr. Fernandez. There are project offers in Murcia at a 30 kilometer distance from the coast. 'The investors know they will be unable to sell the houses at 2.300 €/sq m each but at 1.500 €/sq m – yes'.

Thus, it is expected that in 2014 the residential investment will hit highest ever. 'A €3 billion amount is still waiting to be spent before the end of the year. Principally, the equity will be intended for loan or directly for residential portfolios'.

Price stabilization in areas like Madrid, Barcelona, Costa del Sol and other coastal zones is the main motivational factor for staking on Spain. 'Residential tourism market will account for-for 40% along the Costa del-Sol

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