

# WHERE BUYING PROPERTY IS STILL WORTH IT



The Spanish real estate market has over the last few years had growth rates of up to 30%, a sure bet for investors and private buyers. During the last few months this buoyancy has gone out of the market and although people are still selling and buying, the word “crisis” is used more often in connection with the market. The experienced real estate expert Klaus Piesch went to the Spanish mainland and the Balearic Island, Majorca, to find out for himself the situation and differences between them and the market in Lanzarote.

## ■ Is there a real estate crisis in Lanzarote?

Principally, yes, however not with quality houses close to the sea. According to the Canarian government the prices in the first quarter have risen again about 9%, the Spanish taxation company Tinsa even speaks of between 10% and 15%. All these figures are promising, but there are also properties that are too expensive taking into account their age and situation. When there is more on offer, quality is more and more necessary, and the location is of greater importance.

## ■ How do you assess the situation in Spain?

A lawyer in one of the biggest Spanish law companies in Madrid said lately, that a lot of real estate is over valued. However, he said, people are still buying and that there is no logic in that process. A great part of the Spanish market achieved in the first 3 months of 2007, a price increase of only 2%. In a lot of places the market is stagnating, around the Spanish coast the price of houses has even dropped about 5%. While prices on the Andalusian coast are falling because investors are no longer interested in the steadily growing market in holiday apartments, despite all this the quality market in Lanzarote is still having a boom.

## ■ What is the advantage of Lanzarote?

Lanzarote offers very good security because visitors can only arrive by plane or boat and therefore the controls are very efficient. Here on Lanzarote we do not have professional

robberies or paparazzi. You can still have peace at affordable prices. On the island of Majorca, a villa with sea views costs around 18.000 euros a square metre, big houses in Andratx are for sale for about 25 million euros. A nice house in the busy town of Palma still costs around 8 million. The disadvantage of a trendy island is that trends change. German tennis star Boris Becker is selling his villa close to Arta and the pop music producer Dieter Bohlen is also thinking about selling. “There are too many boring people here” said Mr. Bohlen. All these houses, both for foreigners as well as Spanish buyers are now not affordable as second homes. They have already reached their price limit. An estate agent told me that around Palma the market is really slow, with prices around 5 million for smaller houses and 700.000 euros for 70 square metre apartments, so you can already see how things are slowing down. A lot of owners are not going to find buyers, bearing in mind that they only paid a small part of the price that they are asking for now.

## ■ So how do you see the situation in Lanzarote?

I am sure that the trend will continue, quality houses in remarkable surroundings will always sell and steadily rise in value. Therefore it is always worthwhile buying them. On the other hand houses without special characteristics, the ones that are run of the mill will become very difficult to sell at prices that sellers may expect ■

