

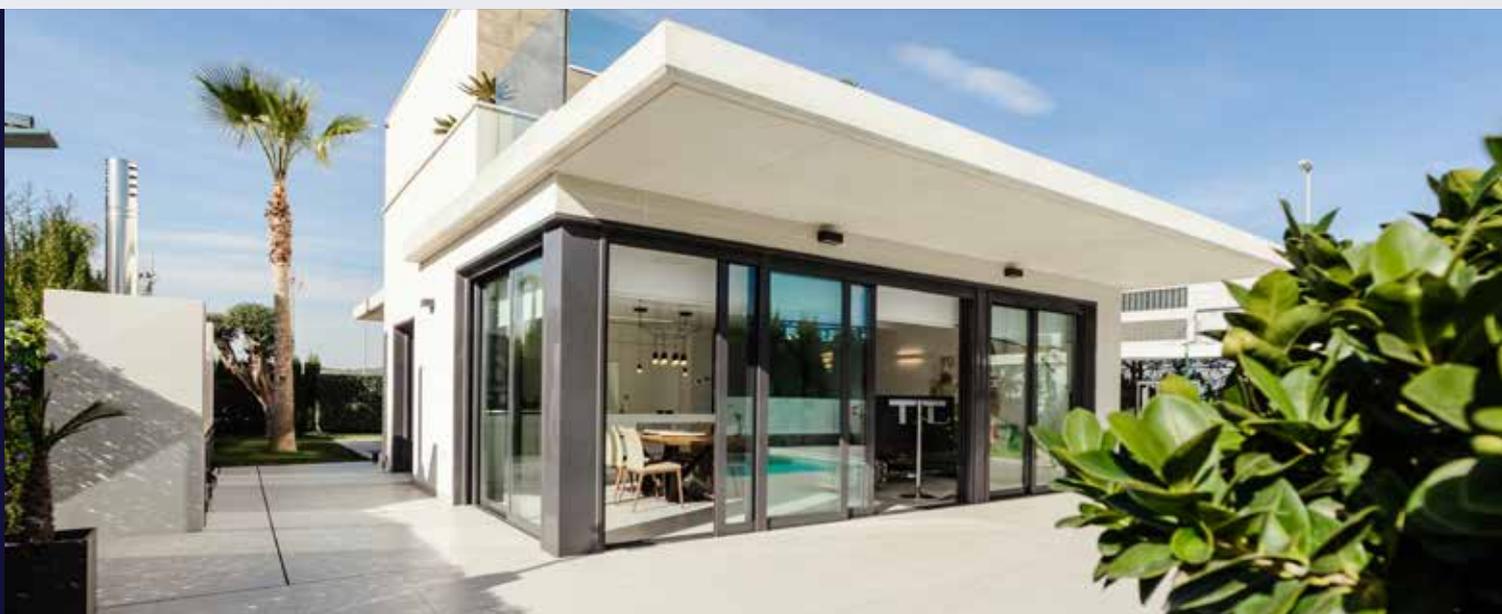
**Winkworth**

# Buyers Guide to Spain



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# Getting started



Buying a property in your home country can be a daunting experience, let alone buying a property overseas where the laws, customs and language are unfamiliar. Whilst the principles of purchase are likely to be very similar to what you are used to, the process and procedures may seem confusing. The purpose of this buying guide is to help you navigate through the buying process with ease, so you can focus more on the joys of owning a property in Spain.

Spain's laidback lifestyle, affordable cost of living, and breathtaking coastlines attracts buyers from around the globe. It's no surprise that so many nationalities seek to have a base in this Mediterranean paradise, whether on a permanent basis, as an investment or simply a holiday home.

Buying property in Spain might seem overwhelming at first, but just like any big dream, it is easily achievable when you break it down, and conquer the task step by step.

If you imagine yourself watching the sun rise over the clear blue waters of the Mediterranean or sipping wine on a sun-drenched terrace in a luxurious Spanish villa, we're here to help you make this dream a reality.

There are many places to start your search, and you might not know where to begin or what questions to ask. Where should you buy? What are the legalities? What does the buying process look like in Spain? How do you navigate the currency exchange? How much will it all cost?

In this comprehensive buyers' guide to Spain, we'll guide you through the process so you can make your dream of owning a Spanish property a reality sooner than you imagined.



# Your property wishlist

Life is too short to not live your dream. It's time to take action but careful, informed, decisive action by asking yourself all the important questions and gathering the right information to focus your property search.

1

If you have set your heart on buying a property in Spain, you need to decide what it is you want and why. Grab a pen and paper and start jotting down your vision of what your home in Spain will look like.

2

After you've thought about what you want, you need to think about where you want it. Is there a particular location you have visited before that you have in mind, or are you open to exploring different destinations?

3

Once you've established the what, the why and the where, the important question is how much you can afford to spend. Prices vary wildly between different areas in Spain and even between different parts of a town, estate, area or coastline. A number of factors affect the pricing of property, with location being the most obvious and influential factor. For example, a frontline beach apartment will command a great deal more in price than the equivalent only a couple of streets back.

4

As a general rule, prices drop markedly the further away from a beach that a property is. You can often buy a property half an hour from the Mediterranean coastline that is considerably cheaper than one within the 'golden' fifteen minutes beach radius.

5

We have formulated a list of handy questions to ask yourself when considering your property wish list. By using this list as a guide, your property search will be much more focused, clear and efficient, leading you to your ideal home in no time at all.

6

There are many places to start your search, and you might not know where to begin or what questions to ask. Where should you buy? What are the legalities? What does the buying process look like in Spain? How do you navigate the currency exchange? How much will it all cost?

7

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# Important questions



- Are you looking for a holiday home, a permanent home or an investment?
- Do you want to live in an apartment, townhouse, villa, or country house?
- Are there any area's you are particularly fond of?
- Are there any area's that you'd like to avoid?
- Who will be using the property? Yourself, a partner, family, children, pets, tenants, holiday makers?
- How many bedrooms/bathrooms do you need as a minimum?
- What amenities do you need around you? Beach, golf courses, shops, restaurants, schools, hospitals, public transport?
- Would you prefer a tourist area or residential area?
- Would you like a property on the coast, in a village, in a town or in the country?
- Do you have a preference of property type e.g modern, traditional, renovation, off plan, plot?
- What would you like in terms of outside space? Terrace, patio, garden, parking, pool, land?
- Do you want to live near other international residents or in more of a local Spanish town?
- When ideally would you like to purchase the property by?
- What is your budget?
- Do you need financing or are you a cash buyer?
- Are you willing to undertake any renovations?
- What kind of views do you prefer? Sea views? Golf? Open countryside? City-scape?
- How close to the airport would you like to be?
- Will the property be empty for long periods of time?
- Are there any absolute must-haves that the property needs to offer?

# Who can buy a property in Spain?



Your nationality will play a role in whether you can own a property and what restrictions there might be. Nationals from the European Union (EU) countries can purchase property and live freely in Spain.

Nationalities that fall outside of the EU may be able to purchase property, but there might be employment restrictions and limits on how much time can be spent in Spain each year. Typically, 3rd country nationals are only permitted to spend 90 days in any 180-day period in the Schengen area and are not permitted to work without an appropriate Visa.

You can visit the [Spanish embassy website](#) to find out more information. Many immigration organisations also provide free consultations to help you sift through the legalities and requirements of living and working in Spain.



# The buying process

Once you have established your property wishlist, your budget and whether you are eligible to purchase a property in Spain, things are about to get very real! As a general rule of thumb- although of course there are always exceptions, you can expect the buying process to look something like this:

## 1 Start your online property search

To get a feel for what's available on the market that match your property wishlist, we suggest starting with your own online property search, exploring properties, areas and familiarising yourself with agents that specialise in zones you wish to focus on.

## 2 Choose a real estate agent

We recommend you select a real estate agent before planning a trip to Spain for in-person viewings. A qualified and experienced real estate agent will give you the best chance at successfully finding property. By making contact and even meeting an agent via online video conferencing before a potential trip to Spain, you can make the most of your trip. An agent can line up viewing appointments prior to you arriving, so you can view properties immediately. Your real estate agent should:

- Operate legally and ethically
- Offer a professional service with a physical office presence
- Understand you and your individual needs
- Be an expert in their area
- Stay with you throughout the buying journey

## 3 Securing a mortgage

If you require part of your property purchase to be financed, it's worth considering mortgage options in advance so that you can set a realistic and affordable budget. You may want to consider releasing equity from your property at home or alternatively looking for a mortgage in Spain. Whilst lenders will not approve a mortgage until they have surveyed the property you wish to buy, you can at least secure an agreement in principle based on your own personal financial circumstances. If you wish to explore mortgage options, speak to us early in your property search so that we can point you in the direction of the best brokers and banks.

## 4 Viewing properties

Once you have selected an agent and maybe even shortlisted some properties, it's time to start thinking about visiting and arranging viewings. Visiting properties in person are the best way to truly get a feel for the property you want to purchase. Not only is it about the properties, but also getting a feel for personality and characteristics of different neighbourhoods. We suggest visiting Spain during the off-peak season, so you can get a feel for what the weather is like year-round and experience the country during its slower pace. Real estate agents will be less busy, so you will receive more one-on-one attention. Rather than booking a hotel, consider renting a holiday home in an area you like to gain perspective to what living there is like. Get groceries, cook, and live like a local.

## 5 Making an offer

So, after all the planning and viewing, you find your perfect place! Fantastic! Your agent will work with you to establish what an acceptable offer is and pitch it on your behalf to the vendors' agent. It is quite acceptable to make an offer as long as it is a realistic one and that you are prepared to move ahead with the purchase should your offer be accepted.

If your initial offer is not accepted, don't be disheartened. Discuss with your agent a potential counter offer, based on what they know of the seller. It's simply a matter of reaching a mutually acceptable price that works for your budget.

## 6 Appoint a lawyer

You will then need to appoint a lawyer to take care of all the necessary legal matters associated with purchasing a property. We can introduce you to an independent and highly professional lawyer who is fluent in your own language.

If you do not live in Spain and travelling backwards and forwards is inconvenient, you can appoint your lawyer as your Power of Attorney, so they are able to act on your behalf in your absence. However, you will need to attend a Notary (notaria) to sign documents to authorise them to do this.

Once you have appointed a lawyer and advised them of an accepted offer on a property, they will liaise with your Real Estate Agent to begin the purchase proceedings.

First and foremost, your lawyer will apply for your **N.I.E (Foreigner Identity Number)** and arrange the set up of a **Spanish bank account**, both of which are an essential part of the property buying process. If you already have a mortgage agreement in place, then your account will most likely need to be with your lending bank.

They will then go on to check the contract and deed, perform all legal searches and checks, remind you when payments are due, draft contracts and notify you when it's time to sign the title deed or sign on your behalf. In Spain, certain aspects of the conveyancing process are completed by a public notary. A notary represents the public, draws up the deed, and witnesses the signatures.

## 7 Paying your deposit

Once you've agreed on a sales price and appointed a lawyer, you can go ahead and formally put down your deposit. You will need to sign a reservation contract and pay a reservation fee usually of €6,000. This will ensure that the property is taken off the market and reserved for you whilst the legal checks are made. Depending on the property you may also need to sign a private purchase contract. In this case, a further 10% deposit is paid to the seller at this time, but your lawyer will negotiate the terms of this contract.

## 8 Legal checks and safeguards

Once you've signed your reservation contract, your lawyer will run through a process to make sure the property is legally owned, debt free, and that bank guarantees are in place (if off-plan). Once the lawyer is satisfied that everything is ok, he or she will ask you to transfer your funds or will liaise with your lender regarding your mortgage.

## 9 Transferring the balance

You will transfer your funds to your lawyer's holding account either via your bank or a currency exchange specialist if you are not already in possession of Euros. You can shop around for exchange rates to find the best possible deal for your funds transfer, as even a small fluctuation in rates can make a big difference to the cost of your property.

## 10 Final checks

So, after all the planning and viewing, you find your perfect place! Fantastic! Your agent will work with you to establish what an acceptable offer is and pitch it on your behalf to the vendors' agent. It is quite acceptable to make an offer as long as it is a realistic one and that you are prepared to move ahead with the purchase should your offer be accepted.

If your initial offer is not accepted, don't be disheartened. Discuss with your agent a potential counter offer, based on what they know of the seller. It's simply a matter of reaching a mutually acceptable price that works for your budget.

## 11 Signing the deed

On the agreed date of completion, you or your power of attorney will sign the title deed at the notary's office. Once the deed is signed, you will receive the keys to your property and the purchase will be lodged at the land registry office.

After registration, the deed is returned to your lawyer and is either returned to you or held by the bank (in the case of a mortgage). The deed is usually returned within one to three months following registration.



# The costs of buying a property in Spain

Aside from the deposit that you intend to put down on the property, you also need to allow sufficient resources to cover the costs of purchase.

The costs associated with buying a property can vary according to the price of the property, whether it is a new build or a re-sale and whether you are buying with or without a mortgage.

The following table indicates what costs you should expect according to your purchase:

## RESALE PROPERTY

**Transfer Tax (ITP):** 7%  
**Legal Fees:** 1% of purchase price + VAT  
**Mortgage fees:** 1% of loan value (if required)  
**Valuation:** 0.1% of valuation (if mortgage required)  
**Notary Fees:** €1,000 approx.  
**Land Registry Fees:** €500 - €1,000 approx.

## NEW BUILD PROPERTY

**VAT (IVA):** 10%  
**Legal Fees:** 1% of purchase price + VAT  
**Stamp Duty:** 1.5% of purchase price  
**Mortgage fees:** 1% of loan value (if required)  
**Valuation:** 0.1% of valuation (if mortgage required)  
**Notary Fees:** €1,000 approx.  
**Land Registry Fees:** €500 - €1,000 approx.

As a non-resident, in addition to these costs, you will have the cost of a tax identification number (NIE) in order to buy property in Spain. This fee is nominal and costs approximately €12. The foreigners office at the National Police will issue you with an NIE number, and it is used on all tax returns and tax communication. You cannot buy a property in Spain without an NIE number, so you must apply for one fairly early in the process. There may also be costs associated with opening a bank account depending on which bank you choose.

It's also important to keep in mind exchange rate fluctuations as this can make a huge difference to the final cost. You can read more about best practices for transferring money under the [Currency Exchange](#) section of this guide.



# The cost of running your property

In addition to the initial upfront costs of purchase, you should also take into consideration the ongoing costs of owning a property in Spain. During your viewing trips, try to collect as much information about the specific costs associated with the properties you are viewing. Your agent should advise you on these. As a guide, you should familiarise yourself with the costs and fees in the following categories:

## 1. Community fees

If you are buying on an urbanisation, there will be annual fees paid to the community of owners for the upkeep of the urbanisation and its facilities. This usually includes swimming pools, gardens, external community light and water, lifts, exterior painting and general maintenance. The fees are determined by the size of the property and the number of services and facilities that are offered by the community.

## 2. IBI & Basura

Similar to a council tax, this is a local tax, paid to the town hall for local services.

## 3. Non-residents tax

If you own a property in Spain but don't rent it out, an annual tax will be due calculated on the rateable value of your property. If you do rent out your property, you will be expected to declare the income you have received, which will be subject to either 19% tax for EU citizens or 24% tax for Non EU citizens

## 4. Monthly mortgage repayments

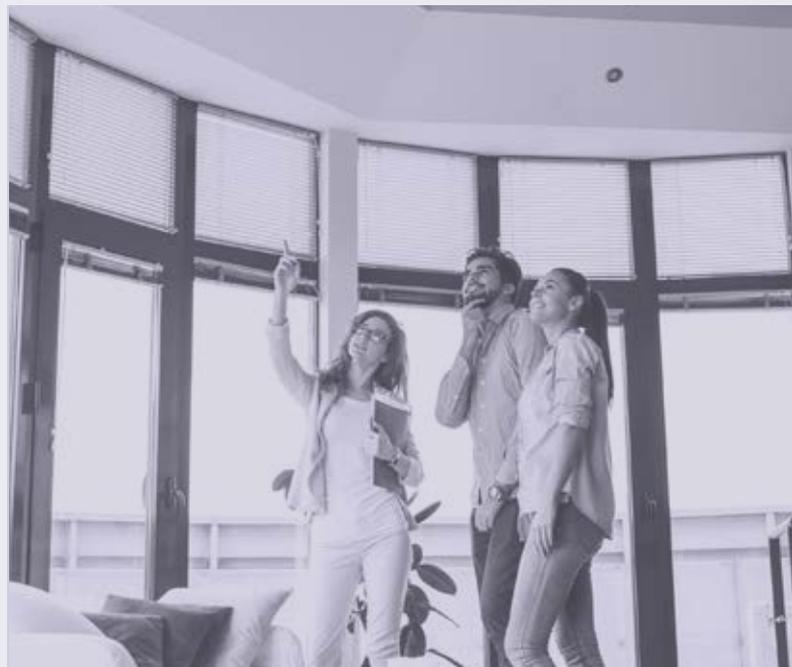
If you have financed the purchase of your property, you will need to keep up with your monthly mortgage repayments and any insurances associated with your mortgage.

## 5. Utilities bills

Whether or not your property is occupied, there will be at least be standard charges for utilities bills, plus any consumption. Try to make sure you budget for at least electricity, water and internet and if possible find out from the previous owners what their usual bills amount to.

## 6. Property management fees

If you are planning to rent out your property or need somebody to check on it from time to time and complete any maintenance you may need the services of a property management company. Each companies fee's vary, so we advise that you seek a number of quotations before signing any contract.



# The Golden Visa

One option for Non-EU nationals looking to purchase property in Spain and also wishing to gain residency is The Golden Visa.



The Spanish Golden Visa Programme grants residency to people who spend at least €500,000 (EUR) on property in Spain. This route allows yourself and any family members the right to live and work in Spain based on their investment in real estate.

The law, which came into effect during September 2013 was aimed at introducing a framework for qualified immigration, promoting the international mobility of professionals and executives and most importantly attracting foreign property investment.

For those seeking Spanish residency, the minimum investment before taxes and charges is €500,000 and you should add onto the purchase price approx. 12-15% in costs, which will include taxes, stamp duty, VAT, notary and lawyers' fees .

There is no minimum period of residence which means that a Golden Visa investor can buy a property in Spain and travel without restrictions to Spain whenever they chose. The family can live in Spain permanently, with access to schools both state and private, following either Spanish or English curriculum and employment can be sought in the country.

In all cases, we advise you to obtain the services of a reputable and qualified lawyer who specialises in the Spain Golden Visa programme. For this type of application, expect the cost to be anywhere between €1,500 and €2,500 + 21% Tax.



# Currency exchange



If you're living outside of the euro-zone and want to purchase property in Spain, one of the biggest financial mistakes you can make is not to consider the impact of the currency exchange rate. Even the slightest change in the exchange rate can impact the cost of your property. For a property priced to sell for €200,000, a change in exchange rate of just 1 cent could either save you €1,000 or cost you €1,000, so this is an important aspect to consider when buying property overseas.

Currency exchange specialists and banks are able to offer better rates than the day-to-day tourist rates, because they buy and sell currency in bulk. Exchange specialists do specialise in the area of exchange, so they are often able to beat the bank rates.

We can point you in the direction of a reputable forex company to make sure you get the best rates available for your purchase.



# Mortgages



Depending on your status, Spanish mortgages are typically available to non-residents for up to 70% of the property's valuation. If the valuation is lower than the selling price, the majority of lenders prefer to work on 70% of the selling price as opposed to the valuation. The mortgage amount will vary from bank to bank, as some lenders will only offer a maximum of 60% of the purchase price.

Mortgage rates in Spain are based upon the Euribor rate and vary depending on the financial product and whether it is a fixed or variable rate mortgage. Terms typically range between 20-30 years in Spain, but there are age restrictions for maximum terms of between 60-75 years old.

If you need financing for the purchase of your property, it is important to seek the advice of a local mortgage advisor, who can verify your eligibility for borrowing. Once your borrowing capabilities are confirmed, you are in a much stronger position to start your property viewings.

We can put you in contact with professional, reputable mortgage brokers prior to you arriving in Spain so that any finance calculations are assessed and approved in principle, before looking at property.



# Post completion

Whilst the buying process ends on the signing of deeds and completion, there are still many aspects of new home ownership that you may require assistance with.



## Setting up utility contracts and bills

Once you have signed the title deed, you can apply for water and electricity contracts. Utility companies in Spain do not accept payment from overseas accounts so therefore your direct debits will need to be set up via your Spanish bank account. Usually your lawyer will include this service as part of their standard legal fees, but if not, it's worth paying a little extra if you don't speak Spanish to avoid any complications or misunderstandings.

## Furnishing your property

If you're moving to Spain permanently, you might hire a moving company to ship your furniture and possessions. If you don't plan on shipping items, you may hire an interior designer who can fully design and furnish your property according to your own taste and budget. This can often take a lot of hassle out of the furnishing process as they will already have their own agreements with furniture companies and tradesmen who can complete the work on your behalf without you having to shop around in unfamiliar territory.





## Property management

You may not be looking to relocate permanently to Spain and may rather want an investment property or holiday home. Either way, it's important to hire a property management company to ensure your property remains in tip-top shape and is safe, secure and free of damage while you can't be here to check yourself.

Most regions in Spain require you to have a license in order to rent out property short term. Either a property management company or your lawyer will be able to apply for this license on your behalf.

Other services from a property management company may include:

### Reporting and accounting

A property management agency can pay your reoccurring bills such as utilities, cable, or internet. They can also collect rent or booking fees as well as produce financial reports.

### Key-holding

Even if you're not renting out your property, key-holding can be of value to you. In the event that someone needs to enter your property due to a domestic emergency, a management company can hold a set of your keys in your absence.

### Garden and pool maintenance

From changing pool filters, testing chemical levels, and cleaning the patio, management companies can handle all levels of pool maintenance. They can also maintain your garden and provide regular lawn mowing and weeding.

### Changeovers and cleaning

Many property management agencies will prepare everything for rental guests, including meet and greets, inspections during changeovers, cleaning, laundry and repairs.

# Speak to the experts

Winkworth Spain is your specialist real estate agent based on the Costa del Sol. Our team of property professionals have in-depth, expert knowledge and experience of the Spanish property market and are happy to answer any questions you may have.



Speak to  
us today!



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