

# ***Buying a Property in Spain*** FOR **DUMMIES®**

**by Colin Barrow**



John Wiley & Sons, Ltd



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in Spain***  
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## ***About the Author***

**Colin Barrow** has an extensive background in European property and works across a diverse range of related industries. He has researched most international property markets and has first hand experience of buying, building, developing, and selling over two hundred properties in overseas markets. He has written a score of books on property and other wealth creation matters including the bestselling *Starting a Business For Dummies*.

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# Introduction



**B**uying a property in Spain has been the shrewdest investment decision over the last ten years for more than 900,000 Brits, so you probably won't be surprised to find the Spanish market on the radar of many discerning buyers. Spain is also one of the friendliest and most relaxing countries in the world, with thousands of property gems still waiting to be discovered.

Many property guidebooks just dump information in your lap and expect you to find the hidden nuggets yourself. I've researched the whole European property market for decades, during which I've bought and sold more than 50 houses, apartments, and plots of land. I've also educated two children and dealt with their various medical crises abroad.

I know where the bodies are (as they say in detective stories), and I've done all the essential homework for a hassle-free and profitable overseas property purchase. I've listed the problems, opportunities, and reference sources that I've found invaluable in helping my fellow property geeks and me to make an honest buck and still have an awful lot of fun buying and selling property.

*Buying a Property in Spain For Dummies* contains easy-to-understand information and practical advice about the scope of the Spanish property market and about settling in and enjoying Spain to the full. So dig in, get on, and enjoy the ride.

## About This Book

*Buying a Property in Spain For Dummies* is a ready reference for people interested in the Spanish property market. You don't have to plough through all the chapters from front to back: The book is arranged so that you can pick up at any section or chapter without worrying about losing out on information placed elsewhere in the book.

**Note:** Property information is subject to change at any time. This is especially true of prices, which continue to undergo adjustments as Europe goes through various stages of the economic cycle. So, as you use this book, I suggest you carry out research yourself and check that laws, rules, and regulations haven't changed. As much as we've invested in the creation of this property guide, the author,

editors, and publisher cannot be held responsible for the experiences of readers while buying property or travelling. Your safety and satisfaction are important, however, so above all I encourage you to stay alert and pay attention. And remember: In Spain, just as at home, no one is out to do you any favours when it comes to buying a property. Keep in mind the caution I heard from one estate agent summarising his experience of overseas property buyers: 'An awful lot of people leave their brains at the airport. They make decisions and take risks they would never take at home.'

## *Conventions Used in This Book*

To keep things as straightforward as possible, I've used a few conventions throughout this book to help you get by:

- ✔ Spanish words and phrases and technical terms are *italicised*.
- ✔ Web addresses appear in `monospace` to help you isolate the URL quickly and easily from the surrounding text.

I've presented prices in euros (€), which are the currency of Spain, or UK sterling (£). These prices were correct at the time of writing, but inevitably they will go up or down over time – so treat them purely as guidelines. Make sure you check the current exchange rate and overall costs before taking the plunge!

I've tackled the potentially tricky area of language as simply as I can. Place names are given in their English forms, which are more familiar to most Britons than the Spanish equivalents; and at the back of the book, you'll find an appendix listing Spanish phrases that will come in handy when purchasing property.

All the timetables, costs for transport, and related information I've given are correct at the time of writing, but be sure to check before you travel!

## *Foolish Assumptions*

As I wrote this book, I made a few assumptions about you and what your needs as a property buyer may be. Here's what I assume about you:

- ✔ You're inexperienced in the whys and wherefores of the Spanish property world and are looking for guidance when deciding whether to buy a property in Spain and how to plan for it.

- ✔ You're an experienced property buyer, but you don't have months or years to devote to researching the Spanish property market and you want to hit the ground running. You want expert advice on how to maximise your time and enjoy a hassle-free property purchase.
- ✔ You're looking for a book that gives information on every aspect of the property transaction and gives you the low-down on getting plugged in to life in Spain.

If you fit any of the above, *Buying a Property in Spain For Dummies* gives you the information you're looking for.

## ***How to Use This Book***

*Buying a Property in Spain For Dummies* aims to help you succeed, no matter where you start. If you have a great property in mind, you may want to plug in straight away to finding out how to raise finance or handle the price negotiations. If you're still at the dreaming stage, you can ramble around the country and find the region and type of property best suited to your wallet and your needs. Once you've done that, you can find out how to handle the legal aspects of the deal. Depending on your situation, you can dip in and out of this book in a number of ways:

- ✔ If you've never bought a property abroad, you may want to start at the beginning and work your way through the book.
- ✔ If you're more experienced, you can start by selecting the areas you're less knowledgeable about and work outwards from there.
- ✔ If you're quite confident as far as the Spanish property world is concerned, you can use the book as a guide and mentor when you're reviewing a particular topic.
- ✔ If you relate to the experiences of others, flip through the book, using the True Story icon as your guide. This takes you straight to a 'from the horse's mouth' (or, as this is a book on Spain, make that 'from the straw donkey's mouth'!) example of how a fellow Spanish property buyer has tackled the area you're most interested in, be it finding a property or a job or getting to grips with the legal ins and outs of buying.

## ***How This Book Is Organised***

*Buying a Property in Spain For Dummies* is divided into five parts. It starts by looking at ways to research the property market in Spain

and follows the key steps in the process, through choosing the ideal area, sorting out the finances, to settling down and making a few quid in your new home and country. The book flows naturally from one topic to the next, but feel free to jump from section to section and from chapter to chapter, picking and choosing what really interests you and matters most to you.

## ***Part I: Preparing for Your Spanish Buying Adventure***

This part of the book helps you set some financial parameters for your property quest. Spain is a big place, and without a few ground rules you could spend a lot of time on a wild goose chase. In one of the chapters, you work out your budget to allow for all the costs that are bound to sneak up on you. In another chapter, you find out about pulling together allies and spreading the workload. You also find out about every conceivable type of property, without leaving the shores of the UK. This part ends with a chapter covering ways to stay in Spain long-term, short-term, and even for free, just in case you plan to take a while over making your decisions.

## ***Part II: Cruising Around Spain: Choosing Where to Buy***

The chapters in this part help you with the difficult choices about where to buy in Spain. With an ocean, a sea, a dozen islands, a score of Costas, 50 or so cities and major towns, 2,000 miles of coastline, 581,000 square kilometres of open space, and a near-desert or two mingled with some ski slopes, the only certain thing is that you're spoiled for choice. Climate, cost, travel links, and culture are just a handful of the umpteen things you'll have to juggle to come up with a perfect location in which to settle down to life in Spain.

## ***Part III: Buying into the Dream***

Here you get down to business. Finding where to live and preparing a shortlist of ideal properties is one side of the coin. The other is working out how to pay for it all and making absolutely certain that what you see is what you get. The Spanish property world is as full as any other business of smart operators who are out to help themselves to as much of your dosh for as little as they can get away with giving in return. In this part, I arm you with what it takes to win at negotiating the best possible deal while avoiding the tax, ownership, and land-grab snares ready to trip you up.

## ***Part IV: Settling into Spanish Life***

This part is all about getting your feet under the table. You have moving to do, from money to motors, from furniture to furry friends. Spain is a lot of fun, but you have a whole lot of paperwork to get through before you can enjoy the good life. Before cracking open that bottle of *Álvaro Palacios* (Spain's top red wine of 2005 – which it should be, at €398 a bottle!), you need to get a *número de identificación de extranjeros* (NIE, or foreigner's ID number), open a bank account, sign in to the Spanish national health service, having remembered to pick up your European Health Insurance Card (EHIC) before you leave the UK, and do about a zillion other equally mind-numbing but essential tasks. Fortunately, the Spanish have invented a professional, the *gestor*, whose main purpose is to help you with Spanish bureaucracy.

This part also covers making money from your property in Spain. If you'd like to get your new property to pay its way and perhaps provide for a few extra luxuries to make the sweet life even sweeter, this part is for you.

## ***Part V: The Part of Tens***

In the three chapters in this part, I signal the problems you're most likely to meet in your property dealings in Spain and what action to take. I highlight the ten areas that appeal most to expat property buyers. And I summarise the main advantages of life in Spain.

And finally, don't forget the appendix at the end of the book – a glossary of all the key words and terms you're likely to need to feel at ease finding and buying a property in Spain.

## ***Icons Used in This Book***

To help you pinpoint vital information and make the best use of your time, I've placed the following icons throughout the text to steer you towards nuggets of knowledge:



This icon highlights specific information that may help you make some extra money from your property.



This is a friendly reminder that the topic in hand is important enough to make a note of it for future reference.



This introduces you to specialised property, legal, economic, and financial facts and data that are interesting but not essential for you to know. You can skip paragraphs marked with this icon without missing the point, but having this information at your fingertips may help you build credibility with the professionals you get involved with as you go about finding and buying a property in Spain.



This calls your attention to particularly important topics and offers advice on practical topics.



These anecdotes give practical examples of how other people have tackled particular aspects of buying a property or settling down in Spain.



If you see this icon, be alert to potential danger. Proceed with caution! Look left and right before crossing. In fact, think carefully about every aspect of this topic before making any move at all.

## *Where to Go from Here*

Now you're ready to take the plunge and find the property in Spain that suits you best. Your next move is easy. Take a minute to thumb through the table of contents and get comfortable with the topics covered in this book. Pick a chapter that strikes a particular chord with you and see where that leads you. Do some background research on the Internet and attend a couple of property exhibitions in the UK, using Chapter 4 as a starting point. Visit travel agents, research Spain, and plan your first (or next) inspection trip. But at the same time, relax! Organising your buying trip doesn't have to be a hassle. Daydreaming about all the perfect properties you'll see, the celebrated *Riojas* you'll drink, and the tantalising tapas you'll consume can be fun – although not as much fun as sitting in a T-shirt by your own swimming pool and having dinner in the balmy Spanish midnight air.



# Part I

# Preparing for Your Spanish Buying Adventure



### *In this part . . .*

**B**efore setting off on your first Spanish property-buying trip, you need to do some careful background research. The more preparation you do at this stage, the smoother and easier the whole process is likely to be.

This part helps you find out about the people who can make your journey straightforward. I help you locate unbiased professionals, such as surveyors, lawyers, estate agents, and translators. You can also check out the best routes to and from Spain and how to find out about all the different types of property on offer. After you do your groundwork, you can start to turn your dreams into a concrete plan of action.

# Chapter 1

## Making the Big Decision

### *In This Chapter*

- ▶ Limbering up to Spain
- ▶ Doing the buying sums
- ▶ Looking at legal procedures
- ▶ Making money, one way or another

**A**round 5,000 years ago, before recorded history – a tribe from Asia calling themselves the Iberians settled in Spain. Wave after wave of invaders came later, made their mark, and left. First came the Phoenicians, followed by the Greeks, Carthaginians, Romans, Moors, Vandals, and Visigoths, to name but a few. Skip to the 21st century, and Spain faces another invasion, this time by people carrying nothing more sinister than a tube of sun cream. The package-holiday revolution has brought over a billion people to Spain. Some 2 million of these tourists have stayed behind and bought homes. At the last count, 900,000 of those were Brits – and that number grows at the rate of 150,000–200,000 a year. In fact, one in every two UK citizens who chooses to live abroad goes to Spain.

If you've picked up this book, chances are you're considering owning property outside the UK and that one of your options is a property in Spain. This chapter gets those market research juices flowing and gives you a taste of what to expect in the rest of the book.

## *Deciding to Move to Spain*

The reasons so many of your fellow Brits settle in Spain fit neatly under the headings of the six Cs:

- ✔ **Capital appreciation:** Buying a property in Spain is much cheaper than in the UK. You can still find habitable Spanish houses for less than €35,000. Spanish homes appreciate year

on year at an average rate of 14.5 per cent, compared with the UK's 12 per cent. In Chapters 6–9 I review the different levels of rent and capital appreciation you can reasonably expect in each region of Spain over the longer term.

- ✓ **Climate:** Spain is hot for much of the year, making alfresco living a joy. Most people feel better after a couple of weeks of sunshine, and after 44 weeks of it (or 52, if you settle in the Canaries), you'll probably feel completely rejuvenated.
- ✓ **Commercial value:** Spanish is the world's number two business language. Nearly as many people speak Spanish as English. You may have to put some effort in to learn the lingo, but you'll be repaid by turning your new skill to your commercial advantage. In Chapter 16 I cover the many ways in which you can gain anything from a smattering of vocabulary to full fluency in Spanish.
- ✓ **Cost of living:** Despite the inflationary effects of the euro, living in Spain is still less expensive than living in the UK – about 15 per cent cheaper according to European Union (EU) statistics. Two people can live reasonably well on around €1,500 a month in Spain, and even in Madrid you can get dinner out with wine for less than €15. A glass of beer or wine in a bar costs from €1.50, tapas €2 (often free with a drink), and a three-course lunch menu of the day (*menu del día*) €5–10. Prices vary from shop to shop, region to region, and city to city, so take these figures as a rough guide only. Check out the SpainExpat Web site ([www.spainexpat.com/spain/information/cost\\_of\\_living\\_in\\_spain](http://www.spainexpat.com/spain/information/cost_of_living_in_spain)) to find the latest information direct from Spain on costs of a range of everyday items from haircuts and cinema tickets to telephone bills, nurseries, gyms, and car parking.
- ✓ **Cuisine:** Spaniards are passionate about their food and wine, and Spain has a number of distinctive national and regional cuisines. The Moors introduced the Middle Eastern ingredients of rice and saffron, laying the ground for dishes such as paella, a rice-based seafood dish. In Catalonia, a Mediterranean diet rich in olive oil, garlic, tomatoes, and peppers is the order of the day. The Basque Country is renowned for fish but also produces dishes such as *setas a la plancha* (grilled wild mushrooms) and *queso de Idiazabal con nueces* (local blue cheese with walnuts). Central Spain favours roasted meats, while Andalusia's *jamón serrano* (cured ham) is one of Spain's true delicacies. To wash it all down are fantastic Riojas, sweet red dessert wines such as Marques de Badajoz Dulce, and ciders galore.



If you can't wait to try the cuisine, visit some Spanish delicatessen Web sites, such as [www.delicioso.co.uk](http://www.delicioso.co.uk), [www.donquijoteltd.com](http://www.donquijoteltd.com) and [www.iberianfoods-shop.co.uk](http://www.iberianfoods-shop.co.uk), and shop online for the finest Spanish food and wine.

- ✓ **Culture:** After conquering half the world, the Spanish brought home lots of goodies. Their museums and galleries are justifiably world-famous. Spain abounds with Romanesque and Gothic masterpieces, but the art of Spain's Golden Age – the 17th century – and of the 20th century are what most visitors come to see. Culture isn't confined to museums though. Festas take place throughout the year in every village and town, where the locals celebrate events as diverse as Wellington's capture of San Sebastian and Columbus's landing in America.

## *Where to Go*

Spain is like a collection of different countries – a mixture of cultures and climates, each of them special. Spain has archipelagos of islands that nestle in a near-eternal warm spring and coastlines beaten by Atlantic gales as savage as anything you see in the movies. A quarter of the locals don't speak Spanish or even think of themselves as Spaniards – and they may be unable or unwilling to speak with you if you try to chat in Spanish. In the cities, you'll find as sophisticated a range of products as in London, Paris, and New York. In the country, it can take two hours to get to a village store, and the locals you pass may use donkeys for transport. Large parts of Spain are closer to Africa than to the rest of Europe, both physically and culturally. Spain even has a homegrown tax haven perched on a mountaintop that's easiest to reach by skiing.

If your only experience of Spain is a holiday on the Costas, think about taking a look at the rest of this amazingly diverse country. But move too far away from the rest of the Brits, and you'll need to think seriously about learning Spanish. In Part II of this book, I take you on a whirlwind tour of Spain showing you the many different types of properties worthy of your attention. In Chapter 3 I offer some insights into the professionals who can help you find the best-value property in your chosen region.

## *Working Out What You Can Afford*

So you're sold on Spain. But before you think seriously about buying a property, you need to set your budget. You can waste an awful lot of time racing around the country looking at properties

that cost more than you're prepared to spend. Even searching on the Internet can be frustrating. Until you limit your price range to within around €10,000 of your budget, you may be so overwhelmed by details of properties that you can't even begin to prepare a viewing shortlist.

### Adding up your assets

The average cost of a house in the UK is €257,000; the average in Spain is €130,000. In theory, if you decide to sell up and move to Spain, you should have plenty of money to spare. However, even if you do the sums carefully, you may not have quite as much as you would expect. The €127,000 you thought you would have as a result of selling in the UK and buying in Spain is likely to be closer to €100,000, as I explain in Table 1-1.

Table 1-1    The True Cost of Buying a Property in Spain		
<i>Transaction</i>	<i>Cost of Transaction</i>	<i>Balance</i>
Sell UK home for €257,000	€7,710 (3% agent commission)	€249,290
Buy in Spain for €130,000	€130,000 + €14,300 (11% agent commission of around 5% and legal and other costs of up to a further 6%)	€104,990
Move furniture	€5,000	€99,990

After doing the sums in Table 1-1, you still get a pretty good turn-around on your investment. Even if you're seriously cautious when it comes to money, you can expect to earn the interest on the €99,990 difference between selling in the UK and buying in Spain. This amounts to around €3,000 a year – not a bad fistful of change.

### Finding out how much you can borrow

Selling up in the UK and buying a similar property in Spain means you probably won't need to borrow any money. However, if you have the income to support a loan, you could upgrade the whole scenario. I look into mortgages in more detail in Chapter 10.

If you think you can afford or can generate from your Spanish and UK properties about £9,000 of extra income, then you should have little difficulty in raising all the money you need to keep your home