



Spanish Home Sales Decline as Unemployment Concerns Deter Would-Be Buyers

By Sharon Smyth and Ainhoa Goyeneche - Jan 19, 2011

Spanish home sales decreased for a third month in November as concern about unemployment and the outlook for the nation's economy deterred buyers.

Home transactions fell 6.2 percent from a year earlier, after a 17.7 percent drop the previous month, the National Statistics Institute said today in an e-mailed statement from Madrid. The decline in sales coincides with a 24 percent slide in mortgage lending as Spaniards held off from buying homes until the outlook for employment improves.

[Spain](#)'s economy stagnated in the third quarter, leaving the [unemployment rate](#) at more than 20 percent, the highest in [Europe](#). The economic recovery may be further undermined by the deepest austerity measures in at least three decades as the government has cut public salaries and raised taxes to stem a surge in borrowing costs.

The gap between Spanish and German 10-year borrowing costs rose to 236.3 basis points yesterday after Spain sold 5.5 billion euros (\$7.4 billion) of Treasury bills. The spread reached a euro-era high of 298 basis points on Nov. 30, almost 20 times the average in the first decade of monetary union.

[Fitch Ratings](#) predicted in June that Spanish [home prices](#) would fall 30 percent from 2008 before bottoming out in 2012. Madrid-based property adviser R.R. de Acuna & Asociados sees a 20 percent decline in the next five years and estimates Spain has 1.5 million vacant homes that may take six years to sell.

Since the Spanish market's peak in April 2007, home prices have tumbled 22.5 percent, according to a survey by real-estate website Fotocasa.es and IESE Business School.

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