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## Spain Home Sales Rise 12.8% as Buyers Seek to Avoid Tax Increase

By Sharon Smyth - Dec 12, 2012

Spanish home [sales](#) rose 12.8 percent in October from a year earlier as buyers sought to take advantage of a lower [tax rate](#) and a rebate on home purchases before they're phased out at the end of the year.

Existing home sales rose 11.1 percent and new home sales increased 14.7 percent from the same month last year, the [National Statistics Institute](#) in Madrid said today on its website. It's the biggest year-on-year gain since January 2011, according to the data.

“The end of tax breaks for home buyers has acted as an impulse for the market towards the end of the year,” said [Fernando Encinar](#), co-founder of Idealista.com, [Spain](#)'s largest real estate website. “This small rally is a one off and not a sign of recovery in a sector which still needs to see price declines to get home sales really moving.”

Spain has an excess of around 700,000 homes, according to the Ministry of Public Works. The figure is estimated to be more like two million units if unfinished homes, foreclosed properties and those still held by developers are included, according to real estate consulting firm Acuna & Asociados.

To clear the glut and spur demand, the government said in July it will scrap a tax rebate and raise value-added tax on new home purchases to 10 percent from four percent as of January 2013 to encourage buyers to lock in the existing breaks.

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