



How is the backlog of Spanish properties affecting the market?

Just as the outlook for the Spanish property market was starting to look more optimistic comes a report that suggests in around 40% of the country the backlog of homes could take at least a decade to sell.

In 2014 there was 1.65million new and resale homes available across Spain with 668,000 in cities, 331,000 in coastal area and 657,000 in other areas, in which “there is no demand of any kind.”

But there is good news as RR de Acuña y Asociados estimates that 112,000 will be sold in 2016 and 2017, much higher than the 72,177 sold in the four years since 2011, although most will be new properties.

And property prices are set to rise from 3%-5% over the next two years, as buy-to-rent homes become more popular with investors.

After seven years of consecutive declines in homeownership, 2014 marked a turning point in the real estate cycle, says the annual market report from RR de Acuña y Asociados.

Spanish real estate expert, Mark Stücklin, from the [SpanishPropertyInsight](#) website, tells OPP.Today that the glut of unsold properties does have an impact on the current market performance and prices.

“It’s anyone’s guess how much they affect prices, but I would say by at least 10% on a national average level. Although a lot of it is unsalable, it’s on the market at sets the tone for pricing for the rest of the market, as it influences buyer perceptions. There are segments, however, with no glut and high demand, like prime Barcelona, where prices are now rising by 7% according to recent statistics.”

But buyers are better informed than ever and take the glut into account when purchasing. “If there is an oversupply of property in the local market they will know about it and take that into account. By the same token, they will soon realise if the supply is tight and vendors have more power.”

However, the glut has little effect on new-build projects, he believes. “Much of the glut is in the wrong place where there is no demand, or can’t compete on quality and design. In areas of active demand new projects are selling well. New developments are more hampered by lack of financing than the glut.”

Javier Yelo Martínez, International Real Estate Coordinator for the [BMN](#) bank, says it is not right to use a macro study to talk about the impact in Spanish property prices. It is more effective to use a micro study referring to specific locations.

“When we talk about the areas where OPP audience is interested, I understand we need to talk about products for international demand concentrated in the coast and with specific characteristics.

“To give you a concrete example, in the Costa Calida and Costa Blanca, where the banks have nearly liquidated their stock of new developments, the stock is being shrinking at a rate of 5%, above the Spanish average, which illustrates the sector recovery and this trend will continue in the coming months.

“If we deepen into coastal areas, there is less stock available and it is second hand rather than new build projects. La Zenia village, for example, is seeing major construction activity and off-plan sales, something that seemed impossible two years ago.

“What is happening in La Zenia is also happening in Marbella, on the Costa del Sol, Ibiza, in the Balearic Islands and Javea, in Costa Blanca. These locations are the best thermometers of the Spanish real estate market recovery.”

A large area of unsold Spanish stock is inland, in areas where there is little demand from international investors and does not affect prices on the coast, where new build projects are already seeing price increases.

Some buyers take the glut into account but Javier Yelo Martínez advises buyers it is more important to get information about the local market they are interested in and act on it.

An indication of the growing demand from investors is that some Spanish Banks including BMN is set to open up more branches in The Mediterranean Coast and the Islands areas and extend its connections with agents, IFA, mortgage brokers and solicitors.