

HOW IS THE MARKET?

March 2022

Property prices go up in Marbella and Benahavis

With the number of transactions we are having and with the inventory going down, prices were bound to go up following the general rule that more demand and less offer leads to higher prices. That is exactly what is happening in the market of Marbella and Benahavis, prices are going up and this can be

seen on the charts. There are two lines for Benahavis (Chart 2): The price per square meter published by the real estate portal Idealista that can be identified as "for sale" or "asking" price (green) and the price per square meter obtained from the Land Registry that can be identified as "sold" or "closed" price (blue).

Additionally, in the chart for Marbella (Chart 1), there is a third line that is the average price per square meter obtained from official valuations, published by the Ministry of Housing (red). Regarding Marbella, it can be seen that the asking price is sky-rocketing, with owners asking more and more for their homes, while closing prices are also going up, already 13,6% in the last year, but with a "softer" increase. There was a moderation on the tendency in 2020 but the increase is starting to accelerate again. In any case, it will be seen, with the detail in Benahavis, that most of these increases are driven by the selling prices of new built homes. A final comment on the valuation prices of Marbella that are always below the closing prices and, in a similar way, following an upward tendency.

The prices in Benahavis are also following the same path, in this case reaching an extreme increase in closing prices of 18,3% in one year. This can be seen as good for now but I think it is too much for the future. The market will not withstand yearly increases of 18% and it can destabilize it if it keeps on growing at that pace. Finally, just a comment on the increase of the prices, as mentioned above, driven by new built units. Chart 3 shows the closing prices of second hand homes versus new builds, highlighting that prices of new builds are increasing rapidly while prices of second hand units started to show increases in 2021 but at a slower pace than the new builds. Most of the demand is for new designs and there is also less inventory so prices are pushed up while there is less demand for second hand properties and more stock available so for the moment prices of second hand homes are not increasing as much.

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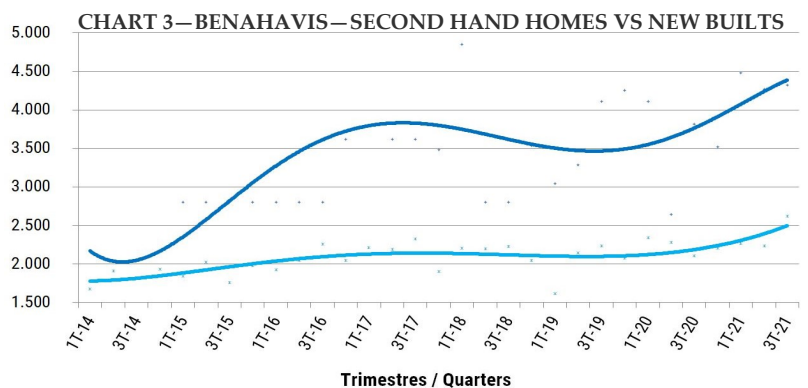
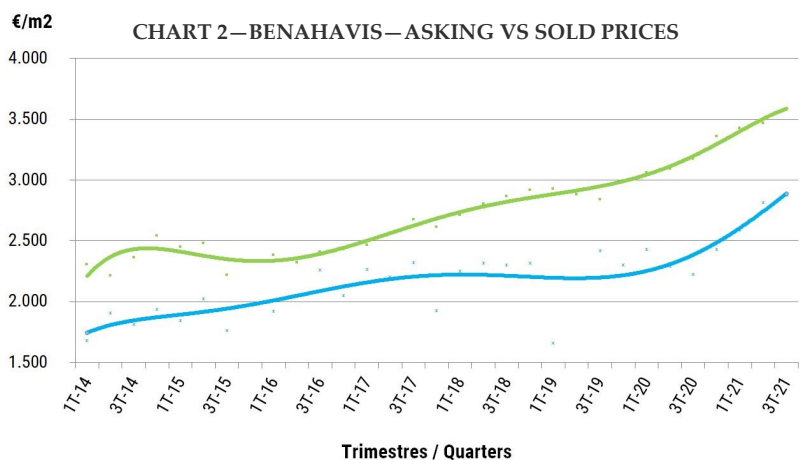
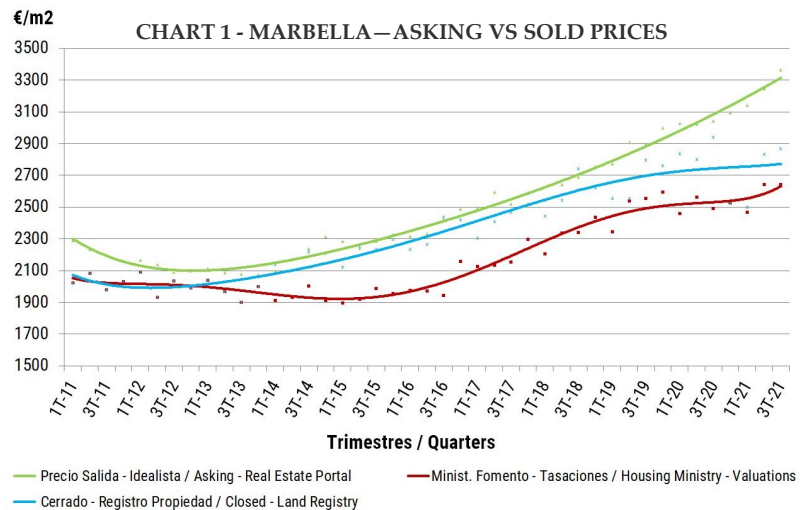
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March 2022**Did you know that you have to sign a Notarial Document (Act) prior to signing a mortgage?**

One of the modifications established by the new law on the Mortgage Contracts (Contratos de Credito Inmobiliario) passed on June 16, 2019 based on the 2014/17/UE European Directive, that was looking to restore borrowers' confidence in the banking system, was the obligation to sign a previous deed or act in front of a public Notary stating the conditions agreed with the Bank for the mortgage. When signing that document, the Notary will detail and explain those conditions to the purchaser of the property.

That Notarial Act to be signed before the signature of the mortgage deed, also called Transparency Act, is a notarial document that guarantees that everyone subscribing a loan with a mortgage guarantee has received all legal documentation and information to understand the extent of the liabilities he/she is assuming. The goal is to enhance legal certainty, the transparency and the understanding of the legal contracts and their clauses associated with the signing of a mortgage loan.

In practical terms, this means that, in addition to the information that the bank can and must provide, it will be the Notary who, at least 10 days prior to the signing of the mortgage, not only informs but also ensures that the information provided has been understood and that all the documentation required by law has been received.

The main concerns faced by future borrowers, that the signature of a Transparency Act will clarify, usually revolve around the interests, both ordinary and late payment, especially if they are fixed or variable, and if so, the index to which they are referenced. In relation to the variable interests, the Notary is obliged to make different calculations or simulations of what may happen. Doubts also arise in relation to the different types of commissions (early repayment, non-payment of instalments...), and in relation to the importance of the appraisal value in the event of an auction and when and how this can take place.

** Given that each case is different and being this text just a simple touch on the issue, we recommend consulting your lawyer regarding the contents of this article.

**Montemayor, Benahavis**

4 Bed, 3 Bath, 397 Sqm built and sea views

890.000€

**Puerto del Almendro, Benahavis**

2 Bed, 2 Bath, 95 Sqm built and sea views

234.900€

Owner's Review

March 2022

"I had my apartment on the market for 2 years without a sale. I moved to Alfonso Lacruz, signed an exclusive arrangement (which i was skeptical about at first) however within 3 months they sold my apartment and I had the money in my account. Very happy and couldn't recommend them enough."



**Thinking of selling or tired of waiting for a sale?
Don't look anywhere else. We can help! Just call me.**