

HOW IS THE MARKET?

July 2022

After the record year 2021, the market started strong in 2022

The Spanish Ministry of Housing has recently released the data for the number of home sales in the first quarter showing that the market kept the same record pace we saw during 2021. In fact, that was also our feeling during the first six months of the year, even after the start of the Ukrainian war. Now we are hearing all these comments about a recession coming in autumn but, right now, it's not what the market shows.

Going back to the data and Chart 1 for Marbella, we can see that the number of transactions closed is about the same as the ones closed in 2004, the record year for Marbella, and the highest in the last ten years. Considering that 2021 almost beat the historical number of home sales closed in Marbella, the increase of the first quarter of 2022 versus the same quarter of 2021 is an outstanding 64%. We had that same feeling of activity during the second quarter that, I presume, will be shown on the numbers when the Ministry publishes them in about two months.

Regarding Benahavis and the information on Chart 2, the numbers are similar to the ones shown for Marbella, with the number of closed transactions almost reaching the historical maximums for Benahavis and with an increase of 79% compared to the same first quarter of 2021.

In summary, lots of sales, inventory going down due to record numbers on home sales and prices going up also caused by the decrease of properties for sale. Really, economics' law, low offer and high demand pushes prices up.

The key question is: is the market going to stay this active for the rest of the year? It is difficult to say when the governments and banks are talking about a recession coming in the second half of this year. There is so much talking on the topic that some buyers will think twice about buying, considering that they may get a better price if the market falls. Also, developers are slowing down to be able to observe the market after the summer and see the risk they may take. In any case, I think Marbella and Benahavis markets are going to do well because the conditions that pushed the market are still there and, although we may see less buyers, the inventory is low and we do not expect lots of bank repos or developer's bankruptcies as before, as they learnt the lesson in 2008, so prices may stay more or less stable, but with less transactions.



By **Alfonso Lacruz**

Associate Agent

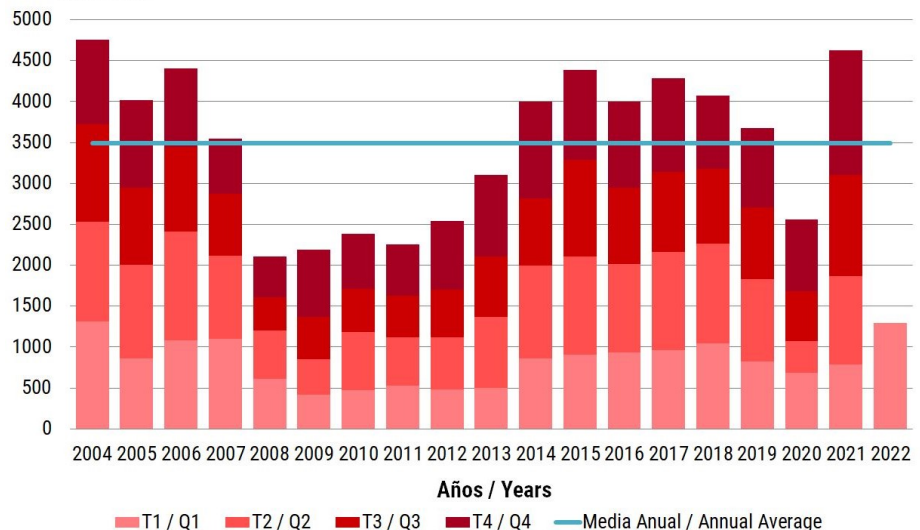
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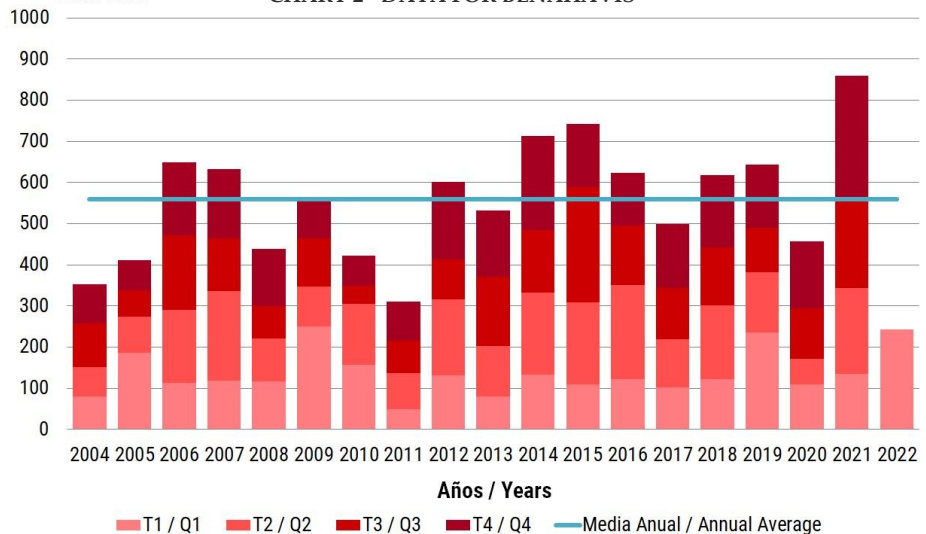
Unidades Vendidas
Units Sold

CHART 1 - DATA FOR MARBELLA



Unidades Vendidas
Units Sold

CHART 2 - DATA FOR BENAHAIVIS



Source: Registradores, Ministerio de Fomento

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HOW IS THE MARKET?

July 2022**Why is it worth hiring a good agent? For results, which translate into more net for the owner**

As they say, cheap is expensive. In the real estate market the same saying applies. It's not just about a cheap commission. A good real estate agent, who may be more expensive, who does a good job can achieve a higher net profit for the owner.

Better marketing attracts more clients, more clients means more interest and more offers, and more offers in less time means more negotiating power to get a higher price for the owner and less maintenance expenses for the property.

Is it good for a property to be on the market for a long time with little activity? Not really. In the end it "burns out" and ends up being sold much later for the same market price but with many more months of maintenance costs and a decrease of opportunities. It is also important to keep in mind that, in the real estate market, time is money. If the owner is not in a hurry to sell and is not willing to go to the price level that the sale requires, it is better to take that property off the market before it "burns". A good real estate agent will advise the owner on the market price at which the property can be sold and on the marketing and pricing strategy to achieve the sale. Any property will sell if a good job is done maximizing the price and reducing the time it takes to sell.

To illustrate this I will give an example of a sale I closed last month:

*Property for sale in Marbella East for 420.000 €. After being on the market for more than six months, the agent received an offer for 400,000 € which the owner rejected despite the pressure from his agent which led to a break of trust between them. The owner came to our team to see how we could help her with the sale. Two weeks later we launched the property back on the market with professional photos and improved marketing at a price of 445,000 €. One week after launching the property, we sold it, after receiving two offers and negotiating for a few days, for the starting price of 445.000 € which is **45.000 € additional** for the owner compared with the original offer she received without taking into account the savings in the costs of supplies, community, IBI, repairs, etc. of a property for six months that would have to be added to her net profit.*

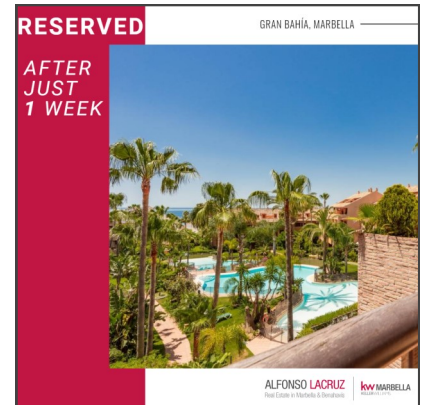
Is it worth hiring a good agent? I think so, in the end it pays for itself.

Owner's Review



"Alfonso, Katrina and the team were absolutely fantastic in helping get our property sold. We had a long standing rental property in need of repair. They helped us redecorate the property, give great advice on the market, got us a really good offer and made sure the buyer was in a good place to complete. Less than 3 months from start to the end of the sales process. Great Job !"

July 2022



Gran Bahía, Marbella

3 Bed, 3 Bath, 224 Sqm built and sea views
920.000€



El Soto de la Quinta, Benahavis

3 Bed, 2 Bath, 136 Sqm built and garden
329.000€



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