

HOW IS THE MARKET?

September 2022

The Stock of New Homes is at minimums at the Costa del Sol

The combination of different series of data published by the Ministry of Housing has made it possible to construct Graph 1, shown below, from which interesting conclusions can be drawn about the new housing market in the province of Malaga. This graph shows the homes initiated (in the year in which construction began), home completions, the stock of new homes (unsold) and the percentage of new homes sales compared to new built completions. The data on homes initiated and completions are superimposed so that you can see in each year's bar whether more homes were initiated than were completed (the top of the bar will be red) or vice versa (in which case the top of the bar will be blue).



By Alfonso Lacruz
Associate Agent

(+34) 609 408 400
alfonso.lacruza@kwspain.es
www.alfonsolacruz.com

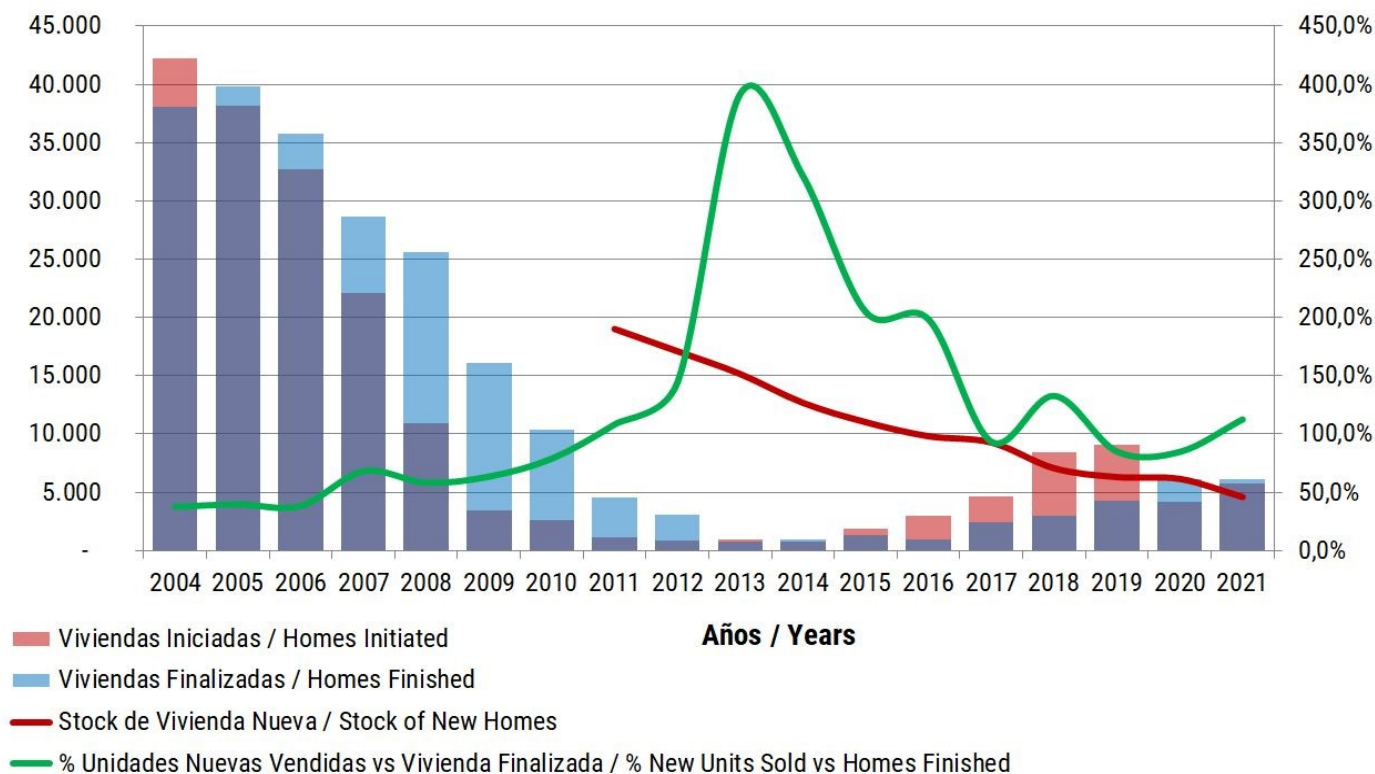
Analyzing the graph, the first thing that becomes clear is that the stock of new homes is at an all-time low and that the numbers for this upward cycle, from 2015 to 2021, are at least four times lower in terms of new construction than those of the other cycle, from 2000 to 2008. This lack of stock and the increase in demand for this product, which in terms of design and quality differs greatly from what was finished in the previous upward cycle, is what is causing the prices of new built units to be much higher than the prices of second-hand units.

Finally, it is very interesting to observe the evolution of the curve represented in green that shows the percentage of new units sold with respect to that which is being completed. Between 2004 and 2010 it can be seen that the market was not able to absorb the amount of units that were being completed (less than 50% of what was completed was sold) and that, to a certain extent, led to the situation we all know. However, between 2015 and 2021 and with some slight lag, more new built homes are sold than the ones that are completed, which favors real estate developments and prices remain high for this type of product.

Número de Viviendas Number of Units

CHART 1 - DATA FOR MALAGA'S PROVINCE

% Ventas % Sales



Source: Registradores, Ministerio de Fomento

WE ARE
LOOKING FOR

REAL
ESTATE
AGENTS

Interested?

+34 609 408 400
alfonso.lacruza@kwspain.es

WWW.ALFONSOLACRUZ.COM

ALFONSO LACRUZ
Real Estate in Marbella & Benahavis

kw MARBELLA
KELLERWILLIAMS

For a free subscription to this Newsletter, please send me an Email or SMS with your name and email address.

KW Marbella (Oficina ppal.) Los Patios de Santa María Golf, local 13-14 29604 MARBELLA T: (+34) 609 408 400 E: alfonso.lacruza@kwspain.es

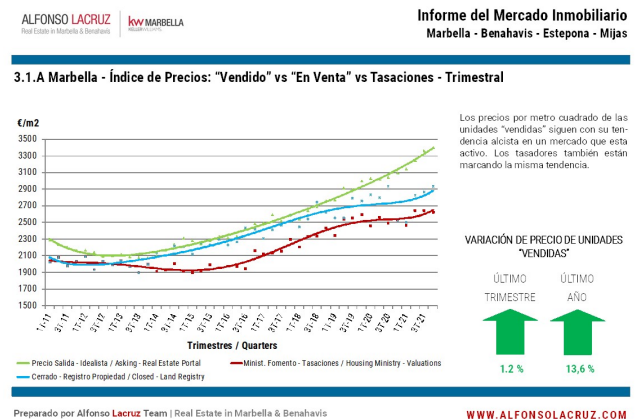
HOW IS THE MARKET?

September 2022**Setting a Market Price by using a Comparative Market Analysis performed by a Professional Agent**

A precise market price analysis is of the essence when selling a home. It will save anxiousness, time and, therefore, money to the owner. These studies are called Comparative Market Analysis since they will compare the prices of the home to be sold to the ones that have sold recently, to the ones that are on the market right now and to the ones that are on the market but are not selling.

This comparative analysis, if well done, will give a much better estimation of the market price of the property to come out to the market so the property will sell with less problems, faster and, probably, for more price. An over-priced property on the market gets burnt, will stay on the market much longer and as every outdated product will need additional price reductions to be sold. Is it the same to negotiate the price of a home that just hit the market or one that has been one year on it and it is burnt? Experience shows that burnt properties will negotiate for less. A typical question from a buyer is, how long has been on the market? because that tells them how strong is their negotiation power.

Going back to the Comparative Market Analysis, what are the factors that influence the price? The main ones are location, the price of comparable properties, the condition of the home, the size of it and the real estate market. This real estate market is also affected by the general economy, the interest rates, government policies and availability of homes for sale. Therefore, preparing a precise Comparative Market Analysis requires full knowledge of the neighborhoods, the properties in those neighborhoods and the market conditions so only professional and knowledgeable agents are prepared to produce those accurate Comparative Market Analysis. If you are thinking on selling, hire one of these professional agents.



Owner's Review



"Alfonso and his team are excellent professionals, thanks to their experience and expertise, they have found a buyer, in a short space of time, maintaining an excellent level of information, support and assistance and successfully completing the sale. It is a guarantee to rely on their services"



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