

HOW IS THE MARKET?

October 2022

Historic record in property sales for Benahavis & Marbella

Although last year, 2021, new sales records were established, this year 2022 will be beaten again. Data from the Ministry of Housing on the number of homes sold have just been published showing that in Benahavis and Marbella, and in most of the Costa del Sol, it has been the first half of the year with the highest number of units sold in history.

Focusing on Marbella, sales in the first six months of this year have exceeded those of 2004, the best year to date, by 22%. It can be seen from the graph that more properties have been sold in this first half of the year than in the years from 2008 to 2013 and, due to the pandemic, more than in 2020. I have to say that these numbers, although surprising, do not catch anyone by surprise since it could already be sensed by the activity that was felt in those months in the market and it was already commented months ago.



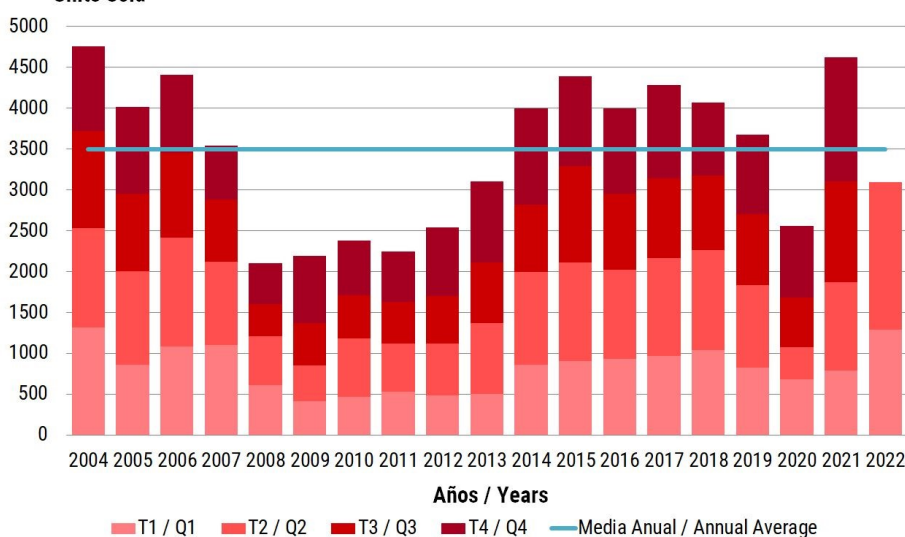
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CHART 1 - HOME SALES IN MARBELLA



Regarding Benahavis, the data are, if possible, even more impressive. The sales of homes in this first half of the year are 82% higher than the previous historical record which was in 2019 and even in these first six months of the year have exceeded the sales of most of the "full" years except those of the years 2014, 2015 and 2021 to such an extent that the sales of these six months have exceeded by 24% the average annual sales in Benahavis.

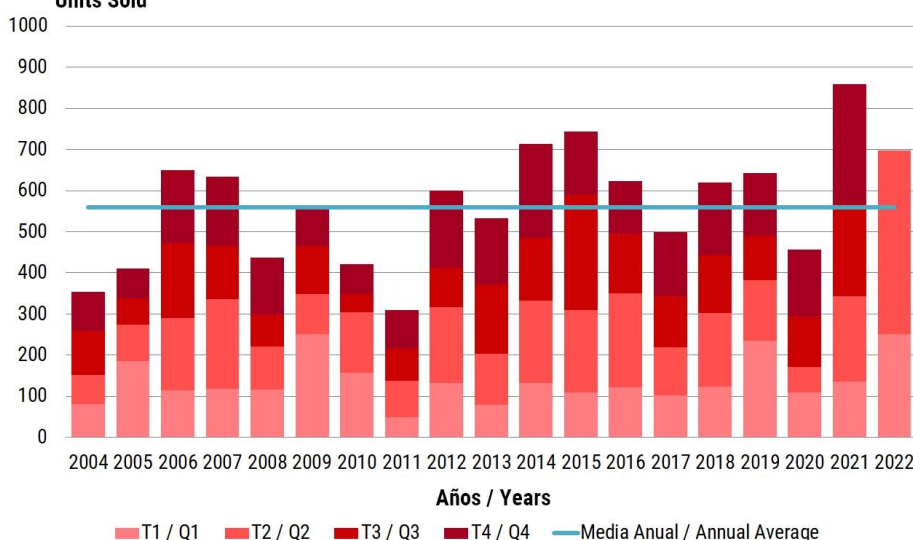
What can be extracted from these data is, in principle, that the beginning of the war in Ukraine and the general price increases of the first half of the year, which worried us so much, did not slow down the real estate market which has been extremely active until the end of the summer. On the contrary, and again this is an assessment based on contacts with other real estate agents, lawyers, notaries and other professionals related to the real estate market, there seems to be a general opinion that in the last month the real estate activity has slowed down although it has not stopped completely. There are many negative comments in the press about a possible recession in Europe that may affect the local market with drops in prices due to a drop down in the demand based on the economic uncertainties causing buyers to abandon the idea of purchasing or delaying their purchase decision waiting for potential opportunities at lower prices.

In any case, I am positive and with what Benahavis and Marbella has to offer and the local market conditions, we will navigate nicely around this situation.

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CHART 2 - HOME SALES IN BENAHAVIS



Source: Registradores, Ministerio de Fomento

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Opinions on the possible cooling of the real estate market

In the last two months we are hearing a lot of negative economic news that can affect the real estate market: soaring inflation, energy crisis, rising interest rates, among others. The load of discouraging news is so important that the market in Marbella and Benahavis has already suffered and the professionals who work in this sector have noticed a decrease in activity. I have already commented in a previous newsletter my opinion on the subject:

- I think we will see a slowdown in the market due to the decrease in demand caused by the barrage of negative news and the decision of some buyers to postpone the decision to buy while waiting for lower prices, which would be understood as reasonable considering the negativity we receive daily.
- The market is much healthier than in 2008 with much less potentially bad credit and much less inventory than at that time and therefore less prone to a deep crisis.
- We must bear in mind that the quality of life enjoyed here is the driving force of our market, which has matured a lot in recent years, gradually moving from being a purely holiday market to a market where the first residence for foreigners, and especially after the pandemic, has become much more important, and that engine will not stop with a potential crisis that analysts say will be short-lived.

In any case, and in order to include other opinions in this article, we have included them below:

- ◆ Idealista News (29-09-2022): Gonzalo Bernardos-analyst and real estate consultant- : In Spain there will not be a crisis like that of 2008, but there will be a mild recession.
- ◆ Business Insider (17-10-2022): For the first time in a long time, the world is facing a 'light' recession triggered months ago by the tightening of monetary policy. Unlike previous crises, this is expected to be the most moderate contraction in a recession period in the last 40 years.
- ◆ ElEconomista.es (14-10-2022): The real estate sector prepares for the imminent fall in house prices in Spain.
- ◆ La Opinión de Málaga (03-10-2022): Second-hand housing continues to rise above 10% per year. Second-hand housing has continued its upward trend in the third quarter of the year, but it is expected that with the recent interest rate hikes put on the table by the European Central Bank, the final stretch of the year will bring with it a slight slowdown, says Ferran Font, director of research at pisos.com.
- ◆ 20 Minutos (17-10-2022): JP Morgan issues a warning about a possible global recession. The recession would arrive in mid-2023, although it is difficult to foresee its duration and repercussions worldwide. The IMF points to Spain as one of the countries that will avoid recession.

Owner's Review



"Great experience and knowledge of the Real Estate market, Alfonso is a great professional. His advice, which is an essential part of any real estate transaction, is impeccable and the team is fantastic and very efficient. He offers a personal and very professional service, undoubtedly the best on the Costa del Sol. "



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