

NEWSLETTER

How is the Real Estate Market?

ALFONSO LACRUZ NEWSLETTER, YOUR LOCAL EXPERT IN BENAHAIVIS & MARBELLA

FACTORS CONTRIBUTING TO A POSITIVE 2023 IN LA COSTA DEL SOL

After the historic year we had in 2022 where records were reached in the number of transactions closed, the question we are asked every day is what is in store for 2023. The truth is that it is always difficult to make predictions, which could turn out to be totally wrong if macroeconomic conditions vary.

1. As I have been writing lately the inventory of properties for sale is low and that low supply will help to maintain or at least avoid large declines in prices even if, as assured, demand falls. Overall, it can be said that it will help the market to hold up.

"1. Low Inventory, 2. Shortage of new units, 3. Lifestyle and climate"

2. As commented in my September 2022 Newsletter, more new construction is being sold than finished. In general, there is more demand for new construction and less product, which means that the price of new properties is much higher than that of resale properties. If we add to this the fact that the inventory is being further reduced

as more new construction is being sold than finished, the pressure on prices and the market will be lower, returning to what was mentioned in the previous point.

3. The lifestyle and climate of La Costa del Sol that makes more and more people buy a vacation home or settle permanently on the Costa del Sol that made the post-pandemic 2021 and 2022 record years in terms of closed transactions, are still there and will help a potential drop in demand being more moderate. In addition, the new law of digital nomads will favor the residence in the area (this will be discussed in another Newsletter).

In summary, although what finally happens in the Costa del Sol real estate market still depends a lot on the macroeconomic situation, mainly European but also global, it seems that, at least locally and having analyzed negative and positive factors, the negative effects that may affect the market may be softened with respect to what can be seen in other locations in Spain.

The year 2023 will probably not be as good as the record years 2021 and 2022 but we do not believe that we will live in a crisis in the real estate market as the one we saw in the worst years of the previous cycle, from 2008 to 2011, but that we will get back to a certain normality both in price increases and number of transactions.

Source: Alfonso Lacruz, Real Estate Expert Agent



Villa, Estepona
4 Bed, 3 Bath, 169 Sqm built
and garden 829.000€



Brand New Villa, Benahavís
3 Bed, 3.5 Bath, 398 Sqm built
and sea views 1.295.000€



SOLD Los Flamingos
7 Bed, 7 Bath, 3058 Sqm built
2.900.000€

EVERYTHING YOU SHOULD KNOW ABOUT TAXES WHEN SELLING A HOME - PART II

In the November 2022 Newsletter we already commented that there are two main taxes when selling a property, the Capital Gains Tax and the Municipal Capital Gains Tax, and we focused on explaining the first one, the Capital Gains Tax in general, how it is calculated and the rates that apply. As it was said, we could not go out of the general rule because it could give rise to innumerable cases that are not the object of these articles. This second article on the subject is going to focus on exceptions to the Capital Gains Tax.

In general, will be exempted from the Capital Gains Tax those cases in which:

1. The transfer of the permanent residence is made by persons over 65 years of age or by severely or highly dependent persons. In general, the habitual residence is understood to be that in which the person has lived for at least three years. It is also considered habitual residence that new dwelling in which one has resided since the completion of the works or transfer of the same one or those to which it has been necessary to move for some justified cause, such as a marriage, a divorce or work reasons.
2. Properties that are part of the National Historical Heritage for the payment of an Income Tax (IRPF) debt.
3. If the property is donated in such a way that the donation is entitled to a deduction in the income tax quota. That is, when it is donated to non-profit entities, legally recognized foundations or associations declared of public utility.
4. When the habitual residence is used as payment for the cancellation of a mortgage debt. Both the debtor and a guarantor of the debtor are eligible, provided that the payment is made to banks or credit institutions or other entities that as a form of professional activity are engaged in the granting of mortgages or loans. The same exemption applies in the case that the foreclosure has already occurred. In order for this exemption to apply, the owner, or his guarantor, of that habitual residence must not have other assets that would allow him to cancel the total debt and avoid foreclosure.
5. As a particular case, it is also exempt 50% of the capital gain obtained by those who acquired real estate between May 12 and December 31, 2012 making use of the Royal Decree 18/2012 that tried to stimulate the sale of real estate.

As each case is different and these articles cannot cover multiple details and particular cases, it is highly recommended that you consult your own details with your lawyer or trusted tax advisor.

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SELLING A HOME - PART I in our
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