

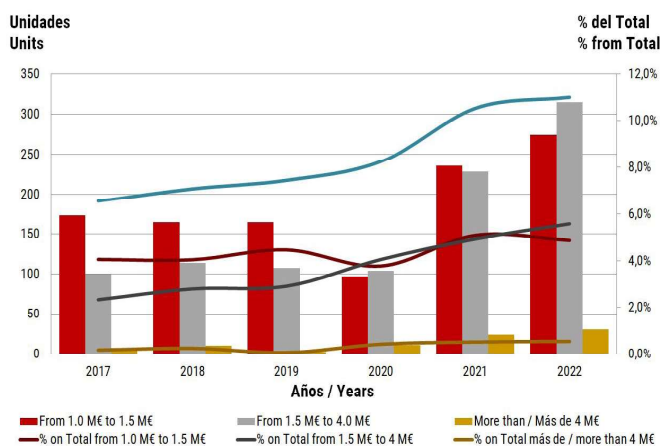
NEWSLETTER

How is the Real Estate Market?

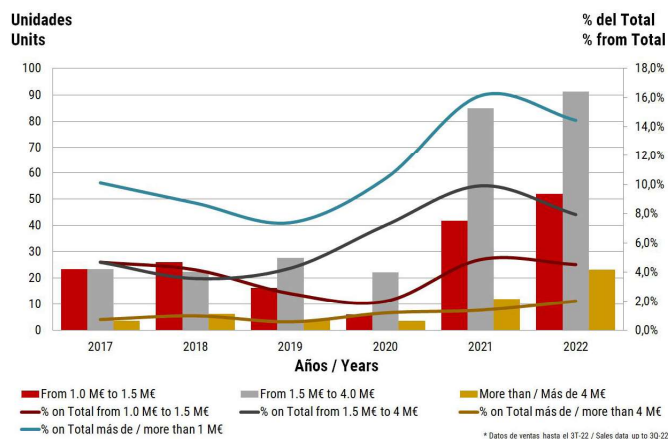
ALFONSO LACRUZ NEWSLETTER, YOUR LOCAL EXPERT IN BENAHAIVIS AND MARBELLA

THE LUXURY MARKET IS SKYROCKETING IN BENAHAIVIS AND MARBELLA

Although the final 2022 luxury property sales data is not yet available, with last month's data still to be published, it shows that **the luxury market has continued to rise in terms of units sold not only in Marbella but even more so in Benahavis**. Considering luxury market those properties that are sold above one million euros, the sales numbers have been even higher than in 2021, already a record year continued its growth in the past 2022.



Taking into account first on the number of homes sold in Marbella, graph 1 shows that, for all the price ranges in which the data have been distributed, in 2022, and with some data still missing, **have been more than a 50% increase in sales when compared to the whole year 2021**, which was already a year in which were sold, practically, twice as many luxury properties than the average of the previous eight years. In the same way it can be seen that the percentage of high-end operations continues to rise having gone from 6.5% to practically 11% in just five years which, taking into account that, in 2022, 5,600 transactions in the municipality of Marbella means that about **250 more transactions were closed in this market than last year**. If the number of home sales has increased in 2022 by 38% over the average sales from 2016 to 2019 and 21% over 2021, the number of sales in the high-end range, the increase has been 138% over the average sales from 2016 to 2019 and 27% (still lacking the sales of the last month of 2022) over 2021. **The boom in the luxury real estate market is more than evident in Marbella.** In Benahavis, as can be seen in graph 2, the situation is similar but not exactly the same and variations change depending on the price range.



In the two lower ranges, from one million to four million euros, more operations are going to be closed than in 2021 although the percentage increase in the number of sales is not as large as in Marbella reaching a 13% increase, in the absence of some data, of the sales that were closed last year. What does change in Benahavis is the percentage of high level sales in the market, which goes from approximately 16% to 14%, showing that in the record year of sales in Benahavis the number of sales below one million euros increased more than those above that value, except for sales above four million euros. In the latter, and **highest price range, twice as many properties have been sold than in the whole year 2021**, so that in 2022 we will see a new sales record in this super luxury sector. Making the same comparison as in Marbella, the number of sales of luxury homes has risen by 270% in 2022 compared to the average sales of the years 2016 to 2019 and 19% compared to 2021.

In short, the luxury housing market has soared in these last two years and I think it is going to be even more reinforced in the coming years if we take into account what is attracting clients in this segment to Marbella and Benahavis: the weather we enjoy, the quality of the product that is being offered and the infrastructure that has been put in place to facilitate working from here in companies located abroad, in general, a better quality of life not only for retirement but also for a lifestyle in accordance with the times in which we live.

Source: Alfonso Lacruz, Specialized Real Estate Agent

9 POINTS TO KEEP IN MIND WHEN SELLING MULTIMILLION-DOLLAR PROPERTIES

The sale of a commercial property worth tens of millions of euros to an investor is, in general, similar to the sale of any other property, although it is not within the reach of many real estate agents. **This level of transactions requires preparation, experience and mastery of a number of aspects** that will be summarized in this article:

1. The parties involved in the transaction, buyer and seller, are individuals, entities, investors, high net worth individuals accustomed to corporate transactions and advised by specialists in each of the fields that require the same, so the real estate agent **has to be extremely professional in their participation**, including treatment, appearance, professional language and knowledge.
2. In transactions with investors, the emotions associated with the purchase and sale of a property do not come into play. In this case, we are talking about **numbers, business, profitability**, and, in order to close them, we must master them.
3. **In-depth technical, financial and legal knowledge** are indispensable to be able to participate at the same level as the parties involved and their advisors in the meetings that are necessary to define and finalize all the details. Without this knowledge, the credibility of the parties in our work and in the numbers on which we support the sale is lost.
4. Based on that technical knowledge we have to carry out our own due diligence (**technical and legal audit**) to be sure, even before offering the product, that it is really saleable. We can completely lose the credibility and trust of a customer buyer at this level if we offer products that finally cannot be bought because we have not done our previous research work.
5. Although it may seem obvious, it is essential to study and know each of the parties and, in great depth, the product we are selling. You must be excellently prepared before any call or meeting with the intervening parties or with any of their advisors. **Things cannot be left to chance or improvisation**, since not having the situation under control or saying something inopportune can cause the loss of an operation that takes a lot of time and effort to put together.
6. **We have to be problem solvers**. During the operations multiple and diverse problems will arise and we must

attack them in a proactive way and not wait for them to solve themselves or for them to be solved for us.

7. Mentality is very important when talking about this level of transactions. We have to show tranquility and confidence in what we are doing. We have to control the timing of the transaction in a professional manner and we cannot become desperate to close. The profession is carried inside because it is inevitable to think about the fees that can be generated, but we must control the anxiety so that it does not become visible at any time. The parties, in general, will not accept the pressure to close and each one will try to set its own time. Our work in this sense has a psychological and a diplomatic part.

8. We are talking about numbers, costs and profitability and the operation will not go ahead if the two parties do not reach a mutual agreement in which both are winners (except in certain special cases), so we must enter the negotiating table **knowing the numbers** of each party and where the common objective that satisfies each one is. And, as mentioned before, always remain calm, which is necessary in any negotiation, but imperative in closings at this level.

9. Discretion is fundamental, understanding it in a double sense, the first one in which we are talking about high level people or entities that, in general, prefer the anonymity of the operations and; the second one, in which an indiscretion can make that the operation reaches the knowledge of third parties that, with opposed interests, can anticipate or ruin the same one.

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After this enumeration it may seem obvious that any real estate agent can close a high level transaction and the only thing needed is to prepare for it, which is not difficult but it is hard and requires a lot of work and dedication, however, and in reality, there are not so many agents who are really trained. The numbers involved sound very attractive and this makes many agents try, waste a lot of time and end up getting frustrated because, as in everything, you can't try to run a marathon without having run a mile first.

Source: Alfonso Lacruz, Specialized Real Estate Agent

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