



LUCAS FOX SPANISH REAL ESTATE MARKET REPORT

FIRST HALF 2021



LUCAS FOX
INTERNATIONAL PROPERTIES



International
Associate



 Interactive document

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A WORD FROM THE FOUNDERS

This report comes out at a crucial juncture for the Spanish property market. Eighteen months after the coronavirus hit the country, generating unprecedented levels of uncertainty, we now see with increasing clarity the window of opportunities created in our industry by the pandemic.

Built on the strong foundations of our brand, our business has grown with the opportunities in the first half of 2021, as more people prioritise balanced and healthy lifestyles whilst seeking good value for money in real estate, which has pushed up housing demand in sought-after

Spanish regions where we have a strong position on the market.

The latest official real estate figures also confirm that the Spanish property market has taken the pandemic more or less in its stride, with strong enough foundations to keep moving forward positively this year.

The return of foreign investors with the lifting of travel restrictions, and the injection of billions of Euros into the Spanish economy in the form of EU recovery funds, are expected to further boost the Spanish real estate market.



ALEX VAUGHAN & STIJN TEEUWEN
Founders



ABOUT THIS REPORT

With 27 offices in 11 Spanish regions focusing on prime property sales to both local and international buyers, Lucas Fox has a unique perspective that we periodically share in our market reports to help buyers and sellers understand the current state of the prime Spanish property market.

For sales figures we used the latest public data available from the Ministry of Transport, Mobility, and Urban Agenda (MITMA) up to the first quarter of 2021, and our own sales data for the first half of 2021. For prices, we use data from MITMA based on actual sales up to Q1 2021, and asking price data from Idealista.com, the leading Spanish property portal, up to Q2 2021, plus our own price data for the first half of 2021 to help us interpret the public figures.

We hope this report will give readers a deeper understanding of how the pandemic has changed the market, and help them inform their decisions.

“
This report on the first half of 2021 comes at a crucial time for the market, as the shock of the coronavirus pandemic wears off, leaving behind profound changes that are reshaping the market in ways that create new opportunities.”



SPANISH MARKET OVERVIEW

Whilst the first half of last year was dominated by the shocking impact of the coronavirus pandemic on all aspects of life, including a dramatic decline in the global property markets, the first half of 2021 has given way to more positive news, not least for the Spanish property market.

All the market data published so far this year points towards a sustained recovery in Spanish property sales, prices, and mortgage lending, not just compared to last year, when activity was severely impaired by the lockdown, but also compared to the two years previous to the pandemic, which is even more encouraging.

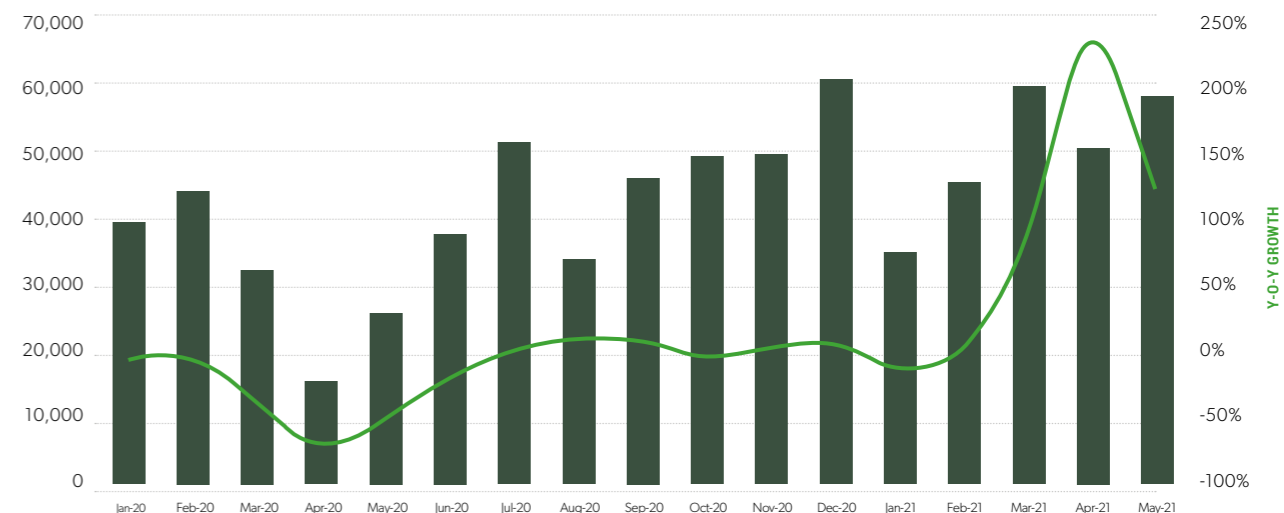
No doubt some of the recovery this year can be attributed to a hangover of pent-up demand from 2020, which we can expect to diminish with time. Even so, the recovery is looking stronger than anyone could have predicted in the bleakest months of the first half of 2020.

And, similar to what we are seeing in other markets across the developed world, the prime Spanish property market appears to be benefiting in unexpected ways from the coronavirus pandemic, as wealthy buyers with cash to invest rethink their priorities.

For example, the coronavirus has established a clear preference for outdoor living in low-density surroundings. With one of the best climates in Europe, a first-world infrastructure, high quality of life, and good stock of prime properties, Spain is perfectly placed to benefit from this trend as travel restrictions continue to ease in parallel with the vaccination rollout.

HOME SALES. SPAIN TOTAL

Source: Notaries



TRANSACTIONS

Looking back at last year, the Spanish real estate market proved surprisingly resilient considering the dramatic impact of the pandemic on all aspects of life, including three months of national lockdown between the 15th of March and 21st of June.

According to data from the Association of Spanish Notaries, there were 490,113 home sales in the year, a decline of just 14.6% compared to 2019.

To put this in perspective, sales fell much more after the economic crisis, with a decline of 34% in 2008 alone. So the coronavirus has done less damage to the market than the bursting of the property bubble 15 years ago. The pandemic was undoubtedly a bad shock for the market, but it has been followed by recovery, rather than depression.

Turning to more recent data, and looking at monthly sales from the start of 2020 to May 2021, we get a better picture of the impact of the pandemic on sales to date, and where we might be heading.

The monthly figures show how sales were crushed during the lockdown months of 2020, before beginning a sustained recovery that has delivered positive sales growth in nine of the last 12 months.

This year, as expected, transactions increased dramatically in April and May compared to the lockdown months of 2020, with annualised increases of 234% and 125% respectively. However, sales were also up 8% compared to 2019 - a pre-pandemic benchmark that does not flatter by comparison with a bad year. Sales were also up 6% compared to 2018.


125%

INCREASE IN SALES
TRANSACTIONS
DURING THE MONTH
OF MAY 2021,
COMPARED TO THE
PREVIOUS YEAR


8%

INCREASE IN
TRANSACTIONS IN
MAY 2021 EVEN
WHEN COMPARED TO
PRE-PANDEMIC MAY
2019

REGIONAL SALES

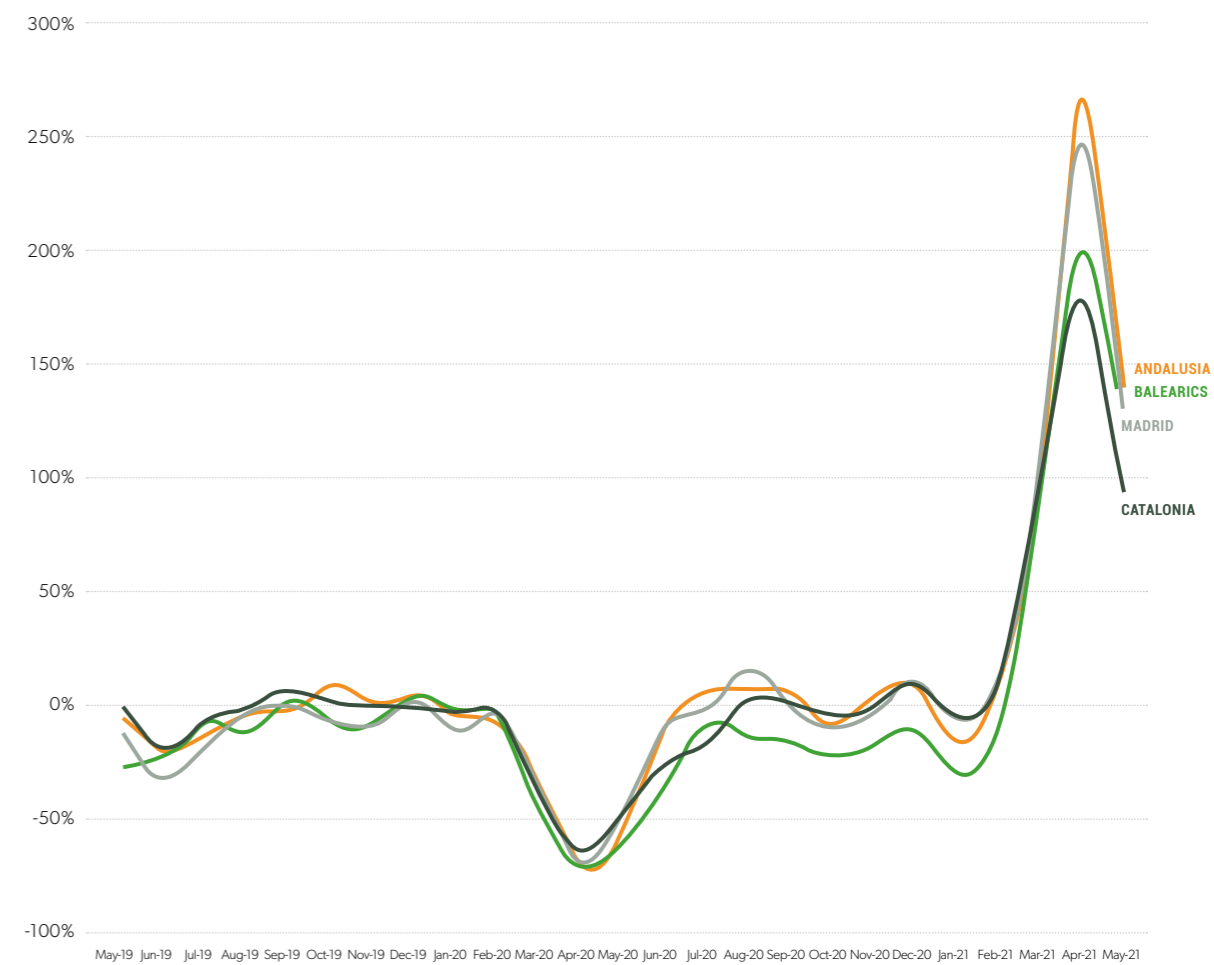
Turning briefly to the regional picture, which we will explore in more detail further on in sections on the prime markets serviced by our regional offices.

We see a similar pattern of slump followed by recovery in the regions of most interest to foreign investors, namely the big markets of Andalusia, Catalonia and the Madrid region, plus the smaller Balearic market.

A regional comparison of sales in May over the last three years illustrates how transactions have recovered strongly this year, in most cases exceeding the sales level in 2019, before Covid.

MONTHLY SALES. SELECTED REGIONS

Source: Notaries



A photograph of a modern villa with a swimming pool and outdoor seating area. The villa features a mix of stone and white walls, large glass windows, and a covered patio with lounge chairs and umbrellas. A palm tree is visible on the right side of the image. The sky is blue with scattered white clouds.

FOREIGN BUYERS

Foreign buyers have been an important segment of the Spanish housing market for decades, especially in coastal regions. According to figures from the Association of Spanish Land Registrars, foreign buyers represented 13% of the market in 2018, falling to 11% in 2020 (close to 50,000 sales) because of the pandemic.

Travel restrictions made it much harder for foreigners to visit Spain last year, and some restrictions are still in place. Covid-19 disruption meant that foreign demand fell by 25% last year, whilst local demand declined by a more modest 17%, causing the market share of foreign buyers to decline.

But the fact that close to 50,000 transactions last year involved a foreign buyer is a sign of the enduring strength of foreign interest in Spanish property.

Looking at foreign demand each quarter since the start of 2019, we can clearly see the decline in sales caused by the lockdown in Q2 2020, followed by a partial recovery that has left the foreign market almost 20% smaller than it was, just before the pandemic took over.

Unsurprisingly, the pandemic hit foreign demand harder than local demand, given the travel restrictions put in place. However, with foreign demand already back to 83% of its pre-covid level in the first quarter of 2021, it is reasonable to assume that more ground will be recovered as travel restrictions are eased going forward.

“

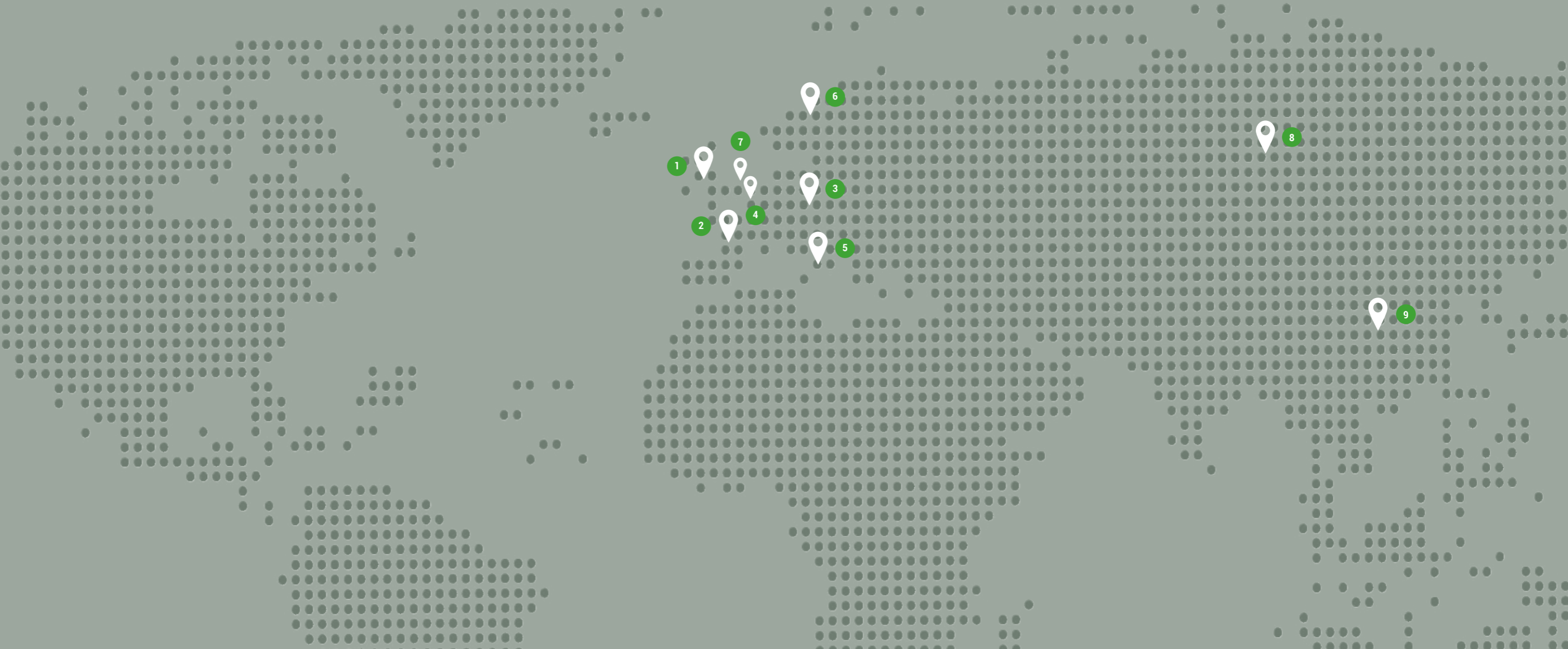
Numerous sales last year were closed online without buyers even having the opportunity to visit in person.”

COUNTRIES OF ORIGIN

By nationality, there has been little change over the course of the pandemic in the breakdown between countries. In the first quarter of 2021 British buyers were still the biggest group, despite the start of 'real Brexit' this year, followed by the French and Germans.

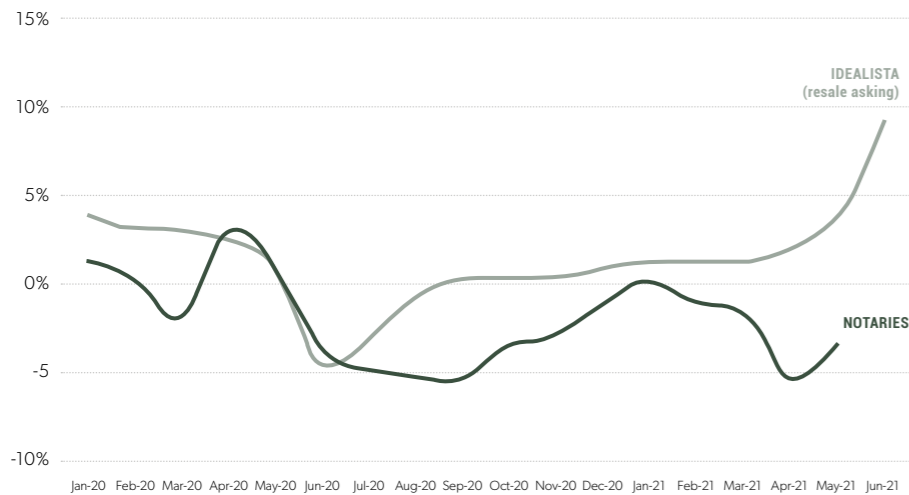
The two biggest markets for the Spanish 'Golden Visa', China and Russia, have suffered the most during the pandemic, once again in large part due to the travel restrictions. In Q1 of 2021 Chinese demand was down 58%, and Russian demand down 32%, compared to an overall decline in foreign demand of 18%.

1	12.5%	UK
2	8.4%	FRANCE
3	7.3%	GERMANY
4	6.6%	BELGIUM
5	5.0%	ITALY
6	4.9%	SWEDEN
7	3.1%	NETHERLANDS
8	2.3%	RUSSIA
9	2.1%	CHINA



SPANISH HOUSING PRICES YOY

Source: Notaries / Idealista



STATISTICS

The most timely house price data available in Spain is published by the Association of Spanish Notaries, based on actual sales, and the property portal Idealista, based on asking prices.

HOUSE PRICES

When the pandemic first struck last year, sales prices rose at first, whilst asking prices adjusted quickly downwards.

The figures from the notaries are notoriously volatile, so the initial increase based on sales agreed before the pandemic does not necessarily tell us anything about its impact on prices.

However, both curves then tell a similar story of decline over lockdown by around 5% to 6% before starting to recover. At the start of 2021 the curves diverged again, with asking prices taking off, and sales prices heading down.

The very latest figures available show asking prices up by 10% in June 2021 - the highest number on record - whilst the more volatile index from the notaries turned up again in May 2021, declining by 3.6% (up from -5.7% in April 2021). The index from the notaries tends to follow asking prices with a time lag.

With these figures in hand, and bearing in mind their limitations, we see a general picture of prices heading down in the first half of 2020, before starting to recover. The current rise in asking prices suggests that vendors have noticed an increase in demand.

MORTGAGE LENDING

As mortgage lending is one of the key drivers of the property market, the data for the first half of 2021 is encouraging.

Whilst the year-on-year increases of more than 100% in April and May are flattered by comparison with the lockdown months of 2020, it is also true that new residential mortgage lending in March 2021 was the highest it has been in a decade (31,839 new loans). Lending in April 2021 was 2% higher than the pre-pandemic benchmark year of 2019.



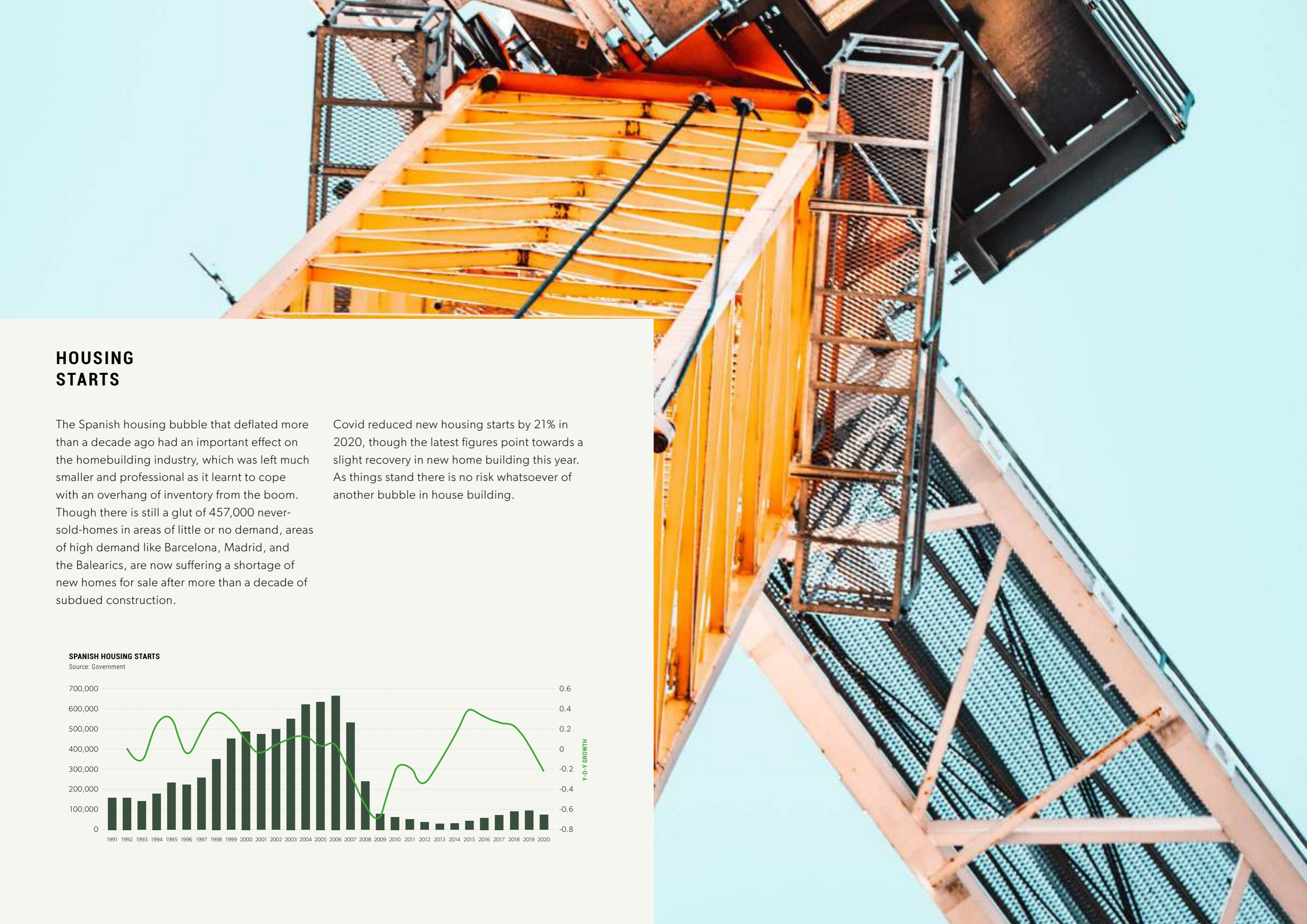
BROKERS SPECIALISING IN ARRANGING LOANS FOR FOREIGN INVESTORS REPORT A 60% INCREASE IN INITIAL MORTGAGE ENQUIRIES IN Q1 2021 COMPARED TO PRE-COVID LEVELS, PARTLY FUELLED BY RECORD LOW INTEREST RATES, AND INTENSE COMPETITION AMONGST LENDERS



EURIBOR - THE BASE RATE NORMALLY USED FOR MORTGAGES IN SPAIN - HIT A HISTORIC LOW OF -0.505% IN JANUARY, AND BORROWERS ARE GETTING FIXED RATES AS LOW AS 1.15% IN THE CASE OF RESIDENTS, AND 1.2% IN THE CASE OF NON-RESIDENTS

Real estate is traditionally seen as a safe, nonvolatile asset that is particularly attractive to investors in times of increased uncertainty like the present.

Added to that, the extraordinarily low cost of mortgage borrowing, coupled with a dearth of yield-bearing investment alternatives, is undoubtedly helping fuel a rise in residential real estate investment, especially at the high-end, where investors have the best credit profiles.



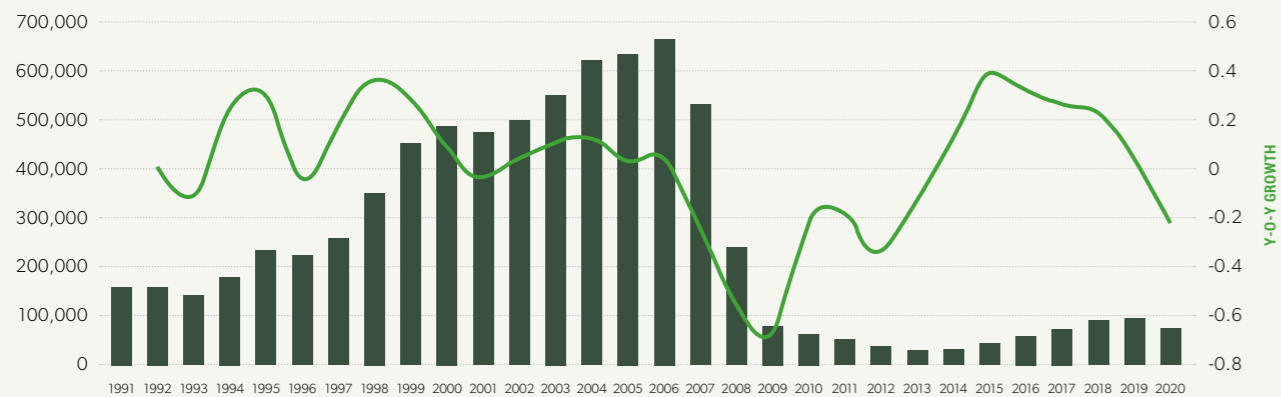
HOUSING STARTS

The Spanish housing bubble that deflated more than a decade ago had an important effect on the homebuilding industry, which was left much smaller and professional as it learnt to cope with an overhang of inventory from the boom. Though there is still a glut of 457,000 never-sold-homes in areas of little or no demand, areas of high demand like Barcelona, Madrid, and the Balearics, are now suffering a shortage of new homes for sale after more than a decade of subdued construction.

Covid reduced new housing starts by 21% in 2020, though the latest figures point towards a slight recovery in new home building this year. As things stand there is no risk whatsoever of another bubble in house building.

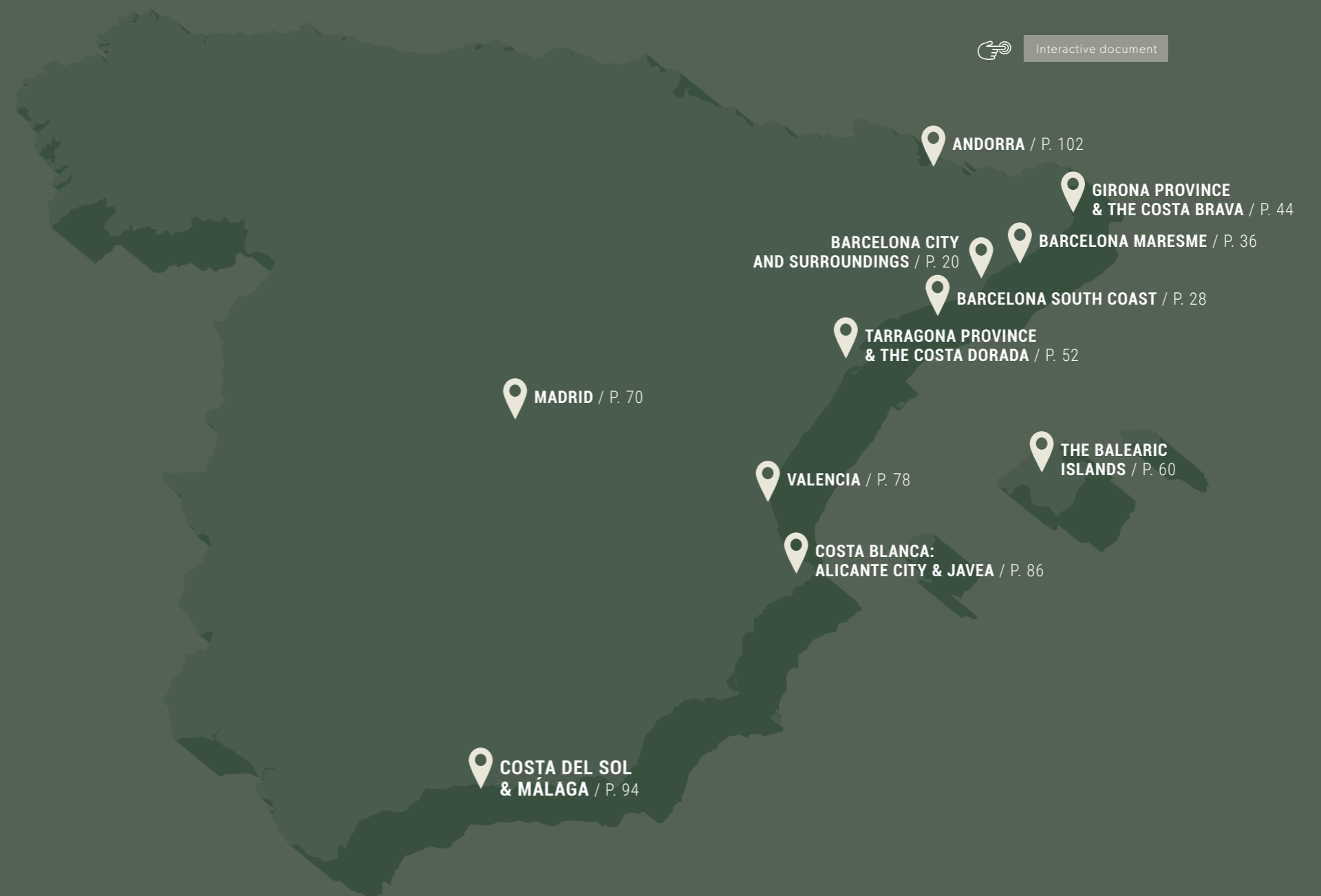
SPANISH HOUSING STARTS

Source: Government



REGIONAL SECTIONS

Lucas Fox covers all the Spanish regions of interest to upmarket foreign investors. In this section we analyse the performance of prime property markets in these regions during the first half of 2021.



BARCELONA CITY & SURROUNDINGS

With its privileged location on the Mediterranean coast presiding over a rich and fertile gateway region between France and Spain, Barcelona is a world-famous city. The Catalan capital's outstanding sights and culture attract almost 10 million visitors in normal years, making it one of the world's top-20 tourist destinations. If there is a city in Europe that can claim to be an urban beach resort like Miami, it is Barcelona, which is why it has attracted so many second-home buyers and investors over the last few decades, and an increasing number of expatriates making the city their family home. They come to enjoy all the economic and lifestyle advantages the city has to offer, like outstanding healthcare and education.

Barcelona is frequently placed at or near the top of global city rankings for quality of life, most recently in fifth place for 'urban quality' according to The

Economist Intelligence Unit 2021 ranking, just after Miami.

The Catalan capital is often described as "having it all", and for those who want to live near the city, yet in a more suburban environment, a growing number of foreigners are choosing to buy in the Maresme Coast (p.36) or in the villages along the South Coast (p.28), as well as in Sant Cugat del Vallés, just outside Barcelona. This attractive town is separated from the capital by the Collserola natural park, and has its own 'village' vibe, but is still close enough to Barcelona for commuting and schools.

Lucas Fox is the leading international estate agent serving the prime property market in the Catalan capital from our head office in Barcelona, and our local offices in Sant Cugat and Sant Just Desvern.

BARCELONA CITY

+12%

COMPARED TO Q1 2020



3,458

HOME SALES Q1 2021



245

HOME SALES Q1 2021

SANT CUGAT

+7%

COMPARED TO Q1 2020

+25%

LUCAS FOX SALES - H1 2021 Y-O-Y

BARCELONA CITY

17%

LUCAS FOX SALES - H1 2021 Y-O-Y

SANT CUGAT

SALES

BARCELONA CITY

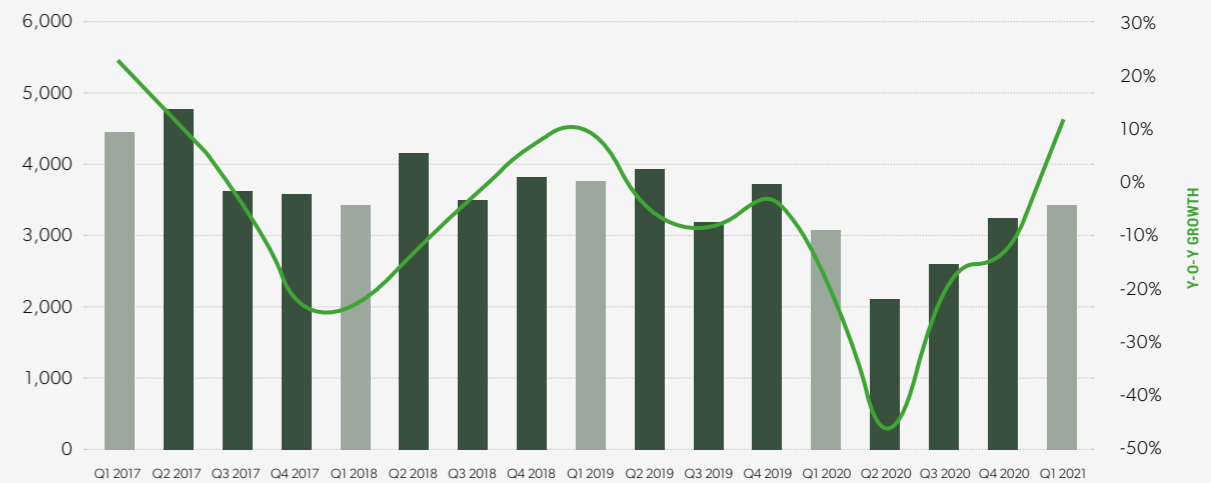
The housing market in Barcelona was buoyant until 2017, when a political dispute between Catalonia and the national government in Madrid came to a head, and shook the confidence of local and international investors alike. After sales growth above 20% in 2016, the market went into reverse in 2017, before starting to recover confidence again in 2019, as the political situation improved. That recovery was cut short by the pandemic, with sales falling in all quarters of 2020, and by close to 50% in Q2 2020, before returning to growth again in the first quarter of 2021, with 3,458 sales, up 12% year-on-year. Compared to the first quarter of 2019 sales were still down by 9%, though compared to 2018 sales were unchanged, so Barcelona appears to be battling its way back to pre-pandemic levels, albeit at a slower rate than suburbs and low-density locations that now appeal to buyers looking for more space. Our own sales figures for Barcelona show sales up 25% in the first half of 2021, and turnover up 34%, reflecting the significant improvement in buyer confidence we have seen.

SANT CUGAT DEL VALLÉS

There were 245 home sales in the first quarter, up 7% on last year, but still 4% lower than the pre-pandemic benchmark of Q1 2019. Although Sant Cugat can be considered a suburb of Barcelona, it is not yet showing clear signs of benefiting from a trend towards the suburbs seen around Madrid. That said, our own sales figures in Sant Cugat increased 17% in the first half of 2021, and we can confidently report we are seeing more buyers with good budgets looking at Sant Cugat.

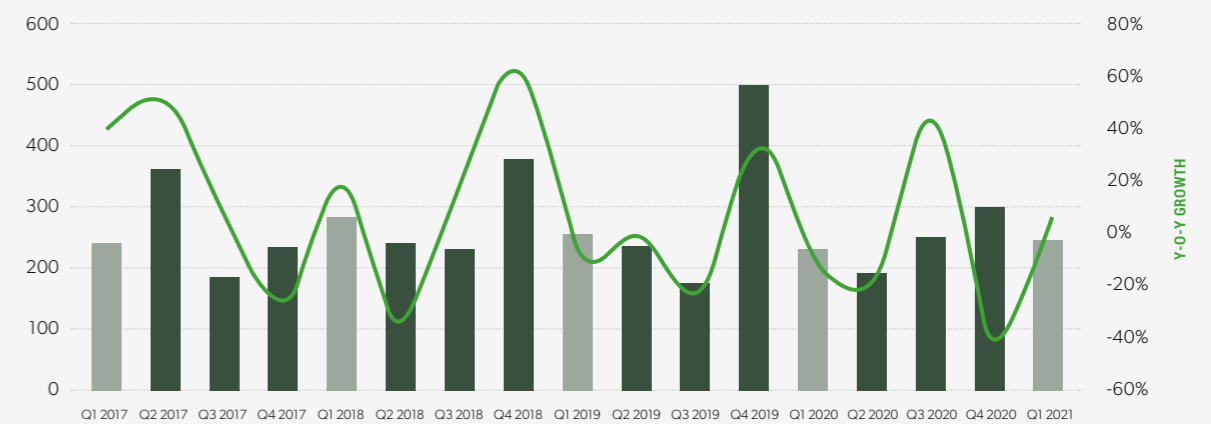
BARCELONA CITY SALES

Source: Government



SANT CUGAT SALES

Source: Government



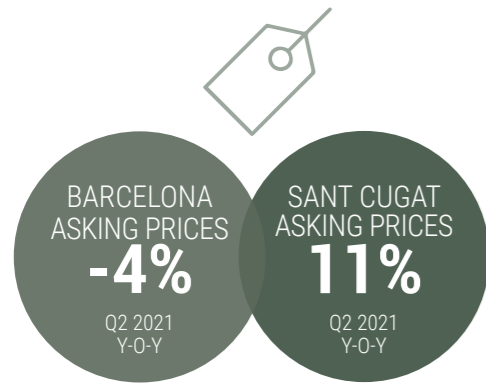


PRICES

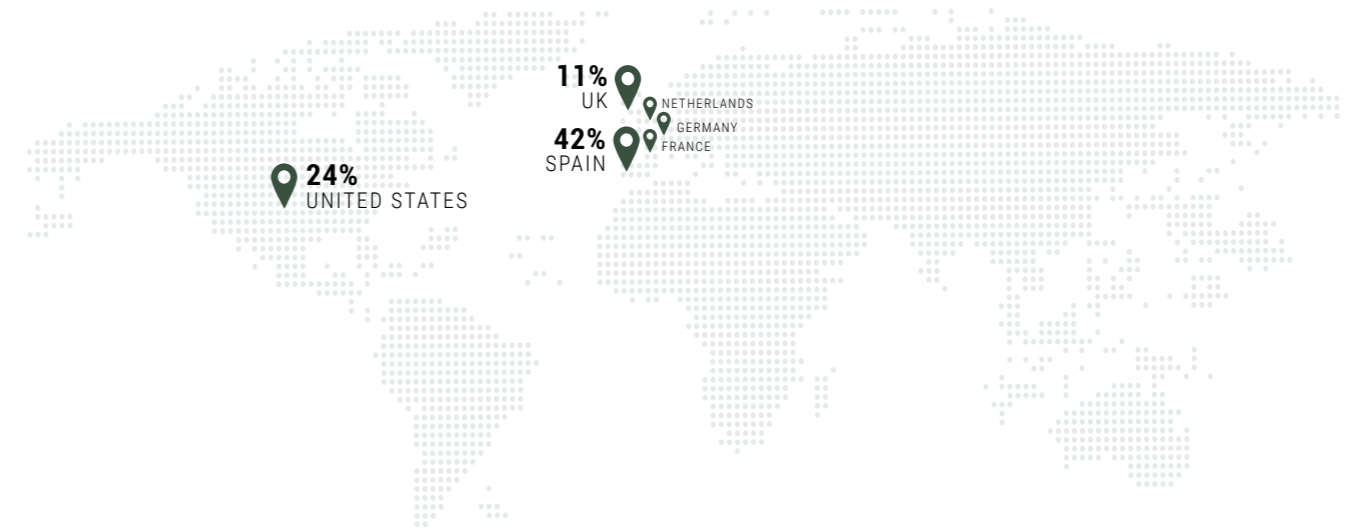
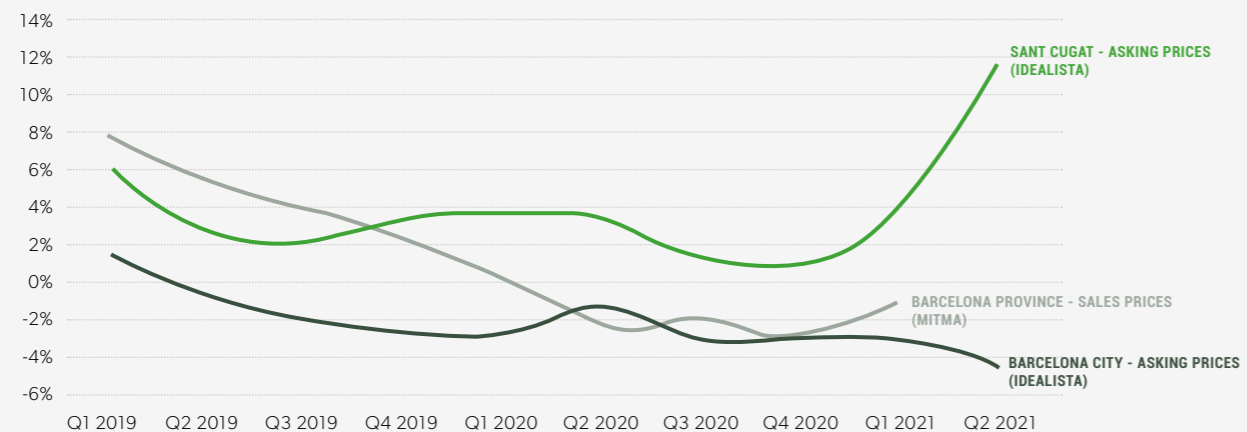
According to government figures, house prices in Barcelona province as a whole declined by between 2% and 3% after the onset of the pandemic in 2020, and by 1% in the first quarter of 2021. Prices had been decelerating after years of strong growth before the pandemic, so the impact of the pandemic on prices in Barcelona is not as pronounced as in other areas.

Asking prices in Barcelona city were also on the decline before the pandemic, and have yet to show signs of recovery, with a 4% contraction in the second quarter of 2021 signalling a buyer's market. In Sant Cugat, in contrast, asking prices stayed positive throughout last year, and surged by 11% in Q2 2021, signaling a potential improvement in demand picked up by vendors.

Our own prices figures for Barcelona show asking prices in the city up 3% in the first half of 2021, and sales prices up 17%, mainly due to the high demand for luxury apartments with outside space.



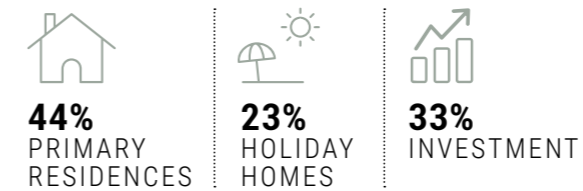
BARCELONA PROVINCE, CITY & SANT CUGAT PRICES (YoY)



BUYER PROFILE

42% of our buyers in the first half of 2021 were Spanish, the majority buying main homes, and 24% were from the United States, the majority buying primarily as an investment. The British were the next biggest group, with 11% of our buyers, and the remainder came from a variety of countries, mainly European, led by Germany, France, the Netherlands, and Sweden. 44% of our sales were main homes, 23% holiday homes, and the rest were investments, including 'Golden Visas'.

BUYER MOTIVATION





MARKET OBSERVATIONS

Our Barcelona team reports that the pandemic, and continued travel restrictions, are still holding back international demand for the city, making it difficult for international clients to visit and view property prior to purchase. Local demand, on the other hand, though still lower than it was before the pandemic, is being helped by the low cost of borrowing, and encouraged by fixed-rate mortgage conditions that might not last.

With demand growing again in Q1 2021, and despite the impact of the pandemic, “prices haven’t pulled back as much as buyers think,” explains Mo Butt, from our Barcelona office. “But these sort of situations always create an opportunity for more aggressive offers, and we are seeing some deals close around 10% below the asking price.”



MO BUTT
Lucas Fox Barcelona



BARCELONA

Covid has, of course, had an impact on the preferences of buyers, who are now showing a greater interest in penthouses, and properties with terraces in the Eixample and Ciutat Vella, and outside space where possible in the Zona Alta. “That’s understandable after everyone was locked up inside for months last year,” says Mo. “Buyers today are also less patient, which makes them less inclined to purchase off-plan.”

Our own transaction figures confirm this trend, with 47% of sales in the Eixample district (34% in the Right Eixample), where American buyers (11%) were just behind locals (13%). The next most popular district was the Born (16%), followed by the Poblenou and Turó Park, with 5% each.



LUCAS FOX / PAU CLARIS (HEAD OFFICE)



SANT CUGAT DEL VALLÉS

Our office in Sant Cugat reports demand coming mainly from local clients including families leaving Barcelona for the suburbs, looking for penthouses or single-family homes with a garden and pool, with budgets up to 1.2m€. However, international demand for Sant Cugat is on the rise, according to Verónica Escudero, our Director in Sant Cugat. “13% of residents are now foreign, and the number has steadily increased with the arrival of more tech companies,” explains Verónica. “Sant Cugat has everything they need, just 15 minutes from the center of Barcelona, and 25 minutes from the airport. The surroundings are very pleasant and natural, with the Collserola natural park next door, and all the services and amenities you could wish for, such as shops, restaurants, healthcare, education, and professional services. All these benefits and the good choice of international schools in the area make Sant Cugat an easy fit for expats.”



VERÓNICA ESCUDERO
Lucas Fox Sant Cugat



BARCELONA SOUTH COAST

The coast to the south of Barcelona, stretching roughly from Gavà on the border with Barcelona near the airport, to Vilanova i la Geltrú in the south on the border with Tarragona, where the Costa Dorada begins, is also known as the Costa del Garraf, after the Garraf county and natural park at its heart. The interior is a hiker's paradise, whilst the coast has a pleasant climate, wonderful beaches, and attractive resort

towns like world-famous Sitges, where several Barça players live. The easy commute to Barcelona makes it popular with locals who work in the city, whilst excellent road, rail and air links also make it an attractive choice for foreigners looking for a second-home, or base to relocate. Lucas Fox has sales offices in Gavà Mar, Sitges, and Vilanova covering all the prime property markets in the area, including Castelldefels.

GARRAF COAST

+12%
COMPARED TO
Q1 2020

621
HOME SALES

-10%
COMPARED TO
Q1 2019

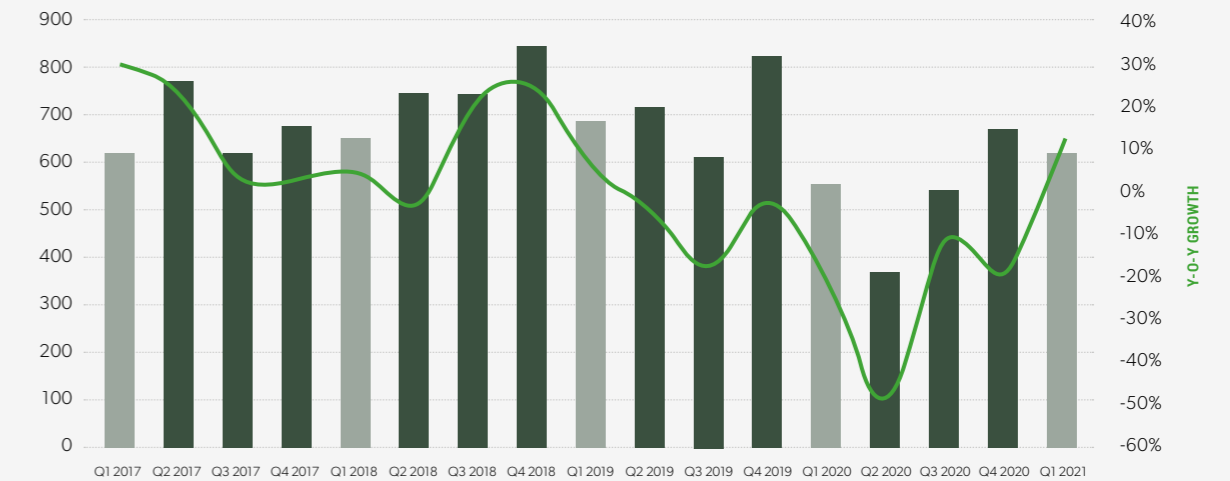
30%
LUCAS FOX
SALES - H1 2021
Y-O-Y

SALES

Looking at sales in the prime municipalities of the Garraf coast - Castelldefels, Gavà, Sitges, and Vilanova - there were 621 home sales in the first quarter of 2021, up 12% compared to the same period last year, when the market was impaired by lockdown. Compared to Q1 2019 - a more relevant benchmark - sales were down 10%, suggesting that, unlike the Maresme coast north of Barcelona, the Garraf market as a whole has not yet recovered to pre-pandemic levels of activity. However, in our experience, upmarket clients are back and ready to buy if they are properly taken care of. Our sales in the first half of 2021 were up 30%.

GARRAF SALES

Source: Government



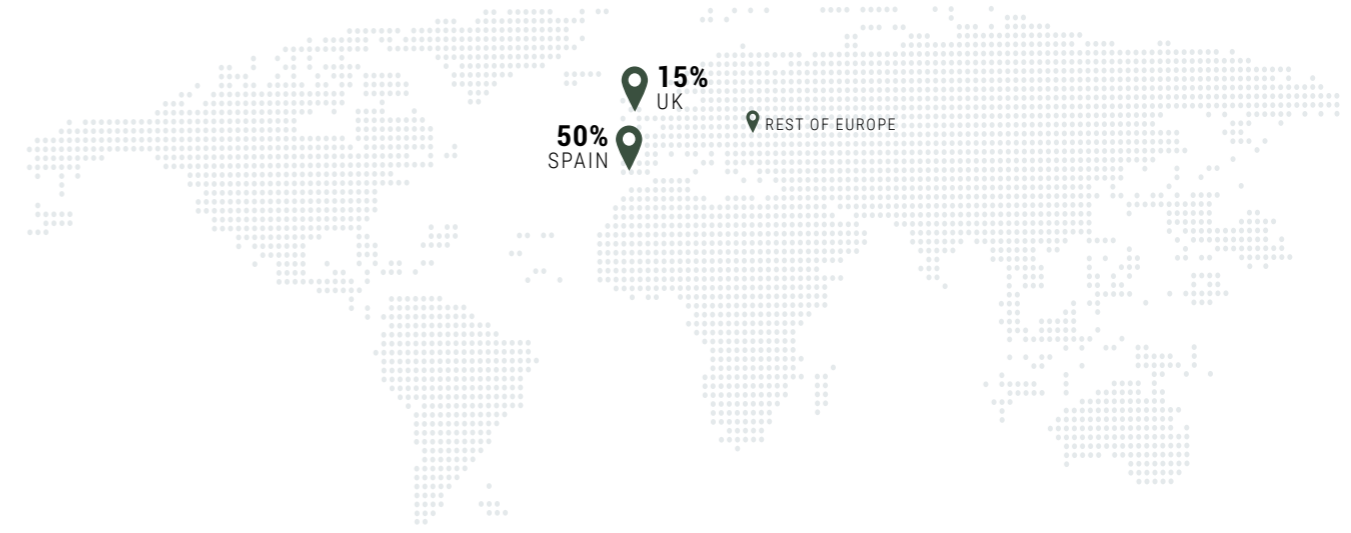
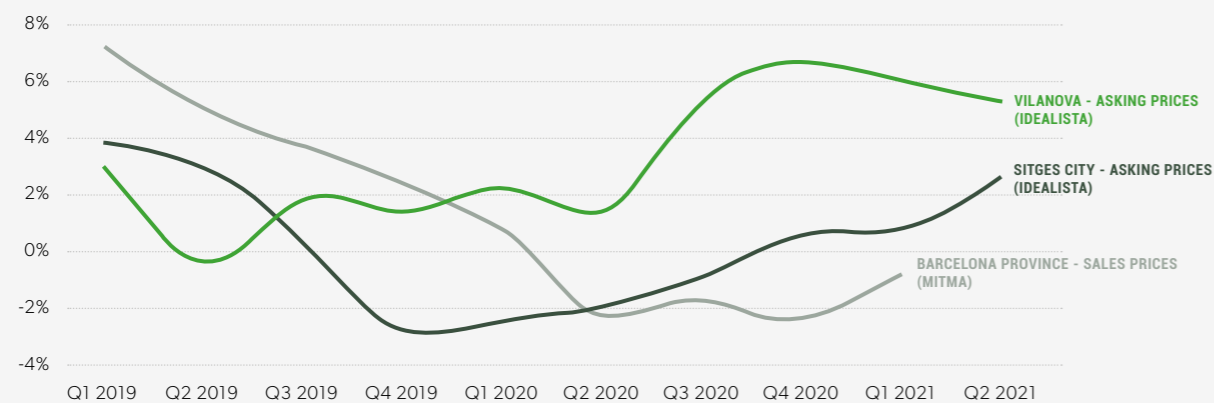


PRICES



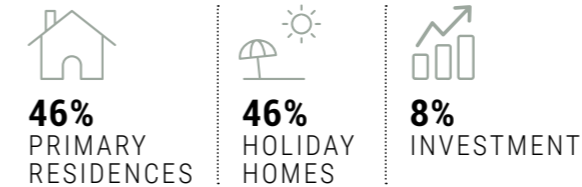
Whilst the pandemic reduced home sales in Sitges by 28% in 2020, and by 23% in Vilanova, vendors showed little sign of feeling under pressure. Asking prices in Vilanova went up 7% in 2020, ending Q2 2021 up 5%, whilst in Sitges prices rose 1% in 2020, increasing to 3% in Q2 2021. Idealista data suggests that vendor expectations on the Garraf coast have weathered the pandemic much better than Barcelona province as a whole, and even Barcelona city, confirming the impact the Coronavirus has had in the way people live.

BARCELONA PROVINCE, SITGES & VILANOVA (GARRAF) PRICES (YoY)



BUYER PROFILE

BUYER MOTIVATION



In Sitges 30% of our buyers were locals, and 25% from the UK, with the remainder coming from a variety of countries led by Belgium and France. 47% were buying a holiday home, and 41% a primary residence. 63% of sales were villas, and the average price paid was €710,000.

TYPE OF PROPERTY



In Gavà Mar our clients came from France, Germany, Russia, the UK, and Spain in equal proportions. 80% were buying holiday homes, and 20% were after investments. 60% of sales were apartments, 40% were villas, and the average price paid was €1.2m.

In Vilanova 90% of our buyers were Spanish, and the remainder from the EU. Primary homes were 70% of our sales, and holiday homes the remaining 30%. 54% of sales were villas, and the remainder apartments. The average price paid was €398,000.





MARKET OBSERVATIONS

The market in the Garraf to the south of Barcelona has not recovered as robustly as the Maresme coast to the north, in part because demand for the Garraf coast was more international before the pandemic, so the travel restrictions have hit it harder, and continue to hold back its recovery. The Sitges market, in particular, has been held back by harsh restrictions on travel to and from the UK.



RACHEL HASLAM
Lucas Fox Sitges

But despite travel restrictions keeping many foreign buyers away, our office in Sitges reports a buoyant market in the first half of 2021, with a growing interest in country properties reflecting the changing requirements of buyers in the light of the pandemic. Foreign buyers have adapted to the circumstances, with virtual viewings more common, and “some purchases made without even viewing in person,” says our Director Rachel Haslam. Sensing the stronger demand, vendors are less disposed to negotiate on price. “Buyers need to move quickly to avoid being outbid by others,” comments Rachel. “Gazumping used to be very rare, but it’s starting to happen.” We expect increasing sales as foreign buyers return in numbers with the easing of travel restrictions. “It’s a good time to be a vendor in Sitges,” concludes Rachel.



LUCAS FOX / SITGES



LUCAS FOX / GAVÀ MAR



BARCELONA MARESME COAST

The Maresme coast running north from Barcelona to Blanes, where the Costa Brava starts, has always been popular with Barcelona's affluent class as a second-home destination, which explains the large number of imposing homes built over the last century in the hills of the Maresme looking out over the Mediterranean. As road and rail communications developed along the coast it joined Barcelona's commuter belt, which helped develop

upmarket communities in affluent and picturesque towns like Alella, Teià, Premià de Dalt, and Cabrils. These days the Maresme is both a second-home and main home destination for locals and foreigners alike, who can enjoy life on the coast in affluent towns within easy striking distance of Barcelona's big city attractions. Lucas Fox serves this coast from our Maresme offices in Alella and Mataró.



MARESME COAST

+82%

COMPARED TO Q1 2020



200

HOME SALES

+12%

COMPARED TO Q1 2019

+111%

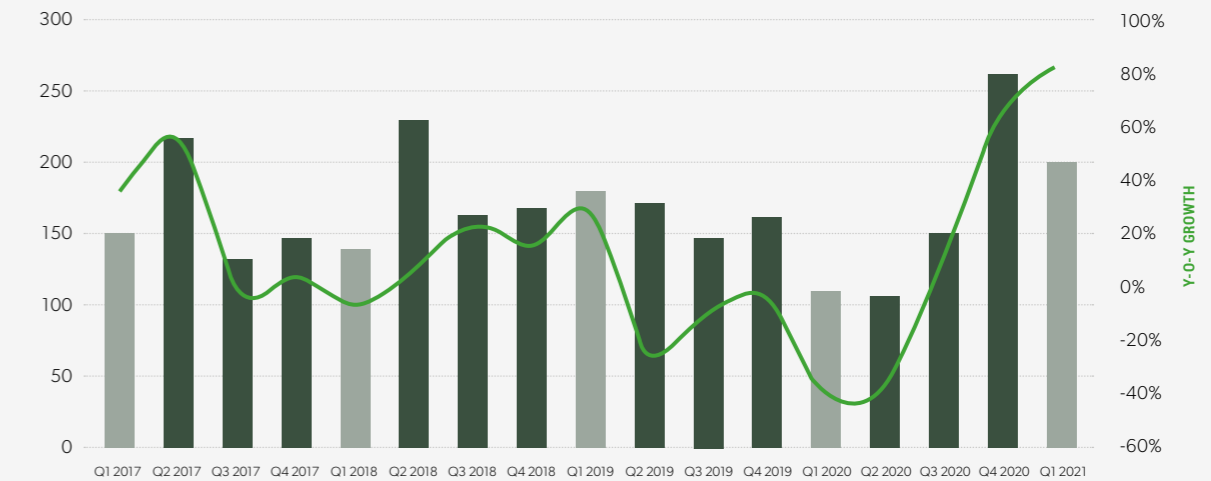
LUCAS FOX SALES - H1 2021 Y-O-Y

SALES

On the Maresme coast Lucas Fox focuses on sought-after, upmarket municipalities, in particular Alella, Teià, Premià de Dalt, Cabrils and Sant Andreu de Llavaneres. According to government figures, the combined sales in these four municipalities rose by 82% to 200 in the first quarter of 2021, having risen 62% in the last quarter of 2020, and ending up significantly higher than both 2019 (+12%) and 2018 (+44%). The figures show the affluent municipalities of the Maresme have more than recovered the ground lost to the pandemic in the first half of 2020 when sales slumped by 40%. Our own sales figures show an impressive increase in demand by 111%, and turnover up 140% on this coast.

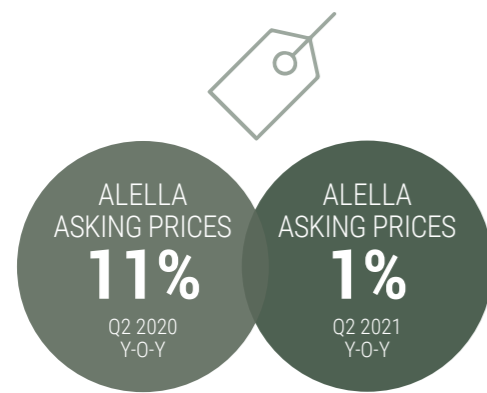
MARESME SALES

Source: Government



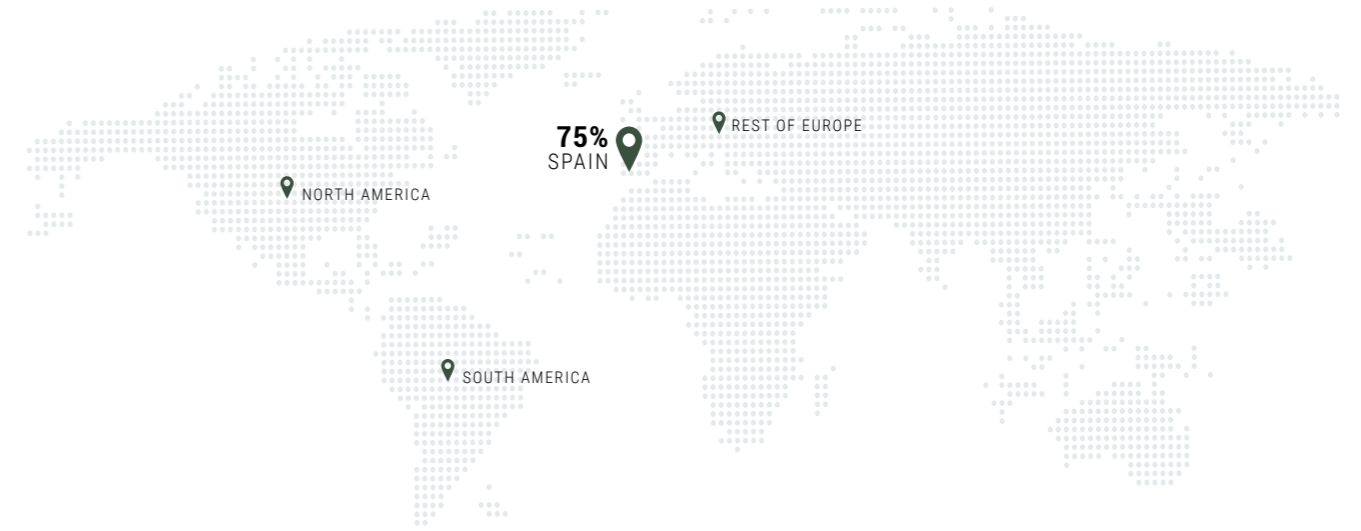
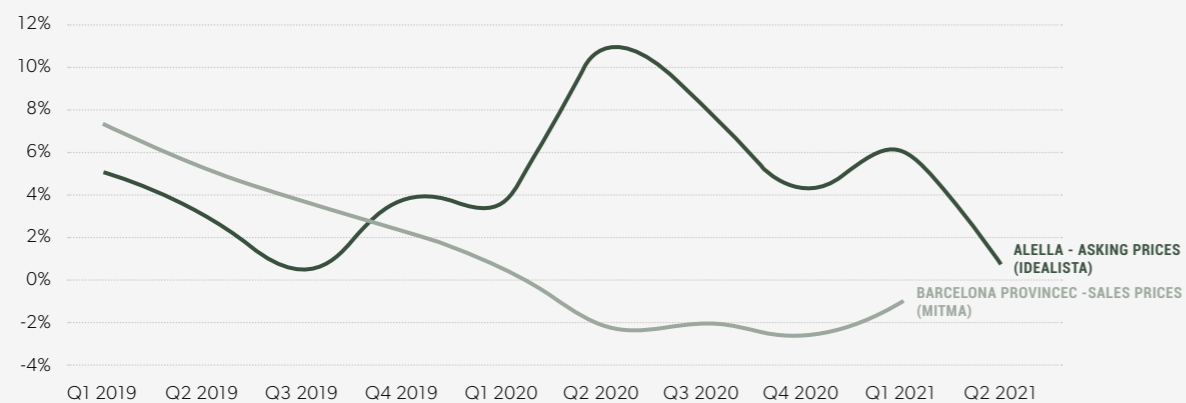


PRICES



House prices on the Maresme coast have held up better than the province of Barcelona as a whole. Using the example of Alella as a comparison, we see that asking prices rose significantly in response to the pandemic, though vendor expectations have cooled in the last two quarters, and ended Q2 2021 just 1% higher than a year before. Our own sales data shows asking prices up 14% in the first half of 2021.

BARCELONA PROVINCE & ALELLA (MARESME) PRICES (YoY)

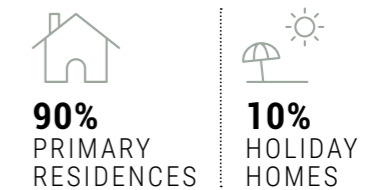


BUYER PROFILE

75% of our buyers were local, with the remainder coming from North America, South America, and Europe. 90% were buying a main home, and 10% a holiday-home. The average amount spent was €760,000.

The Maresme is one of the biggest beneficiaries of the pandemic as families leave the city in search of a 'safe haven' in low-density villages close to both nature and the city, which helps explain why so many of our clients over this period were locals buying main homes in the area.

BUYER MOTIVATION



MARKET OBSERVATIONS



TOM MAIDMENT
Lucas Fox Alella

Our Maresme office reports high activity driven by local buyers leaving the city in search of spacious homes with outdoor areas in upmarket surroundings. *“The majority of our clients so far this year are leaving Barcelona as a result of the pandemic, and moving to the Maresme coast in search of increased space and views,”* explains Tom Maidment, a Lucas Fox partner and director. *“We have seen unprecedented levels of movement in the Maresme market over the past 12 months, with demand specifically being driven by people’s desire to adapt to changing lifestyle needs as a direct consequence of the pandemic.”*



LLUIS BARRERA
Lucas Fox Mataró

According to Lluís Barrera in our Mataró office on the Maresme coast, *“30% of our clients are families leaving Barcelona in favour of an area with more space like the Maresme, but they still want somewhere with good communications to the local area and Barcelona.”*

We believe this is the start of a longer-term trend. Tom Maidment comments *“We anticipate demand to remain high as buyers continue to recognise the attraction of out-of-city locations as the effects of the pandemic continue to impact on everyday life – and most likely for a long time to come. Correctly priced properties in the 500k – 800k price range located in sought-after areas of the Maresme, such as Alella and Cabrils, are seeing the greatest demand and selling quickly – in some cases even before coming onto the market.”*

We expect demand to increase with foreign buyers when travel restrictions ease as the pandemic is brought under control by the vaccination programme. *“Due to ongoing travel restrictions, sales in the area have been almost entirely to local buyers – whether national or from the international community already living in the area - with very little activity from buyers from overseas,”* explains Tom. *“As travel restrictions begin to lift we would logically expect to see a significant increase in international buyers investing in the area, and this is likely to be a key opportunity for Lucas Fox, given the international strength of our brand.”*



LUCAS FOX / ALELLA



LUCAS FOX / MATARÓ

GIRONA PROVINCE & THE COSTA BRAVA

The Catalan province of Girona, at the northern end of Spain's Mediterranean coast bordering with France, is home to the Costa Brava (the 'Wild Coast'), with its rugged coastline of pine-covered hills running down to rocky coves and hidden beaches. Inland from the coast is the Empordà region of well-tended farms, and picturesque towns and villages that bring to mind comparisons with Tuscany. The eponymous

provincial capital is an ancient city and renowned tourist destination with a well-preserved old town featured in the HBO series Game of Thrones. With so much going for it, and arguably the best access in Spain by road, rail, and air, the region attracts upmarket house hunters from both Barcelona and abroad. Lucas Fox caters to this market from our offices in Girona, Begur, and Playa de Aro.



GIRONA PROVINCE

+19%
COMPARED TO
Q1 2020

2,827
HOME SALES

GIRONA COASTAL

632
HOMES SALES

+16%
COMPARED TO
Q1 2020

+47%
LUCAS FOX
SALES - H1 2021
Y-O-Y

SALES

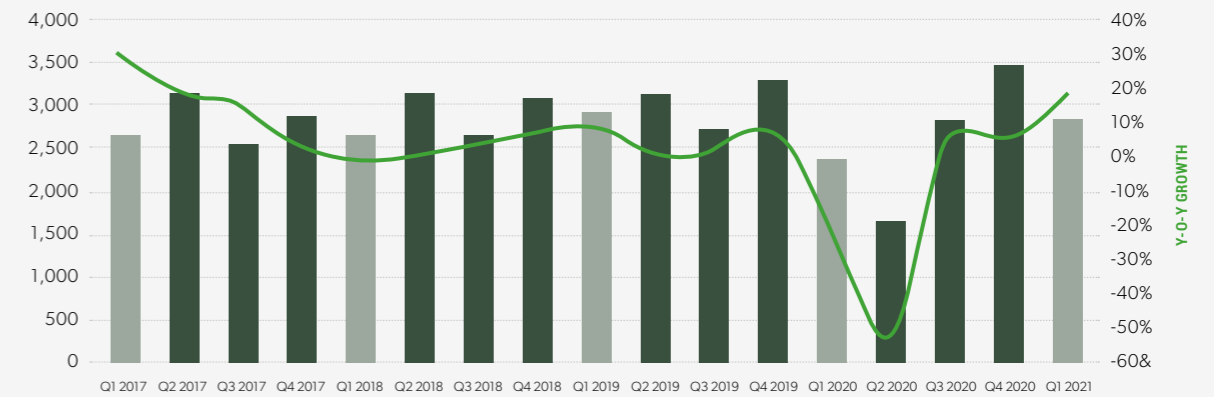
According to government figures there were 2,827 home sales in Girona province in the first quarter of 2021, up 19% on last year, when sales were impaired by the lockdown. Compared to 2019 - a more relevant benchmark - sales were down a mere 3% despite ongoing travel restrictions. The numbers suggest the housing market in the province has recovered well from the pandemic-induced slump in the first half of 2020.

Looking at sales in the coastal municipalities of the Baix Empordà, including prime hotspots like Begur, Pals, and Palafrugell, there were 632 sales in Q1 2021, up 16% on last year, but still down 17% compared to 2019, partly due to ongoing travel restrictions. Though not yet back to pre-pandemic levels, the official figures paint a picture of a recovery from last year's slump, and growing confidence in the region's second-home market.

Our own sales figures for the region were up 47% in the first half of 2021 compared to last year, as we used our trusted brand to capitalise on growing demand from wealthy Spanish and foreign investors. We believe our stratospheric growth reflects the strong demand for prime-property in a region that offers all the ingredients of a 'safe retreat' such as stunning scenery, low population density, 'surf and turf' outdoor lifestyles, spacious living areas, and upmarket properties like Catalan masias (country houses) that provide owners with privacy and security. As a result, we expect sales to increase still further with the return of foreign buyers, as travel restrictions ease.

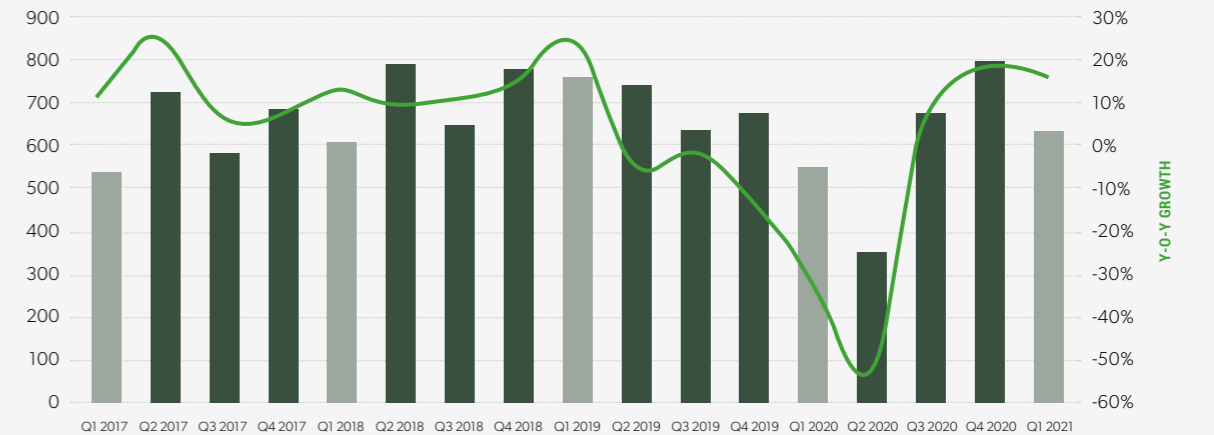
GIRONA PROVINCE SALES

Source: Government



GIRONA PROVINCE COASTAL SALES

Source: Government



Our Girona City office reports that sales are on course to hit a record turnover in 2021, with two thirds of buyers coming from abroad in the first half of the year, including 10% from the USA, and buyers split evenly between first and second-home buyers.

According to government figures there were 280 home sales in Girona city in the first quarter of 2021, up 24% on last year, and 7% compared to 2019. The numbers suggest the housing market in the capital has fully recovered the ground lost to the pandemic.





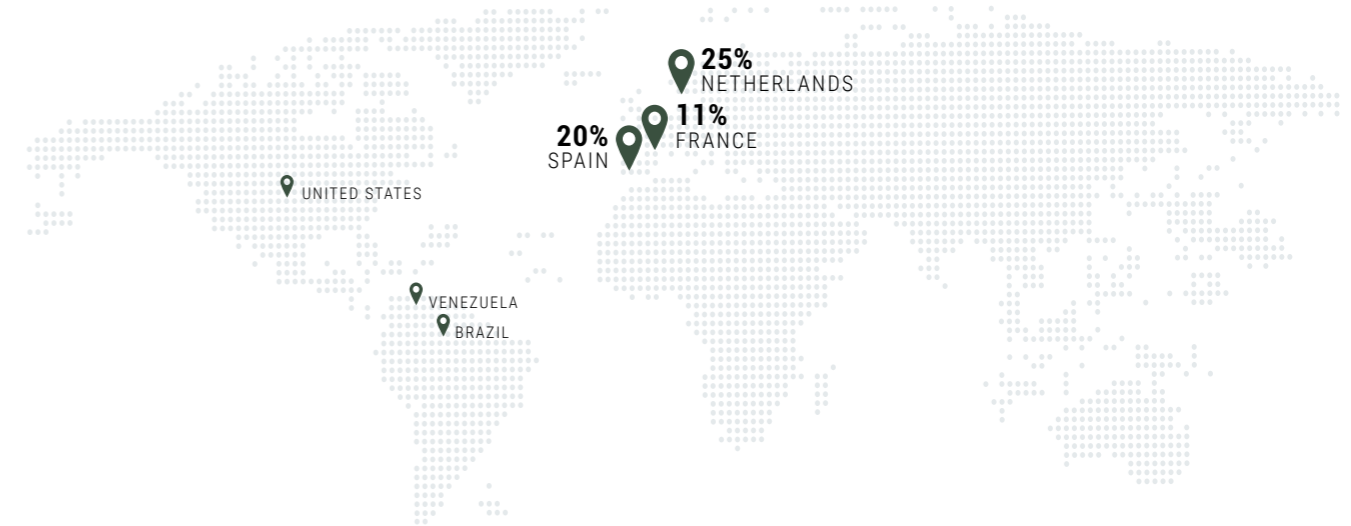
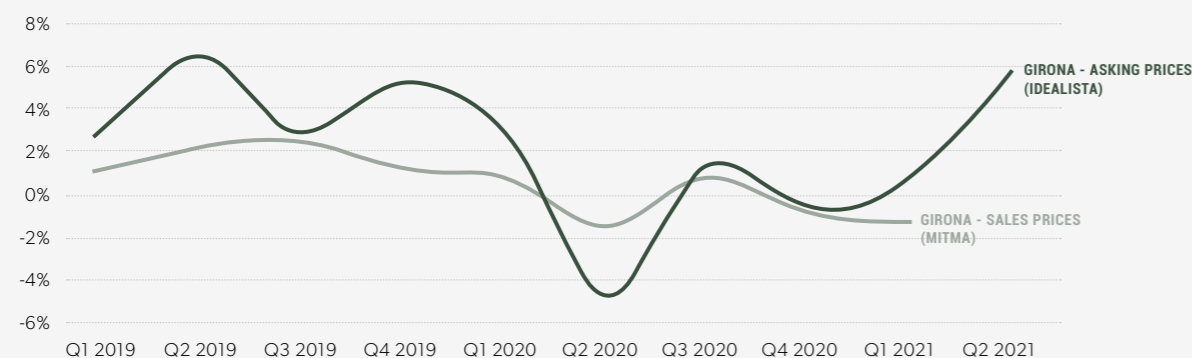
PRICES

Price data from the Government (MITMA), based on valuations, and the property portal Idealista, based on asking prices, give us an idea of the price trend in Girona province in the period. Asking prices slumped in Q2 2020 during lockdown, before rebounding strongly, with prices up an annualised 6% in Q2 2021. The Government's figures, which tend to lag asking prices, show a broadly similar pattern, though figures for Q2 are not yet available. The public data suggest that house prices in Girona province gave up little ground during the pandemic, and are now showing signs of recovery, in line with sales.

Our own price data show a more impressive recovery in those areas with high demand for upmarket homes. We saw asking and sales prices increase by more than 20% on average in the first half of 2021, suggesting to us that price expectations in the best areas of the Costa Brava and the Empordà have recovered robustly from the weakness on display in the first half of last year.



GIRONA PROVINCE PRICES (YoY)

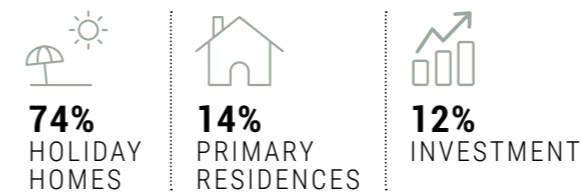


BUYER PROFILE

Approximately 20% of our buyers in the first of 2021 were Spanish, whilst almost 25% were from the Netherlands, a country with a long history of interest in this part of Catalonia. 11% came from France, which is traditionally one of the bigger sources of demand given it's proximity. Another 11% came from Belgium, and the remainder from countries as far away as Brazil, Venezuela, and the United States. The average spend was €1,144,000.

By buyer motivation, 74% of our sales were holiday homes, and 14% primary residences, with the remainder of our clients buying primarily for investment. 78% of our sales were villas, and 8% country houses, known in this region as *masias*. Just 3% of our sales were apartments, reflecting the nature of upmarket demand in this region.

BUYER MOTIVATION



TYPE OF PROPERTY





MARKET OBSERVATIONS



TOM MAIDMENT
Lucas Fox Begur

Our Girona office dedicated to the sale of country homes and estates reports that Covid is a key factor driving international and local demand for homes in this area. *“The pandemic has opened up huge opportunities for the Girona market – perhaps more so than any other office - with increasing numbers of national and international buyers looking to either relocate to out-of-city locations, or invest in second homes in the area,”* explains Tom Maidment, a Lucas Fox partner. *“We have seen huge demand for village homes, and country houses, and unprecedented levels of movement in the market in the first half of 2021, including the sale of properties that have been on the market for a long period of time – in some cases over 5 years.”* We expect demand from investors to increase with the progressive easing of travel restrictions.



COSTA BRAVA



ROBIN VEERMAN
Lucas Fox Platja d'Aro

Our Costa Brava office reports that international and local demand for homes in the best areas of the Costa Brava has picked up strongly since April, after a slow start to the year.

The majority of buyers during the first half of 2021 were living in Catalonia - Barcelona in particular - or travelling across the border from France. *“The typical search is for a villa with sea views costing anywhere between €800,000 and €2 million”* says Jordi Moure of our Begur office. *“The ‘super prime’ market has also performed well this year, including a record sale by Lucas Fox of over €10 million in Aiguablava”* he adds. *“The way the sales rhythm has picked up in the second quarter bodes well for a strong second half of 2021, with growing interest from Dutch, Swiss and German buyers looking for holiday homes in and around Begur, Tamariu, Llafranc and Calella de Palafrugell.”*



LUCAS FOX / COSTA BRAVA (BEGUR)

On the supply side we are seeing a shortage of modern villas with pools and sea views for sale in the €1.5 to €2.5 million price range in the most sought-after locations like Aiguablava, Llafranc, Tamariu, and Calella de Palafrugell. New developments that meet this demand have sold quickly, and we now have a waiting list of clients in this bracket.



LUCAS FOX / COSTA BRAVA (PLATJA D'ARO)

“Though the majority of our clients traditionally buy holiday-homes in the area, we have noticed a recent increase in people looking for a semi-permanent, or even permanent home in the area, in response to the pandemic” says Robin Veerman of our Platja d'Aro office.

TARRAGONA PROVINCE & THE COSTA DORADA

Tarragona, the southernmost province of Catalonia, extends from Vilanova i la Geltrú in the north, to the Ebro river delta in the south, on the border with the Valencian region. The wild interior hides secluded country homes, and the coastline, known as the Costa Dorada, or Golden Coast, is characterised by long white sandy beaches with modern beach resorts that attract millions

of tourists in normal years. The capital Tarragona was one of the most important Spanish cities in the Roman empire, with Roman monuments that have been declared a World Heritage Site by UNESCO. The region traditionally attracts second-home buyers from Barcelona, but increasingly also buyers from abroad looking for a main home to take refuge from the pandemic.



TARRAGONA PROVINCE

+44%
COMPARED TO
Q1 2020


3,407
HOME SALES

+19%
COMPARED TO
Q1 2019

+20%
LUCAS FOX
SALES - H1 2021
Y-O-Y

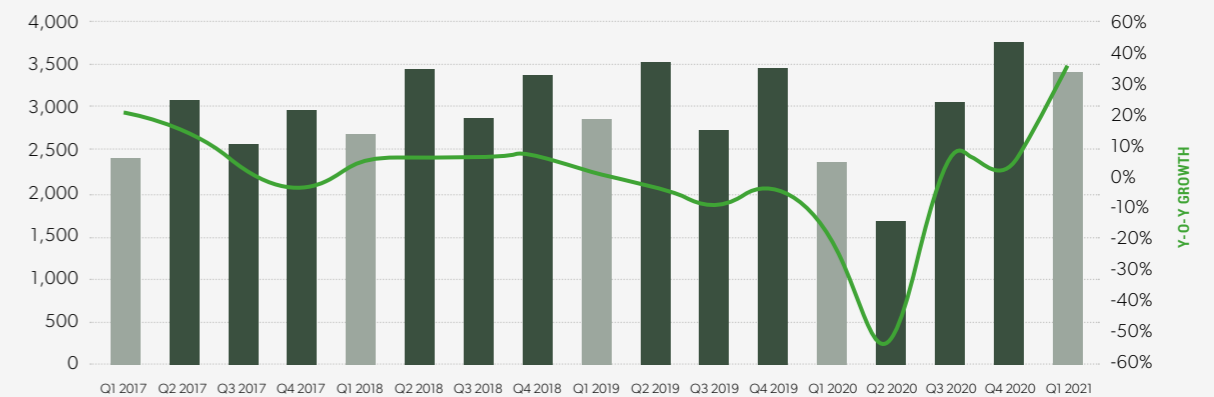
SALES

There were 3,407 home sales in Tarragona province in the first quarter of 2021, up 44% on last year, according to government figures. Sales were up 19% compared to the same period in 2019, 27% over 2018, and 41% over 2017. This public data clearly demonstrates that demand in the province has bounced back strongly to above pre-pandemic levels. Home sales in the first quarter of 2021 were the strongest they have been since the boom year of 2007.

Lucas Fox's own sales figures reflect the strong growth of the prime market, with sales up 20% in the first half of 2021.

TARRAGONA PROVINCE SALES

Source: Government



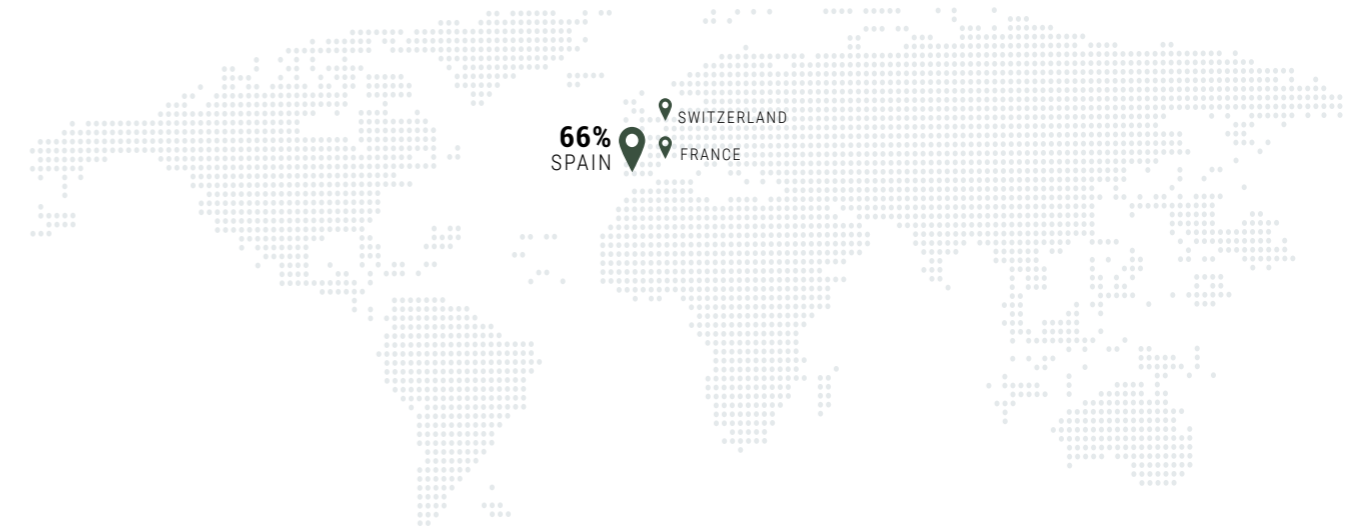
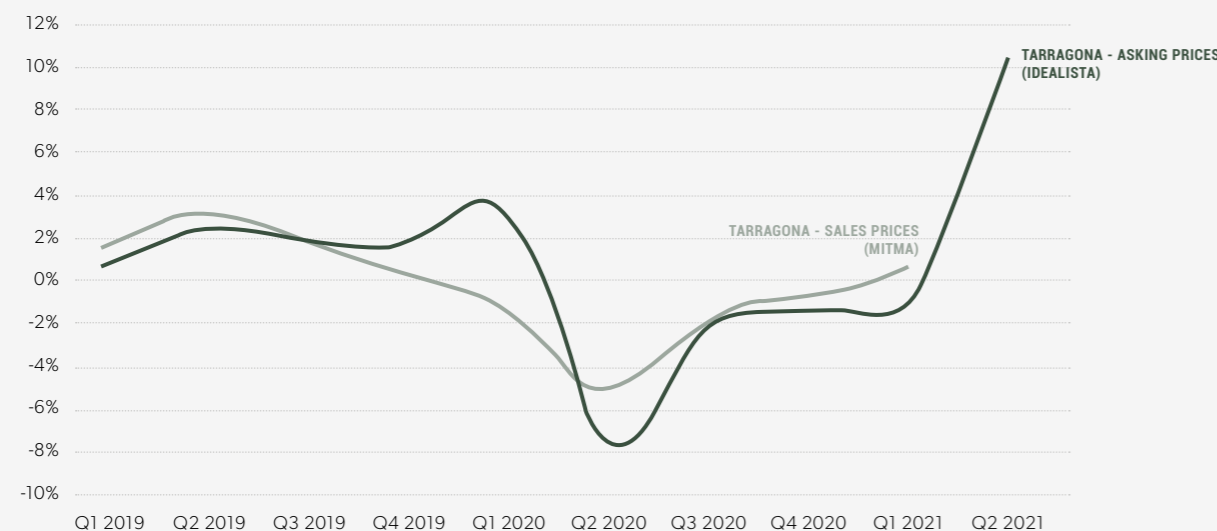


PRICES

House prices in Tarragona province have recovered from the brief slump brought on by Covid-19 and lockdown in the first half of 2020. Though the price index published by the Government shows prices unchanged in the first quarter of 2021 compared to 2020, the trend points towards growth. The asking price index published by the Idealista property portal shows asking prices surging by an annualised 10% in Q2 2021.



TARRAGONA PROVINCE PRICES (YoY)



BUYER PROFILE

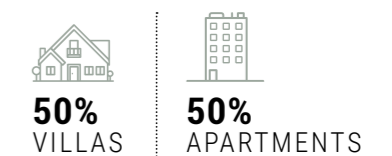
The profile of Lucas Fox clients in Tarragona province in the first half of 2021 was two thirds local, 50% buying villas, 50% buying apartments, and 100% buying primary residences, in contrast to last year when 60% of our sales in the period were holiday homes.

Strong growth, coupled with changing requirements, suggest that Covid has helped put Tarragona on the map as a place to take refuge from the pandemic. Tarragona's sparsely populated interior, laid-back coastal towns, and excellent weather, are now grabbing the attention of a growing number of affluent buyers from home and abroad, the latter led by investors from France and Switzerland.

BUYER MOTIVATION



TYPE OF PROPERTY





RAÛL ANGUERA
Lucas Fox Tarragona

Our Tarragona office confirms the region is benefiting from changing priorities in part driven by the coronavirus pandemic. "The Costa Dorada is now more attractive than ever to local and foreign buyers," says Raúl Anguera, our Tarragona Director. "It's close to a city like Barcelona, yet not overcrowded with tourists, putting it in the sweet-spot for a growing number of affluent buyers in the post-pandemic world."





THE BALEARIC ISLANDS: IBIZA & MENORCA

Lucas Fox specialises in the Balearic Islands of Ibiza and Menorca, which both appeal to upmarket buyers for different reasons. Menorca is the northernmost and second-biggest island of the archipelago, whilst Ibiza is smaller, further south, and closer to the Spanish mainland. Menorca is more rugged and rural,

with a rustic vibe, whilst Ibiza is more 'Caribbean' and trendy, with a jetset reputation in the south of the island that gets more attention than the laid-back scene in the north. Both islands offer the very best Mediterranean experience in their different ways, and attract buyers from Spain and abroad.

IBIZA

-17%
COMPARED TO
Q1 2020



257
HOME SALES



368
HOME SALES

MENORCA

+15%
COMPARED TO
Q1 2020

+27%
LUCAS FOX
SALES - H1 2021
Y-O-Y

SALES

Lucas Fox sales for both Ibiza and Menorca combined increased by 27% in the first half of 2021 compared to last year, reflecting our improved business performance in the context of a market struggling to recover from the coronavirus crisis, and a structural shortage of supply.

IBIZA

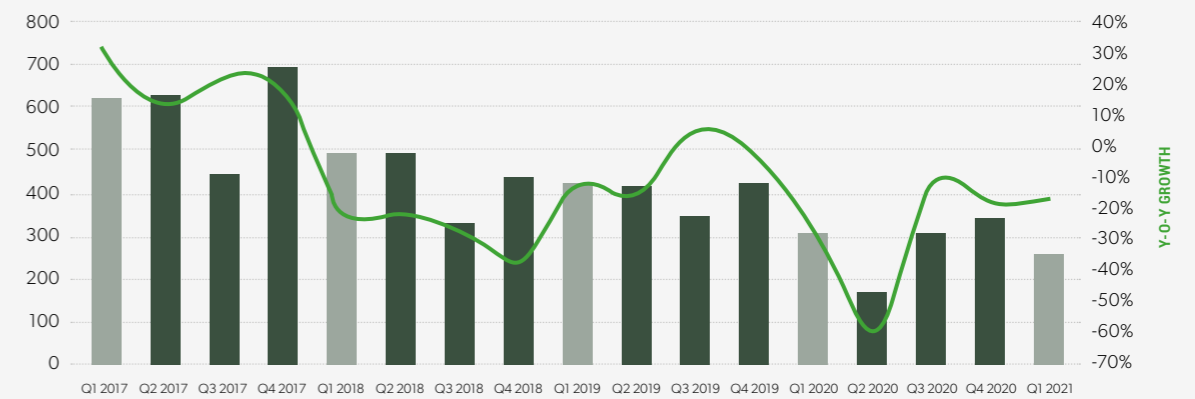
Overall home sales in Ibiza have been on a downward trend since 2017, largely due to a scarcity of supply. The pandemic suppressed demand in the first half of 2020, as it did everywhere, in the case of Ibiza by almost 60%. There was a partial recovery in the second half of the year, though travel restrictions were a bigger problem for the islands than the rest of Spain. In the first quarter of 2021 there were 257 sales on the island, down 17% compared to last year, according to government figures. However, whilst overall sales in Ibiza appear to have fallen, the high-end of the market has never been so dynamic, with strong demand and sales growth in recent months, even if the segment is not big enough to move the needle of the government's figures.

MENORCA

Sales have also been declining in Menorca since 2017, though less markedly than in Ibiza, once again in part due to scarcity on the supply side. Since the slump in sales caused by the pandemic in the first half of 2020, sales recovered to 368 transactions in the first quarter of 2021, 15% higher than last year, according to government figures.

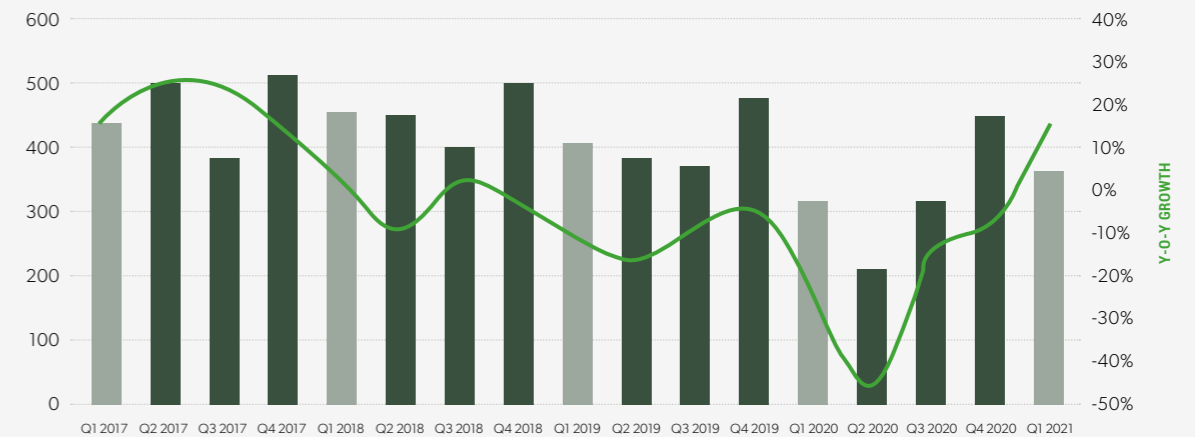
IBIZA ISLAND SALES

Source: Government



MENORCA ISLAND SALES

Source: Government

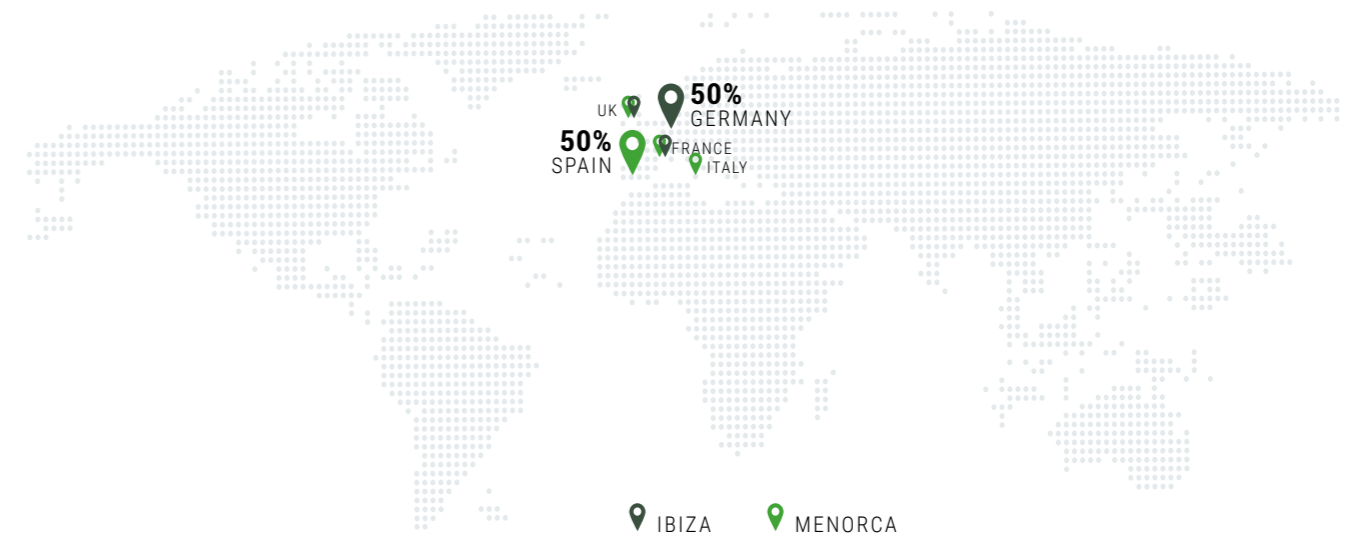
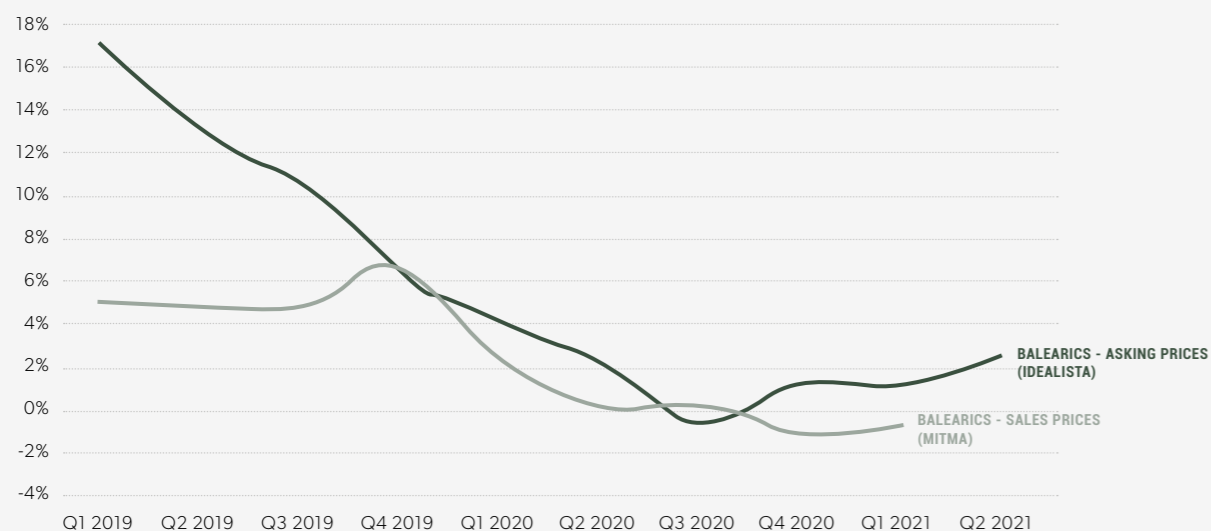




PRICES

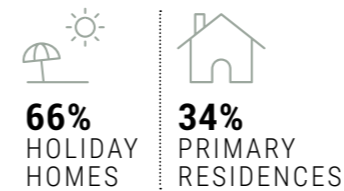
The asking price index published by the property portal Idealista shows prices in the Balearics (including the biggest island Mallorca) bottoming out in the third quarter of 2020 before returning to positive territory in 2021. Government data based on sales shows prices bottoming out in the course of 2020.

BALEARIC PRICES (YoY)

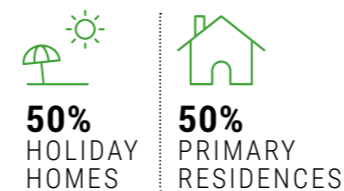


BUYER MOTIVATION

IBIZA



MENORCA



BUYER PROFILE

50% of our buyers in Ibiza were from Germany, and the other 50% split between the UK and France. One third were buying a main home, and two thirds a holiday home. The majority bought villas, and the average price paid in Ibiza was €1,488,333.

In Menorca, 50% of buyers were from Spain, and the other 50% were led by the British, French and Italians. The reason for purchase was predominantly holiday homes, and the average price paid was €450,000.





RÉMI GAICH
Lucas Fox Ibiza



IBIZA

Our Ibiza office reports that international demand has made a strong comeback since May of this year, which does not yet show up in any official figures. *"We have never seen demand this strong,"* says Rémi Gaich, Director of our Ibiza office. *"Buyers are looking for both holiday homes and main residences, with the latter planning to use the island as their family base."* Most budgets are between one and three million euro, but an increasing number have budgets up to five million.

The biggest problem the market is facing is the lack of homes for sale. We are finding that some buyers are delaying a purchase in the hope that more properties will come onto the market later in the year. The scarcity is also pushing up asking prices, which makes some potential buyers take a wait and see approach.

If anything, Covid has increased international demand for homes in Ibiza, now that the worst of the disruption appears to be over. *"After being stuck at home for months last year, we see that people now want to enjoy the quality of life that Ibiza has to offer,"* says Rémi Gaich. *"Working remotely allows people to base themselves here, which increases demand for permanent and semi-permanent residences amongst artists, entrepreneurs and tech people who love the island. In Ibiza you can live an outdoors, organic lifestyle, always near the sea, which is so invigorating for health."* We are optimistic that 2021 will be an excellent year for sales in Ibiza, if buyers can find the homes they are looking for.



LUCAS FOX / IBIZA



MENORCA

Our Menorca office reports strong interest from international buyers led by the French, with enquiries also coming from the UK, the US, Belgium, Italy, Switzerland and Spain. Buyers are attracted by the island's low-key, rustic, almost retro appeal. Describing the island as like "Mallorca 50 years ago," is meant as a compliment by those in the know. There is a dearth of homes for sale that match the requirements of today's buyers, many of whom are looking for country homes with waterfront access, or town houses and apartments in Ciutadella and Mahón, often with a view to renovation. Budgets are typically between €700,000 and €1,500,000, with country-house budgets of up to €3 million.



SERGIO OGAZÓN
Lucas Fox Menorca

Menorca has always been seen as the most secluded of the big three islands in the Balearics, and this has become a major attraction in times of a pandemic. The island is seen as a refuge from the coronavirus, a safe place to retreat to and spend time enjoying the outdoors with the family. This is exacerbating the gap between supply and demand, which was already a problem before Covid. "Generally speaking, the supply of homes for sale does not meet demand," says Sergio Ogazón, our Menorca sales manager. "A client looking for a villa with sea views, and a budget of up to €1.5 million, will find almost nothing available which means a lot of frustrated potential buyers in Menorca right now."



LUCAS FOX / MENORCA



MADRID

Located at the very centre of the country, the Spanish capital embodies the heart of Spain. It brings together the best the country has to offer, with its own special twist, including all the lifestyle benefits you would expect of a leading European capital, like international schools, world-class healthcare, and one of the most impressive airports in the world. It's famous for its style and joie de vivre, culture, cuisine, and of course, its nightlife. The city shows off Spain's imperial past in its historic buildings, on a par with London and Paris, offering buyers a luxurious choice of period and modern homes, whilst

the upmarket suburbs to the west and northwest of the city offer a huge variety of modern homes with outdoor space in districts well-connected to the city centre. Among foreign investors Madrid is particularly popular with elites from Latin America, for historic and cultural reasons.



SALES

After five years of robust growth, the housing market in the Spanish capital started cooling down at the end of 2017, in part due to political instability in the national government that was resolved by elections in 2019. With political stability came a modest return to growth in 2019, which was cut short by the coronavirus pandemic in 2020. Sales fell 48% in the second quarter of 2020, and didn't return to growth until the first quarter of 2021, to reach 8,878 transactions, up 9% compared to last year, when the market was impaired by lockdown. Though the trend is now positive, sales in Q1 2021 were still down 11% compared to 2019, meaning that Madrid has not yet recovered to pre-pandemic levels.

However, if you look at the upmarket suburbs to the west and north west of Madrid, including Pozuelo de Alarcón and Las Rosas, and high-end urbanisations like Ciudadcampo and La Moraleja, the picture is far more positive. Although sales were diminished by the lockdown last year, falling 43% in Q2 2020, they have grown every quarter since then, up 42% in Q1 2021, and more than 30% higher than 2018 or 2019. So, whilst the city centre has struggled, the pandemic has been good for sales in the upmarket suburbs of Madrid.

Lucas Fox sales figures have benefited from this trend. Looking at sales made by our Pozuelo office in the upmarket northwest suburbs of Madrid, our sales in the first half were up 105%, driven by high demand combined with our strong business performance.

MADRID CITY

+9%

COMPARED TO Q1 2020



8,878

HOME SALES

NORTH WEST SUBURBS



1,885

HOME SALES

+42%

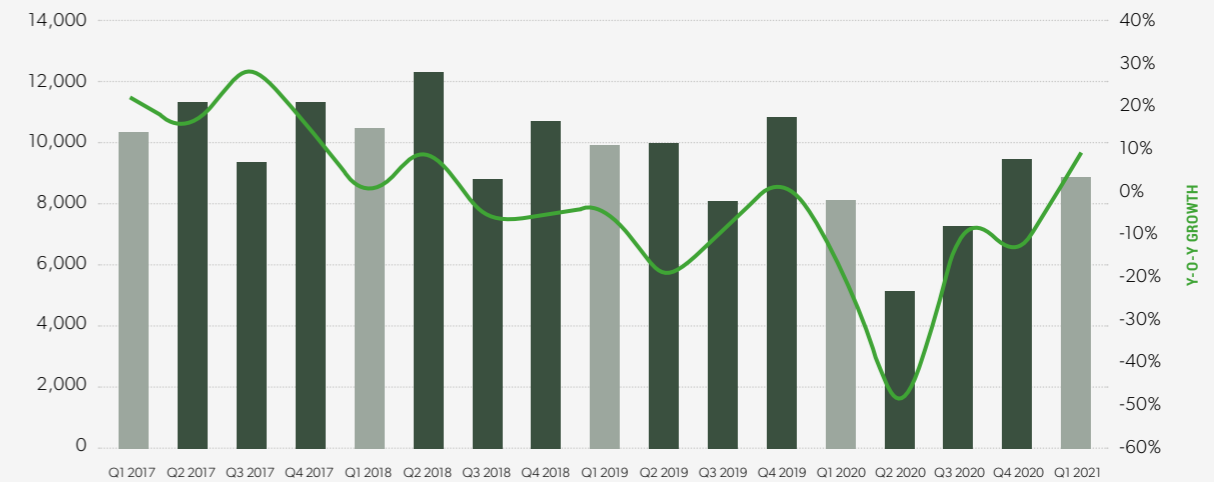
COMPARED TO Q1 2020

+105%

LUCAS FOX SALES - H1 2021 Y-O-Y

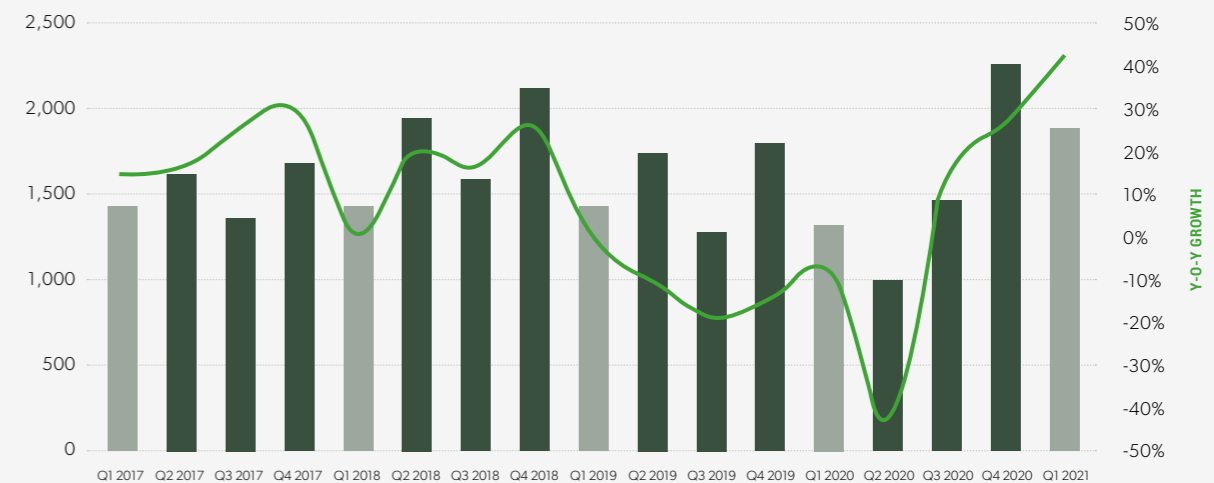
MADRID CITY SALES

Source: Government



MADRID NORTH WEST SUBURBS SALES

Source: Government





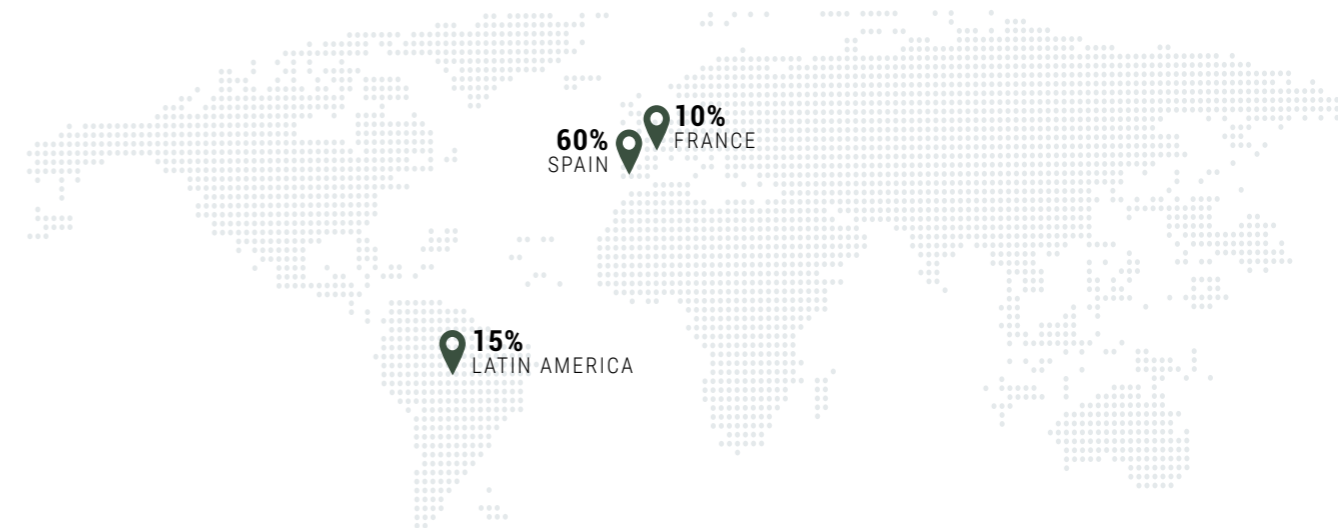
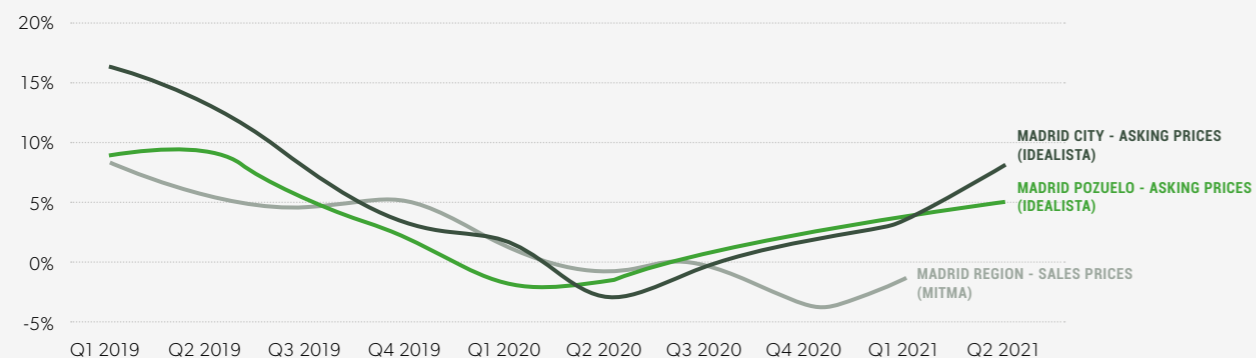
PRICES

Prices in the Madrid region were already on the slide before the pandemic, which only added to vendors' woes. However, the latest figures from the government hint at recovery, with the price decline slowing to -1% in Q1 2021, an improvement on the -4% decline in Q4 2020. And asking prices in the city, which tend to lead sales prices by a quarter or two, show a strong rebound starting in Q3 2020, with prices up 8% in Q2 2021, and by 5% in northwest suburbs like Pozuelo.

Our own price data showed sales prices rising 15% across all our Madrid offices in the first half of 2021.

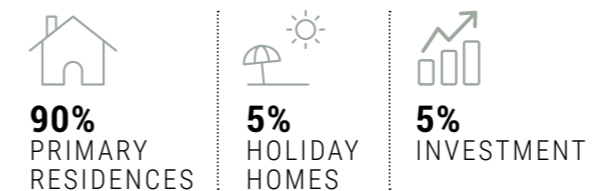


MADRID: REGION, CITY & POZUELO PRICES (YoY)



BUYER PROFILE

BUYER MOTIVATION



60% of our Madrid buyers in the first half of 2021 were locals, 15% were from Latin America, 10% from France, and the rest from other European countries. 90% were buying primary residences, and the remainder were split between second-homes and investments. The average amount spent was €1,285,000.





MARKET OBSERVATIONS



MADRID CENTER

Our Madrid office reports a big increase in enquiries from Latin America in the first half of 2021, in particular from Mexico, Peru and Colombia, where a combination of political problems, insecurity, and the coronavirus running rampant are fueling interest in real estate in a safe haven like Madrid. These buyers are looking for key-in-hand investments. *"We are seeing a trend towards sales of luxury, renovated properties, in many cases fully furnished,"* comments Mercedes Pulido, our Sales Manager in Madrid.

Another Covid-related factor is the unusually high number of properties on the market that have recently been inherited. *"The heirs of people who have passed away from Covid often need to sell quickly to deal with inheritance tax,"* explains Mercedes. *"In some of these cases the price is more negotiable because vendors are under time pressure, and welcome cash buyers who can move quickly."*

Although asking prices declined in the first half of 2020 for the city as a whole according to Idealista, our Madrid office reports that prices have held their ground in upmarket districts like Salamanca, Almagro and Justicia.



MERCEDES PULIDO
Lucas Fox Madrid



LUCAS FOX / MADRID



POZUELO DE ALARCÓN

Our office in Pozuelo de Alarcón, in the northwest suburbs, reports the market has been more reliant on local buyers since the start of the pandemic, as travel restrictions have kept many foreign buyers away until now.

"The big trend was the obvious flight to the suburbs with very high demand for detached villas with good exterior space," reports Barend Hart from our Pozuelo office. *"We have seen high demand for urbanisations like Monteclaro, Montealina, Somosaguas, and La Finca, mostly in the €900,000 to €1.5m range, though we set one record with a closing price above €3m in Somosaguas."*

80% of sales in the first half of 2021 were detached houses, and although we do not yet see prices rising in this segment, most sales closed near the asking price, as vendors started to get the upper hand in negotiations.

"The few apartments we sold were either ground floor apartments with a garden, or penthouses with large terraces as the pandemic makes any apartment without exterior space more difficult to sell," comments our Director.



Another factor driving the market forward is the low cost of mortgage borrowing. *"Financing conditions have been very favourable, with record low interest rates, and average LTVs of 80%. Banks have been slower to process applications, but only because of logistical issues, and not because of unwillingness to lend."*

We believe the market outlook for this area is positive in the light of recent trends. In the words of our Director, *"You can live 'outdoors' in Pozuelo, Aravaca and Boadilla with their excellent infrastructure, just a 20-minute drive to the centre of Madrid. With companies and staff embracing flexible and remote working arrangements we expect the current strong demand for the suburbs to continue growing."*

The biggest challenge we face in this market is finding good quality homes for sale, and managing the price expectations of vendors, who can see the market moving in their favour.



BAREND HART
Lucas Fox Pozuelo

VALENCIA



Valencia city has many of the attractions of its Mediterranean neighbour to the north Barcelona, with a similar 'urban resort' lifestyle that appeals to foreign buyers. Both cities have an historic Old Town, and fin de siècle Eixample district offering spacious homes in elegant buildings. But one clear advantage Valencia has is more suburban space around the city for residential urbanisations that are integrated into the city like La Cañada, which offers detached homes with gardens and pools not far from the center. With the pandemic increasing demand for suburban

homes with more space and good access to the city, interest in quality residential urbanisations like La Cañada and Campolivar in Godella is increasing.

Since Valencia hosted the America's Cup in 2007, the city's culture, cuisine, and unbeatable beachfront have gained admirers abroad. Always one of Spain's leading cities, Valencia is now firmly on the radar of foreign investors looking for a perfectly-sized Mediterranean city to buy a pied-à-terre second home, or family home with all the amenities of a modern European city.

VALENCIA CITY

+20%
COMPARED TO
Q1 2020

2,303
HOME SALES

-2%
COMPARED TO
Q1 2019

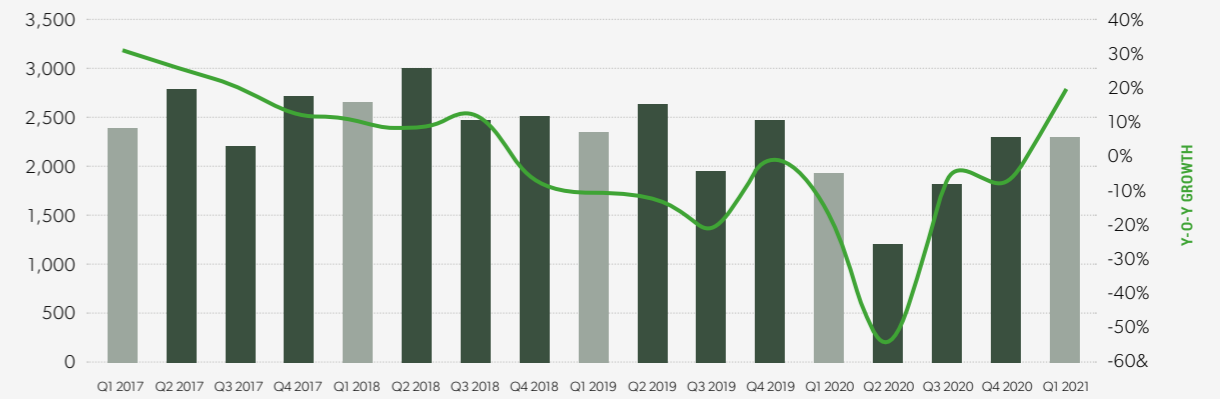
+56%
LUCAS FOX
SALES - H1 2021
Y-O-Y

SALES

There were 2,303 home sales in Valencia city in the first quarter of 2021, up 20% on the same quarter last year, when the market was impaired by the first two weeks of lockdown. Compared to 2019, a more typical year, sales were down just 2%, which suggests that demand has been strong enough to carry the market back to near pre-covid levels.

Our own sales figures for Valencia city reflect our strong business performance in the context of market recovery, with sales up 56% in the first half of 2021 compared to last year.

VALENCIA CITY SALES
Source: Government





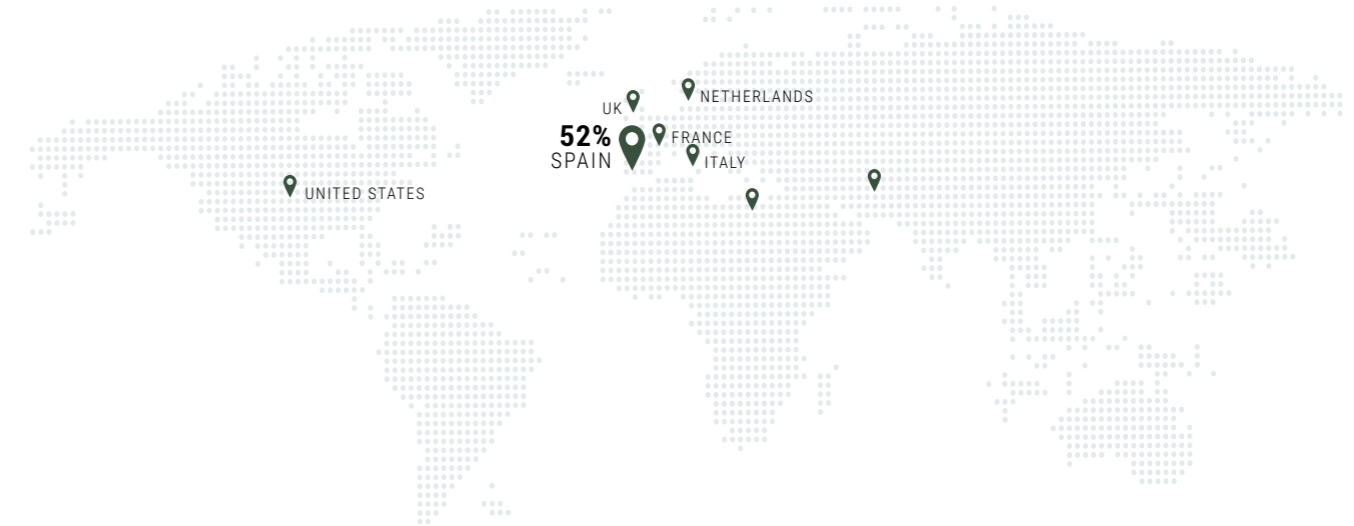
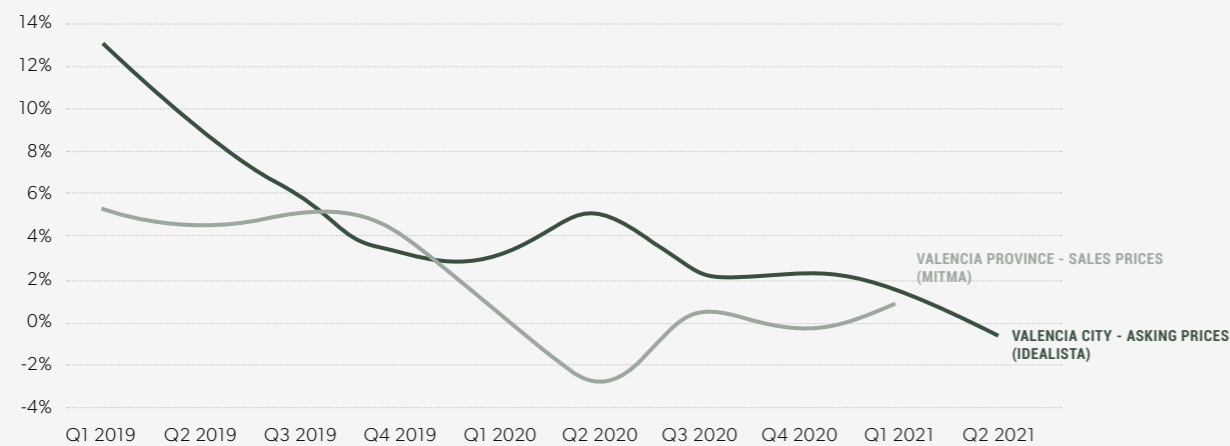
PRICES

At a provincial level, house prices were dragged down in the first half of 2020 by the coronavirus shock, before recovering in the second half of the year. By the end of Q1 2021 they were up by 1%, according to government figures. Asking prices in Valencia city, however, have continued on a downward trend, notwithstanding a brief rally in Q2 2020, according to data from the property portal Idealista.

Lucas Fox price data based on our own sales in the first half of 2021 shows asking prices rising 13%, and sales prices up 7% in the prime segment of the market.

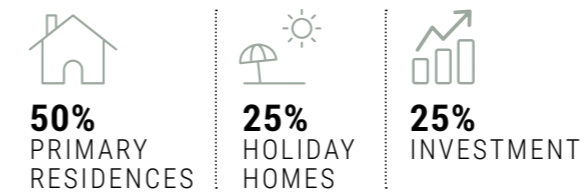


VALENCIA PRICES (YoY)

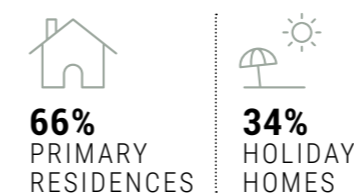


BUYER MOTIVATION

FROM SPAIN



FROM USA



BUYER PROFILE

52% of our buyers in Valencia city in the first half of 2021 were Spaniards, of which half were buying primary residences, and the remainder split equally between second homes and investments. The second biggest group of our buyers in Valencia city came from the USA, with two thirds buying a main home for relocation, and one third buying a holiday-home. The remaining buyers came from a variety of countries including France, Italy, Ireland, the Netherlands, the UK, Iran and Libya. The average purchase price was €445,000, up from €414,000 last year.



MARKET OBSERVATIONS

Our office in Valencia reports the local real estate sector has coped with the pandemic better than other important industries in Valencia like tourism. Figures from the National Institute of Statistics back this up: Home sales in the province were up 7% in May compared to the same month in 2019, before the pandemic, and up 4% in the first five months of the year, which has helped to steady prices. *“We saw prices decline by something between 5% and 10% in the middle of last year, but the positive evolution of demand this year has changed that, leading to a more stable situation in 2021, with some modest price increases depending on the product and area,”* explains Juan Luis Herrero of the Lucas Fox office in Valencia.



JUAN LUIS HERRERO
Lucas Fox Valencia



VALENCIA

With the worst of the pandemic increasingly behind us, and the vaccination drive in full swing, our staff in Valencia are excited about the future. *“When the EU recovery funds are deployed we expect the property sector to grow vigorously, and it could be one of the most important pillars of the economic recovery,”* says Juan Luis. *“In the year so far we have already seen the majority of our main home sales rise above the €700,000 price point for the first time, illustrating both the improvement in the prime market, and our own strong business performance.”*



As in other areas, the pandemic has encouraged demand for homes with space for a home office, and outdoor living such as gardens and terraces. *“This is a big opportunity for developers and investors in the city, as we see huge potential for new projects that offer home office and outdoor space, presented with a contemporary design,”* comments Juan Luis. *“There is very little currently on the market to satisfy the international and local demand we see for this type of product.”*



LUCAS FOX / VALENCIA

COSTA BLANCA: ALICANTE CITY & JÁVEA

Alicante province to the south of Valencia is home to the Costa Blanca, one of the most popular Spanish coasts. The eponymous provincial capital offers city living with a beach-resort feel, and further north the town of Jávea has

long been the jewel of the Costa Blanca, attracting upmarket buyers from Madrid and abroad. Lucas Fox services the Costa Blanca's prime property market from offices in Alicante and Jávea.

ALICANTE

+8%

COMPARED TO Q1 2020



1,435
HOME SALES



204
HOME SALES

JÁVEA

0%

COMPARED TO Q1 2020

+23%

LUCAS FOX SALES - H1 2021
Y-O-Y

SALES

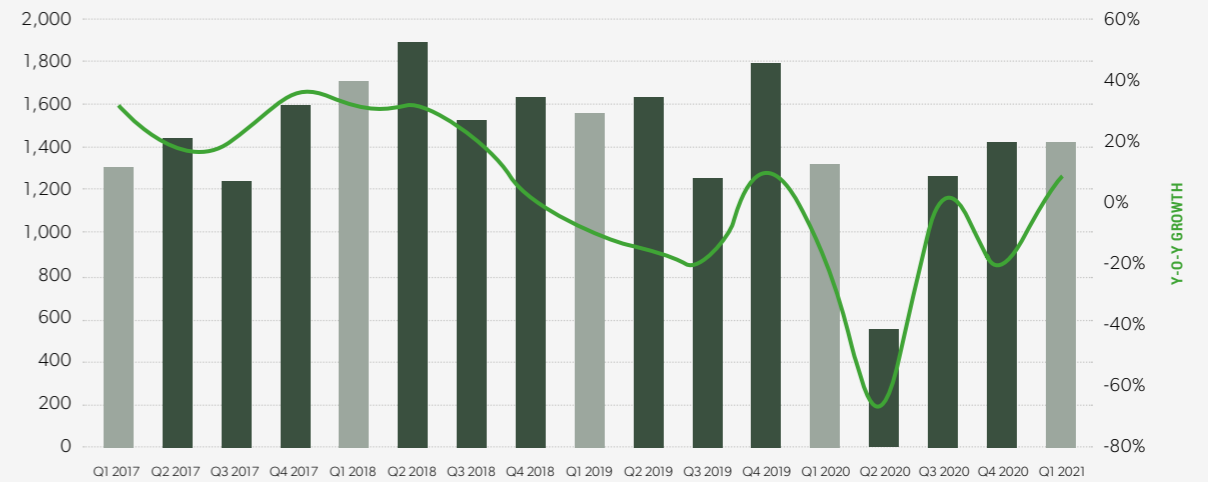
The market in Alicante city has not returned to pre-covid levels, in keeping with other cities. There were 1,435 home sales in the first quarter of 2021, up 8% compared to last year, but down 8.5% compared to 2019, and 17% compared to 2018, according to government figures.

In Jávea, a resort town up the coast from Alicante city, there were 204 sales recorded in the first quarter of 2021, unchanged from a year before, and 15% down compared to 2019. However, if you look back further, you see that sales in Jávea are almost unchanged compared to 2018, and 8% higher compared to 2017, suggesting that sales have returned to their pre-pandemic levels. In Jávea, the lack of homes for sale is a structural problem that has been constraining sales in recent years, whilst the pandemic is a transitory problem.

Lucas Fox sales figures for both Alicante and Jávea show sales up 23%, reflecting both our investment in growing the business, coupled with higher demand in our market segments.

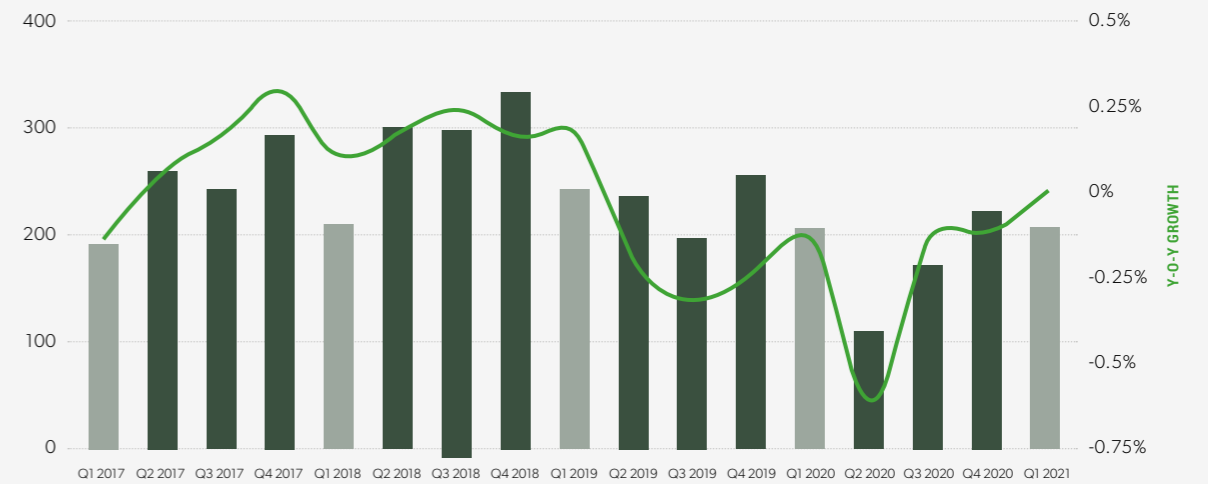
ALICANTE CITY SALES

Source: Government



JÁVEA SALES

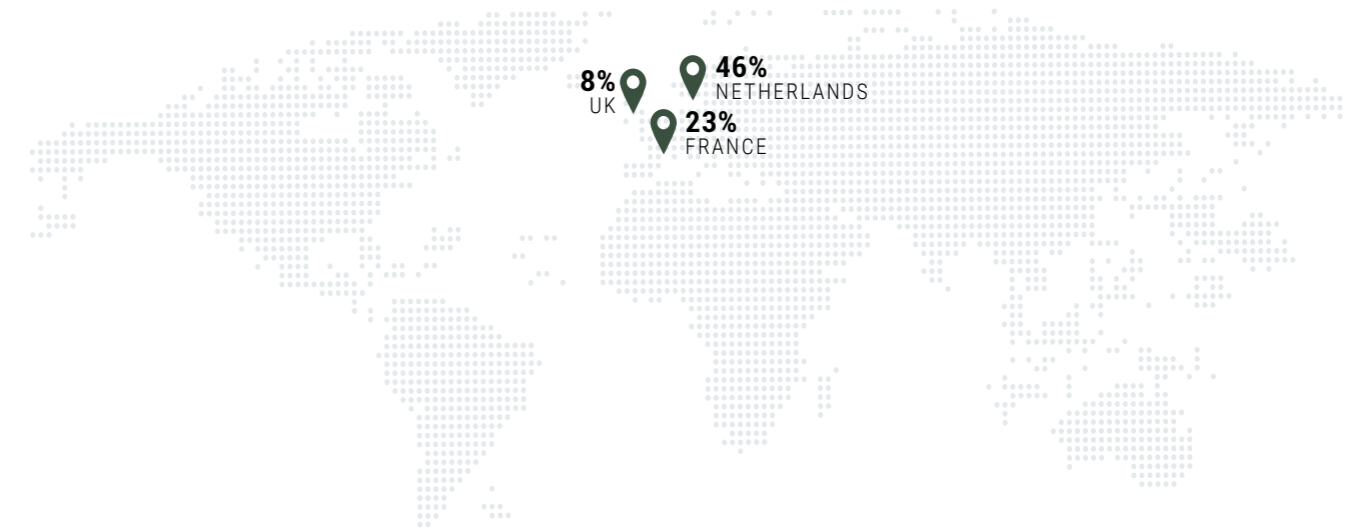
Source: Government





PRICES

Price-wise, we can see the effects of the pandemic playing out clearly in the figures for Alicante province, Alicante city, and Jávea. Data from the government shows prices slumping in the province by an annualised -4% in Q2 2020, before recovering to unchanged (0% change) in Q1 2021. However, asking prices for Alicante city show how vendor expectations held up at the beginning of the pandemic, before tumbling in the second half of 2020, reaching -5% in Q1 2021. In Jávea, on the other hand, prices softened up at the start of the pandemic, before recovering robustly, and ended Q1 2021 up 5% on last year.



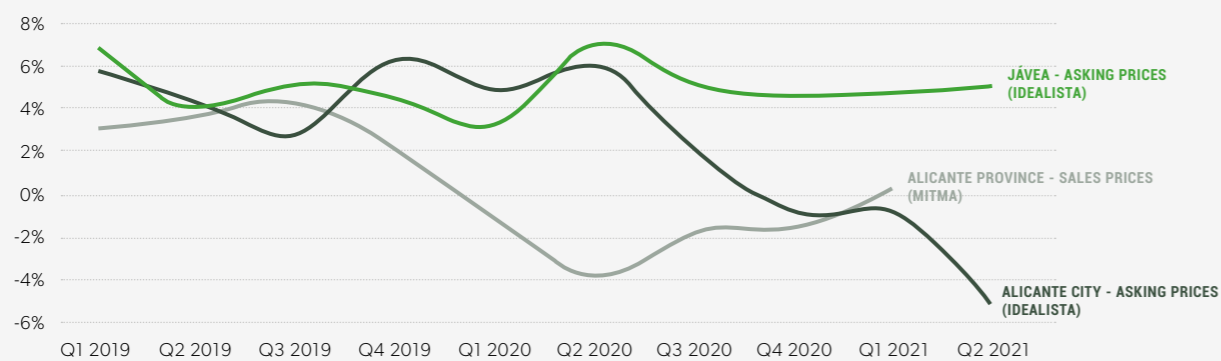
BUYER PROFILE

46% of our buyers in the first half of 2021 came from the Netherlands, and 23% from France, with the remainder coming from a variety of European countries, including 8% from the UK. 46% were buying holiday homes, 38% main homes and 16% investments.

BUYER MOTIVATION



COSTA BLANCA: ALICANTE & JAVEA PRICES (YoY)





MARKET OBSERVATIONS

Our office in Jávea reports there has been a significant increase so far this year in the number of northern Europeans, Spanish and American buyers looking to make lifestyle changes by investing in Jávea. Spanish clients are interested in moving out of crowded cities to live permanently by the coast, and we have noticed an increase in the number of American clients looking to take advantage of the Spanish Golden Visa scheme to invest in this area.



EMMA PRICE
Lucas Fox Jávea

Starting at the beginning of July, our office also reports there has also been a noticeable increase in the number of Dutch and German buyers looking to buy in Jávea, partly motivated by the negative interest rate on savings in excess of €100,000 they are now being charged by some banks at home. Rather than lose money on deposit in German and Dutch banks, investors are turning to quality property in upmarket destinations like Jávea that still offer good value for money.

The big challenge facing the market in Jávea is the scarcity of homes for sale. According to our market intelligence, there are more buyers than sellers, and even older properties in need of renovation are selling fast. As planning permission can take years to obtain, there is very little by way of new homes currently on the market.



LUCAS FOX / ALICANTE



We have also noticed a trend towards permanent and semi-permanent homes, and away from holiday-rental investments. This will be good for Jávea in the long run, as the growing residential population will increase the municipal budget, leading to higher investment in the town's infrastructure.

In conclusion we believe that the healthy lifestyle on offer in Jávea, coupled with house prices that are perceived as good value for money for an upmarket area, will help drive demand as the market recovers. In Jávea we can see a clear trend in demand towards upmarket coastal resorts offering low-density communities, high-end amenities, and space for enjoying life outdoors.



COSTA DEL SOL & MÁLAGA

With arguably the best climate in Europe, the province of Malaga is home to both the world-famous Costa del Sol, with its highly-developed beach resort infrastructure, and one of the most dynamic cities in Spain - the provincial capital Malaga - where Pablo Picasso was born. Led by its flagship resort Marbella, the coast offers upmarket buyers a luxury lifestyle and holiday experience few other places in the world can match, and with such a large selection of top-notch

golf courses, it is often called the Costa del Golf. Malaga city offers all the benefits of the coast, plus the commercial and cultural attractions of a dynamic, ambitious city. Lucas Fox has an office in Marbella catering to local and international demand for homes in prime areas of Marbella, Mijas and Sotogrande, and an office in Málaga city helping to develop the prime property market in this rapidly developing provincial capital.



MÁLAGA CITY

+20%

COMPARED TO Q1 2020



1,774

HOME SALES



2,192

HOME SALES

+8%

COMPARED TO Q1 2020

COSTA DEL SOL

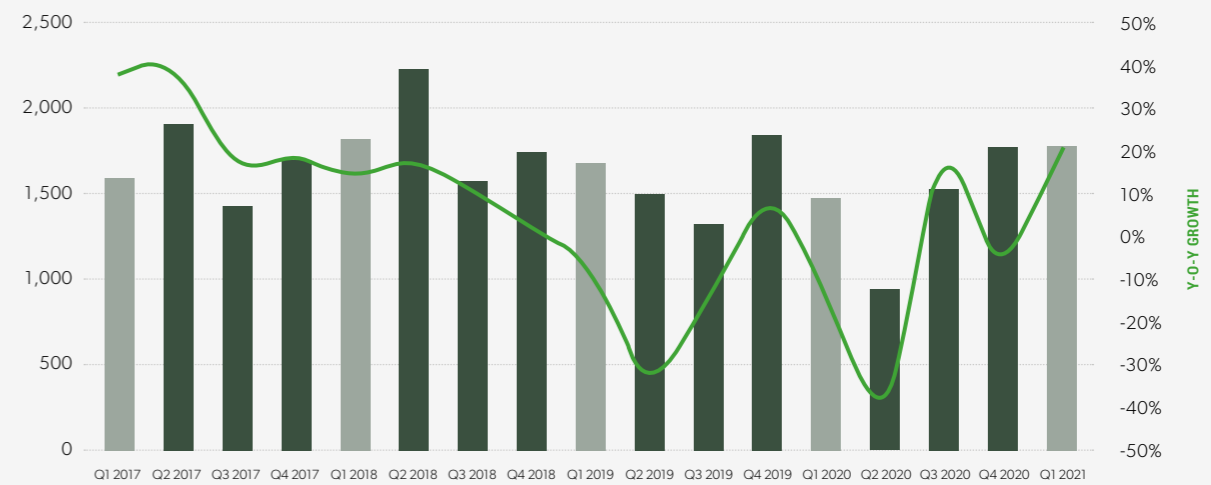
SALES

There were 1,774 home sales recorded in Málaga city in Q1 2021, up 20% on the same quarter last year, when the market was impaired by lockdown. Sales were 5% higher than the same period in 2019, suggesting the market has recovered to pre-pandemic levels. Our own sales data shows sales up 20% in the first half of 2021.

Looking at the municipalities that attract the greatest demand for prime property on the Costa del Sol (Mijas, Marbella, Benahavís, Estepona), and including the municipality of San Roque, in Cádiz province, home to the upmarket enclave of Sotogrande, there were 2,192 sales in the first quarter of 2021, up 8% on last year, but down 9% compared to 2019, mainly due to weakness in Mijas. Looking at Marbella alone, sales were fractionally above the 2019 level, suggesting that the Costa del Sol's flagship resort has recovered to where it was before the pandemic. Our own sales data shows sales unchanged in the first half of 2021 compared to 2020.

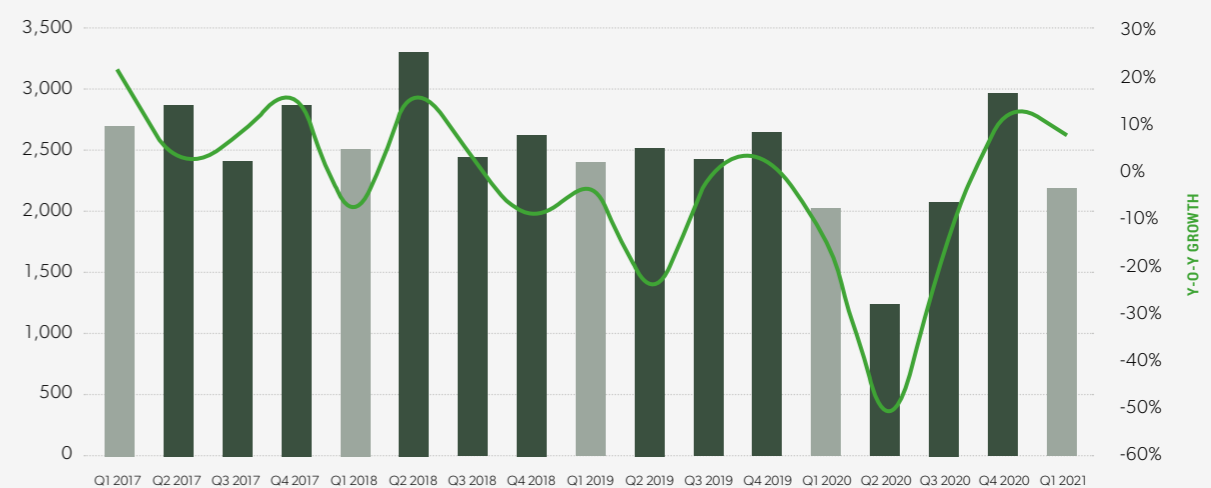
MÁLAGA CITY SALES

Source: Government



PRIME COSTA DEL SOL SALES

Source: Government



+20%

LUCAS FOX SALES - H1 2021
Y-O-Y

MÁLAGA CITY

0%

LUCAS FOX SALES - H1 2021
Y-O-Y

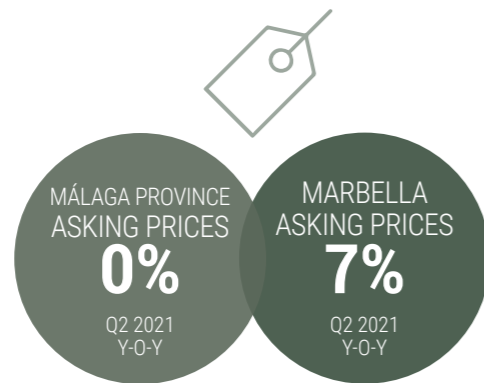
COSTA DEL SOL



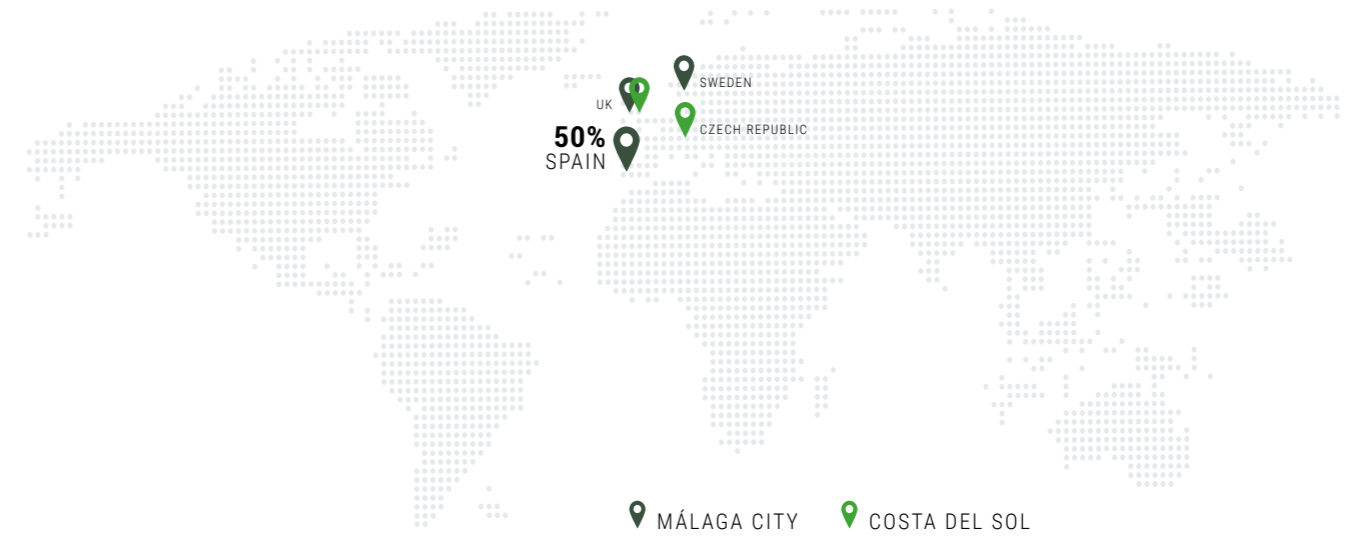
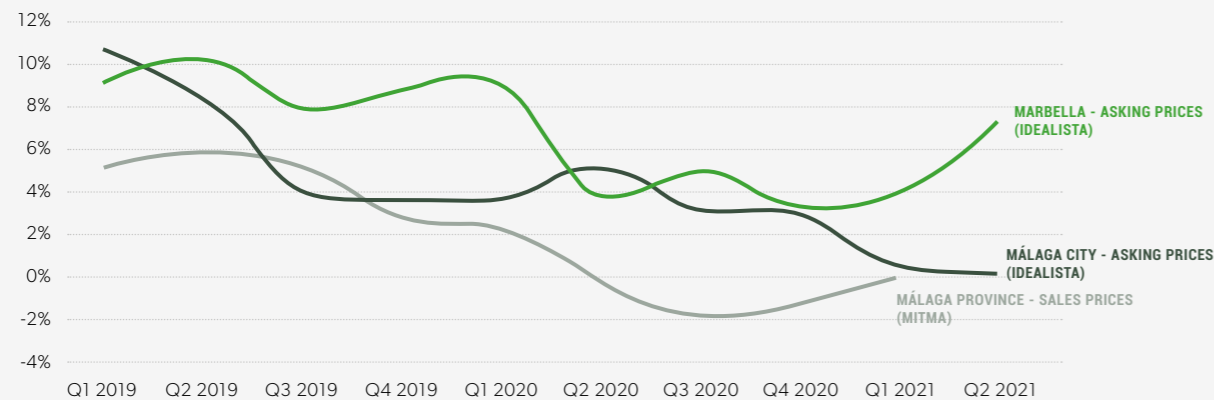


PRICES

House prices in Málaga province were already softening before the pandemic, according to government figures. The latest numbers for the first quarter of 2021 suggest they bottomed out at -2% in Q3 2020, and have since recovered to almost where they were at the start of 2020. Looking at asking prices for Málaga city, it appears the impact of the pandemic is still holding down vendor expectations, with prices in Q2 2021 almost unchanged. In Marbella, however, asking prices have made a strong recovery this year, ending Q2 2021, 7% higher than a year ago.



MÁLAGA PROVINCE, CITY & MARBELLA PRICES (YoY)



BUYER PROFILE

MALAGA CITY

50% of our buyers in Málaga city in the first half of 2021 were Spanish, with the other 50% from a variety of European countries, including the UK and Sweden. Half were buying holiday homes, and half main homes, with an average budget of €478,000.

COSTA DEL SOL

All of our buyers in the first half of 2021 came from European countries, including the UK and the Czech Republic, buying holiday homes with an average budget of €758,000.

BUYER MOTIVATION



BUYER MOTIVATION





MARKET OBSERVATIONS

MARBELLA



STEPHEN LAHIRI
Lucas Fox Marbella

After a slow start to the year our Marbella office reports the market turned a corner in the second quarter, as the easing of travel restrictions unleashed pent up international demand. *"Covid has had a dramatic impact on the market here, which has been like a roller coaster,"* comments our Director Stephen Lahiri. *"In the second quarter we have seen a sudden increase in the number of buyers around, including buyers from the UK for the first time in a year. Villas of all prices are in high demand, in particular between €800,000 and €2m. Prices have stabilised, and offers are increasingly being rejected, and indeed sometimes buyers are even being gazumped!"*



LUCAS FOX / MARBELLA

MÁLAGA CITY

Our Málaga city office reports the market is returning to normal after the disruption of the pandemic, with sales back to the level of 2019, driven by both local and international demand. *"There has been a noticeable number of Spanish expatriate buyers choosing to make the city their home when they return to Spain,"* says Rodolfo Núñez, our Málaga office director.

The exclusive water-front new development Málaga Towers, with 200 luxury homes for sale through Lucas Fox, is helping to grow the prime market for new homes in the city, as is the increasing number of tech companies like Google and Vodafone setting up offices in the city, and bringing with them affluent buyers looking for stylish, modern homes. Malaga's

excellent climate, with an average of 300 days of sunshine a year, coupled with a big international airport, and high-speed train links to Madrid and beyond, is also helping to put Malaga on the map as a destination for international buyers, who are attracted by the city's rich cultural life.



RODOLFO NÚÑEZ
Lucas Fox Málaga



ANDORRA

Andorra is an independent principality nestled in the Pyrenees between France and Spain offering all the summer and winter sports that come with its mountainous territory, plus a low-tax regime that attracts wealthy buyers looking for a healthy, outdoor lifestyle without the fiscal pressure of other European countries. Long a tax-haven for Spanish elites, its


modern infrastructure, stability, safety, and good access to both France and Spain, with a number of international airports just a couple of hours away, make it an increasingly popular choice with the growing global tribe of affluent remote workers who appreciate Andorra's quality of life and low-tax regime.



ANDORRA

-20%

COMPARED TO
2019



1,318

HOME SALES
(2020)

+10%

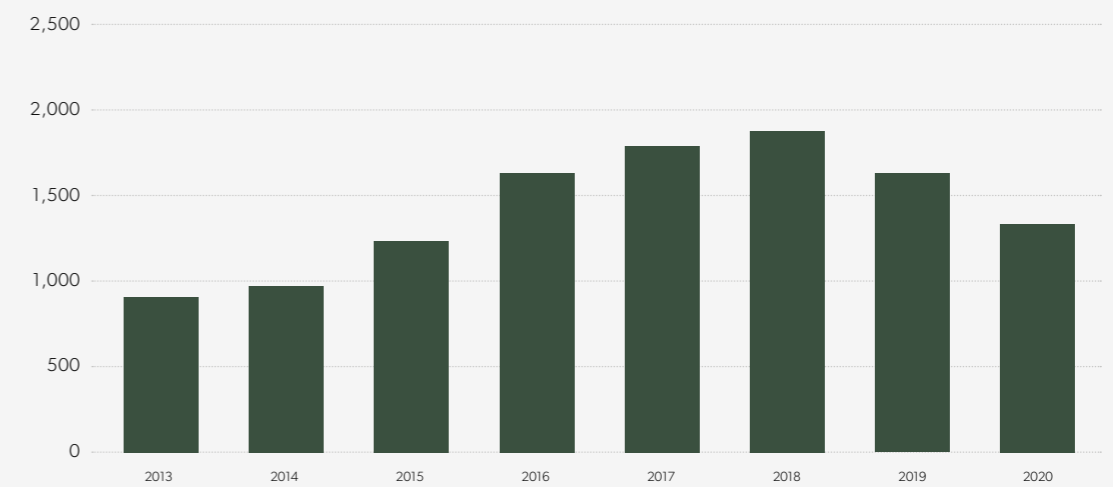
LUCAS FOX
SALES - H1 2021
Y-O-Y

SALES

According to the latest figures available from the Andorran government, there were 1,318 home sales in Andorra in 2020, down almost 20% compared to 2019. Although the market had already started cooling down in 2019, after five years of strong growth, some of the decline in 2020 can be attributed to the pandemic, and ongoing travel restrictions, which have made it hard for foreign investors to purchase in the region. Our own sales data for the first half of 2021 was up 10% on last year.

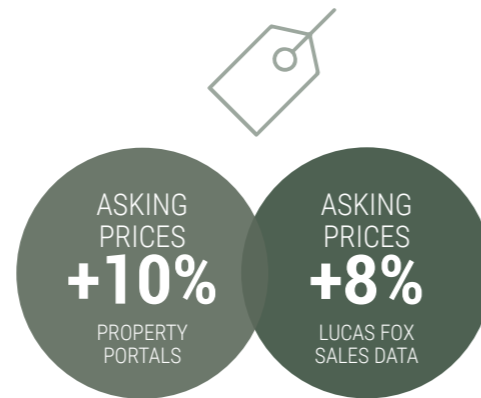
ANDORRA SALES

Source: Government



PRICES

There is no official house price index available for Andorra, but data from property portals suggests that asking prices have risen around 10% in the last year. Bearing in mind the limitations of any small sample, our own price data shows asking prices up 8%.



BUYER PROFILE

50% of our buyers in the first half of 2021 came from the Benelux countries, with the remainder from France, Spain, and Andorra. 60% were investors, and 40% buying a main home. The average price paid was €1,252,000, including investments in offices and buildings.

BUYER MOTIVATION



60%
INVESTMENT



40%
PRIMARY RESIDENCES





MARKET OBSERVATIONS



JORDI TÀPIES
Lucas Fox Andorra

Our sales office in Andorra reports that investors are driving the market, attracted by the rental yields, low risk, and light fiscal touch of the principality. Rising demand from remote workers, and a scarcity of quality homes for rent, have created an opportunity for rental investors, who are buying on luxury new developments. The Government is helping with policies to encourage international talent to set up shop in Andorra. *“Investors and developers have seen growth in affluent, international demand, and are launching projects to offer high-quality rental homes to these new residents,”* explains Jordi Tàpies, our Director in Andorra. *“Developers are helping investors and buyers with all the purchase formalities to reduce the barriers to entry, but we do see a risk of oversupply two or three years down the line, if the growth in supply continues at this pace.”*

Covid has increased international demand for property in Andorra, in the experience of our sales team. *“In the first half of 2021 we have seen a much higher level of interest than normal, which does not yet show up in any statistics,”* says Jordi. *“Along with our every-day low taxes and duty-free shopping, residents in Andorra have suffered less restrictions than other countries in our neighbourhood, with all the mountain air, and the restaurants open at least a few hours a day, even in the depths of the pandemic.”*



LUCAS FOX / ANDORRA

Three current trends make us optimistic about the market in Andorra: The growing fiscal pressure in most Western countries making Andorra even more attractive, the growth in remote working enabled by the internet, and the increasing desire to live in natural surroundings with open spaces and fresh air. In the light of these trends we see Andorra as an obvious choice for a growing tribe of affluent, remote workers attracted by our healthy surroundings, high standard of living, and low tax regime.





LUCAS FOX
INTERNATIONAL PROPERTIES



International
Associate

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