



## SPAIN - February 2018

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#### SPAIN PROPERTY MARKET 'OFFICIALLY RECOVERS' FROM 2008 AS SALES REACH PRE-CRISIS LEVELS

SPAIN'S property market has officially recovered from the 2008 crash, with 2017's transactions reaching levels last seen before the crisis.

New figures released this week showed close to 465,000 sales last year, the highest annual figure since 2008 and a 15% increase on 2016's.

The country experienced a property boom in the 1990s before it crashed from dizzying heights in 2008 following the global economic meltdown.

Prices plummeted and only began to rise again in 2014, when the recession in Spain ended.

Across the whole country last year, the average property price rose by 7.6% compared to 2016.

But while transactions are at pre-crisis levels, prices remain 21% lower than in 2007, the height of the real estate bubble, although a 3.1% growth in the economy has helped boost the market.

"Low interest rates along with a declining (although still-high) unemployment rate, which declined to 17% in 2017 from a record 27% in 2013, are supporting housing affordability," said ratings agency Moody's.

"Moreover, although it is likely that housing sales will exceed 500,000 properties during 2018 for the first time in a decade, this is still far from the nearly one million of annual housing sales before 2007.

"Construction activity currently is at 40% of pre-crisis levels in 2007, partially correcting the oversupply in place before the crisis."

The figures from Spain's property register revealed 13% of home purchases were made by foreigners last year, led by British and French nationals.

In the Balearic Islands, foreigners accounted for 35% of sales and in the Canary Islands, 29%.

Lucas Fox said Madrid was the hottest market in Spain right now, seeing a 92% jump in transactions last year and a 311% increase in sales value.

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