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Financial Planning

## SPANISH PROPERTY MARKET - JANUARY 2012

### WHAT TO BUY IN 2012 .... AND WHY?

2012 HAS SEEN THE INTRODUCTION OF SOME PRETTY DRAMATIC CHANGES TO PROPERTY TAX IN SPAIN .... and you need to firstly read this summary at <http://www.rosefp.com/pressReleases/PR%20-%20Spain%20Property%20&%20Mortgage%20tax%20changes%20Jan%202012%2027-01-12.pdf>

In short, all fingers point to buying a 'new build' or first-time registered property, due to the following reasons;

- IVA Tax – 50% reduction! Normally 8% but now only 4%. It will make a massive difference to the cost of acquisition! By contrast, Resale property tax has gone up!
- Heavy % Discounts – up to 70% due to the competition in the market!
- Up to 110% Finance – potentially your only investment will be just a few €000's!
- Mortgage rates – well below normal market levels!
- Free Furniture packs! Some developments are now including such!
- Rental Guarantees. Again, Some developments are now including such!
- Exchange Rate. The Euro remains under the 'cosh' and any further weakening will help buyers.

If you are seriously considering buying in Spain NOW is the time to start looking!

Why? Because the packages on offer for 'new build' (as above) WILL encourage all buyers to look here rather than at ordinary (now more expensive) Resales ..... and the excess 'new build' properties will start to be taken up!

Not everyone will want a new build for many, many reasons, but hard-nosed investors, focused simply on the numbers and value of the 'deal', will certainly and instantly see the tax differential as substantial.

However, private buyers of retirement and holiday homes, may also be prepared to pay an effective premium for a Resale, with the location, comfort and general satisfaction with the property potentially overriding the extra tax to be paid.

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