

A photograph of a white wall with a blue door and a hanging basket of red geraniums. The basket is made of a blue and white ceramic pot with a floral pattern, hanging from a black metal hook. The flowers are bright red and in full bloom. The background is a solid blue door with a grid of small circular holes. The lighting is bright, casting a shadow of the basket and flowers onto the white wall.

SPAIN

📍 Cheap homes on the Costa

COSTA DEL SAVINGS

Properties on Spain's popular Costa del Sol are going for a song, thanks to the market downturn. Here, we go bargain-hunting to see what your cash can buy

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One million unsold newly built homes. Up to 25,000 of these sat empty on the Costa del Sol. Spain is suffering one serious hangover from a house-building frenzy that turned out to be a brick too far. Of course, anyone could see the bottom falling out of the market a mile off. The decade-long property boom that transformed virgin countryside into a concrete jungle defied all logic. So boom turned to bust – a quadruple whammy of overbuilding, overpricing and a credit crunch swiftly followed by a global recession made sure of that.

So where does that leave the Costa del Sol? The answer is: in bargain-hunting Utopia. Vendors – whether that's the developer, the crisis-hit individual or now the high-street bank – are highly motivated to cut a deal, providing you remember that cheap isn't always cheerful.

But, like Happy Hour in the Hog's Head, the cut-price Costa property sale won't last forever. As recession bottoms out in the UK and the pound makes its steady recovery, the classic Costa del Sol residential tourist market is waking refreshed from its deep sleep. Rejuvenated demand for quality homes could lead to rejuvenated prices before long.

If you fancy some bottom-fishing in the Spanish sunshine we've selected five bargain neighbourhoods for you to start your search this summer. We'll take you from the polo fields of Sotogrande to the uncrowded beaches of the New Golden Mile, from the golfing communities winding inland towards Benahavis to Marbella and its leafy suburbs, and finally leaving you at the bustling coastal strip to the east. Close to the beach, complete and crane-free, one of these dream homes could be yours at an even dreamier price.



BUYING SPOT 1

SOPHISTICATED SOTOGRANDE

Where: Sotogrande is 25 kilometres from the Gibraltar border and 55 kilometres from chic Marbella.

Why buy there: This 2,000-hectare estate conceived by American Joseph McMicking back in 1962 is now home to thousands of Europe's most affluent residents. Renowned for its 1,100-berth marina, beach clubs, world-famous polo fields and so-called 'Golden Triangle of Golf' (San Roque, Valderrama and Real Club de Golf Sotogrande), this palm-lined community is a favourite with permanent residents who avail themselves of the excellent International School and the shops, bars and restaurants that line the waterfront.

Typical prices:

- Two-bedroom waterside apartment: €320K (£280K).
- Three-bedroom semi-detached townhouse: €450K (£395K).
- Four-bedroom villa with pool: €1.4m-plus (£1.2m-plus).

Average price drop: 30 per cent.

What the experts say: Francis Payne of marina-based estate agents, Tailor Made, likens Sotogrande to Dorset's Sandbanks peninsula: "Sotogrande and Sandbanks will always attract wealth, due to their outstanding natural beauty. In Sotogrande the well-heeled Spanish mix comfortably with other prosperous Europeans,

and when the property market returns it will be prime locations such as this that achieve rapid growth. This area is not awash with distressed sales; one or two trickle through the door each month, so you have to be smart in your house-hunting."

What's available: A south-east-facing two-bedroom en-suite waterfront apartment for €318K (£279K) – nearly 50 per cent off the developer's list price of €600K (£526K). With views of Sotogrande's waterways from no less than four balconies, this first-floor property enjoys a gorgeous outlook. Built to high specifications, the property has a fully equipped kitchen, air conditioning, underground storage and parking for two cars, and access to the communal swimming pool. See www.tailormadesotogrande.com.



Two-bed waterfront apartment in Sotogrande available for €318K (£279K)

NEW GOLDEN MILE

BUYING SPOT 2

Where: This area stretches from San Pedro to Estepona – a 10-minute car journey from designer Puerto Banus.

Why buy there: This exclusive stretch of coastline is home to a trio of five-star hotels, namely the Kempinski, Las Dunas, and newcomer Crowne Plaza, which opened in 2006. The dining and shopping mecca of Laguna Village also has the added attraction of Puro Beach with its on-beach swimming pool, chill-out beds and views of Gibraltar and Africa. The traditional port town of Estepona with its shops and eateries is a five-minute drive away, and Málaga International Airport is reachable in less than an hour.

Typical prices:

- Two-bedroom apartment within walking distance of the beach: €200K (£175K).
- Three-bedroom semi-detached townhouse: €350K (£307K).
- Four-bedroom villa with pool: €600K-plus (£526K-plus).

Average price drop: 30 per cent.

What the experts say: Michael Moon, Director of eponymous Costa del Sol estate agent Michael Moon, suggests that the New Golden Mile is about to undergo dramatic change: "The long-awaited remodelling of the road system

through San Pedro is now well under way and, while this is currently causing some traffic problems, within the next 12 to 18 months, access to the New Golden Mile will be improved drastically. There will not be a single set of traffic lights between Málaga Airport and Estepona on the main coast road, and driving time from Marbella to places like Costalita will be reduced by about half. We are already seeing buyers move their attention to the New Golden Mile in anticipation of the change."

What's available: A two-bedroom, two-bathroom top-floor apartment with sea views and terrace in the award-winning Costalita development, a few minutes from the beaches of the New Golden Mile. Built in a pueblo-style, the resort comprises several phases, each with their own free-form swimming pool and set in attractive gardens. At the peak of the market a comparable unit was €375K (£329K), but this apartment is now just €279,950 (£245,570). See www.michael-moon.com.



The Costalita development, where a two-bed, top-floor apartment is for sale at €279,950 (£245,570)



BUYING SPOT 3

BENAHAVIS' GOLFING ENVIRONS

Where: New golfing communities between Atalaya and Los Arqueros, 10 minutes from the beach.

Why buy there: Built in the catchment area of a gaggle of the Costa del Sol's renowned golf courses to include Atalaya North and South, Marbella Club and Los Arqueros, this is holiday-let heaven. While Los Arqueros has been established for almost 20 years (it was Seve Ballesteros' first golf course design back in 1991), plenty of new developments have sprung up close by, which reflect the latest standards in Spanish construction, with superb on-site facilities such as gymnasiums and indoor pools.

Typical prices:

- Two-bed flat: €220K (£193K).
- Three-bed semi-detached townhouse: €350K (£307K).
- Four-bedroom villa with pool: €1.5m-plus (£1.3m-plus).

Average price drop: 35 per cent.

What the experts say: Mary Dunne, a foremost property expert with almost 20 years' experience on the Costa del Sol, predicts rental potential: "With the legendary gastronomic capital of the Costa, Benahavis, up the road, the beach a short drive and all the nightlife you can handle just 15

minutes away in Puerto Banus, short-term rentals, especially to golfers, are a real possibility. Opt for a facility-packed resort with upmarket qualities such as underfloor heating and top-brand appliances."

What's available: Two- and three-bedroom en-suite apartments at Cumbre de los Almendros reduced from €395K (£347K), now just €239K (£210K). This resort is surrounded by golf courses and within two kilometres of the toll motorway connecting the entire Costa del Sol. The properties have impressive sea views from spacious terraces as well as a communal pool, and come with hot and cold air conditioning, Siemens appliances and parking. See www.mpdunne.com.



Snap up a two-bed apartment at Cumbre de los Almendros for €239K (£210K)

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BUYING SPOT 4

MARBELLA AND ITS SUBURBS

Where: The heart of the Costa del Sol, almost equidistant from Malaga and Gibraltar, both an hour away.

Why buy there: Famous since the 1950s as the destination of choice for the international jetset, the Marbella area has the swankiest properties, the most luxurious hotels and a modern infrastructure to support year-round living. Attracting up to 4.5 million visitors each year, Puerto Banus marina (pictured below) continues to impress with an extravagant range of boats, expensive cars and more designer shops than ever before. With Michelin-starred restaurants as well as humble menu-of-the-day establishments, and some of the finest golf courses, Marbella's popularity will never wane.

Typical prices:

- Two-bed apartment: €250K (£219K).
- Three-bed semi-detached townhouse: €350K (£307K).
- Four-bed villa with pool: €650K-plus (£570K-plus).

Average price drop: 25 per cent.

What the experts say: Michael Moon explains licensing issues: "When the Marbella Town Hall was publicly dissolved in 2006, thousands of once 'legal' homes were

declared 'illegal' as they fell foul of the now provisionally approved PGOU ten-year town plan, thanks to corrupt officials receiving backhanders. Now it seems the developers rather than the individual owners will be made to pay for their shady dealings, and nearly all of the 18,000 homes in question will be brought within the realms of the law."

What's available: A two-bed first-floor apartment within walking distance of the beach and Puerto Banus for €219K (£192K) (see below) – similar units were €300K (£263K) at the market peak. Part of the legalization process currently affecting the Marbella market, this property has a vast south-west-facing terrace, fitted kitchen with appliances, hot and cold air-conditioning, parking, and access to a large communal pool and gardens. See www.michael-moon.com.

Close to the beach at Puerto Banus, this two-bed apartment could be yours for €219K (£192K)



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BUYING SPOT
5

EAST OF MARBELLA

Where: Investigate the established expat communities hugging the coastline from Elviria to Mijas. **Why buy there:** With swift access to Málaga Airport, this easterly stretch of the Costa del Sol is long established, highly popular and a real hit with families. Teeming with golf courses and pretty beaches, this coastline caters to the resident expat community, with restaurants catering to all tastes, lively bars and plenty of diversions, from the exclusive and internationally renowned Nikki Beach at Elviria to the Aqua Park at Mijas.

Typical prices:

- Two-bed flat: €200K (£175K).
- Three-bed semi-detached townhouse: €250K (£219K).
- Four-bed villa with pool: €500K-plus (£439K).

Average price drop: 30 per cent.

What the locals say: Mary Dunne offers a warning on the many repossessions in the area: "When buying a repossession you need to be sure that you are buying the property not the debt. If the bank doesn't have possession and you can't view the property, walk away – it's too complicated. It can take up to 12 months to repossess in Spain, and

sometimes the properties are in a terrible state as the emotional pressure of losing a home takes over. What you see is what you get; buy blind at your peril."

What's available: A three-bedroom, two-bathroom bank repossession in Mijas Golf (see below). Valued by the bank at €400K (£351K), it's now selling for over half that at €195K (£171K). This corner garden apartment is on a new gated development and has two communal swimming pools set in lawned gardens. Some repairs required, which is reflected in the price. See www.mpdunne.com. ☀



A three-bed apartment in Mijas Golf is for sale at €195K (£171K)

Above Málaga's La Cala de Mijas beach

ESSENTIALS

Getting finance



Despite the current climate, mortgages for purchasers buying a holiday home in Spain are still readily available for the right clients. Interest rates, which are normally linked to the 12-month Euribor, are low in comparison to 12 months ago – last year the Euribor peaked at 5.25 per cent and in June this year it was down to 1.63 per cent. All banks will charge a margin above that, which will range from one to two per cent, depending on the lender, product and situation of client.

Loan-to-value ratios are now a maximum of 70 per cent for non-residents, and most banks are now working on a percentage of valuation or purchase price, whichever is the lower. This is a big change from the days when banks linked to valuation only, and means that serious buyers will need around 40 per cent of the purchase price as cash deposits to complete (including all taxes and legal costs). Lloyds TSB and Banco Halifax will offer 60 per cent of valuation, Leeds & Holbeck offer 65 per cent of the purchase price, and for 70 per cent approach a Spanish bank with no UK ties. If a bargain can be sourced and the property is valued well in excess of the purchase price, it may be possible to obtain a mortgage that is 80 to 90 per cent of the purchase price.

All loans are full status as no self-certified or non-status mortgages exist. Because banks work on debt-to-income ratios it is now standard practice to credit-search clients directly or to ask for credit files from the UK. It remains good advice not to pass on any deposit monies before ensuring a mortgage will be available.

www.international-mortgages.co.uk