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Spanish sizzlers that won't Costa fortune

Spain hopes to tempt Britons back into the market this summer with a million unsold homes going at bargain prices and in top locations, says **Cathy Hawker**

WITH a million unsold properties and prices slashed by 40 per cent, the Costas property bubble may have well and truly burst but the Spanish government is banking on British buyers coming to the rescue.

Tempting Britons back into the market is seen as the key to revival. Officials are expected to visit the UK soon to resuscitate interest in a second home in Spain by offering unprecedented cut-price deals.

The British once made up a third of all foreign property buyers in Spain but a combination of planning abuses, uncontrolled lending and appalling overbuilding made them understandably wary, dragging holiday home sales down by 90 per cent from their 2006 highs.

The Bank of Spain, meanwhile, is predicting further falls. Madrid-based Pisos Embargados de Bancos research suggests that the number of foreclosed properties will jump from 100,000 to 300,000 this year. Spain's cash-strapped regional savings banks – cajas – own so many sub-standard foreclosed properties that they frequently offer 100 per cent mortgages to shift them.

Frightening figures – but what does this mean for buyers wanting a bargain holiday home in one of Europe's easiest to reach and sunniest destinations?

A great deal of confusion, says

Barbara Wood of The Property Finders, as buyers sift through contradictory price indices.

There are deals to be done but savvy would-be buyers should consider only the best property in the best locations, she insists, with many poorly sited off-plan properties having still further to fall.

TUMBLING PRICES

Property prices in Andalucia are back to 2003 levels, claims buying agent Wood, though getting sellers to accept this remains a challenge. "In my opinion, buyers can be confident that if they enter the market in a prime area and buy a quality property at roughly 35 per cent below peak prices, they are buying at the bottom of the market," she says.

She cites two one-bedroom houses two minutes from the beach near Nerja which together would have reached £254,820 in 2006 and sold quickly in December last year for £168,180 thanks to a realistic seller. In another deal Wood secured a sale for a client on a three-bedroom house in Estepona for £411,960 last year. The immaculate property with panoramic views to Africa had sold in 2006 for £526,630 and upgraded to the tune of £67,960.

PRIME SPOTS

Andalucia attracts an international clientele and nowhere more so than in the yachting and golfing enclave of

Sotogrande on the western end of the Costa del Sol. Savills has property close to the resort from £75,600 for a one-bedroom apartment but the best value is on the resort itself, claims the agency's David Vaughan.

New two- and three-bedroom marina apartments at Ribera del Marlin, discounted by between five and 30 per cent, start from £331,266, and residents have access to Sotogrande's golf, tennis, and indoor and outdoor pools.

"Sotogrande is the most famous resort in Spain and these completed apartments are in a prime position by the marina," says Vaughan. "Berths priced from €170,000 (£144,400) have also been discounted and are proving popular."

THEME PARK PLANS

A rare good news story is Paramount's plan to build a theme park and film studio in Murcia, south-east Spain. Its opening, planned for 2013, should provide 20,000 local jobs. A new airport in Corvera has also been given the green light.

Mercers Property has resales from £46,720 for a two-bedroom 570sqft house on the Camposol Golf Resort and £135,000 for three-bedroom villas. Taylor Wimpey has three-bedroom town houses at Brisas de Alenda near Alicante, 15 minutes from Costa Blanca beaches, from £160,535.

This area is already badly affected by overbuilding but one Murcia-based



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developer has resumed off-plan developments locally: Polaris World is adding 400 units to its existing resorts. Chris Mercer, of Mercers Property, warns this may be premature.

“Paramount Theme Park should have a huge effect locally but hasn’t broken ground yet,” says Mercer. “We haven’t sold an off-plan property in two years. Resales on established resorts offer exceptional value and are easier to mortgage.”

‘Resales on established resorts offer exceptional value and are easier to mortgage’

CONTACTS

- The Property Finders (thepropertyfinders.com; 0800 622 6745)
- Savills (savills.co.uk/abroad; 020 7016 3740)
- Mercers Property (spanishproperty.co.uk; 0845 017 7805)
- Taylor Wimpey (taylorwimpeyspain.com; 08000 121 020)



FROM £169,450: in the quieter, less-developed east of Mallorca, an off-plan development of 25 apartments with direct access to a sandy beach. Shortcuts Property Search (0800 118 2867)

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£191,115:
a fully furnished three-bedroom villa on the Camposol Golf Resort, 15 minutes from Blue Flag beaches at Mazarrón on the Costa Blanca. Call Mercers Property (0845 017 7805)