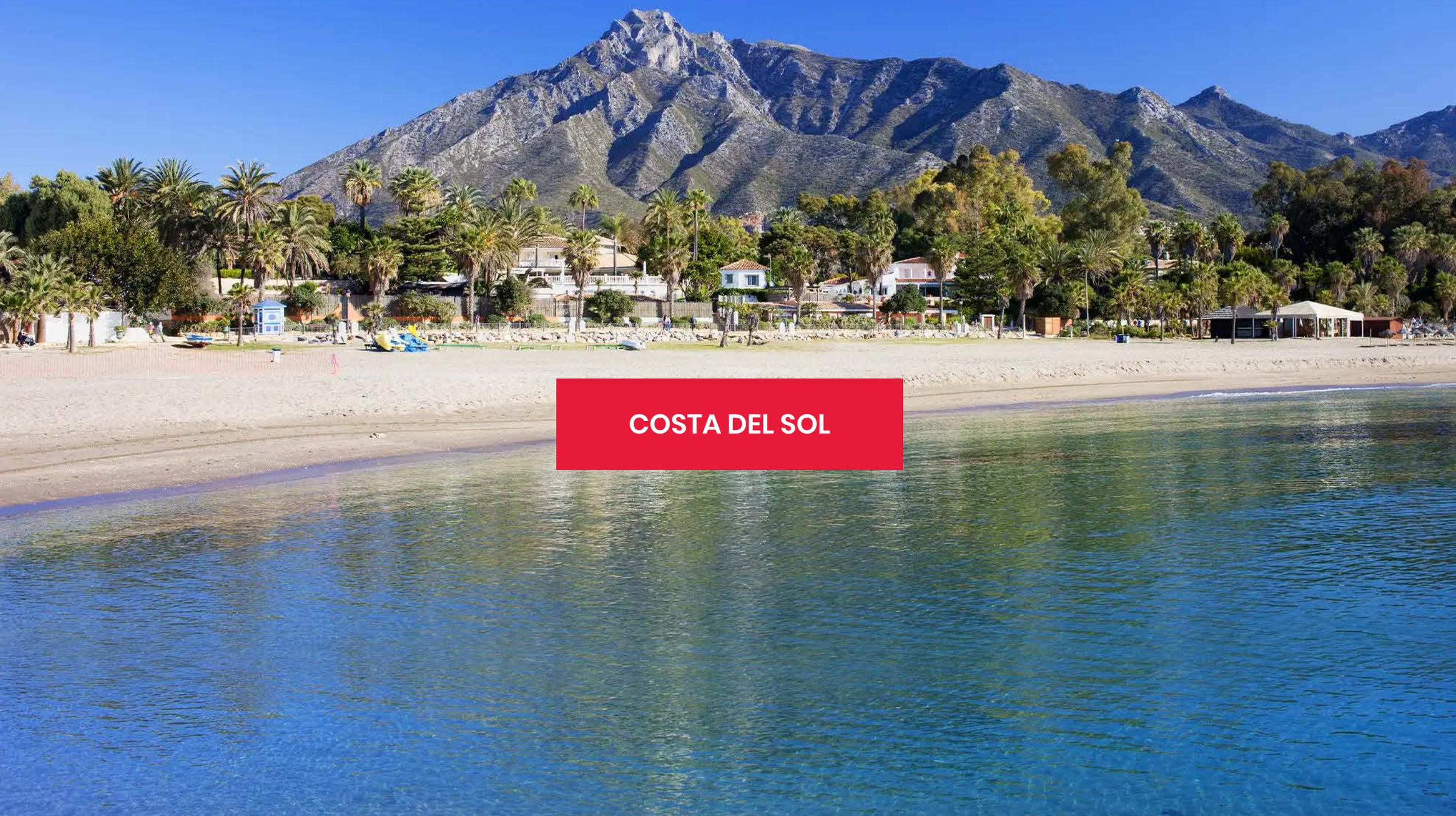




Costa del Sol, Spain

Property Market overview 2022

Malaga | Torremolinos | Fuengirola | Marbella | Estepona

A scenic view of a beach with a large mountain in the background and a red text box in the foreground. The beach is sandy and has some colorful umbrellas. The water is clear and blue. The mountain is rocky and has some greenery. The sky is clear and blue.

COSTA DEL SOL

OVERVIEW

WHERE TO INVEST ON THE COSTA DEL SOL IN 2022

As Spain moved out of the Covid-19 economic slump in 2021, real estate on the Costa del Sol entered its busiest year since 2008. Despite travel restrictions, in place for most of the world until the summer and not completely lifted for British tourists until early 2022, the Costa del Sol saw buoyant sales and consistent price rises throughout 2021.

According to the Property Registrars Q4 2021 Report, sales went up by 42.2% in the year, making it the fifth busiest area for Spanish property. Prices saw a year-on-year increase of 6% with new builds experiencing a 13.6% hike as this section continued to drive the market. For their part, Benahavis and Marbella posted the first and third most expensive property prices in Spain.

Population growth continues with a younger profile among new residents. Over 65% are aged between 16 to 64 and as a result, the Costa del Sol continues to see an increase in new businesses.

The number of new companies created in 2021 reached 5,816, the third highest in Spain and up 37% on 2020. Malaga is expected to see GDP growth of 6.3% this year, well ahead of the regional and national averages (5.5% and 5.4%, respectively).

As well as a top relocation destination in Europe, the Costa del Sol is a firm favourite for second homes. It's therefore a honeypot for property investment, but where best to put your money? In this article, we take five of the largest urban areas on the Costa del Sol and put them under the microscope for property investment.



MALAGA

MALAGA

THE CAPITAL OF THE COSTA DEL SOL

Malaga is a vibrant welcoming city with excellent communications, at both domestic and international level. It has a diverse economy, one of the best cultural offerings in southern Spain and a thriving real estate sector.

Economy and local employment

The sixth largest city in Spain, Malaga has the highest economic activity in Andalusia. Key sectors are IT and telecommunications, based in the PTA technological park with over 20,000 employees and 640 companies. Vodafone opened its European R&D Centre in the city early this year with an investment of €225 million. Tourism and services are also major players.

Culture and education

Known as 'The City of Museums' (Malaga has over 30 including several prime art museums), Malaga stands out as a cultural hub in southern Spain.

As well as art collections by Picasso and from the Pompidou Centre in Paris and Russian State Museum in St Petersburg, Malaga boasts a Philharmonic Orchestra and hosts numerous renowned cultural events including the Malaga Film Festival and Jazz Festival.

Construction and Real Estate

The capital of the Costa del Sol is currently the focal point of new-build construction with several major projects underway. They include prime real estate at Malaga Towers and La Térmica development on the western seafront plus two high-rise blocks (residential and hotel) in the Martiricos district.

According to the OMAU, the average square metre in Malaga in December 2021 cost €3,388, a figure that is now ahead 6.2% of the peak price in December 2007. Sales in the city accounted for just over 22% of transactions on the Costa del Sol.

Property Market 2022

MALAGA

Rental yields in Malaga (figures from Fragua by Atlas Real Estate) currently stand at 7.22%, higher than both Barcelona and Madrid. Rental rates have increased by 40% over the last two years and in December, the average rent per square metre stood at €14.

Tourism

Malaga closed 2021 with visitor figures well ahead of those for 2020 (up 83.9%) and the number of Spanish tourists was higher than prior to the pandemic. However, international visitors were still behind 2019 levels when the city was one of the most visited destinations in the country. However, with the lifting of travel restrictions in early 2022, predictions are optimistic.





ESTEPONA

ESTEPONA

THE GARDEN OF THE COSTA DEL SOL

At the west end of the Costa del Sol (92km from Malaga and 48km from Gibraltar), Estepona has become a rising star in the area particularly in new infrastructure and real estate development. The town has seen a multi-million-euro renovation and now offers one of the most attractive centres on the coast. Known as 'The Garden of the Costa del Sol' because of its thousands of plants and shrubs, Estepona ranks as a highly sought-after holiday spot and place to live.

Economy and local employment

Construction in both real estate and infrastructure has increased considerably in Estepona, creating employment and improving communications and amenities. Tourism and services form the backbone of the town's economy although agriculture and fishing remain important staples.

Construction and Real Estate

The town council has focused on streamlining building licences and as a result, Estepona has seen considerable new residential development over the last five years. In December 2021, average prices stood at €2,712 per square metre, just 5.5% below their peak 14 years earlier and up 1.14% in the year. Sales went up by 38.1% in Q3 last year.

Analysts tip Estepona as one of the investment hotspots on the Costa del Sol because the town is still at growth stage. The ease of obtaining planning permission compared to next-door Marbella represents an advantage for developers, both Spanish and foreign. As a result, it continues to attract international investment.

In January 2022, annual rental yield stood at 4.2% and the average price per square metre at €10, up 7.2% in a year.

Property Market 2022

ESTEPONA

Tourism

An increasingly popular holiday destination, Estepona has seen regular increases in visitor figures over the last five years. Although the pandemic reduced activity to minimal levels, tourism gradually gained ground during 2021 and the resort expects a strong return in 2022.





TORREMOLINOS

TORREMOLINOS

THE BIRTHPLACE OF MASS TOURISM

The place where mass tourism took off on the Costa del Sol in the 1960s, Torremolinos is one of Spain's top holiday destinations. It's also one of the few resorts on the Costa del Sol to enjoy almost full occupancy all year round. Torremolinos also benefits from its proximity to Malaga (just 25km away), making it a popular place to live among commuters.

Economy and local employment

Almost entirely dependent on tourism, the local economy has suffered considerably since the outbreak of the pandemic. However, plans continue for the construction of a giant shopping and leisure centre on the outskirts of the town with investment to the tune of €850 million.

Construction and Real Estate

Analysts rank Torremolinos among the best places on the Costa del Sol for potential expansion in property. It certainly has seen one of the highest growths since 2019 – in December 2021, the average square metre price stood at €2,971, just slightly over the peak prices registered in December 2007.

After a slow 2020, sales picked up in 2021 and increased by 39.5%. Annual rental yield is around 5%. In January 2022, the average price per square metre was €10.70, the second highest after Marbella and up 8.4% in a year.

Tourism

With the fourth highest hotel capacity in Spain and a tourist resort par excellence, Torremolinos has suffered the effects of the pandemic more than most resorts on the Costa del Sol. However, visitors levels have started to recover and 2022 shows every sign of being a busy year.



FUENGIROLA

FUENGIROLA

THE 2nd HOME OF THE SCANDIS IN SPAIN

The smallest town in the province, Fuengirola benefits from proximity to Malaga (36km away) and excellent communications with the rest of the Costa del Sol. One of the busiest resorts in the summer, Fuengirola also has a well-established foreign population and is especially popular with Scandinavian residents.

Economy and local employment

Services particularly retail and leisure activities and tourism make up the lion's share of the economy in Fuengirola. With the exception of real estate, few other sectors make any significant contribution to local employment.

Construction and Real Estate

Fuengirola is one of the most developed areas of the Costa del Sol with little room for new construction.

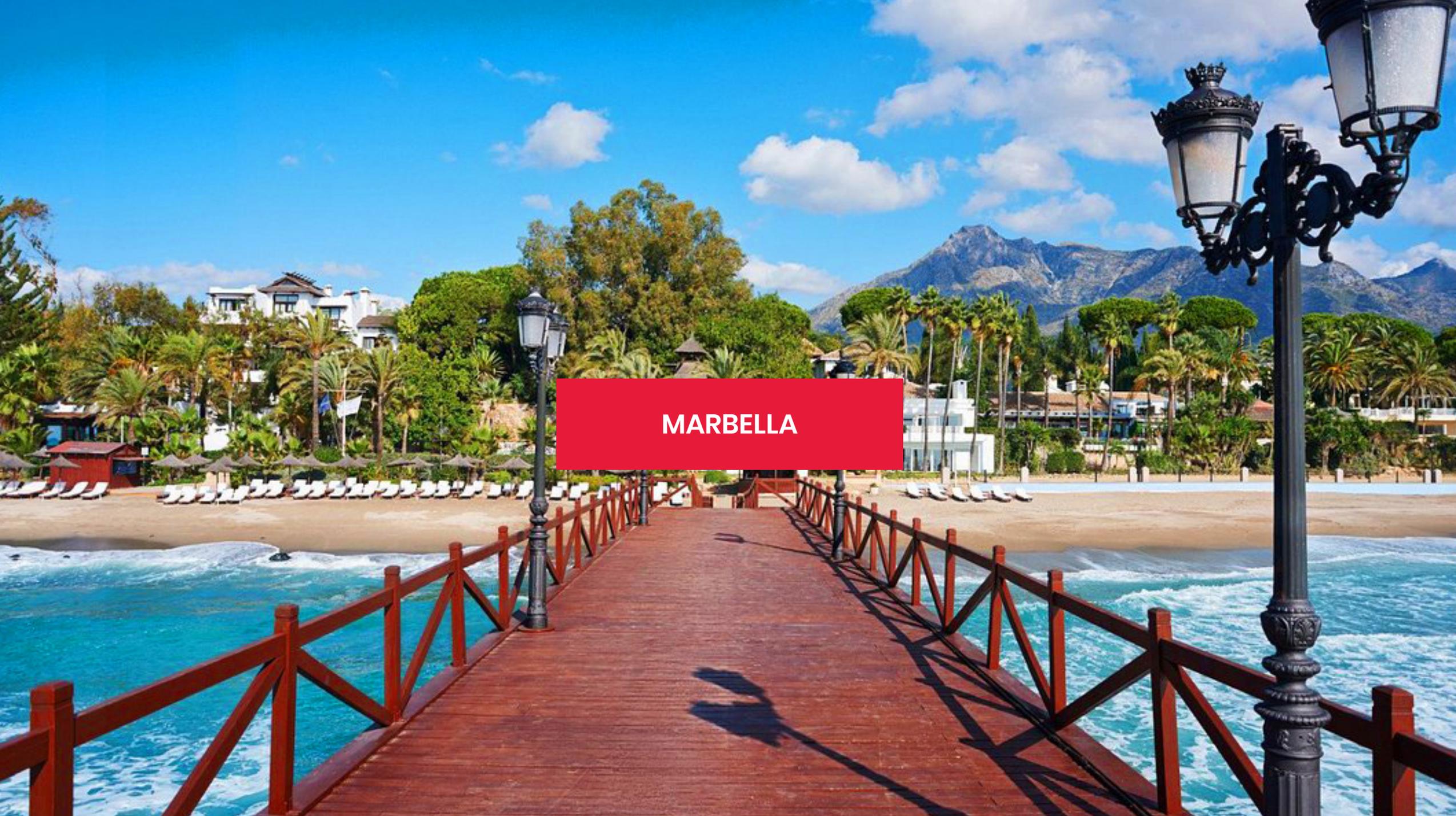
As a result, most real estate activity is in the resale market. The average price per square metre stood at €2,482 in December 2021, up 0.91% in the year. Current prices are 6.9% below their 2007 peak. Sales soared in the year to Q3 2021 when they rose by 56.6%.

Rental yields were 4.1% in 2021 and the average square metre price for rentals in January 2022 was €9.70. This represents a 7.7% rise over the year, confirming Fuengirola's popularity as a favourite with tenants on the Costa del Sol.

Tourism

Fuengirola also suffered from a dramatic drop in visitor figures since the outbreak of the pandemic, although the town's popularity among Spanish tourists helped boost numbers in the first half of 2021.

Snowbirds from Scandinavia have also sustained tourism, albeit far from the levels seen in winter 2019. However, as a perennial favourite, particularly with families, Fuengirola should see tourism bounce back in 2022.



MARBELLA

MARBELLA

THE JEWEL OF THE COSTA DEL SOL

The jewel in the Costa del Sol's crown and one of Europe's prime tourist destinations, Marbella needs no introduction. Among its attractions are a renowned micro-climate (considered one of the best in Europe), three marinas including the world-famous Puerto Banús, some of the best golf courses in Spain and excellent communications.

60km to the west of Malaga, Marbella is the second largest town on the Costa del Sol after Malaga and has seen its population grow by almost 42% in the last 20 years.

Economy and local employment

Like the rest of the Costa del Sol, the economy in Marbella centres on tourism and services, although with luxury as the differentiating factor. The resort is home to Spain's third largest luxury sector after Madrid and Barcelona. With 100% reach in 5G and fibre optics, the town has also positioned itself as a digital ecosystem to attract international investment in technology and innovation.

Construction and Real Estate

The real estate sector in Marbella currently enjoys a consolidated position. Property prices are always the highest on the Costa del Sol and in December last year, stood at €4,471 per square metre.

This is a 9.53% increase in the year and 34.9% more than their peak in December 2007. The resort has returned to international investors' radar and saw an uptick of 51.9% in sales in the year to Q3 2021.

Rental yields stood at 4.7% in December 2021 when rates per square metre averaged at €12.30, the highest on the Costa del Sol. Marbella also registered one of the highest increases in rental rates in 2021 (+12.1%).

Property Market 2022

MARBELLA

Tourism

Marbella experienced an unusually quiet year for tourism during the first half of 2021, although international visitors began to trickle back in the second half of the year. Expectation is high for 2022.



RESEARCH SOURCES

LINKS

Registrars Association

https://www.registradores.org/documents/33383/148207/ERI_4T_2021.pdf/2a890601-5e11-a825-c13f-18fb3dde2e85?t=1644832032898

INE company creation

<https://www.ine.es/daco/daco42/daco424/sm1221.pdf>

GDP predictions

<https://www.laopiniondemalaga.es/malaga/2022/01/20/economia-previsiones-malaga-crecera-2022-mejor-andalucia-61750501.html>

<https://www.thepropertyagent.es>

OMAU

<https://static.omau-malaga.com/omau/subidas/archivos/2/0/8602/mercado-inmobiliario-de-malaga-cuarto-trimestre-2021-%282%29.pdf>

Fragua by Atlas Real Estate

<https://www.eleconomista.es/vivienda/noticias/11590371/01/22/Malaga-adelanta-a-Madrid-y-Barcelona-en-la-rentabilidad-del-alquiler-por-la-llegada-de-nomadas-digitales.html>

Malaga tourism

<https://www.fomento.gob.es/be2/?nivel=2&orden=34000000>

Sales stats up to Q3 2021

https://sevilla.abc.es/andalucia/malaga/sevi-malaga-consiguio-mas-pernoctaciones-turistas-nacionales-2021-antes-pandemia-202201271929_noticia.html

THANK YOU.

www.thepropertyagent.es