



# Spanish Market Report 2022



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## Introduction

After a second year disrupted by the Covid-19 pandemic the Spanish Property Market might be expected to be on its knees, particularly in respect of overseas buyers given the travel restrictions that applied for most of the period. However, when we look at the most recent statistics a relatively healthy scenario emerges. Surprisingly, in spite of the problems caused by the pandemic, transaction numbers are holding up well. In addition, there's evidence that prices have risen during the pandemic at the upper end of the market in the most prime locations of the overseas sector.

And although the impact of the Omicron variant is as yet unknown, the way in which overseas purchasers continued buying property in Spain in 2021 allows for a degree of optimism for 2022. My own view is that the overseas sector of the market will have a good year, not in spite of the pandemic, but because of it. There are some big changes happening in buying habits and these will become clearer as we move forward. Wherever the Spanish Property Market is in 2022 it certainly isn't on its knees.

## Where The Numbers Come From

The Notaries are my preferred source for a straightforward count of transactions numbers with breakdowns by nationality, autonomous regions and prices per square metre. These are published half-yearly. We get Q1 and Q2 in November of the same year and Q3 and Q4 in May of the following year. That means we will have to wait until May 2022 for the full 2021 picture. However, what we have so far is promising.

In addition I analyse Ministry of Development (Ministerio de Fomento) statistics for breakdown by province and municipality. However, they do not count by nationality, foreign buyers are counted as a block,

In my view, stats from the Property Registries can be ignored as they count when a property is inscribed in the registry, not when it completed in front of the notary. Even in normal times inscriptions may be weeks or even months after completions. As a result, the Notaries and Property Registry statistics always differ and not by a little. They are usually out of sync by 20% - 25%. In contrast, the Notaries' returns count when a transaction actually happens, the date on which a purchase completes.

In general, I will make limited reference to 2020 statistics throughout this report because I don't think they tell us much. However, I will incorporate some from 2019 if relevant as they indicate how the market was pre-pandemic.

I update this report regularly throughout the year and I also blog and post on social media with news and views so do make sure to follow us.

To understand where the property market is it helps to know where it's come from so I'll start with a brief resumé.

## Where We Were

At the peak of the Spanish Property Market bubble which burst as a result of the 2008 global crash the highest market share attributed to overseas buyers was 8.9%. For several years prior to the crash Spain had constructed over 800,000 new units per year, more than the UK, France and Germany combined. The market was fuelled by cheap credit and speculation and the bubble was always going to burst at some stage. The global meltdown just helped it on its way.

Growth in the overseas sector got going again in 2012 and numbers have increased every year since. In contrast, the domestic market continued to shrink until 2014, by which time it was 60% smaller in transaction terms than at the peak.

However, after 8 years of sustained growth by the end of 2019 overseas buyer market share had more than doubled to 19% of the overall market. Indeed, it had been hovering around the 20% level for several years. Furthermore, in terms of overseas buyer numbers this

sector of the market was 77% bigger than at the pre-2008 peak. In contrast, the domestic market experienced a much slower recovery over the same period. When Covid-19 arrived Spain's domestic property sector was still 40% smaller than it was a decade before.

### **The Spanish Property Market Needs Overseas Buyers**

So, whether you look at transaction numbers or market share it's clear international buyers are an important part of the overall Spanish Property Market. For the three years prior to the pandemic the number of overseas buyers had topped 100,000. That barrier was broken in 2017 (100,116), the all-time record of 103,677 occurred in 2018 before falling back slightly in 2019 to 102,264. However, the 2nd half of 2019 was the best 2nd half year on record with 50,534 foreign buyers so the overseas sector was looking good going into 2020. And indeed, Q1 of 2020 was very active. Then the pandemic arrived.

Before starting to dig into the statistics and apply them to the property market and related issues it's perhaps worth taking a look at why Spain is such a draw for so many overseas buyers.

### **The Overseas Property Market - Why Spain?**

For lifestyle Spain is hard to beat, it's relaxed and easy-going, safe and child-friendly. Life expectancy rose by ten years between 1970 and 2015. At 80yrs for men and 85yrs for women Spaniards have the highest life expectancy in the EU and third worldwide. Only Japan and Switzerland do better and then only by a few months.

The climate suits all tastes. It ranges from four seasons with a proper winter and lots of snow in the north to the sub-tropical south. The micro-climate zones on the Mediterranean coasts of Andalucía have the best winter temperatures on the European mainland. Even warmer winter temperatures are found in the Canary Islands which are often referred to as Europe's Caribbean. Spain's beaches and marinas have more Blue Flags than any other country in the world, a total of 696 in 2021, that's 4 more than in 2020 and an all-time high. And in fact, Spain has occupied the top spot every year since the scheme began in 1987.

For the cultural tourist Spain has some of the oldest cities in the world and 49 UNESCO World Heritage sites. This puts it in third place globally, behind Italy (58) and China (56). Within Spain, Andalucía is the region with the highest number (8) of recognised sites.

Living well is affordable with food and drink prices below the E.U. average. (Source: Eurostat). Spanish cuisine is world-class. Currently Spain has 2 restaurants listed in the top 10 in the world and 5 in the top 20, more than any other country. Sports and outdoor enthusiasts are spoilt for choice. Golf, tennis, equestrianism, skiing, wind & kitesurfing, mountain biking, rock-climbing, hiking, fishing - the list goes on and on. The result is that Spain has a quality of life that's hard to beat, appealing to both foreign second home owners and permanent residents. None of what has persuaded millions of foreign property buyers to choose Spain in the past has changed. The sun is definitely still shining.

### **The Missing Overseas Buyers 2020/21**

The full-year 2020 statistics showed a total of 77,496 overseas property buyers. If we take an average count of overseas buyers in the three years before the pandemic arrived it shows that about 25,000 foreigners who could reasonably have been expected to buy in 2020 didn't. And now we have the statistics from the notaries for the 1st half of 2021 we can estimate that about 30,000 overseas buyers went missing between March 2020 – June 2021. This covers the period when lockdowns and travel restrictions were at their peak.

However, the same statistics indicate that overseas buyer numbers are bouncing back strongly. If we take an average for the 1st half figures for the three years prior to the pandemic we see that the 2021 figure of 47,683 is down only 8%. Foreign buyer market share for the 1st half was 15.4%.

### **Catch Up Plus New Demand**

However, what these statistics can't tell us is how many of the 47,683 overseas buyers in the 1st half of 2021 were some of the missing 30,000 and how many were new to the market. Certainly the market feels very active. While compiling shortlists for clients in recent months many properties have been sold before my clients got a chance to view them. In my view that's because more people are entering the market at the same time compared with a normal year.

Some are playing catch-up from the lockdown and travel restricted periods. But for that they would have been part of 2020 statistics. Now they are showing up in the 1st half 2021 figures together with normal new demand. This is definitely creating a supply-side deficit, above all in the resale sector in prime locations. In addition, in my opinion the market is showing signs of higher than normal new demand. Some buyers tell us they are bringing forward their plans to buy in Spain. And while some are looking for a second home we are also seeing buyers looking at a Spanish property as a possible 'work from home' base.

As I've already noted, the notaries' statistics are compiled half-yearly so there is always a long wait to get the full-year figures. However, when they are released in May of 2022 I'm thinking we may see the total of overseas buyers in 2021 hovering around the 100,000 mark again. It's true 2nd half figures are usually lower than 1st half. Nevertheless, I predict they will show a surge of overseas buyers between June and December as travel restrictions eased. In particular, I expect to see British numbers up sharply because travel restrictions out of the UK to Spain were still in place until August 2021.

### **The Nationality League Table**

Amazingly, even though travel to Spain was severely restricted for UK residents throughout the 1st half of 2021 and for most of Q3 as well, the British still managed to beat both the Germans and French in deals done in the 1st half of 2021 although not by the usual wide margin. The British (4,614), German (4,186) and French (3,738) combined accounted for 26.3% of overseas property buyers in the period, not far off the 2020 market share of 29% for these 3 nationalities.

### **Foreign Spending Power in The Spanish Property Market**

And it's not just the numbers that make foreign buyers so important to the Spanish Property market. They spend more too. Typically, foreign buyers pay more per square metre than the average for domestic buyers. For example, the average spend by a foreign buyer in 2020 was €1,777 per m<sup>2</sup>, almost 20% higher than the domestic average of €1,438.

So it's encouraging that these latest statistics show this trend is continuing. And, in fact, it seems to be accelerating. Everyone involved in the property market in the overseas sector could sense prices rising during 2021 and now we have the proof. If we define the overseas market hotspots as the mainland Mediterranean coasts plus the Balearic and Canary Islands the average price per m<sup>2</sup> paid by foreigners in the 1st half of 2021 rose in all of them with the exception of Cataluña. Here it was down 1.1% while it rose 11% in the Balearics and 6.3% in Andalucía. And if we make a comparison with pre-Covid 2019, then the average price per m<sup>2</sup> a foreign buyer paid in the Balearics in 2021 was up 18.2% and up 13.7% in Andalucía.

The fact that the biggest rises were in two of the most expensive locations for overseas buyers also provides evidence that much of the activity in the overseas sector is at the top end of the market. While the domestic average paid per square metre barely shifted from 2020, up 0.7% to €1,481pm<sup>2</sup>, in the mainland Mediterranean coasts and the islands foreign buyers paid an average of €1,968pm<sup>2</sup>, an increase of 10.7%.

However, locations within the hotspots vary at lot. For example, in the Balearics the average paid by an overseas buyer in 2021 was €3,607 per m<sup>2</sup>, €2,037 in Cataluña, €1,938 in Andalucía and €1,940 in the Canaries. Nevertheless, in two Mediterranean coastal regions it was lower than the domestic average; €1,377 pm<sup>2</sup> in the Comunidad Valenciana and just €908 pm<sup>2</sup> in Murcia.

### **The Spending League Table**

And the spending power of foreign buyers is further underlined when you look by nationality. For example, Swedish nationals spent an average €2,768 per square metre in 2021. The Danes were in 2nd place on €2,680, pushing the Germans into 3rd spot, but only just. The average German spend was €2,676.

### **The Overseas Buyer Hotspots**

I think these 2021 statistics clearly demonstrate how much the Spanish Property Market needs a healthy overseas sector. However, they also show that overseas buyers have even more clout in just a few locations. For example, in pre-pandemic 2019 the foreign element was 30% in the Canary Islands and 35% in the Balearics. On the mainland, 30% of buyers in the Comunidad Valenciana were from overseas while in Murcia it was 25%. These figures are way ahead of the 19% market share attributed to the total foreign market in 2019.

I've already mentioned that foreign buyers accounted for 15.4% market share in the 1st half of 2021. However, when you look more closely at the statistics and analyse those for Andalucía, Cataluña and the Comunidad Valenciana (the provinces of Castellón, Alicante and Valencia) on the mainland, plus the Balearics and Canary Islands the importance of this sector is clear. In the Balearics a rather astonishing 48% of the total market was due to foreign buyers, 36% in the Canaries and 28% in the Comunidad Valenciana. I find it interesting that foreign investment in the Balearics was so high, nearly half the market, and way above normal. As prices per square metre are the most expensive of all the overseas sector hotspots, and by quite a margin, I see this as more evidence that activity at the top of the market is driving this sector.

The reality is that separating out the 2021 stats for the Spanish Property Market hotspots shows that almost 3 out of every 4 foreign buyers spent their money in these 5 regions. Consequently, of the 47,683 purchases by overseas buyers in the 1st half of 2021, 34,861 (73.1%) occurred on the Mediterranean coast or in the Islands, accounting for 12% of the total property market in Spain.

However, in 2 of the hotspots the foreign buyer market share was more or less the same as the national average, 15.5% in Andalucía and 16% in Cataluña. To make sense of these figures it's necessary to delve further into the statistics and look at what is happening in different provinces and municipalities in the various autonomous regions.

### **The Regional Hotspots**

It is clear that some places are powering ahead of others with demand outstripping supply leading to rising prices while the market is flat in others.

A good example of this is Andalucía. Not only is it Spain's largest autonomous region it is one of the most varied. It has both Mediterranean and Atlantic coasts, a huge, mountainous interior and 5 of Spain's most historic cities; Cádiz, Málaga, Seville, Granada and Córdoba. In addition, this one region accounted for 22% of all property transactions in Spain in the 1st half of 2021. So, in property terms it really has something for everyone but foreign sector activity is far from evenly spread. In reality it is actually concentrated in just a handful of locations.

I noted earlier that 1st half year results in 2021 showed 15.4% foreign market share of the total market, with Andalucía right on the mark at 15.5%. However, Andalucía has eight provinces and it turns out that 27.5% of all transactions occurred in just one province, Málaga, which really means the Costa del Sol. And when you drill down to the municipal level it gets even more unbalanced. In the event, 46.1% of all transactions in the province occurred in the municipalities of Málaga city, Marbella, Benahavís and Estepona. So, nearly one third of purchases in Andalucía occurred in just 1 of the 8 provinces while nearly a half of purchases in that province happened in just 4 of the 208 municipalities in the province.

These 4 municipalities are, of course, the most expensive in Málaga province, another indicator that it's the upper end of the property market that is most active. Therefore, it seems a really smart move by the Andalusian regional government to make a temporary reduction of purchase tax permanent. Although all buyers in the province will benefit those benefits increase at the higher price levels. I explain the details in this [blog](#).

And it's no different in Cataluña with 48.1% of all purchases in the autonomous region occurring in just 1 province, Barcelona. It's no accident that the most active provinces in both Andalucía and Cataluña are those with the highest number of foreign buyers. And looking at the Comunidad Valenciana, 66.7% of all foreign buyers in this region buy in just 1 province: Alicante. (Source: M<sup>o</sup> de Fomento)

### **Tourism and Rental Demand**

Pre-Covid, Spain's tourism industry was continuing its seemingly unstoppable upward trajectory. 2019 finished with another all-time record of overseas visitors at 83.7m, making it once again the 2nd most-visited country in the world. Tourism contributed about 14.5% to Spain's GDP in 2019 although in some regions it was much higher than the national average. Inevitably, Mediterranean regions and the islands depend even more on a healthy tourism sector. For example, the 45% of GDP generated by tourism in the Balearics makes it the most dependent, and vulnerable, region, followed by the Canary Islands, Andalucía, Murcia, the Comunidad Valenciana and Cataluña.

It's not worth even mentioning 2020 tourism totals. However, there is a link between visitor numbers and the property market and that's because of rental demand from the approximately 35% of Spain's foreign visitors who do not stay in hotels. Obviously, some will have their own homes, or stay with family and friends, but that leaves a serious number of people renting privately. In addition, many domestic tourists from within Spain rent privately.

As a result, rental yields make letting a property in Spain an interesting option. And not just for the buy-to-let investor. Although not all foreign owners are also part-time landlords many are. They rely on rental income to cover essential maintenance and running costs and taxes. Obviously there a lot of variables but the best gross yields can be as high as 10% and sometimes even higher for a large, top quality detached house a in prime location. Apartments and townhouses near the beach can return 6% - 8% gross, assuming a luxury interior. Typically, a quality property in a prime location will generate a higher yield in the short-term holiday market than the same property let long-term, in the region of 3% - 5% better.

### **Tourism in 2021**

Although not quite as big a catastrophe as 2020 it was still dire. In fact, the numbers are similar to those last seen in the 1960s. With just 2 months' figures to be published, it looks likely the total figure for the year will be well under 30 million. In 2019, there were 8.8 million overseas visitors in July and 9.9 million in August. In contrast, 4.6 million arrived in July 2021 and 2.2 million in August. Nevertheless, top quality properties in the right locations were fully occupied in the high season months. However, as I have already discussed in respect of property purchases, most activity was seen at the very top of the rental market. Properties priced at €10,000 - €20,000 per week had no trouble in finding tenants and high season weeks were fully occupied.

### **The Rental Market in Spain 2022**

I've already touched on the issue of rental yields in the section on tourism above. However, until we see how freely we can travel in 2022 we have no idea how those yields might be affected. However, a couple of recent reports caught my eye with some interesting figures that may impact the holiday rental market, at least in the short term.

Spain's Institute of Statistics (INE) published a report concluding that there were 321,000 properties listed for short-term holiday lets across the country. Approximately 57% are

located in just 3 regions, Cataluña, the Comunidad Valenciana and Andalucía, which has the most with 67,392.

However, several property portals, such as Fotocasa and Idealista, reported after the first lockdowns that many short-term listings had been withdrawn. At the same time, long-term listings increased by around 20%. In Andalucía, the number of long-term rentals on offer doubled. In fact, I have read of some landlords going from short-term to 5 year contracts just to ensure a tenant and some income. Not all will be out of the holiday sector for that long but those that are locked into 5 year contracts may have no option. If that is the case it is possible that short-term supply will be significantly reduced for several seasons to come. As a result, if demand rebounds in the meantime, as I expect it will, short-term landlords could see occupancy levels rise.

### **Who Is Buying What New-Build Demand**

For reasons I have never quite understood, foreign buyers are like moths to a flame if new-build is available, even when the location is inferior. The fact is there is very little raw building land available in the very best locations, it was built on years ago. Consequently, it follows that much of the new-build activity is not in prime locations.

In addition, since the recovery started the supply side of new apartments and houses lagged way behind demand. Inevitably, this supply side imbalance skewed new-build prices. It's worth remembering that Spain's construction sector virtually disappeared post-2008 and, even today, is still 90% smaller than it was at the peak of the pre-2008 building frenzy. However, as new project numbers rose there were signs that new-build prices were coming under pressure. Indeed, even before COVID-19 arrived there were rumours circulating of new phases being delayed as sales slowed.

I think most at risk are those buyers who bought off-plan at inflated prices prior to 2020. In these circumstances even a modest price correction will mean that their property will be worth less than they paid for it by the time they move in. I accept many buyers are not looking to make a huge profit in the short-term, they've made a life-style purchase. However, I've yet to meet one who is happy with the idea of a loss even before they've got the keys. In fact I think some buyers have been paying such inflated prices for new build properties that they may never see a return on their investment no matter how long they hold it. The fact is that I have never seen such a discrepancy between new-build and resale prices as exists in the current market.

### **Resale Demand**

In contrast, lack of well-priced, top quality resale properties in prime locations means buying right is more of a challenge than previously. This sector is, of course, still the largest in the Spanish Property Market, and by quite a margin. The ratio is about 4:1 in favour of resales. Given rising demand, one big change is that increasingly there is often competition between buyers for a good property in the right location. In addition, whereas in 2019 I would have said buyers were more likely to walk away from a purchase than overpay lack of stock is ramping up the pressure on buyers.

Buyers should be prepared to move quickly to secure properties in prime locations. In Q4 of 2021 one of our clients succeeded in buying a property even before it came on the market because I had done all the research in advance and he already had approval in principle for finance. Being a large property 200m from the beach there would have been serious competition once it was openly available. Instead of which, no local agent even knew it was for sale and our client got a clear run at it.

However, I have a problem with many asking prices. I feel sellers assume that just because new-build prices have gone through the roof they can ramp up their asking prices to similar levels. Interestingly, a report from Tecnocasa, one of the big valuing companies in Spain, suggests resale asking prices are, on average, at least 20% above the eventual price achieved. When over-optimistic sellers reduce asking prices to more in line with what the

market can stand, they sell. Buyers in the resale sector should consider 3 possibilities if they see a reduced asking price. First, it was over-priced at the outset. Secondly, the location isn't the best. And thirdly, the seller may be desperate. Always make price per square metre comparisons, rather than just look at the asking price.

### **Buying Right in 2022**

My advice to potential buyers in Spain is the same as ever. Location must always be the key consideration. Shiny new stuff, whether is a house or an apartment, something on the coast or in the country, never trumps location. My advice is always to get the location right and then do the best with the available budget. I am already seeing clients whose budget is being squeezed because prices have risen opting to lower their property expectations rather than compromise on location. In my view, that is always the best decision.

The fact is that at the pre-2008 peak €6,000 per square metre bought the very best locations and quality. However, buyers were already paying more than that per square metre pre-Covid just to get their hands on a new property in a less than prime location. In some cases the new-build premium has been as much as 50% above the equivalent resale price. I've worked in the Spanish property market for many years and been through a few high/low cycles. However I have never seen such a discrepancy between new and resale prices. In Q4 of 2021 I was able to find several properties for various clients, all in the very best locations, for €3,500 - €4,500 per square metre. In all cases they were resales, not new-builds. In the case of brand new or a recent renovation the most expensive properties I shortlisted for clients in 2021 were around €6,500 pm<sup>2</sup>. Why some buyers are persuaded to pay more than these levels in secondary locations is a mystery to me.

As I've already mentioned that I consider new-build prices more vulnerable to downturn because they were already inflated. On the other hand, lack of prime located quality properties in the resale sector is putting upward pressure on prices and I think that pressure may increase during 2022. This could well be the year the discrepancy between new-build and resale prices pm<sup>2</sup> shrinks.

Nevertheless, if you buy at the right price, Spanish property is still relatively affordable. There's potential for substantial capital growth in the medium term and excellent rental yield potential. The sun continues to shine and the quality of life is rated one of the best in the world. What's not to like?

### **Location, Location, Location**

The lack of high-quality inventory at the right price in prime locations will continue to be an issue. As I've shown in this report most activity by overseas buyers occurs in a handful of locations. The 6 main destinations in Spain for overseas buyers are Andalucía, Cataluña, Murcia and the Comunidad Valenciana (comprising Castellón, Alicante and Valencia provinces) on the mainland, plus the Canary and Balearic Islands. In normal times together they account for 65% of the overseas market and 14% of the total Spanish property market.

My advice to buyers in 2022 is do not obsess about new-builds, especially if not located in prime positions. Many are not. Consider equivalent resales, calculate the price per sq.m. to include any renovation if it's needed. Then you can take an informed view on what makes the best financial sense. The result will almost certainly be a lower price, a bigger property and, most important of all, a superior location.

Don't buy anything that is blighted. Roads tend to get busier over time so if it's noisy now it will only get worse. If there is a mobile mast in view assume there will be more as the tendency is for them multiply. Electricity pylons are also a big no-no. We can assume new housing will increase in the long term. So it's essential to be aware of local planning issues and what might be in the pipeline. Already, in some areas I can count twenty cranes while standing still. If there is vacant land nearby find out with absolute certainty what, if anything, can be constructed. The selling agent saying it is green zone is just not good enough. Why risk losing a fabulous view?

And finally, when I am assessing properties for my clients I always ask the following questions. If circumstances change and they need to sell quickly is the price right to enable them to do that? Secondly, is this a property for which there will always be demand irrespective of market conditions? One thing is certain; there will always be demand for top quality in prime locations. It always has been, still is and always will be about location and that will be more important than ever after the disruption of the pandemic.

### **Conclusions**

Throughout 2020 and early 2021 I was surprised by just how well demand held up. In fact, enquiries for our property finding service have been running well ahead of pre-pandemic levels. I've no doubt that some buyers have either put their plans on hold or abandoned them altogether. On the other hand, many people I've spoken to during the various lockdowns have opted to bring forward their plans to buy in Spain. It's almost as though the pandemic has focused their minds on future plans and there seems to be a 'let's get on with it attitude, why wait'. And there's no doubt in my mind that with the 'work from home' option becoming a reality for many more people post-Covid, that home will be in Spain.

However, many enquiries indicate buyers are expecting steep price falls in 2022, similar to the carnage seen post-2008. I think they will be disappointed. Looking back to the 2008 - 2013 period, there were three conditions that amalgamated into a perfect storm. First, there was a complete collapse in demand. It just evaporated, virtually overnight. Secondly, the supply side was awash with unsold property, 1.5 million units at the worst of the crisis. And thirdly, the property boom had been fuelled by a credit bubble which included 100% mortgages. The result was that many buyers in the boom were cash-poor and could only buy by borrowing high. As far as I'm concerned, none of these conditions apply today.

When that bubble burst and prices collapsed many owners became forced sellers very quickly. In addition, reckless lending by banks with minimal checks on financial status meant many sellers had little or no equity in their property. As a result, they did not have the luxury of sitting the crisis out, they just had to divest as quickly as possible. Furthermore, the Spanish mortgage market virtually disappeared as Spanish banks were drowning in toxic debt and the banking sector went into a full-blown crisis. Consequently, most overseas buyers in the last decade have been cash-rich.

### **Prices - Up or Down?**

I think this report has shown that in the prime locations in the areas most overseas buyers head for the market is doing just fine. If demand continues at the level we've seen in 2021 then 2022 is looking good. However, if I'm right and the high level of activity in 2021 was, in part, due to many of the 30,000 missing buyers from 2020/21 entering the market at the same time then I would expect that effect to dissipate during 2022 and we may enter a calmer phase.

I'm sure 2022 is going to be an interesting year in Spain's overseas property market. If it's the year the Covid pandemic dies out then it could get even more interesting. Personally, I think overseas demand will remain strong in all the traditional prime locations. In addition, in my opinion over-supply of run-of-the-mill new-build may lead to prices edging downwards. In contrast, lack of supply of quality resales will lead to competition between buyers and rising prices. Obviously, the impact of Covid-19 and the consequences for the property market are still unfolding. However, foreign buyers drove the initial recovery of the property market after the 2008 crash, buying in record numbers and increasing market share from 2013. I suspect they are going to be just as important in the post-Covid recovery from 2022.