



*Golf & Coastal Properties*

## Buying a Property in Murcia – a guide.

Buying a property in Murcia is a straight-forward process provided that you appoint a good legal adviser and use an established real estate agent that understands the process. This guide should explain the process, give you an idea of the buying costs and explain a few issues which you should be aware of.

### **Legal Advice**

Having a good lawyer makes the purchase process much easier for all parties involved. We can introduce you to a multi-lingual local and independent law firm before or during your inspection visit.

We do not recommend buying a property without legal representation unless you have a very good knowledge of the Spanish system. The most important issues your lawyer will check are that the property has full legal title and that there are no debts attached to the property. Your lawyers will ensure that the property is free of any debts on completion.

Legal representation will usually cost around 1,500€ to 2,000€ + IVA (VAT). Additional costs can include obtaining an NIE (tax) number, giving Power of Attorney to your lawyer (explained below) and utility connections.

### **Power of Attorney – how does it work?**

We recommend that you give your legal adviser Power of Attorney to act on your behalf. This allows them to complete the purchase at the notary on your behalf, set up utility contracts and deal with any other matters as they arise in the future. The lawyer must have your written instructions in order to use the PoA.

To sign a PoA in Spain you visit the notary with your lawyer, taking your passport, and sign in front of the notary. It costs around 140-160€ per person.

**Note** - UK residents should sign the POA in Spain because it can be difficult for your lawyer to obtain your NIE number using a PoA signed in the UK. Please allow time for this during your visit. We can arrange an appointment for you before you travel if you'd like to book this in (please contact us)

### **NIE numbers – what are they?**

An NIE number is essentially a tax code which all buyers must have before completion. It is used by the Spanish authorities in correspondence and when calculating your property taxes. An NIE number costs around 120€ per person and everybody named on the deeds will require one.

You can obtain an NIE number at the Spanish embassy in your home country, or your lawyer to get them for you using a Power of Attorney signed in Spain.



The purchase process varies depending on whether you are buying a resale (privately owned property), a bank owned property or a new build property. Below we explain the different procedures.

### **Resale properties (privately owned)**

Once we have made an offer and agreed the price, we take your full name/s, passport or NIE number, home address and lawyer details. We can then prepare the Reservation Agreement.

The Reservation Agreement confirms all the details of the sale – property details, details of the sellers and buyers, plus their legal representatives and the terms of the sale.

At this stage a non-refundable warranty of 10.000€ is payable to our client account to secure the property. This is usually paid by bank transfer. We can introduce you to a currency exchange firm to save money on transfers.

The property will be removed from the market for 30 days to give your lawyer time to check the paperwork and prepare a Purchase Contract. Your lawyer will ensure the property paperwork is in order and make sure there are no debts attached to the property. If there are any debts attached to the property your lawyer will retain the amount required to pay the debt on or before completion.

The purchase contract should be signed within 30 days of reservation. Completion can be up to 60 days from that point, unless otherwise agreed by both parties. Normally the process takes around 8 weeks from reservation to completion, however sales can take up to 12 weeks. All properties are sold free of any debts and without any issue with the deeds.

### **Bank-owned properties**

Buying a property from the banks takes longer than regular sales because they have money laundering departments to ensure they have traced the origin of funds. This can be a slow and frustrating process.

Sometimes the additional hassle is worth it because you may be buying the property at a good price. Normally the bank takes a 3000€ deposit when they issue the purchase contract. Completion can take 3-6 months if the bank is slow to approve the purchase.

### **Brand new properties**

Each builder has their own procedure, but as a guide you may be required to pay a deposit of 6.000€ to reserve the property, then 25% in 30 days, another 25% 6 months later and the balance on completion.

If a property is key-ready you may be able go straight from reservation fee to completion. Buyers pay VAT and stamp duty on new properties so overall purchase costs are higher (see next page).



## **PURCHASE COSTS - RESALE PROPERTY**

Transfer tax on resale property in Murcia is 7.75%.

Legal fees vary between law firms and depend on the value of the property being purchased. Some legal firms charge 1% +VAT, others offer a fixed fee.

Notary charges are likely to be around 1.200€ and utility connections can cost around 400€

As a guide - purchasing a resale at 100.000€ will incur 7.750€ tax plus around 4.000€ in legal/notary costs, so the total cost will be around 111.750€

## **PURCHASE COSTS – BRAND NEW PROPERTY**

Brand new properties are subject to IVA (VAT) at 10% plus stamp duty at 1.5%

Legal/notary fees will be similar to when buying a resale property.

As a guide - purchasing a new-build at 100.000€ will incur 11.500€ tax plus around 4.000€ in legal/notary costs, so the total will be around 115.500€

## **SPANISH MORTGAGES – HOW DO THEY WORK**

Banks in Spain will lend up to 70% of purchase cost, subject to affordability checks, although some banks prefer 60%. The banks will require your credit report, bank statements, payslips, accounts and tax returns.

We can introduce you to a specialist broker to advise on the best mortgage options for you. We recommend having finance approved in principle before you visit. If you would like to speak to a specialist broker please let us know.

## **SPANISH WILL**

We recommend setting up a Spanish will on or after completion via your lawyer. Having a Spanish will in place makes the probate process quicker and easier to manage.



## **COST OF OWNERSHIP**

The cost of owning a property in Murcia will obviously vary depending on the type/size of the property and the property location/resort. Below you can find an approximate guide to the cost of owning a golf resort property:

### **Community fees**

The resort will be run by the community of owners alongside an administration company. Community fees cover the cost of running the resort and typically cover 24 hour security contract, swimming pool and lift maintenance, gardening, street cleaning/lighting and often a TV / broadband package and buildings insurance (apartments).

This varies between resorts so please contact us for details on what the community fee covers on your resort of interest.

Apartments – 140-190€ per month

Two bedroom villa – 150-190€ pcm

Three bedroom villa – 200-260€ pcm

### **IBI (Council) tax**

This varies between local authorities and property type. An apartment at Hacienda Riquelme may have an IBI bill of 250€ per year. A three bedroom villa at Mar Menor may have a bill of 700€ per year

### **Non-resident tax**

If you do not live in the property full time your lawyer or accountant will need to submit an annual non-resident tax return. This is likely to cost 150-300€ per year as a guide.

### **Other costs of ownership:**

**Keyholding** - we recommend that you appoint a good local keyholder to look after the property in your absence. Most charge around 300€-500€ per year depending on the level of service require. They will regularly check the property for you, flushing the toilets and airing the property.

**Property Insurance** – property insurance is likely to cost around 400€ per year

**Swimming pool maintenance** – if you have a private swimming pool you will need to pay somebody to maintain it (usually your keyholder can arrange it). The cost is around 60€ pcm

**Utility Bills** – these will vary depending on use and are metered



## PROPERTY RENTALS

If you decide to let your property for holiday rentals you will need to obtain a Tourist License (unless the property already has one). Your lawyer can obtain one for you at a cost of approx. 150€. Some holiday rental companies will obtain one for you or cover your property under their policy. Contact us for more information.

You should submit a tax return in Murcia during any quarter where rentals are taken. We recommend you submit the return via your fiscal representative in Murcia to ensure it is done correctly.

**Please check that short terms rentals are allowed before committing to purchase.** Some parcelas voted against allowing short term rentals – MGP can advise you.

## THE NEXT STEP

Now you are familiar with the purchase process along with the cost of buying and owning a property in Murcia, the next step is to arrange some viewings. Viewing can be in-person or by video-call if you prefer not to travel.

Prior to your visit we will send options to consider within your price range. We will also suggest the best resort/s for you depending on your requirements. During your visit we will show you the best options to suit your needs and budget.

If you are likely to reserve a property on your visit we recommend including at least one weekday so we can take you to see the lawyers and open a bank account. Please check that it is not a holiday before you book.

We hope you found this guide useful, however please do not hesitate to contact us if you would like to discuss any aspect of buying a property in Murcia.

**Contact MGP Golf & Coastal Properties:**

**Spanish office:** 0034 868 11 00 11

**UK office:** Call or whatsapp 07457 405 468