



**Market Report**  
**Mallorca 2014**

**E&V Mallorca breaks all records in 2013**  
Continued investment potential in Mallorca

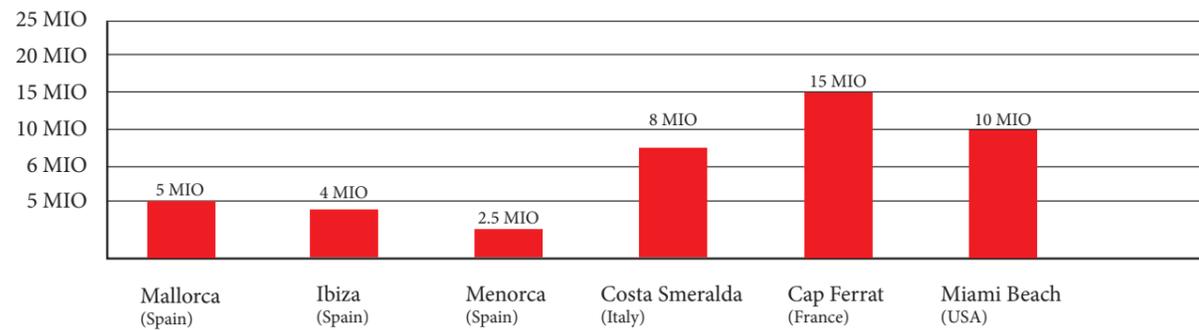
Mallorca is the capital of the Balearic Islands with a completely distinctive character to that of its neighbouring islands with a unique landscape and atmosphere. In recent years, Mallorca has been identified as one of the best places to live in the world and increasingly outside investors are attracted to its easy lifestyle and mild sunny climate. Recent figures issued by the National Spanish Notary Association demonstrate that foreign investment in residential property in the Balearic Islands has doubled since 2008 where foreigners bought a total of 3,571 properties. In Mallorca, foreign investment has grown from German speaking countries, the UK, Scandinavia and Russia and it is hoped that buyers from further afield will be encouraged to invest in this region with the Spanish Government's „Golden Visa“ legislation for non-European investors.

**There are several reasons behind this:**

- The location of Mallorca in relation to its European neighbours: the island is strategically situated in Europe, easily accessible with a major international airport.
- Price adjustment during the crisis means residential property offers good investment opportunities before prices start to increase.
- Compare other similar hot spots around the world: (see graph below) and prices for prime property in Mallorca has enormous potential for growth
- Climate, sophisticated infrastructure, quality lifestyle & security
- Strict building regulations combined with the fact that 40% of the island is protected territory restricts development and maintains Mallorca's environment

**Property Hot Spots**

Approx. average price for a 5 bedroom villa with seaviews \*



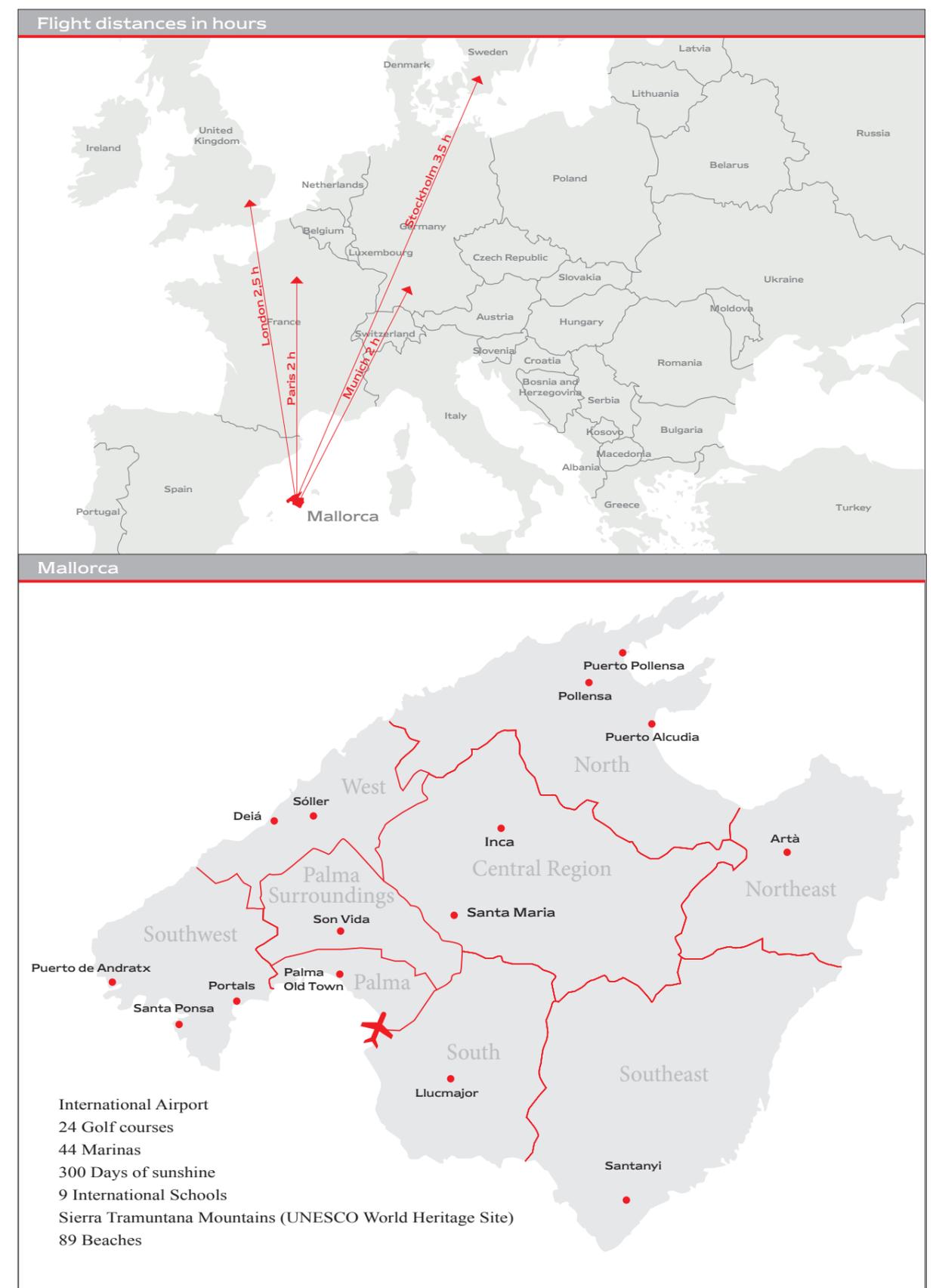
\* Source: Engel & Völkers worldwide

**Climate in Mallorca**

Month	Average temperature °C	Water temperature °C	Hours of sunshine
January	15	13,3	5
February	15	13,3	5,8
March	18	13,3	6,5
April	20	14,4	7,6
May	24	16,7	9,5
June	28	19,4	10,3
July	31	22,2	11,4
August	31	24,4	10,5
September	28	23,3	7,6
October	24	20,6	6
November	19	17,8	5,2
December	16	15,5	4,4

In Mallorca, temperatures rarely drop below 15 °C

**Geographical position**  
Easy access from all European capitals



**Engel & Völkers No 1 on Mallorca**  
Celebrating 15 Years

This year, Engel & Völkers Mallorca celebrates 15 years on the island; entering the market in the boom years, increasing its market position in the crisis and now emerging as the leading international real estate brand on Mallorca.

Last year represented the group's **best trading year to date** fueled by the quality residential market for property of 1M Euros plus.

This momentum continues with a **positive outlook for 2014** supported by stable market conditions and a constantly moving market where the majority of foreign owners sell/buy properties every 6-7 years.



**Market trends 2013**

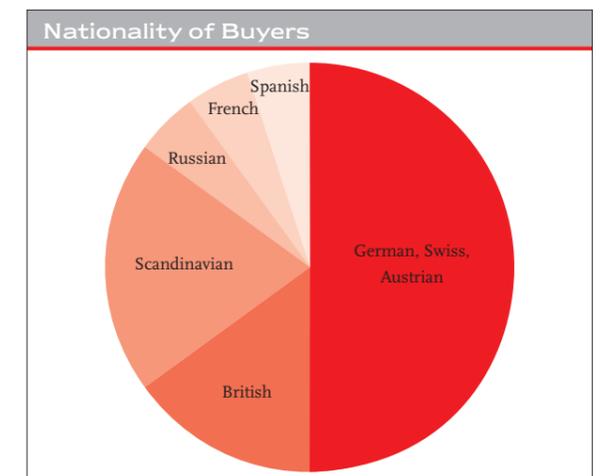
Region	Least /most expensive price per m <sup>2</sup> 2013
Palma Old Town	2,500 / m <sup>2</sup> - 8,000 / m <sup>2</sup>
Son Vida	2,500 / m <sup>2</sup> - 20,000 / m <sup>2</sup>
Southwest	2,500 / m <sup>2</sup> - 25,000 / m <sup>2</sup>
West Coast	2,000 / m <sup>2</sup> - 18,000 / m <sup>2</sup>
North	1,900 / m <sup>2</sup> - 7,500 / m <sup>2</sup>
Central Region	900 / m <sup>2</sup> - 7,000 / m <sup>2</sup>
Northeast	1,000 / m <sup>2</sup> - 10,000 / m <sup>2</sup>
South	1,800 / m <sup>2</sup> - 6,800 / m <sup>2</sup>

Region	Average Sale Price 2013 in €
Palma Old Town	500,000
Son Vida	1,500,000
Southwest	1,400,000
West Coast	850,000
North	850,000
Central Region	1,000,000
Northeast	500,000
Southeast	950,000
South	900,000

Prices quoted are based on the average sales value of properties sold in each area

**Nationality of Buyers**

The majority of buyers are aged 50 plus using their second home for holidays, in recent years buyers have become younger; either settling here with their families and educating their children in one of the 9 international schools on the island.



## What's new in Mallorca

### New Hotels

Mallorca's quality tourism infrastructure continues to grow with the opening of new stylish boutique hotels in Palma to new luxury rural hotels in the centre of the island and construction has also started on the Park Hyatt Mallorca Hotel at Canyamel in the north east, which is scheduled to open in 2016.

### New Legislation

The Spanish Government has now lifted the controversial super tax on charter yachts over 15 metres and this will revive Mallorca's luxury charter market and bring in more affluent visitors.

The Moll Vell Marina (close to Palma Cathedral), will open in the first quarter of this year providing 26 moorings for super yachts alongside a new shopping/restaurant marina. Top international designer brands continue to target the island including Louis Vuitton and Mulberry.

### Son Vida's 50th Anniversary

The exclusive residential area of Son Vida on Palma's outskirts celebrates its 50th anniversary this year.

Since its opening by Prince Rainier of Monaco in 1964, the area has become synonymous with luxurious villas owned by a mix of Spanish and international residents.

Recent trends here include the development of premium quality, contemporary style projects from 6.5M Euros to 39M Euros.

### New Developments

In 2013 developers started to re-enter the market with large scale new construction projects such as the Marina Plaza II in the fashionable Portixol area.

New construction is mainly concentrated in and around Palma or in the south west; where over 40% of all foreign property sales are made and investors are now buying off plan once more.

In the south west there were unprecedented sales of top end properties throughout last year and prices for quality, well located villas in areas such as Puerto Andratx have held firm and increased since 2006. Sales deals are closing near to the asking price (negotiating around 11%).

However, around the island E&V's experience is that there is hardly any negotiation for bespoke luxury projects and that demand continues for refurbished properties or new constructions on an existing premium plot where the original property is knocked down.

In other all other areas, E&V report that negotiation margins have reduced and that properties are selling faster.

In the centre of the island 11% of the properties were sold within less than 3 months with only 5% reduction. These factors all point to market stability and renewed buyer confidence.

In general the most requested properties for second homes are villas with sea views or countryside fincas that look over the Sierra Tramuntana, now a UNESCO World Heritage site, that provides 92 kms of protected territory running from the south west to the north of the island.

The island's tourism industry with visitor figures approaching 10M and a resident population of over 1M drives national, local and foreign investment into the island providing a sophisticated infrastructure, good road links throughout the island, culture, social, health, education, sports facilities and security.

Mallorca's residential property market looks bright and the general consensus is that prices will start to rise towards the end of 2014.



Photo: Marco Richter

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