

You want to return to Valencia to live the Spanish life?

By Clayton Kolar

Editor's note: This article was written in July 2022 and reflects the real estate market at that time. However, since then many economic conditions have changed, some of which may have greatly affected the real estate market. The author is a senior real estate major at FSU.

Students and instructors who love Valencia and might want to return for a long period of time need to know how real estate works in Spain. According to two professionals, one Spanish and one American, there are some similarities—but more differences—between Spanish and American real estate. One of the similarities? As of July 2022, the U.S. and Spain were both seeing tremendous growth in the real estate market.

Learn the differences between Spanish and American real estate

Beth Azor, an FSU alumna and commercial real estate leasing consultant, says, “In South Florida, it’s really hot. All of the tenants are doing really well.” She also talked about how New York and California residents have been moving to Florida, which has enhanced the Florida market.

Similarly, coming out of the pandemic, Spain is also seeing lots of growth. Francisco Garcia, a property manager in Valencia, talked about how in the past year tourism has increased tremendously. He is leasing out more short-term rental properties in 2022 than in 2021. Beyond those trends, he also talked about how there has been an influx of Spanish

residents, as well as international private citizens and companies, investing in real estate—especially around areas with lots of tourism, such as Madrid, Barcelona, and Valencia.

In fact, the number of residential property transactions in Spain rose 37.6% in the last six months of 2021, according to Mordor Intelligence.

However, the similarities stop around there. As of July 2022, the U.S. was experiencing inflation, causing some rents and mortgage rates to rise. The problem is that this inflation might lead the U.S. into a recession especially if a bubble were to burst like the U.S. housing market bubble did in 2008.

In contrast, Garcia says that Spaniards are not worried about what happens with inflation and a possible recession in the future.

“One [reason for the lack of worry] is that the banks

don’t give the money like [U.S. banks], like in this time, when the money [in the U.S.] is too easy to get.”

According to Garcia, Spanish banks are much stricter than U.S. banks with the loans given out to mortgage holders. He believes that the Spanish system prevents a real estate bubble from bursting.

Other differences between real estate markets in the U.S. and Spain are rules and licensing. In the U.S., every agent and broker must be professionally licensed at the state level. A non-licensed person cannot buy or sell a property. However, in Spain, real estate agents and brokers are not legally required to have licenses, which means that



Photo by Clayton Kolar

anyone can buy and sell a property.

Garcia has a strong opinion about those rules. “Some real estate [agents in Spain] are really very bad,” he says. “They want to take the money.”

Garcia brought up another difference between Spanish and U.S. real estate: rent control. Rent control is when the government limits the amount a property owner can charge for rent. In most places in the United States, there is no rent control.

In Spain, the government controls how much a landlord can charge, Garcia says. If the landlord exceeds the limit, they will be highly taxed.

“The government has the social responsibility to give houses to everybody,” Garcia says.

Comparing Spanish and U.S. residential real estate facts

- About 70% of Spaniards live in apartments, according to the website Spain-real.estate
- The average size of home in Spain in 2017 was 1,314 square feet (about 122.1 square meters), compared to 1,901 square feet (about 176.6 square meters) in the U.S., according to Statista.com.
- “A typical Leon County home listed for \$279,750 in March [2022],” according to the *Tallahassee Democrat* on May 4, 2022, which

was up about 9.8% from March 2021. “Leon County’s median home was 1,585 square feet for a listed price of \$176 per square foot,” the *Democrat* said.

- The average house price in Spain in December 2021 was 2,511 euros per square meter, which would mean that the average cost of a 122.1 square meter house would be about 306,600 euros, according to Statista.com.
- The average house price in the Region of

Valencia was 1,769 euros per square meter in December 2021, so an average house would cost about 216,000 euros (Statista.com).

- The basic tax rate for buying a residential property is about 10% in Spain, according to the website livingstone-estates.com, although there are other fees and charges, too.
- Francisco Garcia, who manages apartments in Valencia, says utilities cost around 60 euros and are paid every two months.

Q&A

with Beth Azor of South Florida
and with Francisco Garcia of Valencia, Spain

FSU alumna Beth Azor is a leasing consultant in South Florida who focuses on retail property and who also taught real estate courses at FSU Valencia for four summers. In addition, Azor was a founding member and past chairwoman of the board of the FSU Real Estate Foundation.

One of the big differences between Spanish and the U.S. is that buyers and sellers of a property must have the proper licensing while in Spain a person does not. How does that affect a transaction?

“Obviously, there’s licenses in the States to protect the people involved. I think that probably came out of the scams and the land sales scams in the U.S.” While not having personal experience with the buying process in Spain, she said she talked to FSU Valencia Dean and Director Ignacio Mesana about his purchase of the Garnett and Gold buildings on behalf of FSU. “There were people without licenses involved,” she said, adding that it got very messy.

What are the differences between Spanish and American retail?

“From a purely retail perspective in the States, exposure is everything—and in Valencia, it’s not. There are hole-in-the wall places. When you hear, ‘Oh, you should go have an avocado [dish] at Las Cuevas,’ is it on the main street now? It’s down this alley, and then you turn left, and it’s down this other alley, and then it’s down-

stairs. For restaurants and retail exposure, exposure—meaning visibility—is not the name of the game [in Valencia].

“The second observation was how crazy it is that they can close every day for three hours [...] and still pay rent.” As Azor noted, many shops in Valencia are closed

in the early afternoon for Spanish siesta, a time that also includes the biggest meal of the day.”

Azor was also surprised at the number of mom-and-pop shops and their size.

“The shopping centers I own, they’re very typical 1,200-square-foot spaces,” Azor says. “What blew my mind in Valencia were the tiny spaces, right? Like these tiny little stores, 200 square feet. And how beautiful they were, how much effort the store owners put into their spaces to make them be so creative and so unique.”



Photo courtesy of Beth Azor

FSU alumna Beth Azor, center front, has taught real estate courses at FSU Valencia for four summers.

Francisco Garcia is a property manager for Torres de Serranos Apartments. He manages two buildings, which comprise a total of 14 units. Many of these units are rented to FSU Valencia staff during the summer.

How do you and the community feel about Airbnb?

“Because Airbnb has a very good website in the beginning, very good app [...]

many people say, ‘Hey, we know Airbnb.’ And then Airbnb is very like they don’t want to know about rules, about the local rules. And then there is a big war between the local governments, national governments, and cities with Airbnb, and Airbnb has to change everything.”

What are the differences in evictions and delinquency in Spain vs. the U.S.?

“The big difference is that, according to

the Spanish law for houses, when you are an owner and you make a rental contract, the tenant has the right to be five years in the home,” Garcia says.

Garcia stressed the importance of finding the right tenants who will continue to pay on time. He also commented about how it is worse if it is a company leasing the home to you. “If you are a company, minimum of seven years, OK? Even if you sign a contract, let’s say one year, OK?”