



Buying Property in Formentera

Before Buying

It's very important to know something about the island when considering purchasing property in Formentera. It helps having some local knowledge and having visited several times and in different months in the year.

The summer months can be quite different to the winter months. Although the island has a favourable climate throughout the year, once the holiday season finishes at the end of October, many shops, bars, restaurants and services close and Formentera changes very much in character.

Formentera has very little land that can be bought and built on. It has a population of 5,000, and there are only 2,000 registered houses, this coupled with the fact that it is such a beautiful and tranquil place creates quite high demand for property. Indeed most of the island is declared National Park.

Many homes are also locally owned and do not come on the market. Much of the property for sale on the island is German or French owned, although people of many different nationalities including increasing numbers of mainland Spaniards now seek property for investment.

There are restrictions on the style and design of buildings should land be acquired, and land owned on the coast can now not be built on due to building regulations. These factors have preserved the island's natural charm, and made it an incredibly desirable place both to live and to holiday.

The quality of property on Formentera is very high for all these reasons and there are no over sized modern 'estate' developments or over-urbanised areas. Every house has its own unique history and character.

Rough Price Guide

Small Studios	€ 100,000 to € 120,000
One/ Two Bed Apartments	€ 120,000 to € 200,000
Newer 2 Bed Apartments	€ 300,000.
New Town Houses	€ 350,000 to € 400,000
Small House with a little land	€ 450,000 to € 750,000
Large House (2 bed or more) land 1000 m2 with views or in pine forests.	€ 750,000 to € 1M
Luxury Homes with Swimming Pool, Views	€ 1M to € 3M

Other Factors to Consider

- Some homes have cisterns as a water source, and these may need refilling during periods of low rainfall.
- Some homes have no grid-electricity and rely on solar power or generators.
- Access roads can sometimes pose problems for some vehicles.

Rental Potential

All properties have the potential to be let during the summer season. There is especially high demand in the months of July and August. Rental incomes can vary from between € 5000 to € 9000 depending on the specification of the property.

Buying Property

After choosing a property- an option to buy contract must be drawn up. This is a contract made at the beginning of the property buying process which includes the outlay by both parties of a 10% deposit. The document includes a description of the buyer and seller, passport numbers, NIF numbers, status as either a business venture, private purchase or as married couple.

A date for completion is agreed by both parties usually some weeks ahead. It is important that any costs or loans secured against the property are made known and cleared up so that it is free from such costs or debts. If either party wishes to withdraw from the sale after this point the deposit is normally lost plus interest. This does however avoid 'gazumping' or speculation.

Property Tax

It is important to bear in mind that all properties are subject to 7% tax on the day of purchase. There is also a registration fee of the new property and a notary (solicitors) fee for the preparation of deeds and documents Allow € 5000 for these extra costs.

NIF Number

This is like a national identification number and all parties must have one of these before signing the option to buy contract. This can be obtained from the 'Gestoria' who will apply for your NIF number locally for a fee. Alternatively this can be done through the Spanish consulate in the UK. This should be the first thing you do when you start looking for a house. It costs approximately € 120/ person.

Mortgage Requirements

A bank will provide a resident or non-UK resident with up to 80% mortgage over 25 years providing monthly payments can be met. The Euro interest rate is typically lower than that of the UK and at about 3.25 to 4%. Life insurance and property insurance is included in the monthly mortgage payment.

The Service Provided by Astbury Formentera

We have a large database of properties that you may view on line, or request to be sent. If you describe to us the kind of property that you are searching for, we can help narrow down your search.

We provide a service which involves:-

- Understanding your requirements and preferred locations.
- Collating the details of suitable properties and forwarding to you the information about these, photos etc.
- Helping you arrange your flights, accommodation and transfers to the island should you wish to view any properties.
- Meeting you on the island, arranging property viewings for you and showing you around the properties.
- We can provide a wealth of local information and advice concerning your purchase, and consider and pre-contract specifications.
- Helping arrange meetings with a lawyer, bank manager and attending the signing of any documents with you including the Option to Buy Contract.
- We will help guide you through the process in a secure and legal way.