

Majestic Mallorca, more luxury lifestyle than all day breakfast

By Sarah Drane

Mallorca is a Mediterranean island paradise characterised by tranquillity, sophistication and beauty. It is also an Island of great wealth with its 870,000 strong population enjoying the highest per capita level of disposable income in Spain. To those who believe only what they read in the red top newspapers – tales of union jack towels, drinking games and sexual dalliances – this classy portrayal may come as some surprise.

The truth is best summed up by a long standing Spanish joke about a mythical fifth Balearic Island to add to Mallorca, Ibiza, Menorca and Formentera, which goes under the name of 'Majorca'. This legendary island is visited by over six million tourists a year who care for nothing more than all day breakfast and beer under the neon lights of Magalluf. Yet this kind of brash package holiday enclave is confined to just a couple of resorts and the island as a whole should not be unfairly maligned.

Mallorca is in fact breathtakingly stunning. From deserted white sand beaches to craggy pine clad mountain ranges, the exquisite architecture of 'baby Barcelona' Palma to fields heavy with citrus trees, Mallorca offers beauty for everyone. It is also home to some of the priciest real estate in Spain, but that doesn't stop a kaleidoscope of nationalities across northern Europe and beyond from clamouring to empty their bank accounts on a piece of Mallorca.

'Mallorca has always been, and will always be, an excellent place to invest in property. Accessibility to the Island is extremely good with virtually all major European cities within less than two and half hours flying time with frequent year round flights. Add reliable fast ferry services from the mainland and Mallorca will always be top of some nationality's property shopping list,' said Jan Pratt of Palma based Shortcuts Property Search.

Luxury choice

'The Island is known and valued for its appeal as a luxury lifestyle choice and properties in the best positions, especially first line, can always attract potential buyers regardless of the price. Mallorca combines luxury, privacy and exclusivity



Mallorca is popular with yacht owners

better than any other location in the Mediterranean,' added Pratt.

Indeed, whilst no Spanish region can sing from the rooftops in delight, latest Government and TINSA (valuation consultancy) real estate figures for June 2011 clearly show the Balearics faring better than mainland Spain. The Government has Balearic prices down 4.5% on June 2010 versus a 4.8% fall for Málaga whilst TINSA shows Balearics and Canaries down 7% versus a steeper 8.7% for the Mediterranean coastline.

'Mallorca has not suffered as much in the downturn, especially at the top end of the market where there is simply not the same oversupply as you would find on for example the Costa del Sol,' said Stephen Dight, managing director for Mallorca Sotheby's International Realty. 'Official figures are skewed as they only deal with the average property, things are very different in the upper echelons where price reductions have been far less marked,' he explained.

'Sometimes clients approach us with an ill advised perception that they can pick up bargain property in Mallorca. It's simply not the case. There just isn't an abundance of quality property on the market and therefore any need for huge discounting. Most buyers believe, as do we, that prices

in Mallorca have reached the flat line of the U and will fall no further. If a suitable property becomes available there is little benefit to be gained from waiting any longer to buy,' he added.

Nature protected

Long before the recession set in, Mallorca was already on the right track to protecting its property market from the end of the world scenario seen on the ailing mainland Costas. Mallorca has never been 'Spain' in terms of its real estate and has been careful to insulate itself from reckless overbuilding by way of tight planning regulations. This rigorous control goes back many years and has recently been tightened even further. Tall towers are banned, many historic examples have been demolished, and numerous areas have a quasi green belt designation meaning detached homes must be in large plots to avoid dense development.

Mallorca's natural geographic limitation of just having 3,640 square kilometers of land with two mountainous regions also helps maintain stock deficiency rather than stock surplus. Much of Mallorca's landmass remains rustic land, national parks or protected areas of outstanding natural beauty including the newly designated UNESCO World Heritage Site of

Serra de Tramuntana. For this reason the island holds credibility and trust for the investor.

The absence of an excess stock situation has been a blessing for Taylor Wimpey de España, the Spanish subsidiary of Taylor Wimpey plc, who has been building new homes in Spain since 1958. 'Sales are up 10% for Taylor Wimpey de España on Mallorca compared to last year and the Island is currently our strongest region,' said sales and marketing manager Ignacio Osle.

'An example of how good the market actually is would be our Cala Anguila development near Porto Cristo on the east coast. We released 25 two bedroom apartments in March 2011 and to date we have sold 19 apartments off plan. Location has been the key to success, a brand new site within 80 metres of the beach is unique on Mallorca all for an average selling price of €220,000,' he explained.

Broad appeal

Another contributing factor to Mallorca's resilience is its broad appeal. The island is a strong brand amongst international buyers which goes a long way to providing a 'floor' under the market. 'If the British aren't buying due to the strength of the euro, then the Germans certainly are, or the Swiss or the Scandinavians. In a year or two maybe the demographic will be different, but there will always be demand from somewhere for quality properties in good locations,' said Pratt of Shortcuts Property Search.

'At the moment, with the strength of the Swiss franc and the Scandinavian economy, there has certainly been a big increase in the number of Swedish and Swiss buyers. We sold our own apartment in Old Town



Property with a view



West coast of Mallorca

Palma this month and almost all the viewings we had were with Scandinavian or Swiss people,' she added.

With an office in Port d'Andratx, a hit with the Germans, Dight from Sotheby's agrees. 'Over the years Germans have made up the majority of foreign home owners in Mallorca and their recession is behind them so there is not a huge supply of motivated sellers on the island,' he said.

'Contrast that with the Costa del Sol where over 50% of the foreign home owners are British. Many of them are now hugely motivated to release the capital tied up in their second homes in order to fund their businesses and their interests back in the UK at a time when the British banks have effectively stopped lending. As Sterling has depreciated, these vendors are prepared to slash prices in the knowledge that the exchange rate will protect them against huge losses. This scenario has not existed in Mallorca,' he added.

To substantiate the point, Osle from Taylor Wimpey de España states that ten different nationalities have purchased the 19 properties sold so far at his Cala Anguila development. 'This is unique to Mallorca. None of our other sites throughout Spain are as international,' he said.

The nature of the demand for property has also changed over recent years with the

last decade seeing a renaissance for sophistication. Jumeirah, Sheraton, Hilton, Marriott and St Regis have all opened five star hotels on the island, Philippe Starck has made his mark on Port Adriano which has been enlarged to accommodate 60 metre superyachts and the petite airport of Son Bonet is in line for an upgrade to welcome more private jets and helicopters.

Yet, unlike Marbella, this wealth is rather discreet and unassuming, a bit like the island's notable sometime residents. The names may be big, model Claudia Schiffer, composer Sir Andrew Lloyd Webber, entrepreneur Richard Branson, former tennis player Boris Becker, actor Michael Douglas and home grown top tennis legend Rafa Nadal, but the level of showiness is small. Islanders allow them to mingle and conduct hassle free lives out of the spotlight. It's no coincidence that yachting fanatics King Juan Carlos and his son Prince Felipe are regular guests at the family retreat, Palma's Marivent Palace, able to enjoy sun and scenery without a plague of paparazzi.

But, for all the expert analysis in the world, there's one real reason why Mallorca remains the Iberian dream and that's because people just love it. One visit, a quick seduction and the island makes putty of buyers in its very hands.

Long lasting love affair for British film director

Emmy nominated Film and television director, Gabrielle Beaumont, is a perfect example of how Mallorca can seduce you and never let you go. Whilst filming location scenes for *Krakatoa, East of Java* in 1966, Gabrielle instantly fell in love with the island and returned for a family holiday in 1968.

They stayed at Ca'n Quet, the pension run by William Graves, son of poet Robert, in Deià which was already one of Mallorca's most famous and attractive villages. Deciding to step on to the property ladder, Gabrielle's budget didn't stretch to upmarket Deià so she and then husband actor/writer Olaf Pooley rented a home in Llucalari just three kilometers to the north and commuted back and forth to the UK for work.

In 1970 they took the plunge and their first Mallorquin home was purchased, a near ruin some 283 steps up at the top of Fornalutx, a beauty spot in the same western valley, for the princely sum of US\$500. In the 40 years to follow Gabrielle has built two homes from scratch, renovated 12 more and got to know three generations of hard working Mallorquin craftsmen in the process.

Gabrielle's most recent project, C'an



Gabrielle Beaumont

Amengual, was bought following the passing of her second husband, cinematographer Michael Davis in 2008, as a task to keep her mind positively occupied. The double fronted Senorial house in Fornalutx was originally renovated in 1910 in the French art nouveau style but lay untouched for 30 years.

Gabrielle has spent the last two years modernizing whilst being careful to preserve period features with the beautiful swimming pool surrounded by typical Mediterranean planting a particularly special addition. A cathartic process, Michael would have loved the house and been proud of what Gabrielle achieved on her own. The C'an Amengual masterpiece



Gabrielle's Mallorcan home

is now for sale as Gabrielle looks for something a little smaller for herself, her three cats and Lola the talking parrot.

Keen to stay in the area, Gabrielle adores the peaceful unspoiled nature of the valley whilst being within easy reach of Port de Soller where she keeps her boat. For a qualified yacht master who has sailed around the world twice, the Mallorquin coastline provides a great escape from film making and Gabrielle has amassed a vast collection of friends in the local community with whom to share her privileged life.

Six bedroom C'an Amengual is priced at €1.95 million and available through Mallorca Sotheby's International Realty www.mallorcasing.com.

Buying Guide

When you buy property in Spain in your own name, you must apply for an NIE number – Número de Identificación de Extranjero – a tax identifier for foreigners. This number must exist before the public deed can be signed and can take three to four weeks to receive.

Once commercial terms have been agreed between the parties, a reservation deposit is usually paid by the buyer. This takes the property off the market and keeps it reserved for the buyer by the seller for an established period during which the lawyers will draft and agree the private contract.

The formal private contract will be signed once the legal position of the property has been checked by the lawyers. If irregularities are revealed, the transaction will normally not go through and any reservation deposit paid will be returned to the buyer. If no irregularities are revealed, then the contract will be signed and a further deposit is paid, generally 10% (to

include the reservation deposit). The vendor is prevented from selling elsewhere and the buyer will forfeit the deposit if they do not follow through to completion.

Upon completion, Spanish law dictates that a deed of conveyance 'escritura pública' must be signed by both parties under notarial supervision. Here, the balance of the purchase price is paid and vacant possession of the unencumbered property granted. Power of attorney can be given to your lawyer or other individual if you cannot be present.

The deed of conveyance must then be lodged at the property registry to assure legal title. This can be done either by yourself, your lawyer or by the notary office. Now is also the time to switch all utilities.

A good rule of thumb is to add 10% to the agreed purchase price to cover all of your buying fees/ taxes, slightly more if a mortgage is required. VAT (IVA) on new/off plan property has been halved from 8% to 4% until December 2011. For resales property a transfer tax is payable upon

completion at the rate of 7%. Notarial and Land Registry Fees are fixed by law on a sliding scale. Lawyer's fees are normally 1% of purchase price.

IBI (Impuesto Bienes Inmuebles), is an annual property tax levied by the local town hall based on the cadastral value of your property, usually much lower than the market value and varies from town hall to town hall.

Property Owners' Tax (Impuesto Sobre la Renta), is payable even if a property is not rented out. As a non resident you will still be liable for an imputed 'income' tax. The tax base (your imaginary 'income') is 2% of the cadastral value of the property (or 1.1% if the cadastral value has been revised since 1 January 1994) and the tax rate on that 'income' is 24%. If the property is your only worldwide home you will be exempt. If your property is actually rented out you will be liable to tax at 24% of the actual gross rental income with no deductions allowed.

Information supplied by Mallorca Sotheby's International Realty.

We Like



Cala Llamp, near Port d'Andratx, south west Mallorca

This breathtaking south facing ground floor apartment is set within a secure gated community within easy reach of the shops and restaurants of Port d'Andratx. The property has two double bedroom suites, a further double bedroom and a single bedroom/study with additional family bathroom. The open plan kitchen and living space opens through French doors onto a sunny terrace and pretty private garden with Mediterranean views. Within the development residents have the use of two outdoor swimming pools, an indoor heated pool, spa, gymnasium, tennis court, 24 hour concierge, business centre and direct access to the beach club and restaurants.

Guide Price: €1.2 million

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Villa, Port d'Andratx, south west Mallorca

Designed by famous Uruguayan architect Alberto Rubio, this fantasy south facing villa is perched on a hilltop close to Port d'Andratx overlooking the Mediterranean. Designed to evoke a seagull in flight, the curvy white home has an enormous split level open plan living area and all rooms access generous terraces and the infinity swimming pool that blends with the sea beyond. The en suite master bedroom includes a terrace and a separate sitting room/study. There are three further bedrooms, each with their own terrace, and two bathrooms. There is also separate staff or guest accommodation with a private entrance. Sold fully furnished.

Guide Price: €6.9 million

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Can Morey, Genova, near Palma de Mallorca

Set in the hills above Palma in Genova, a village known especially for its range of great restaurants, this house also has a separate apartment which could be rented out to provide an income. The lush garden is divided into several different areas with terraces around the swimming pool, shady nooks, outside eating space, a bodega, table tennis and sunbathing areas. There are outbuildings which could be renovated. Within easy walking distance of the village, the house has excellent access to the rest of the Island and is just ten minutes from the beach, Palma city, golf courses and marinas.

Built area: 305m²

Guide Price: €1.2 million

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El Puerto II, Cala d'Or, south east Mallorca

Apartments in this brand new Taylor Wimpey complex located within easy reach of refined Marina de Cala d'Or on the southeast coastline of Mallorca, are built in a whitewashed Mediterranean architectural style. They are surrounded by generous gardens with native Balearic plants and three communal swimming pools. The two bedroom ground floor apartments have a veranda and a large private garden whilst the penthouses benefit from sun terraces for sunbathing and alfresco dining. This part of the island is an area of outstanding natural beauty and also has plenty of golf courses to choose from. Palma, along with its international airport, is only 50 minutes drive by motorway.

Guide Price: from €177,000 plus tax.

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