

More Hong Kong investors are eyeing Spanish property as gateway to permanent residency in EU

- Spain allows investors to gain permanent residency by buying property worth €500,000
- Since 2014, more than 1,700 Chinese nationals have been granted 'golden visas', more than a third of total approved applicants



Apartments for sale in central Madrid. Foreigners have bought 100,000 properties in Spain so far this year, an increase of 4 per cent. Photo: Reuters

Hong Kong buyers are discovering the investment opportunities Spain's property market has to offer, as well as the route it provides to permanent residency in the European Union.

Inquiries have doubled in recent months even as pro-independence protests in Catalonia raise eyebrows, said Lily Siu-Rambaud, managing director of Madrid-based property agency Epic Asia.

"Some of my prospective Hong Kong clients are sceptical about the Madrid property outlook because of protests in Catalonia ... [they] feel that what is taking place in Catalonia is what's happening in Hong Kong, but it's not the same. Catalonia is just an island of instability [in Spain]," she said.

She said initially she had one client buying property under a residence permit programme – or acquiring a "golden visa" – but now she had seven clients who were finalising deals that will also allow them to eventually gain permanent residency.

Siu-Rambaud said three clients from Hong Kong were expected in Madrid for a “property hunting trip” by the end of November.

Spain is among a handful of European countries that are selling a fast-track residency programme through various investment options, including the purchase of property. In Spain, an investor may be allowed to gain permanent residency by buying property worth €500,000 (US\$554,000), more expensive than Greece’s US\$278,000 and Portugal’s US\$390,000. Permanent residency allows an individual to live, work and study in the country.

With Hong Kong mired in its worst political crisis in decades, a rising number of Hongkongers are looking for permanent residency options should they wish to move overseas in a hurry.

Siu-Rambaud said that while she recommends Madrid to clients, she advises them against investing in Barcelona, the capital of the Catalonia region. The region wants independence from Spain and protests there frequently descend into violent clashes between police and protesters.

Additionally, Barcelona has stopped issuing licences that allow homeowners to rent out property to tourists, cutting off a potential source of income. “You can’t advertise your property as an Airbnb any more,” Siu-Rambaud said.

During the global financial crisis of 2008, the Spanish property market crashed and many foreign homebuyers lost their money. But analysts said real-estate regulations have since been reformed.

“The number of new homes completed across Spain has declined from 632,000 in 2008 to 64,600 in 2018,” said Kate Everett-Allen, partner, international research, at property consultancy Knight Frank.

Other agents have also seen increasing interest in Spanish property from mainland Chinese and Hong Kong buyers, among others.

Overall, foreigners have bought 100,000 properties in Spain so far this year, an increase of 4 per cent, and accounted for about a fifth of all property transactions in the country.

Since 2014, more than 1,700 Chinese nationals have been granted golden visas, accounting for more than a third of the total approved applicants.

“The main driver for Asian investors in the Spanish market is undoubtedly the golden visa,” said Jonathan Benarr, the Hong Kong-based head of Asia-Pacific for Quintessentially Estates.

Many others are also attracted by the country’s lifestyle. “Investors are attracted to the stunning architecture and the lifestyle afforded by living close to the Mediterranean Sea, the Sun and award-winning beaches,” said Sebastian Nieblas, chief executive of Amrein Fischer – Marbella Luxury Properties, which is part of Leading Real Estate Companies of the World.

Top Spanish investment destinations for foreign homebuyers are the Balearic Islands, Canary Islands and the Valencia/Alicante region, with more than 30 per cent of total transactions.

“Other regions, such as Madrid, have a lower percentage, but have a very high volume of investment especially from non – European investors looking for golden visas and good rental yields,” said Alejandra Vanoli, managing director at Viva Sotheby’s International Realty, which covers Madrid, Ibiza, Menorca and Palma de Mallorca.