

BUYING PROPERTY ON THE COSTA BLANCA IN SPAIN

What Do You Need to Know?





Buying property in Spain is an important step for many people, often combining lifestyle decisions with long-term investment plans. The Costa Blanca has attracted buyers for years thanks to its stable market, strong infrastructure, and high quality of life throughout the year. At the same time, the purchasing process **differs from what many buyers are used to in their own country.**

Although property transactions in Spain follow a clear and transparent legal framework, understanding each stage of the process, the payment timeline, and the differences between new developments and resale properties is essential. A well-prepared approach helps avoid unnecessary stress and supports confident, informed decisions.

This PDF was created to clearly and systematically explain how the property buying process works on the Costa Blanca, what formalities are involved, and what to pay attention to in order to ensure a safe and well-planned purchase.

**This guide is provided for informational purposes only and does not constitute legal or tax advice. Buyers should always seek independent legal and tax advice tailored to their individual situation.*



Buying Property on the Costa Blanca

New Build vs. Resale

A Guide for Investors and Second-Home Buyers

Buying property in Spain follows a clear and well-regulated legal framework. However, the overall experience, timeline, payment structure, and risk profile differ significantly depending on whether you purchase a **new build (off-plan)** or a **resale (secondary market)** property.

Understanding these differences is essential for both investors and second-home buyers — especially in the Valencian Community, where taxes and procedures are clearly defined and consistently applied.



Two Purchase Paths in Spain

Although both paths ultimately end with signing the **public deed (escritura)** at a notary, the route to that point is quite different.

New build / off-plan

- You reserve a specific unit in a development.
- You follow a staged payment plan during construction.

Resale / secondary market

- You begin by negotiating an offer and reserving an existing property.
- You then sign an Arras contract (deposit contract).
- The purchase is completed at the notary within a much shorter timeframe.



Property Reservation – The First Step Before the Deposit

In practice, property purchases in Spain rarely start with an immediate **10% deposit**. Most transactions **begin with a reservation fee**, which temporarily removes the property from the market.

Typical features of a reservation:

- Amount: usually between €3,000 and €10,000 (commonly €3,000, €5,000, or €6,000)
- Applies to both new developments and resale properties
- Gives the buyer time for:
 - initial legal checks,
 - arranging an NIE number and financing,
 - making a final purchase decision.

After the reservation period:

- a Contrato de Arras is signed (resale), or
 - a private purchase contract is signed (new build),
- and the reservation fee is typically credited toward the approx. 10% deposit.

New Build / Off-Plan Property

How the process works

For new developments, buyers normally do not make a formal offer. **Prices are usually set by the developer.** Instead, the process begins with a reservation agreement, which removes a specific unit from the market.

This is followed by a private purchase contract and stage payments during construction, ending with completion at the notary once the property is finished.



Timeline

- Reservation → private purchase contract → construction → notary
- Typical total timeframe: around 1,5–3 years, depending on the project.

Payments (typical structure)

- Reservation fee (fixed amount)
- Around 10% upon signing the private purchase contract
- (including the reservation fee)
- Stage payments during construction — typically 30–35% in total
- Remaining balance on completion at the notary, commonly 60–70%.



New Build / Off-Plan Property

Taxes on new builds

- VAT (IVA): 10% of the purchase price
- Stamp duty (AJD): approx. 0.5–1.5%, depending on the region.

Control and predictability

A major advantage of new builds is control. Buyers receive a property built to modern standards, and—depending on the construction phase—can often choose or influence:

- Layouts,
- Materials and finishes,
- Kitchens, bathrooms, and upgrades.

This means the property is delivered ready for use, without the need for immediate renovation.

Investor Perspective – Pros & Cons

Advantages:

- Modern product aligned with current buyer and rental demand
- Low maintenance costs in the first years
- High energy efficiency
- Staged payments improve financial planning
- Potential value uplift between early purchase and completion.

Disadvantages:

- Long wait until completion and potential rental income
- Risk of construction delays
- Dependence on developer reliability (*buyer payments must be legally protected by bank guarantees or insurance*).

Resale / Secondary Market Property

How the process works

On the resale market, the process usually starts with a **formal offer, followed by a reservation.**

After agreeing on terms and completing initial legal checks, both parties sign a **Contrato de Arras (deposit contract).** Completion then takes place at the notary.



Timeline

- Reservation → Arras contract → notary
- Typical timeframe: around **6–8 weeks.**

Payments

- Reservation fee: **€3,000–€10,000**
- Arras deposit: usually around **10%** of the price (*including the reservation fee*)
- Remaining balance: paid at the notary upon completion.

Taxes on resale properties

- Property Transfer Tax (ITP): typically around **10%** in the Valencian Community (*higher rates apply for very high property values*).



Resale / Secondary Market Property

Compromise vs. opportunity

With resale properties, buyers purchase **what already exists**. Even when the location is excellent, compromises are often unavoidable:

- Layout, orientation, or views
- Energy efficiency and installations
- Design and finishing standards.

Achieving the ideal outcome often requires **renovation, time, and additional capital**, and some elements cannot be changed at all.

Investor perspective – Pros & Cons

Advantages:

- Fast acquisition and immediate use or rental potential
- Established locations and mature neighbourhoods
- More room for price negotiation
- Strong value-add potential through renovation.

Disadvantages:

- Renovation and budget-overrun risk
- Older infrastructure and higher maintenance costs
- Greater need for thorough legal and technical due diligence.



New Build or Resale – Which Is Right for You?

- **New builds** suit buyers who value control, predictability, and modern standards, and who are comfortable waiting for completion.
- **Resale properties** suit buyers who prioritise speed, negotiation opportunities, and immediate use, and who accept compromise or renovation.

For investors, the choice often comes down to capital appreciation vs. time to cash flow.

For second-home buyers, it is usually a balance between convenience and character or location.

Additional costs to plan for

Regardless of property type, buyers should also budget for:

- Notary and land registry fees
- Legal fees
- Annual IBI (local property tax)
- Community fees (if applicable)
- Utilities and ongoing maintenance
- Non-resident tax filings if the owner is not tax-resident in Spain.

You've Chosen a Property — What's Next?

Once you have decided what you are looking for and which purchase path suits you best, the Spanish buying process becomes largely procedural and predictable.



Whether you have reserved a new build or agreed on a price for a resale property, several formal steps must be completed before signing at the notary.

At each of these stages, working with the right local professionals makes the process faster, safer, and significantly less stressful.

Next Steps After Choosing a Property

Step 1: NIE Number (Mandatory)

Every foreign buyer in Spain must obtain an NIE (Número de Identidad de Extranjero).

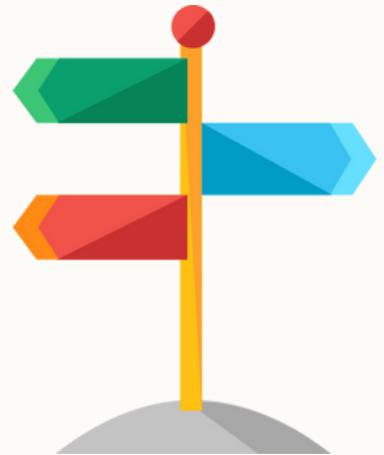
Without it, you cannot:

- Buy property
- Sign the notary deed
- Pay purchase taxes
- Register utilities in your name.

The NIE number can be obtained in Spain or via a consulate. Timing can vary, so it should be arranged as early as possible, ideally before or immediately after reservation or offer acceptance.

How we help:

We guide you through the NIE process and connect you with local professionals who handle this regularly, so you avoid delays and unnecessary appointments.





Step 2: Spanish Bank Account (Strongly Recommended)

In practice, a Spanish bank account is essential for:

- Paying VAT (for new builds), ITP (property transfer tax on resale purchases), and stamp duty (AJD)
- Notary and registry fees,
- Community fees and utilities,
- IBI property tax,
- Mortgage payments (if applicable).

Most notaries and administrators in the Valencian Community expect payments to be made from a Spanish account.

How we help:

We connect you with trusted local banks and advisors, to open an account smoothly and with clear expectations on costs and documentation.



Step 3: Appoint an independent lawyer

An independent Spanish real-estate lawyer is not legally required, but from an investor and risk-management perspective, it is strongly recommended.

Your lawyer protects your interests by:

- Conducting legal due diligence
- Reviewing contracts and deadlines
- Checking debts, charges, and licenses
- Verifying bank guarantees for new builds
- Coordinating with the notary
- Handling post-completion tax filings

This step is especially important for off-plan projects and older resale properties.

How we help:

We work with a trusted network of independent lawyers, experienced in Costa Blanca transactions and able to advise buyers, ensuring clarity at every stage.



After completing the first 3 steps — the process begins to differ depending on the type of property you are purchasing.

From this point onward, the buying journey follows one of two distinct paths:

- **Path A** - if you are purchasing a new build or off-plan property,
or
- **Path B** - if you are buying a property on the resale (secondary) market.

Each path involves a different sequence of contracts, timelines, and payment structures. Below, we outline both scenarios step by step, so you can clearly understand what to expect at each stage.



Path A: NEW BUILD PROPERTY

1. Reservation agreement

You begin by signing a reservation agreement and paying a reservation fee to secure a specific unit.

2. Private purchase contract & legal checks

Before signing the private purchase contract, legal documentation is reviewed, including:

- Building license
- Project specifications
- Payment schedule
- Mandatory guarantees for buyer payments.

3. Construction phase & stage payments

Payments are made according to construction milestones over time. Each payment should be legally protected.

4. Completion at the notary

Once the property is finished and legally ready:

- The remaining balance is paid
- VAT (10%) and stamp duty (AJD) are settled
- The public deed (escritura) is signed
- Keys are handed over.



4. After completion: ownership made simple

After signing, several administrative steps follow:

- Registration in the Land Registry
- Tax filings
- Utility transfers
- Community registration
- Ongoing compliance for non-residents.

Your lawyer will support you in all those steps.



Path B: RESALE PROPERTY

1. Arras contract (deposit contract)

After agreeing on the terms of the transaction and completing initial legal checks, the buyer and the seller sign the **Arras contract (Contrato de Arras)**.

The deposit is **typically around 10% of the purchase price** (although the exact amount may be agreed individually). The Arras contract defines the key terms of the transaction, the completion date, and the legal consequences if either party fails to complete the purchase.

2. Pre-completion checks

Before the scheduled notary date, detailed final checks are carried out, including:

- verification of Land Registry records,
- confirmation of any outstanding debts or charges,
- verification of the property's community fee status,
- settlement of local taxes and utility payments.

How we help:

We work closely with experienced lawyers and local administrators to ensure that no unexpected issues or legal risks arise before the notary completion.



Path B: RESALE PROPERTY

3. Completion at the notary

On the day of completion:

- The remaining balance of the purchase price is paid
- The public deed (*escritura*) is signed
- The keys to the property are handed over
- ITP (**Impuesto sobre Transmisiones Patrimoniales**) is settled after completion, in accordance with applicable regulations.

Throughout this stage, **the buyer is supported by an independent lawyer, ensuring the transaction proceeds correctly and that the buyer's interests are fully protected.**

4. After completion: ownership made simple

After signing, several administrative steps follow:

- Registration of the property in the Land Registry
- Submission of required tax filings
- Transfer of utilities into the new owner's name
- Registration with the owners' community (if applicable)
- Ongoing tax compliance for non-residents.

Your lawyer will typically coordinate or **oversee these steps to ensure a smooth transition** into ownership.



Final reassurance

Buying property on the Costa Blanca is a transparent and well-regulated process. However, like any important decision, it requires good coordination and the support of trusted professionals.

Our role is to **connect you with a proven local network of real estate agencies, developers, lawyers, banks, and notaries** — often including Polish-speaking professionals — to ensure the entire process runs smoothly and securely.

You remain fully in control of all decisions. We make sure that at no stage of the process you are navigating the market on your own.

If you are considering buying property on the Costa Blanca and want to make a well-informed choice regarding location and property options that truly match your needs, lifestyle, and goals, we will be happy to assist you.

We invite you to get in touch for an individual consultation.

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