

Valencia Real Estate Guide, 2024 and Q3 2023 Update

As of 2024, the Spanish real estate market, particularly in Valencia, presents a wealth of investment opportunities. Following the strong performance in 2023, this guide compiles detailed market data, economic indicators, and trends to help you make informed decisions in today's real estate landscape.

Housing prices and trends in Valencia city and surroundings

- Housing Prices and Trends in Valencia

Valencia has seen stable growth in property prices, with a 9.1% appreciation between 2021 and 2022, 13.24% between 2022 and 2023, and 17.6% between 2023 and 2024, meaning an overall growth of 45.4% in the last 3 years.

Key numbers to consider:

- Valencia City Centre: €3,423 per square meter (a 6% increase year-on-year)
- Valencia Suburbs: €2,168 per square meter (up 4% year-on-year)

This translates to an average apartment of 85 square meters costing:

- €290,955 in the city center
- €184,280 in the suburbs

Despite higher prices, Valencia remains more affordable compared to Madrid (€4,400/m²) and Barcelona (€4,690/m²).



The Valencian real estate market has been gaining significant attention in recent years, becoming one of Spain's most attractive regions for property investment. With its Mediterranean climate, rich culture, and thriving lifestyle, Valencia offers an appealing mix of affordability and quality of life. The city has seen steady growth in property values, yet it remains more affordable than other major Spanish cities like Madrid and Barcelona, making it an excellent option for both local and international buyers. Whether you're seeking a vibrant urban lifestyle, a seaside retreat, or a solid investment opportunity, Valencia's diverse real estate market has a lot to offer.



You want your property to have the best yield

The districts with the highest rental yields in Valencia, with rates between 8.3% and 11.2%, are:

- Poblats Maritims (including Cabanyal)
- Jesús
- Quatre Carreres
- Benicalap
- Campanar
- L'Olivereta



You want your property to have the fastest growing

Valencia city has had a growth of 17,6 % since September 2023. Here are the neighborhoods with the fastest growing in the last year:

- Ciutat Vella **17.2%**
- La Saïda **19.3%**
- L'Eixample **19.4%**
- Extramurs **20.3%**
- Patraix **20.8%**
- El Pla del Real **22.3%**
- Camins al Grau **23%**
- Poblats Maritim **24.7%**

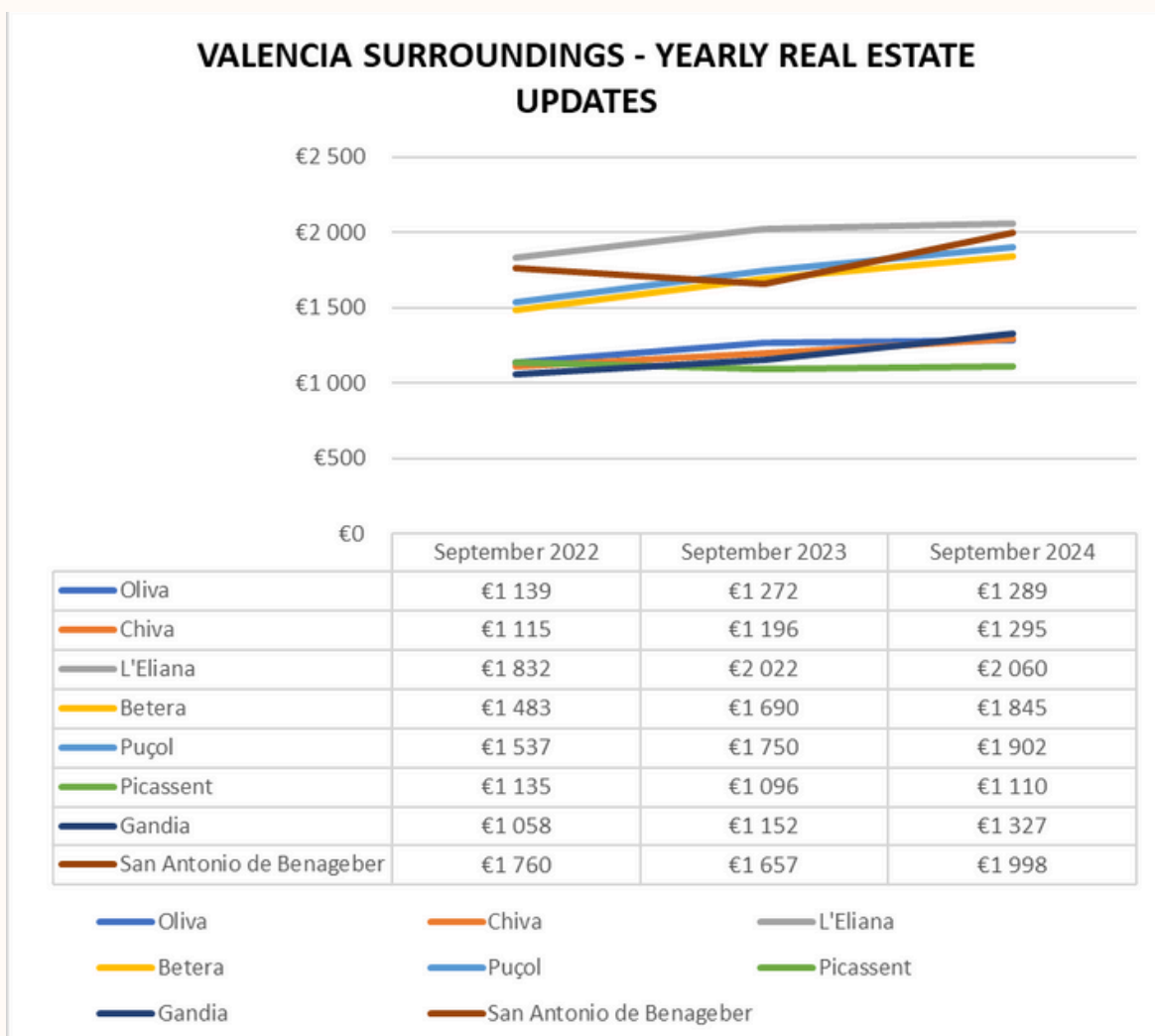
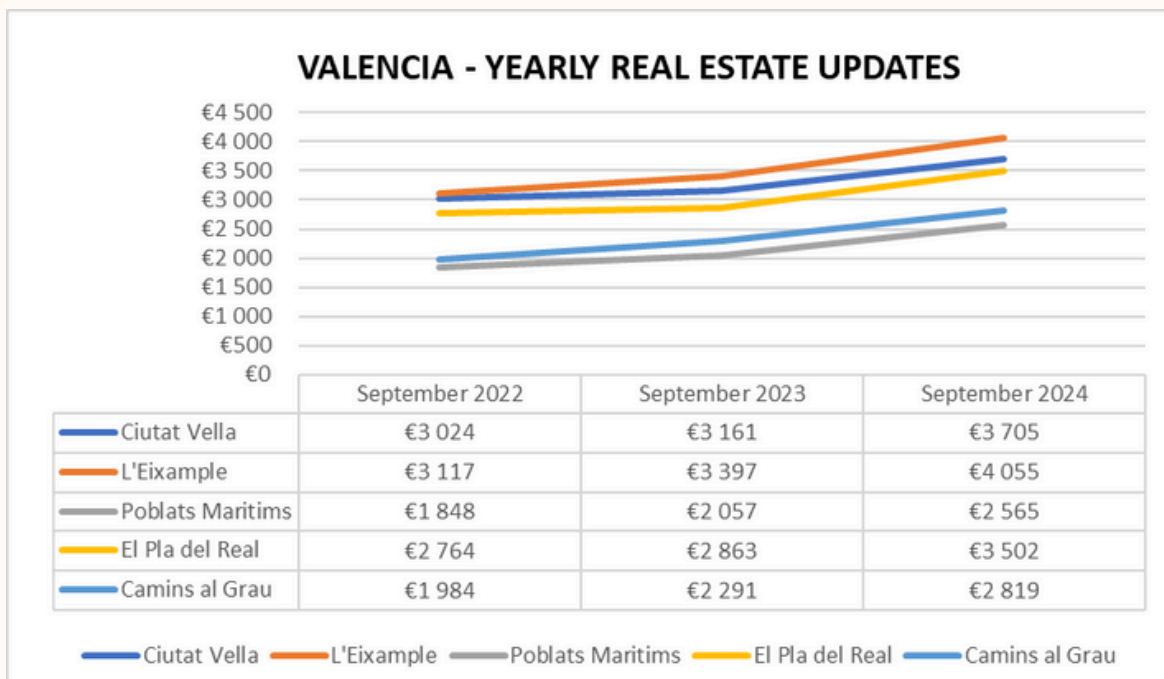
You are a lifestyle investor

You want to live a couple months in Valencia and rent it out the rest of the year?

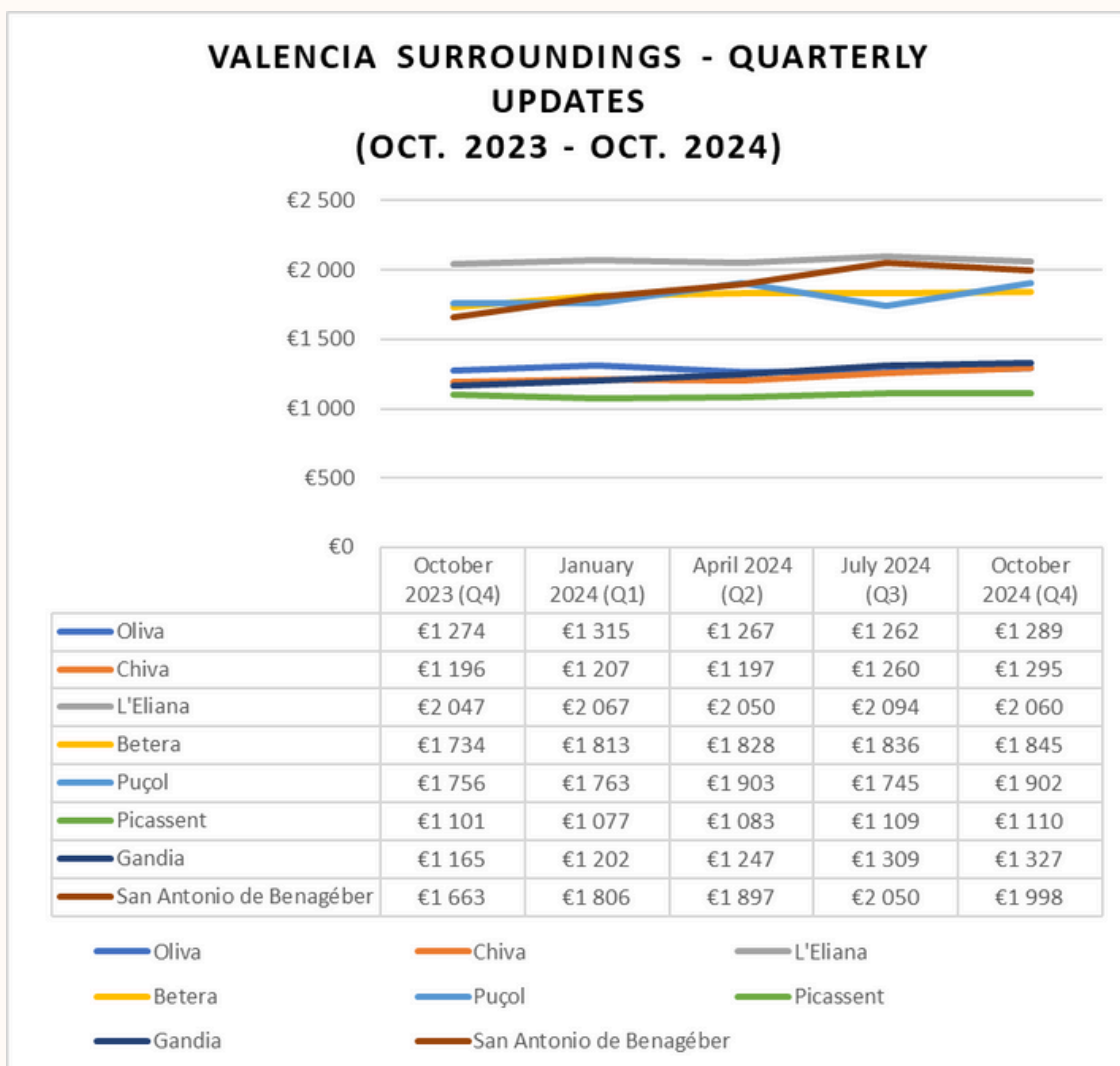
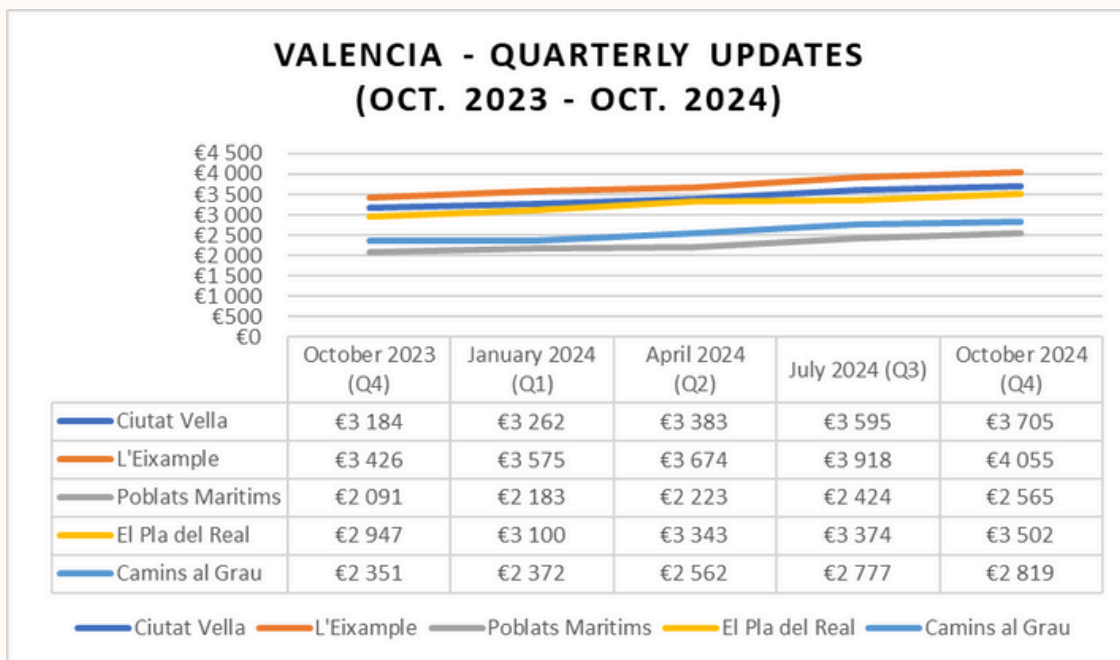
If you want to live the city lifestyle, you might like to live in:

- El Carmen for its authentic vibe and central location. There are a lot of bars and cafes, which makes it perfect for a short stay. It is a very international and popular neighbourhood
- Cabanyal is very popular for digital nomads. Located by the sea, you will love the beach lifestyle.
- Cánovas & Mercado de Colón neighbourhoods are very close to the city center and to Turia park. You will feel home in no time.

Yearly Real Estate Updates



Quarterly Real Estate Updates



Valencia's real estate market has seen substantial growth in recent years, establishing itself as one of the most dynamic property markets in Spain. This upward trend is fueled by increasing demand from both local and international buyers attracted to the city's lifestyle, culture, and investment potential. As a result, property values have risen steadily, making Valencia an appealing option for those looking to invest in a market with strong growth prospects. This ongoing expansion highlights the city's transformation into a prime destination for real estate opportunities.

Sales volume

· Total sales in Comunidad Valenciana in 2023: 104,831 transactions.

- Foreign buyers: 29,3%. Valencia is the 2 province of Spain with the most foreign buyers, mostly being from the UK (9,6% of foreign buyers), Belgium (7,8%), The Netherlands (7,3%), Germany (6,3%), Poland (6,2%), and France (5,6%).
- Primary residence buyers: Made up 46% of sales
- Second home buyers: Represented 25% of sales. They are usually a couple (about 41 years old) with children

Foreign investment has boosted market demand, even with local buyers experiencing higher borrowing costs. UK, France, and Germany remain the leading foreign nationalities investing in Spain.



Rental Yields and Returns in Valencia

If yield is your investment strategy, Valencia offers strong potential with rental returns ranging from 4% to 7%, outpacing the national average of 3.4%. Areas popular with expats and students, such as the city center, see rising rent prices, supporting both short-term income and long-term capital appreciation. However, it is important to assess neighborhood risks to maximize your returns and growth opportunities. Here's a breakdown of rental yields by neighborhood:

- El Carmen (city center): Gross rental yields at 7.6%, especially favorable for studio apartments and short-term rentals.
- Cabanyal: Rental yields range from 5.4% to 6.7%, making it an attractive option for long-term rentals. However, some areas of the neighborhood carry a higher risk of squatters, so it's important to carefully evaluate the specific street before investing.

Rent prices have increased:

- City: From €12/m² per month in 2022 to €13.50/m² per month in 2023.
- Outside city: From €9.20/m² per month in 2022 to €10.20/m² in 2023.

For an 85 m² apartment, this means monthly rent is:

- €1,148 in the city
- €867 outside the city

Economic Indicators and Market Conditions

Several key economic indicators define 2024 as a favorable year for real estate investment in Valencia:

- Spanish Home Sales: Total transactions for 2023 reached 672,780 properties, down 7% from 2022 but still 13% higher than pre-pandemic levels (2019).
- Business Confidence Index (BCI): Dropped to 3.66 in 2023 from 7.78 in 2022, signaling a slight downturn in business sentiment.
- GDP Growth: Spain's economy is projected to grow by 1.7% annually, with a cumulative growth of 8.4% by 2028.
- Inflation: Forecasted at an average 2.4% per year for the next five years.
- Population Growth: Flat at 0.1% annually, though Valencia's expat and foreign buyer demand remains high.

Investment Metrics in Valencia

- Price-to-Rent Ratios:
 - City Centre: 20.3
 - Outside City Centre: 16.6

These ratios suggest that properties outside the city center offer better returns for rental investors.

- Home Ownership Rate: 76% of Spaniards own their homes, creating opportunities in the rental market, especially for expats, international students, and young professionals.
- Transaction Costs: Round trip transaction costs, including agent fees, taxes, and notary costs, amount to around 17% of the property value. This is slightly above the European average but manageable for foreign investors.

Taxes and Costs for Investors

- Rental Income Tax: 19% for non-resident foreign investors.
- Capital Gains Tax: 19% for profits made on the sale of property.
- Annual Property Tax: 0.4% to 1.1% of the cadastral value of the property, depending on location.

For a €300,000 property, expect to pay:

- Capital Gains Tax: €57,000 (if sold at a profit of €300,000)
- Property Tax: €1,200 to €3,300 annually

2023 Market Insights

- Sales Performance: The total sales in Spain dropped by 11.6% during the first half of 2023 compared to 2022. Despite this, 328,000 transactions were recorded, marking the second-highest total in over a decade. Valencia saw a 24% increase in sales since 2019.
- House Price Growth: House prices rose 14% nationally since Q1 2019. In Valencia, the home price index hit 128% of the 2019 level, reflecting strong growth.
- Foreign Buyers: Foreigners accounted for 46,000 transactions in the first half of 2023. British, French, and German buyers dominated, with US interest doubling year-on-year, signaling a broadening international appeal.

Prime Market Activity

Luxury Property Sales: Valencia saw a 10% growth in properties sold above €2.5 million, driven by foreign interest in luxury homes. High-end properties, especially in areas like El Pla del Real and L'Eixample, saw prices exceeding €6,000/m², catering to wealthier international buyers.

Interest Rates and Financing in Spain

Mortgage rates in Spain remain competitive in 2024, despite slight increases due to ECB rate hikes:

- 15-year mortgages: Rates range from 1.38% to 1.73%
- 20-year mortgages: 1.74% to 2.74%
- 30-year mortgages: 3.00% to 3.82%
- The Euribor rate closed 2023 at 4.00%, up from 0.5% in 2021, significantly affecting borrowing costs. Nonetheless, financing remains affordable for most expat investors.

Conclusion: Is 2024 a Good Time to Invest?

In summary, Valencia's real estate market in 2024 remains robust, offering both stability and growth potential.

Key takeaways include:

- Stable Prices: Property prices have increased steadily, and future growth is expected, especially in sought-after neighborhoods.
- Strong Rental Yields: Yields ranging from 4% to 7% make Valencia an attractive buy-to-let market.
- International Appeal: Growing foreign interest supports demand and long-term price growth.

Investors looking for reliable returns, affordable financing, and increasing property values should find 2024 an opportune year to invest in Valencia.

The Valencian real estate market presents a wealth of opportunities for those looking to invest, relocate, or simply enjoy a new lifestyle in one of Spain's most vibrant cities. With its growing popularity, diverse neighborhoods, and attractive property options, now is the perfect time to explore what Valencia has to offer. Whether you're searching for a modern city apartment, a charming historical home, or a coastal escape, we have the expertise to guide you through every step of the process. Let us help you find your ideal property in Valencia—reach out today, and let's make your dream a reality.

All statistics, numbers and other information from this guide was found on [investropa.com](https://www.investropa.com), [idealista.com](https://www.idealista.com), [valencia-properties.com](https://www.valencia-properties.com), and [valenciaplaza.com](https://www.valenciaplaza.com).