



LAJARES LAW OFFICES

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Fuerteventura Property Guide



Why do you need a guide to build, buy, rent or sell a property in Fuerteventura?

We are using Lajares Law Office's experiences to create this guide for buying, selling, constructing or renting a property in Fuerteventura. As for so many years we have had hundreds of clients willing to buy a property, to build a house or to invest in real estate in Fuerteventura so we can advise you about how to start the journey until the final destination in a safe manner.

In Lajares Law Offices we want to share how to avoid bad experiences that may happen to the people coming to invest, to buy or to retire in Fuerteventura. Feel free to print this guide, use it, or send it to a friend. It is immensely rewarding to us to make the process easier for people willing to buy a property in Fuerteventura.

We will promise you to update this guide as life shows us that everyday new experiences and cases make us improve and for providing a better service to assure you the expected peace of mind that you are looking for.

**WE LAW FUERTEVENTURA AND WE LAW YOU.
ALL YOU NEED IS LAW.**

INTRODUCTION

What you need to know about the real estate market in Fuerteventura

Fuerteventura was the last island of the Canary Islands to be developed. This means that we do not share the model of other islands where the development has been massive.

The Urban Planning rules avoid a big concentration of properties compared to Tenerife and Gran Canaria. You will not see skyscrapers, huge commercial malls, and developments consuming large extensions of land. Even having a varied environment around the island, the main common principle for the island is the lack of crowded places. So yes, we have an attractive Real Estate market if you want to invest or to live on an island where the highest luxury is space.

On the other side, we share the same legal model as mainland Spain, where the legal certainty applies and provides a security to all the buyers or investors, having Public Notaries, Land Registry Offices, Courts, Administrative Institutions, renowned and international Estate Agents, Banks offering financing and for sure, Lawyers.

So you do not need to make arrangements outside the island when buying a property in Fuerteventura, as the island offers you all options to receive advice and to fulfil all the legal requirements to become an owner or an investor or simply, to live here. You can find local, trained and experienced professionals to help you during the process.



All you have to know to buy a property in Fuerteventura

People coming to Fuerteventura may dream about purchasing a property. This is an exciting story and the reasons why they decide to do it are very different. Some are focused on the investment side of the deal, others in having a second home for vacation, but all of them feel attached or in love with the island thanks to the sun, the light, the beaches, the proximity, the peace, the space.

People have planned it, they have saved for it and they have decided to go for it. But all are worried as they have heard about people who had the same dream and it all went wrong, who ended up losing money or even having their homes demolished because they were declared illegal or unsafe.

Do the same thing as you were in your country, apply for the prudence and check, ask, re-check and keep asking until you feel comfortable and you have felt a desired peace of mind. Do the same as if you were buying a property at home.

How to buy a property in fuerteventura?

If a property is the largest investment a person makes in their life, why wouldn't you ask for full advice before taking the next step? Managing an investment requires expert advice. Don't let your dream become a nightmare.

From the very first moment, you have to take control of the situation. And this means, to choose a good team of experienced professionals to guide you through the whole process.

The language, the documents, the law may vary from the one you are used to, and these differences have to be taken into account.

Investing in a property cannot be a question of luck. You should be checking who actually owns the property, if there are debts against it, if there are existing tenancy agreements in place, if the property is subject to special rules, the tax implications, the urban planning permissions, if

the expected use is legally allowed, the money laundering regulations, the costs, the process, the contracts, the completion, connecting utilities.

Basically, the process to buy a property is similar to the ones used in Europe, but the differences may become bigger if you do not have proper advice. We, as lawyers, if we were planning to buy a property abroad, we will always use a lawyer to help us and to guide us during the process.

Pitfalls of buying property in Fuerteventura

LAJARES LAW OFFICES believes in LAW as the only valid guide. We have heard a lot of absurd comments as “we know a friend who, not being a professional, may help us” “it hasn’t an official permission, but it is ok you know, it is Spain” “ it doesn’t have to be registered, it is legal under a private contract” “ you can start building the house before the building licence is granted” “you do not need a lawyer for doing this...” “after the sale we will check if the expected use is suitable”.

Well, investing in a property cannot be as gambling. To assure the result and to receive the valid answers we have to ask the proper questions and to receive the right advice.

The costs of buying property in Fuerteventura. What do you pay?

To the seller you pay the purchase price, less any deposit already paid.

To your solicitor you pay the legal, administrative and fiscal fees which should cover full assistance on the purchase project. Main legal steps are the due diligence, the screening and modification if considered necessary of the reservation contract and the assistance on the final signing date.

The fiscal part includes the submission of the Property Transfer Tax and the Stamp Duty Tax. Several administrative actions are required like for example applying for the NIE numbers, preparing all paperwork for the notary date, to modifying utility contracts, etc...

As a buyer you should also cover the notary fees and the Land Registry fees.

Consider a range of 8-10% for costs and taxes involved. When applying for a mortgage some extra costs have to be considered, but the new Law ruling mortgages grants the consumers a lot of rights in terms of information and most of the costs will be paid by the bank.

Is it worth buying a property in Fuerteventura?

When someone decides to buy, to invest or to live in Fuerteventura, we are often influenced by passionate, intuitive decisions, in which the heart overrules the head. The island of Fuerteventura and especially the north of the island, offers many elements to be passionate about; endless beaches, the best climate in the world, an international atmosphere without losing the Canarian essence, security, connectivity etc...as we explained in our blog 10+1 Reasons to buy Real Estate in Fuerteventura.

Is it a good time to buy property in Fuerteventura 2021?

The equation is simple. Price + Trust = Market.

We have a good price market condition, compared to EU countries and the rest of Spain, and Fuerteventura provides a new way of understanding life that has been boosted by the COVID19. Detached houses for prices around 200.000,-€ are attractive as well as nice apartments close to the beach from 100-150.000,-€ are not a bad deal compared with the rest of Europe.

There is a fantastic song from Bruce Springsteen, Tenth Avenue Freeze-Out, where the lyrics refers to the magic equation “one plus one equals three is when life changes...”, and this is what actually is happening in Fuerteventura.

Is buying property in Fuerteventura a good investment?

As it is mentioned in the previous question, yes, the equation is working these days. But not only in terms of pricing. There is also a big difference that we cannot forget. When investing in a property, be aware that we have a twelve-month market for visitors as the winter in Canary Islands

is the highest season. You may rent your property during the period you do not want to use it and this provides income helping to make the decision to buy a property.

Well, we are not responsible for this as this is not made by us, it is the climate, the location, the sea, the mild weather, that helps us to obtain returns much higher than the rest of Spain where the season provides only 4-5 months of income. Thanks to the Sun!! We Love the Sun!

What is the best place to buy property in Fuerteventura as an investment?

We love (Love) the whole island. No matter what your expectations are, you will find your right place on the island. Visit the island, feel the environment, see the people and we are sure that you will obtain a place to be.

The North side of the island offers plenty of activities in a relaxing ambiance, with nautical sports, modern lifestyle and a vibrant social local and expat life.

The Central area provides a relaxing way of life, with golf courses, calmed beaches.

The South invites you to enjoy the fantastic natural scenes and the luxury hotels.

Buying property in Fuerteventura from UK

The BREXIT has changed some things. This is true. UK citizens will not be granted with the same rights as other EU citizens. But this does not mean that the situation has dramatically changed. Buying a property is still a perfect option for these citizens, and the UK-EU agreement keeps the basic principle of a good neighbourhood. We Love UK and they Love Fuerteventura.

The property conveyancing process is the same for whether you are an EU or non-EU citizen, including costs and taxes related to the process – everything remains the same. To summarise, costs will only differ depending on whether the property purchased is a new home to a developer or bank (first purchase/transfer), or if it is a resale (second

purchase/transfer). It will also vary depending on the autonomous community in which you purchase your property.

The rights to become a permanent resident have been modified, the length of time allowed to stay. The immigration-related issue is one of the legal areas that have changed and that may affect you the most. You are allowed to visit Spain and your property regularly during the year, but there are some limitations. Same as before, you can visit for just 3 months (in a 180 day period) before applying for a regular residence permit. And you can do that without the need to get a tourist visa (simply with a valid passport, but demonstrating you have sufficient funds to sustain yourself during your stay in the country). Nevertheless, if you wish to stay for longer than 90 days, things have changed. After Brexit, UK citizens can't benefit from that free-movement agreement, and must apply for a regular residence permit. That is more complex and involves meeting certain requirements.

There are as well as some tax issues affecting the incomes received. Also, you may find extra difficulties when applying for a mortgage.

Some other changes have their effects for British residents on buying a property on Fuerteventura, especially if this property is located in so-called "Rural Land". For those who want to purchase a property, they need a military authorization prior to the signing of the deed. Read our blog [Did you know you may need a military permit to buy a home in Spain?](#)

So Yes, absolutely you are more than welcome to buy a property, as the nationality of the buyer does not affect their capacity to purchase a property in the country.

Buying property in Fuerteventura from another EU country (France, Belgium, Germany, Italy etc...)

EU citizens will have the same rights to buy a property as a Spanish citizen. So they will be able to act, to stay and to rent their properties with no limitation on time or other extra difficulties.

Be aware that even being a member of the EU, Spain is a different country in terms of law and language, so it seems reasonable to be

assisted by an experienced professional who acts with the highest international standards of service who can help you during the whole process.

Feel confident, the unique goal of our work is to make your dreams come through, and accepting that the rules are different, the final objective will be achieved.

Buying a property in Fuerteventura for dummies

We law to listen to our clients. We want to be with them during the whole process so you, as client, are entitled to ask and keep asking until you are 100% confident. We have to provide you a peace of mind.

Important things you should ask your lawyer to check before buying a property:

- Who owns the property, and therefore who has the right to sell it.
- If there are debts against it, for example a mortgage or a court judgement.
- If there are sitting tenants in the property.
- If the property is subject to any special rules such as subsidised housing, planning restrictions, allowed uses of the property...
- In case of an urbanisation, whether the seller is up-to-date with the community fees.
- If the annual real estate tax (the former “contribución urbana”) has been paid. If it has not been paid within the last five years, the new owner will be responsible for payment.
- A Due Diligence where the Lawyers checks carefully all the titles, the information provided by the Land Registry and any other relevant information.



All you have to know to sell your property in Fuerteventura?

It is sad to know that you are leaving the island, unless you sell your property in order to buy another one! Anyway, if it is the time to sell it and you have your personal reasons to go for it, here you will find some tips for doing so.

You can do it by yourself or you can do it through an estate agent. You should be closing your price and expect to have an interested buyer. You are the one giving the price so consider the costs and expenses involved to receive a correct net amount.

When selling a property, be aware that the ball is on the buyer's side and he has to make all the checks to assure the good end of the purchase. But some issues should be arranged by the seller, you should provide all necessary information on the property, the receipts of tax payments, the contracts of the utilities,...to assure that you have a valid title.

Once the buyer has conducted the necessary due diligence checks, a deposit or a private contract will be signed, where the payment of the deposit (typically 5%-10% of the agreed sale price) assures each party of the other's commitment to the deal and specifies a date for the final purchase.

If the buyer pulls out, they lose their deposit. If you as the seller renege on the commitment, you might find yourself obliged to pay your would-be buyer twice the amount of the deposit by way of compensation.

The closing of the transaction will be at the notary office, when the full price is paid and you transfer the ownership of the property to the buyer.

How to properly sell a property in Fuerteventura?

Once the property is offered on the market, you may expect offers trying to reduce the price or presenting you different ways of payment. If your idea is to have a fast sale, a cash buyer will be the most desirable option.

Sometimes buyers may need financing and this may delay the sale in some months.

If an offer has been accepted by you, you will close all the main elements of the agreement in a document, and in general you will have to assure that the property is free of any charges, mortgages, taxes and other encumbrances affecting your title.

We have seen a lot of titles having some defects which need to be solved before selling, as for example the differences between the surface shown at the title and the surface given by the land registry and this has to be fixed before the sale; sometimes you have a pool but is not shown at the title, some extra surface built has not been legalized...

Also, some other small defects may need to be solved in order to assure the legality of the sale. This is something to be done by the seller as he is the actual owner, unless those small incidents are accepted by the buyer.

When having a mortgage, at the moment of completion, you should call the bank to be at the Notary in order to sign the cancellation of the mortgage and receive the outstanding debt of it. In these cases, the buyer will issue two bank drafts, one for the bank for the owed money and the rest for yourself. The costs of this will be paid by the vendor.

Costs and Taxes of selling a property?

As the seller, you can expect to have to pay:

- Estate agency commission (typically between 3-5%)
- An energy performance certificate (between €150-€500)
- Capital gains tax if you are selling for more than you the price you originally paid (see below)
- Plusvalía tax (see below)

Capital gains tax

Capital gains tax (CGT) is effectively a tax on the profit you've made on the house – the sale price minus whatever you paid for it. The costs involved in selling it such as the estate agent's fees can be deducted before the calculation is made. There's also an annual allowance which is calculated by the tax office. The CGT rate varies between 19% and 23% depending on the size of the gain.

You may be exempt from paying CGT but we recommend you seek financial advice.

As you probably are a non-resident, as it is explained below, the buyer will retain the 3% of the sale and placed at the Tax Authorities as a provision of funds to cover your capital gain and, once it has been calculated, use this 3 % to pay part or the total amount of the CGT. The remaining amount will have to be paid by you and if negative, you are entitled to apply for a refund.

Plusvalía

Plusvalía is a local municipal tax calculated on the rateable or 'cadastral' value of the land and the number of years since you bought it. The seller is liable for paying the plusvalía. If you are a non-resident, the buyer will deduct this amount from the selling price as by Law, the buyer will be responsible to pay it in the event that the non-resident seller does not fulfil his obligation. which is a relatively modest amount of a few hundred euros.

Non-residents and taxes

If you're not an official resident of Spain, the buyer is obliged to forward 3% of the purchase price to the tax authorities on completion of the sale. This will be offset against any taxes you end up owing in respect of capital gains tax. You need to pay any balance within 30 days of the sale, or you can apply for a refund where appropriate. If you have never declared the yearly tax form during the years that you have been the owner it will be complicated to be refunded.



All you have to know to rent out your property in Fuerteventura

After buying a property and owning a house in Fuerteventura you might decide to rent out your property. Not a bad idea at all. Fuerteventura offers 12 months of sunshine and a market desiring to come and visit us.

Before you start, some advice will need to be in place to assure you a pleasant journey while renting your property. The Government or the tenants may create big headaches if you do not comply with some regulations.

Be aware that you should comply with the local regulations, so proper legal and fiscal advice is recommended before starting any rental activity. Did you think about preparing a professional rental lease? Are you aware of the local holiday rental regulations? Do you know which kind of taxes and how much taxes you should pay?

Can I rent out my property?

Yes, you can. You may choose the long-term rental or the short-term rental (vacation homes).

Long term rentals are a good idea to have your property generating incomes and avoiding all the management involved in a holiday home. Yes, the incomes are lower but the security is bigger.

Anyway, this way of leasing your property requires you to fulfil some basic tips and the first one is to have a good contract that covers you, where all the potential incidences are considered.

Having a good lawyer close to you will also help you in case of not having any option rather than going to the Court for a resolution of conflicts with the tenants.

Can I rent out my property as a holiday home?

Maybe you wonder if you could rent out your property to holiday makers? The answer is yes, you can. Although you have some legal and fiscal rules to follow. Make sure to get the paperwork in order before you start to promote your holiday home. If you advertise your property and you allow rental guests in your holiday home without having the necessary so called Vivienda Vacacional License you might end up with a huge fine.

Consider three basic elements:

- The location of your property inside a Complex with other properties. Be aware that your Community of Owners may have some restrictions to this activity.
- The general use of a Complex, in case of being touristic may have some affections to your expected idea.
- The physical state of the house and the elements included.

Regulations on Holiday Rental Properties in Fuerteventura

Before starting to advertise your holiday home you should apply for a holiday rental license, Licencia Vivienda Vacacional, with Cabildo de Fuerteventura. Once you receive your first rental clients you should comply with the regulations of the police department and register all of your rental guests correctly. Also, do not forget to inform your insurance company about your rental activity, they might have to change your insurance policy.

It is not only a question of taxes or licences, other aspects such as compliance of security permissions, a proper insurance in place and the permanently changing touristic rules have to be taken into account.

Which are the tax implications of renting out my holiday home?

When you start a rental business you should notify the local tax office, Agencia Tributaria Canaria, of the start of this activity. Being a non fiscal resident in Spain you should submit quarterly tax returns and

declare the benefit of your rental business. The tax rate to be paid is between 19 – 24%.



All you have to know to build a property in Fuerteventura

After buying a property and owning a house in Fuerteventura you might decide to rent out your property. Not a bad idea at all. Fuerteventura offers 12 months of sunshine and a market desiring to come and visit us.

We have plenty of experience with assisting clients on building properties in Fuerteventura. It is an issue that should require all your attention, as this fantastic idea may become a nightmare if you do not take seriously all the warnings that we are going to explain to you. Building a property in Fuerteventura is as complicated as in your home country, but you are now abroad and might not speak the language, so the following list of checkpoints are important to protect your Spanish dream:

- Your land has to be suitable for building, so when you buy a plot this is the very first check to be done. Constructing on a non regulated plot, without any building permission, you risk losing all the funds invested, the house to be demolished and on top of this you will receive a fine. Bad choice.
- There are different types of land that are affected by different urban planning regulations. Your plot can be urban land or rustic land, and they have a different building regulation which has to be taken into account.
- You should hire an architect who will draw a project fulfilling all the planning requirements. In Fuerteventura you can find fantastic architects, well experienced and able to communicate in your language. Ask for some budgets and try to set up a meeting with them to have as much information as possible about them and decide for the one you feel better. Ask friends with similar experiences. Be aware that the architect does not only design your house, he is responsible for supervising the whole building process, so having a good relationship with your architects is a must.
- Once the Project, the so-called Proyecto Básico (Basic Project), is validated you have to apply for a building licence and wait until the local Town Hall grants you the licence. Do not start building a house without a building licence, as in case of doing so, you may have a lot of problems with the authorities and in case of an accident while building a house without licence, your responsibility may reach the level of a

criminal offence. Some preparatory works may be authorised before the licence is granted (e.g. movement of land, some connections to the main supplies...)

- Once you obtain the building licence, the architect will prepare the Execution Project, which covers all the building details in a more accurate manner and it will be the guide that the building company has to follow.
- The building company (ask for several offers) has to quote you the costs of building the house. They use the Execution Project as the guide to present a budget. The better the Execution Project is, the more accurate the quotation from the building company will be. Avoid general, not well defined quotations. All different items of the building project should be included.
- The direction of the building works will be assumed by your architect, Dirección de las Obras, which means that without his consent, the builder will not be entitled to receive the partial payments. In Spain, another technician is in place, Aparejador or Technical Architect will also check the works and report to the main Architect of all the incidents. Working with a reliable building company is important, but your main goal is to have a good architect supervising the work.
- Once the building works are finished and accomplish the Project, the architect will sign the Certificado final de obra, The Final Work Certificate confirming the complete execution of the works.
- Your house now exists, but in law terms you should communicate to the Land Registry that you have built a house, you should sign a deed of Acta final de Obra in front of a Notary, pay the taxes and inscribe the property at the Land Registry.
- Do not forget that even if the house is finished you cannot use it until you apply for the first occupation certificate, Licencia primera ocupación, that allows you to live and to use your house, as well to connect to all the supplies needed.
- In general, the application of the building licence, the contracts to be signed with the building company, the architect and the rest of the people contracted have to be rigorous and defend your rights, so do not forget to take legal advice before any step is taken. Also, during the building process some incidents or conflicts may arise, so having an expert legal opinion close to you will grant you a peace of mind.
- Enjoy your house!!!

How much does it cost to build a house in Fuerteventura?

Well, it depends on the house itself, the quality of the materials, the surface,...As told before, ask several building companies for a detailed quotation. The architect, who will be your closest friend during the building process, may give you some guidance. Do not forget that the total cost is not only the cost for constructing the house, the urbanization works have to be considered, landscaping the garden, the taxes, the licence, ...Ask for a complete budget to avoid surprises.

Can you self build in Fuerteventura?

If you are a builder in theorie you could, yes. Although, the building process, the materials, the machinery, the labour costs and so on require an extended knowledge about the building itself, but also specifically about building in Fuerteventura.

Is it hard to get a building permit in Fuerteventura?

It is not hard if you do things properly and you get the help of a good architect, but it will take some time. Despite the efforts being made by the local Town Halls, consider between 6-12 months to obtain a building permit.

How long does it take to build a house in Fuerteventura?

If it is a single house, after the licence is granted, 10-14 months will be an acceptable period if there are no big incidents.

How to build a house in Fuerteventura without being in Fuerteventura?

You may rely on your architect to be the one reporting to you while the building is in process. Also, you may hire a project manager who can be your eyes in Fuerteventura.

In LAJARES LAW OFFICES we are ready to assume the supervision of the building process and to report in your language while you are abroad. We have contacts with the most experienced architects and building companies providing a safe and reliable service, having fantastic professionals who may help you during the building process of your dream home. Being lawyers and being experts in property law and construction law it is in our nature to defend you legally from any legal violation.

Do you have more question about property in fuerteventura?

Send us your question and we will contact you as soon as possible! The better we understand what you need, the more effective our work will be.

Mobile: [+34 679 177 042](tel:+34679177042)

Phone: [+34 928861542](tel:+34928861542)

Email: info@lajareslawoffices.com

Website: www.lajareslawoffices.com

