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NEW PROJECTS
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Locations, prices and house buying in Spain

Translation: Christopher Hill



Interview

LORENZ NENNING



PROJECTS
Whether new construction (centre: Villa Tierra), modernization (above: Villa Alcotanes) or a plot development (below), the decisive factor of a good investment is, and remains, the location

“MAXIMIZE STRENGTHS, MINIMIZE WEAKNESSES”

Developer Lorenz Nenning has been living and working in southern Spain for many years and knows Marbella well. BELLEVUE spoke to him about the opportunities and risks involved when investing in real estate

Swiss property developer, Lorenz Nenning, comes from a background in private banking, where he specialized in real estate investments. He and his company, Citadelle Consulting, focus primarily on developing high-quality real estate investment projects on the Costa del Sol.

BELLEVUE: *Mr. Nenning, how has Marbella's real estate market developed?*

Lorenz Nenning: In a nutshell, Marbella has finally gained global recognition as one of, if not the finest tourist destination of its kind in Europe. The "golden triangle" of Marbella - Estepona - Benahavis has developed into a true year-round destination. The pandemic has also changed people's priorities with respect to where and how they want to live. In 2021, we had an increase in sales of over 30 per cent compared to 2019. Many major new projects are planned.

Where are the buyers from?

The most active buyers in the market are the Spanish, then Brits, Swedes and Belgians, followed by the French, Dutch and Germans.

What are the buyers looking for?

High-quality new buildings with contemporary architecture, the latest technology and interior design with international brands in kitchens,

bathrooms and home cinemas.

How does a professional find new investment opportunities?

The profit lies in the purchase, as they say. However, good properties with good locations are rare, highly prized and sold at such a high price that there is hardly any money to be made from them, at least in the short term. You should look for good locations, with slight defects, at fair prices and maximize desirable views of the sea, golf course or mountains. Unwanted views, for example of neighbouring buildings or power poles, can be minimized through intelligent architecture, design and gardens.

What is the profit potential?

This is an ideal form of investment for the conservative investor with a time frame of one to two years. The average return on our renovation project investments is 30%. A villa from the late 1960s with good location and the villa and garden showing their age - purchase price around 1 million, conversion around 800,000 euros, marketing 60,000 euros, sold for 2.7 million. But that doesn't work for all properties... it gets expensive and difficult if the ceilings are too low or the kitchen or bathroom has to be completely repositioned. Unsolvable problems are often north or east facing plots or proximity to busy roads, airports or industrial plants. These properties are best left well alone.

What about for new build projects?

If the investment time frame is a little longer, say three to ten years, we recommend buying land in prime locations to build on - this can also mean buying an old house and tearing it down - planning a good villa project on it, creating great marketing material and applying for the building license. Many customers for such turnkey villa projects originally wanted to purchase a ready-to-move-in villa, but could not find anything at a reasonable price. They learned that they either have to make big compromises or decide on a new construction project. The return on all of our investments in construction projects with a building permit was over 20 per cent.

What risks are there to be aware of?

Trust is good, control is better! Brokers, architects and construction companies each have different interests, strengths and weaknesses. Optimal coordination of these factors can minimize the risk and maximize investor profit.



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