

# Buying Property Off-Plan in Spain: What You Need to Know

Buying off-plan property in Spain means purchasing a new-build home directly from a developer based on plans, renderings, and specifications before construction finishes, typically taking **18–36 months**.

Understanding the process, risks, legal protections, and costs is essential for a smooth and secure transaction.

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## What Does “Off-Plan” Mean?

Buying off-plan involves purchasing a property **before it is built**, often at the pre-construction stage.

### Benefits:

- Early access to new developments
- Lower prices than completed homes (often **15–30% below resale equivalents**)
- More choice in layouts, finishes, and views
- Flexible staged payments during construction

### Risks:

- Construction delays (common, 3–6 months)
- Developer insolvency or bankruptcy
- Potential changes to final design or specifications
- Construction defects

**Mitigation:** Spanish law provides strong safeguards, including **mandatory bank guarantees** on payments made after building licence approval.

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## Legal Framework & Protections

Spain has strong laws to protect off-plan buyers, especially for residential developments. Key protections include:

1. **Deposit Protection:** Developer must place your deposit in a segregated bank account or provide a bank guarantee.

2. **Purchase Contract (Contrato de Compraventa):** Legally binding; specifies price, completion date, specifications (memoria de calidades), and penalties.
3. **Regulatory Oversight:** Town Hall approves plans and building licences; developers must comply before construction begins.
4. **10-Year Structural Insurance:** Mandatory for new builds.

**Check for:**

- Developer track record and solvency
- Ownership of plot and building licences
- Community and regional approvals

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## Step-by-Step Process

1. **Reservation**
  - Pay a small deposit, typically **€3,000–€6,000**, to secure the unit off-market (1–2 months).
  - Confirms basic terms and price.
2. **Due Diligence & Private Purchase Contract**
  - Review key documents: Land Registry, Cadastre, planning permissions, proof of taxes and fees.
  - Sign **Contrato de Arras** once building licence is granted.
  - Deposit: usually **10%** of purchase price.
  - Contract specifies deadlines, payment schedule, and penalties:
    - Buyer withdrawal → loses deposit
    - Seller withdrawal → returns double deposit
3. **Stage Payments**
  - Instalments are paid during construction (e.g., 10–20% per phase).
  - Each stage is **backed by individual bank guarantee or insurance** to protect your money.
4. **Mortgage Paperwork (if applicable)**
  - Bank conducts property valuation and issues a binding mortgage offer (FEIN).
  - Cooling-off period applies under Spanish law.
  - Buyer attends pre-signing meeting at notary to confirm terms.
5. **Completion & Notary Signing**
  - Final payment made.
  - Licencia de Primera Ocupación (LPO) inspection conducted.
  - Snagging list checked for defects.
  - Notary reads and authorizes the public deed (escritura).
  - Property registered in Land Registry; ownership legally transfers.
6. **Post-Completion Tasks**
  - Register property at Land Registry and update Cadastre.
  - Pay taxes (10% VAT + 1–1.5% Stamp Duty/AJD).
  - Transfer utilities and update local tax records.

- Lawyers or gestores often handle registration, taxes, and payments.

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## Payment Structure & Timeline

- **Reservation deposit:** 5–10%
- **Staged payments:** Linked to construction milestones (foundations, structure, finishing)
- **Final payment:** On handover and signing of escritura
- **Timeline:**
  - Planning & licensing: 3–6 months
  - Construction: 12–36 months
  - Handover: Completion certificate and LPO required

Contracts often include flexible deadlines or compensation clauses to account for common delays.

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## Off-Plan Due Diligence & Risk Mitigation

### Checks before committing:

- Developer credentials: years in business, completed projects, solvency
- Building licence / LPO
- Planning permissions match your purchase
- Bank guarantees
- Community statutes

### Common risks & mitigation strategies:

- Construction delays → include penalty clauses
- Changes to layout → ensure contract allows only minimal alterations
- Developer bankruptcy → pay only into protected accounts
- Market fluctuations → consider fixed-price contracts

**Practical tip:** Always use an **independent lawyer** to check developer, licences, contracts, and guarantees—never rely solely on the sales agent.

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## Final Takeaways

Buying off-plan in Spain can offer **great value and customization**, but requires careful due diligence.

**Keys to success:**

- Verified developer with strong track record
- Staged payments backed by guarantees
- Legal protection via contracts and bank safeguards
- Careful review of all licences and documentation
- Budgeting for potential delays and financing requirements

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