



Finding and Managing a Rental Property in Spain

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Finding and Managing a Rental

- ◆ The property manager
- ◆ Finding the right location
- ◆ Selecting a productive property
- ◆ Outfitting your property
- ◆ Expenses to plan for
- ◆ Examples of income and expenses

Can you make the numbers work?

- ◆ Closing costs: 12% to 14% in most cases.
- ◆ Rental income tax: 24.7%
- ◆ Property tax: 0.405% percent to 1.166%
- ◆ Capital gains: 21%
- ◆ Real estate commission: 2% to 15% from seller. (Buyer pays buyer's agent.)

Structuring your assets, in and out of Spain, can significantly minimize your tax burden.

Do this BEFORE any money changes hands



The Property Manager

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- ◆◆ Can often be the same agency

- ◆ Ideally, with separate fee structure

The “Property Manager”

For today’s presentation, I’ll assume that one agency is both the property manager and rental manager.

Selecting a Property Manager

Look for these services

- ◆ Statements
- ◆ Records (who was there, maintenance costs, etc)
- ◆ Payment Processing
- ◆ Meet & Greet, and orientation... and check-out.

Selecting a Property Manager

Look for these services

◆Maintenance

◆Cleaning

◆Inventory of property contents/check for damages

◆Bill Paying and Taxes

Selecting a property manager

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Selecting a property manager

- ◆ How do they rank on Google when searching for “furnished rental in Logroño”?
- ◆ Is their website attractive, and easy to navigate?
- ◆ Do they cross-market to Airbnb? VRBO? FlipKey?

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- ◆ Personal recommendations from other property owners? Renters?
- ◆ Anything to see on Tripadvisor?
- ◆ How many properties do they manage? Too many?
 - ◆ Check their booking calendar to see how busy they are.



Selecting a Location

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- ◆ Will you be happy visiting your investment? Do you care?
- ◆ Visit any proposed location at night and on weekends (noise, safety).



Finding the Property

Finding your property

Rental Terms

- ◆ In Spain, short-term rentals often must be registered, for example, with *Principado* and *Municipio*.
 - ◆ Applies to Airbnb and similar agencies.
 - ◆ You can charge premium vacation rates.
 - ◆ This registration will reduce your tax burden in some areas.

Finding your property

- ◆ Speak with a property manager
 - ◆ What do they need in their inventory?
 - ◆ Where do they need these properties?
 - ◆ What types of clients go to which areas, and which properties?

Finding your property

- ◆ Location and walkability
- ◆ View (and how likely it is to change)
- ◆ Curb appeal: Assess the building, not just the apartment

Finding your property

- ◆ Don't buy common!
- ◆ Don't over-invest
- ◆ Avoid high-maintenance amenities





Outfitting Your Property

Outfitting your property

- ◆ Start with fast internet
- ◆ TV in each bedroom, with good cable package
- ◆ “Replaceable” inventory; simple dishes and glasses, etc

Outfitting your property

◆ Don't over-furnish



Outfitting your property

- ◆ Don't over-furnish
- ◆ Clean, bright, uncluttered, photogenic



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- ◆ Little extras can increase customer satisfaction
 - ◆ Printer... coffee grinder... bottle of wine

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 - ◆ Printer... coffee grinder... bottle of wine
- ◆ Get professional photographs!





You won't do any better than the
quality of your photos



Expenses

Expenses

- ◆ Rental fees (15% to 20%)
- ◆ Management fees (Fixed rate, around \$50)
- ◆ Cable, Internet, and electricity
- ◆ Property Tax

Expenses

- ◆ Condo/HOA fees
- ◆ Cleaning Fees (often paid by renter)
- ◆ Inventory replacement for damaged/missing items
- ◆ Maintenance

Rental Income-Expense Spreadsheet

Mes	Renta	Cable/Intr.	Electricidad	HOA	Manten.	Robado	Predial	Gastos	Neto
Atelier 1703									
Ene	€ 2,100	€ 59	€ 116	€ 208	€ 0	€ 0		€ 382	€ 1,718
Feb	€ 1,900	€ 59	€ 120	€ 208	€ 0	€ 0	€ 518	€ 905	€ 996
Mar	€ 700	€ 59	€ 55	€ 208	€ 0	€ 0		€ 322	€ 379
Abr	€ 1,950	€ 59	€ 107	€ 208	€ 0	€ 0	€ 518	€ 892	€ 1,058
May	€ 2,000	€ 59	€ 125	€ 208	€ 0	€ 0		€ 392	€ 1,609
Jun	€ 2,000	€ 59	€ 131	€ 208	€ 200	€ 0		€ 598	€ 1,403
Jul	€ 2,000	€ 59	€ 130	€ 208	€ 0	€ 0	€ 520	€ 917	€ 1,084
Ago	€ 2,300	€ 59	€ 127	€ 208	€ 0	€ 0		€ 393	€ 1,907
Set	€ 2,300	€ 59	€ 127	€ 208	€ 0	€ 0		€ 393	€ 1,907
Oct	€ 0	€ 59	€ 42	€ 208	€ 0	€ 0	€ 520	€ 829	-€ 829
Nov	€ 1,500	€ 59	€ 105	€ 208	€ 0	€ 0		€ 372	€ 1,129
Dic	€ 1,500	€ 59	€ 108	€ 208	€ 0	€ 0		€ 375	€ 1,126
Total	€ 20,250	€ 708	€ 1,292	€ 2,490	€ 200	€ 0	€ 2,076	€ 6,766	€ 13,484
Precio	€ 250,000								€ 250,000
PCT	8.1%								5.4%

Know when to keep it on the market

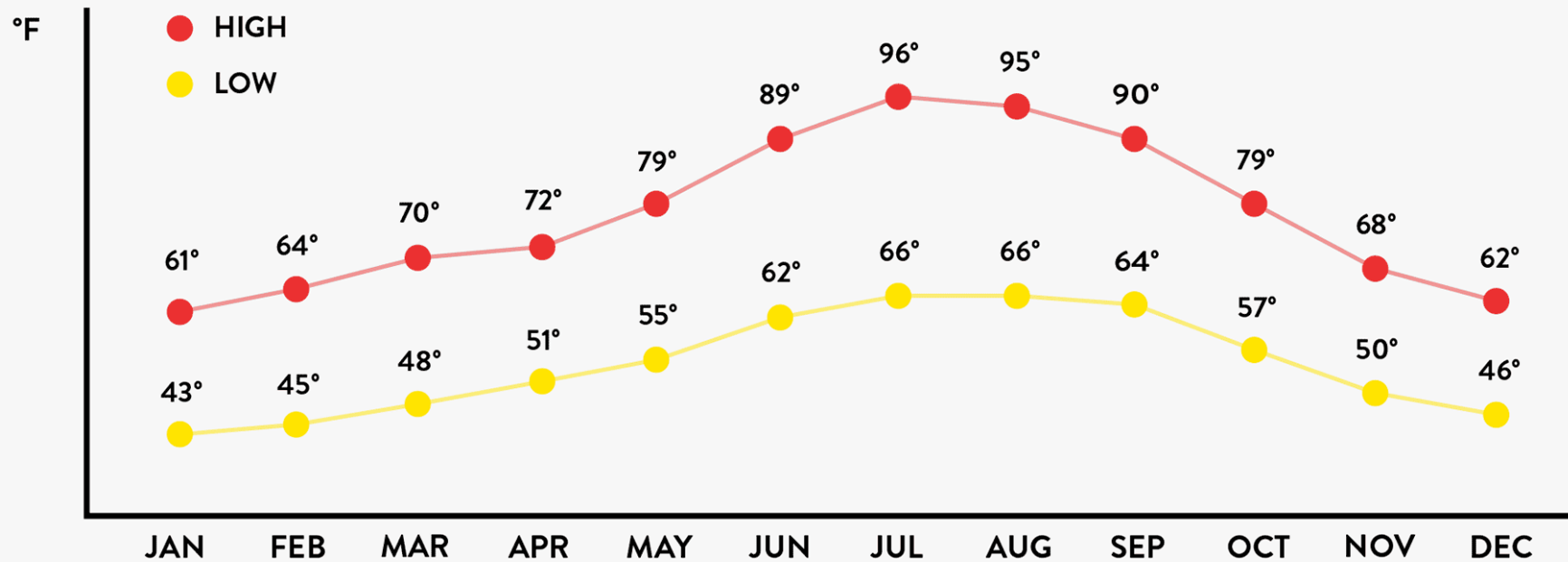
◆ Save maintenance/upgrades for the slow times

◆ Don't block it for yourself during high season

◆ Not all areas have recovered from COVID setback

The best time to come to Spain?

Average Temperatures in Seville, Spain



SOURCE: NOAA
ANDALUCÍA.*guide*

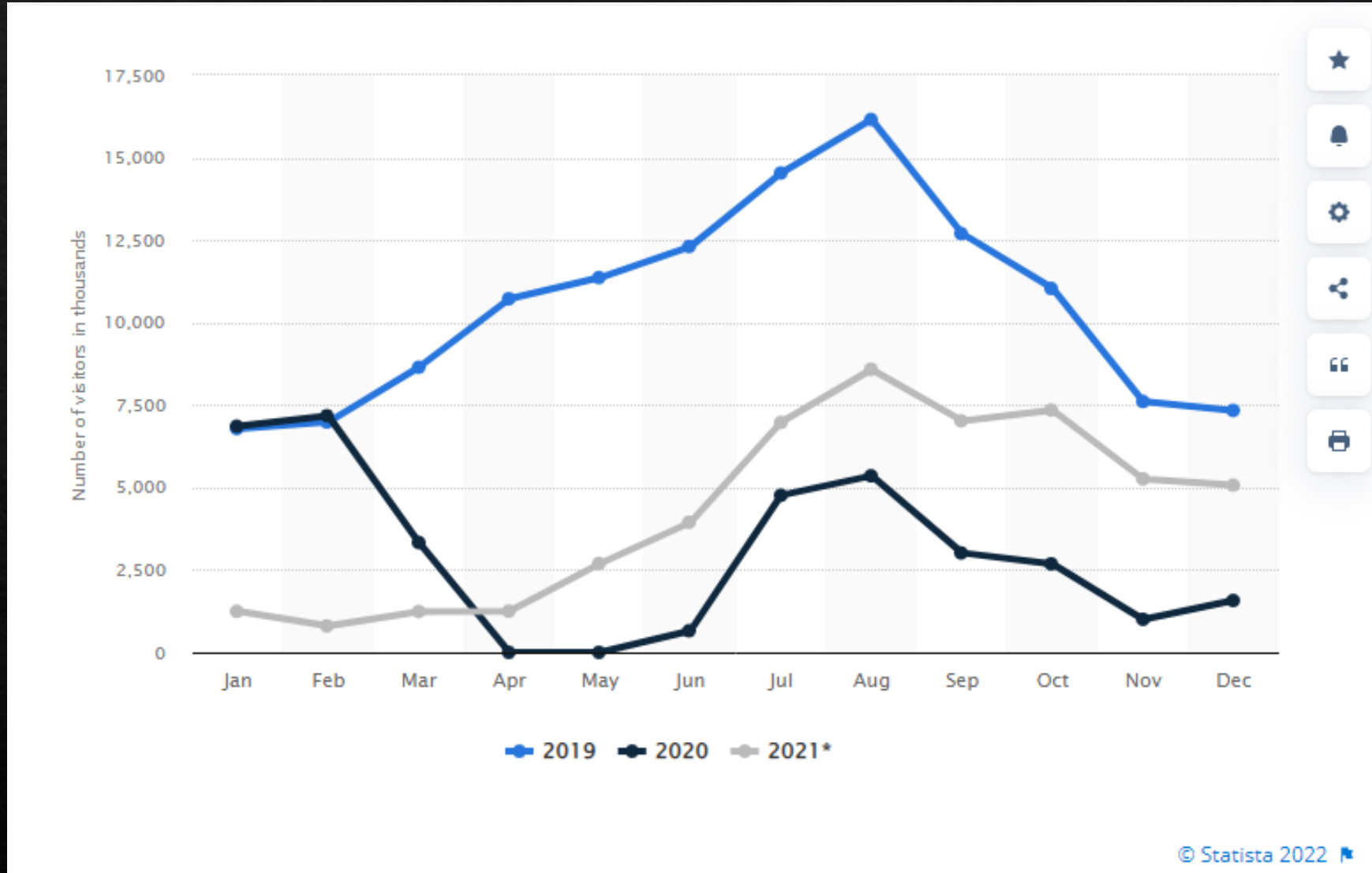
Christmas



Winter

ape

When do visitors *really* come?



Christmas



Winter
Escape



Three tips for improving your ROI

- ◆ Consider courtyard-facing apartments instead of outward-facing
- ◆ Consider two-bedroom, one-bath units (instead of 2/2)
- ◆ Skip the garage when targeting student renters

5 Steps for Managing Your Rental

- ◆ Find your Property Manager/Rental Manager
- ◆ Select the right location
- ◆ Find your property
- ◆ Outfitting, photos, and marketing
- ◆ Track your income and expenses



Spain:
Great real estate values,
and a great place to be