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Middle-Class Russians Settle in Spain

By Lena Smirnova

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Russian property buyers are notorious abroad, but the new crop of clients in Spain is different from what the real estate agents are used to seeing.

Instead of circling the Mediterranean in luxurious yachts, they are more likely to be taking out a mortgage to finance their real estate purchase.

"It started off as really wealthy Russians coming in," said Barbara Wood, a Property Finders associate in Andalusia, referring to property purchases on the Spanish coastlines. "Now a much wider range [of buyers] is coming."

Spain is an attractive real estate market for Russians because of its warm climate and good accessibility, with many direct flights connecting the two countries. Unlike the options available on the popular London market, however, the Spanish properties are also cheaper.

A spacious property on the Spanish coastline may cost the same as a property on the outskirts of London or an apartment in the city, Wood said.

As a result, an increasing number of Russian buyers in Spain are not the wealthy elite, but rather middle-class professionals, such as business owners and lawyers.

Experts said that the recent tourism boom in Spain is one of the reasons that middle-class owners are becoming more prominent on the real estate market. The number of Russian visitors coming to Spain almost doubled in 2012, with a record-setting 1 millionth tourist arriving in Malaga on Oct. 31.

Russians come to Spain, like what they see and may then look into purchasing property there, Wood said. These buyers are initially more economical: They take out mortgages and may rent out their apartments in peak summer months.

Some of the top destinations for Russian buyers include the Catalonia and Andalusia communities.

"If you go to any restaurant now in Costa Blanca most of the menus have Russian translations," said Marc Pritchard, sales and marketing manager at the Taylor Wimpey Spain residential development firm. "The Russian market is becoming very important for them so they've adapted."

The developer sold 25 units to Russian buyers in Spain this year. They are now the third-largest group for the company in this location following British and German nationals.

Costa Prestige, a subsidiary of the Spanish real estate agency Crystal Shore Properties, works with higher-end clients who are buying properties in the prestigious Costa del Sol region. Here apartments cost at least 250,000 euros ($319,750), townhouses start at 350,000 euros and villas are 700,000 euros and up, said Yulia Bodrova, sales manager at Costa Prestige's Moscow office.

The Russians are similar to buyers from other countries in that they want their Spanish properties to be within walking distance from the beach, tennis courts and restaurants, Pritchard said.

While Russians tend to move to London to go to work or school, they use their Spanish home mostly for vacations. Although that is also changing.

Russian buyers are starting to ask where international schools are located so that their children can learn English and Spanish there. In Marabella some international classes have as many as 30 percent of Russian-speaking students, Wood said.

Experts are predicting that the demand for Spanish real estate among Russians will continue to increase as more tourists come to the country. Costa Prestige has already surpassed its pre-crisis sale levels, Bodrova said.

"The fact that the Russian tourist market has doubled is a healthy sign that Russian buyers are going to increase greatly," Wood said.

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