

## Autumn Newsletter (Mortgage Direct)

We hope you had an enjoyable summer and are looking forward to the months ahead. If you're a regular reader, you'll remember that we've seen a record number of monthly mortgage enquiries since May this year, which we have attributed to buyers who had been cash buyers pre-Covid, but who now want to borrow cheaply and retain their liquid assets. In the last 6 weeks, we have seen the number of enquiries drop slightly. We feel this is most likely due to renewed uncertainty regarding travel restrictions, quarantine rules and new lockdown measures in many countries. To add to this, the Brexit transition period draws to a close on 31 December, so UK buyers may also be waiting for some clarification of the final outcome as we move into 2021.

Having said all of the above, we are still receiving a significant number of enquiries and the banks are still lending. These enquiries are from serious buyers; the proportion that progress to making a formal mortgage application having received a quote has remained steady.

The latest statistics show that foreign purchases in the second quarter of 2020 have fallen, which is to be expected given the ongoing travel restrictions and general Covid uncertainties. So why is Mortgage Direct seeing this increase? We believe there are two factors, the main one being that clients who would have been cash buyers are now choosing to take out a mortgage. Borrowing is very cheap (around 2.5%) and the set up costs are low (less than 2% of the amount borrowed); with uncertainty in people's livelihoods and the markets ahead, clients want to hold on to their cash and borrow so they can still pursue the Spanish purchase - whether for personal or investment reasons.

The second factor is that we believe we are gaining added market share. More collaborators are wanting to work with us and this week, one of the largest, most well-known British multinational banks has approached us to assist their high wealth clients wishing to buy in Spain and Portugal. Also, one of our main UK-based competitors has asked us to take care of their clients that they now can't place with Spanish banks due to the new Spanish mortgage regulations. We work with all the main high street banks, private banks, bridging & bespoke lenders (both in and outside of Spain) and are constantly in touch with new banks to join our panel. Recently, for example, we spoke with a German bank who will lend 100% to German and Swiss fiscal residents (financing both German and Spanish property).

We are one of a very few international brokers to have the new Spanish regulatory licence and all our advisers are qualified having passed the exam. Now is a very good time for us and for you too. We welcome any opportunity to assist you with your mortgage needs.

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### Mortgage Rates\*

Maximum LTV

Up to 70 % for non-residents

Up to 80 % for residents

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### Variable interest rates\*

(non-residents)

From Euribor + 0.99% = 0.99%

Current Euribor -0.429%

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### Fixed interest rates\*

(non-residents)

From 1.5% for the whole term (20 years). Terms up to 30 years

\*Subject to change