



InspectaHomeSpain Survey of 350 New Build Properties in The Costa Calida, Costa Calida, Costa Almeria areas of Spain

Summary of Report & Findings

- This survey is based on inspections carried out to 350 new build properties constructed by 102 developers/promoters over 18 months period from October 2005 – March 2006
- Property types varied largest percentage 3 bed roomed townhouse which represented 67% of the total properties checked
- 37% on the 350 properties inspected were delivered more than 1 year later than contracted, 53% were delivered between 6 months & 1 year late, and only 10% were delivered on time
- Out of the 350 properties only 11 or 3% of all properties inspected had been issued with their Cédula de habitabilidad o licencia de primera ocupación a document legally required before services Water & Electricity can be connected
- A total of 25900 snagging defects were found, an average of 74 snagging defect per property
- The most common snagging defects were tiling 67% followed by 40% where either the property or communal areas, pool & gardens were not completed
- **Based on the inspections InspectaHomeSpain advised 91 buyers or 26% not to complete on their new property purchase without gaining assurances from the builder on completion of communal areas, or until serious snagging defects have been rectified**

Snagging Trends & Analysis

A report on property defects in new build Spanish properties

Working with builders, investors, estate agents and private buyers InspectaHomeSpain have been providing new property inspections, more commonly known as snagging reports, in the Costa Blanca, Costa Calida, & Costa Almeria areas and have inspected more than 400 properties and identified over 30,000 individual snagging defects.

The information in this report analyses information from 350 property inspections, completed over a 18 months period, looking at a total of 25900 snagging defects, an average of 79 per property, and proved that the typical snagging defects were common, and regardless, of the developer as properties inspected were built by 102 different developers or promoters as they are more commonly known as in Spain

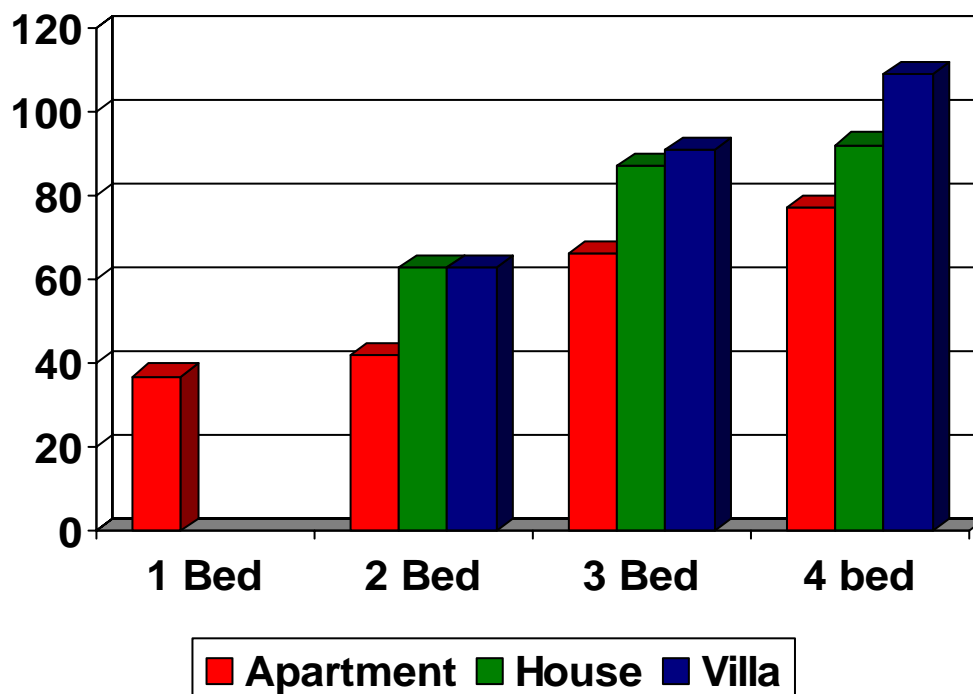
The key point from the results was that snagging faults found in Spain vary from those typically seen in UK properties as building techniques are different and more areas are tiled and, 67% of faults relate to tiling, and because there are more communal facilities such as pools gardens and patios. As with UK studies the main issues are with the quality of finish, especially tiling and decoration, where we found that Joiners, Painters and Plumbers are responsible for over 70% of the snagging items

One other key difference between this study and completed in the UK was the high percentage of properties that were either not built to the agreed specification including build and plot sizes, had items missing such as white goods, were not finished both the property or communal areas such as pools, roads and gardens

So what does snagging find?

An estimated 40%+ of new houses in the UK are professionally snagged, in Spain, less than 3% of new builds are checked by a professional inspector which is surprising given the Spanish system for house completion . A typical three-bedroom, two-bathroom house will have more than 650 different points to check in the building and its surroundings and InspectaHomeSpain analysis has found an average of 74 defects per property based on inspections carried out . This process is not the same as a 'survey' which consists of checking the underlying structure of the building and its foundations. Snagging checks that the building is fit for habitation and fits its specification, being as near to perfect as practically possible.

He following graph shows the breakdown of the average number of snagging defects found by InspectaHomeSpain for properties inspected by property type



Will my property be ready and complete?

A worrying and increasing trend shown in our research is the percentage of clients, currently 26%, who are advised by InspectaHomeSpain not to complete the property purchase because the communal areas pools, gardens paving & lighting are not ready, or sometimes even started, where there is no evidence of services being connected for water or electricity, and the advice here is always to seek written confirmation, through your lawyer, when these facilities will be ready. As these facilities are part of the sales contract and should be referenced in the title deeds the sales should not be completed until the facilities are ready and a reason for this growing trend may be that, 37% of the properties inspected had been delivered more than 1 year later than agreed by the developer, 53% more than 6 months late and only 10 % on time so any additional delays on the communal areas would add to the late delivery. Often the first time the buyer discovers that the pool has not been built, or there are no access roads or that he will be living on a building site is when he arrives to complete the purchase and pay the balance of his money

The photographs show two typical sites that on which the property buyers have been notified that the property is complete and ready to be occupied and where and works has been not been completed on the pool and access roads



Key differences in purchasing process in Spain

(Cédula de habitabilidad)

There are a number of key differences in the purchasing process which as a result of this survey, we proved that the buyers were not being made aware of by their lawyers, Banks & Estate Agents one being the regulation which requires that a once the property has been built an official from the planning department of the municipal authority must inspect the property to ensure that it complies with regulations for newly-built residential properties. If the property conforms to regulations it will be granted the appropriate residential-use licence by the local government Certificate of Habitation (Cédula de habitabilidad o licencia de primera ocupación).and you cannot get services connected by the recognised water & electricity suppliers and in theory you cannot take out a residential mortgage. This is the period when you are common term that services are on "Builders Supply"

Out of the 350 properties only 11 or 3% of all properties inspected had been issued with their Cédula de habitabilidad o licencia de primera ocupación.

It is common practice to complete on the property prior to the certificate being issued but buyers should be aware that there are no guarantees that the certificate will be issued and that builders supplies will be maintained to the properties.

Our continuing research has shown that 12 months after the original inspections 102 or 29% properties are still waiting for their Certificates and are on builders supplies

87 owners of properties that were still on builders supply have had supply problems such as low pressure water, power surges and low voltage supply, especially at times of peak use.

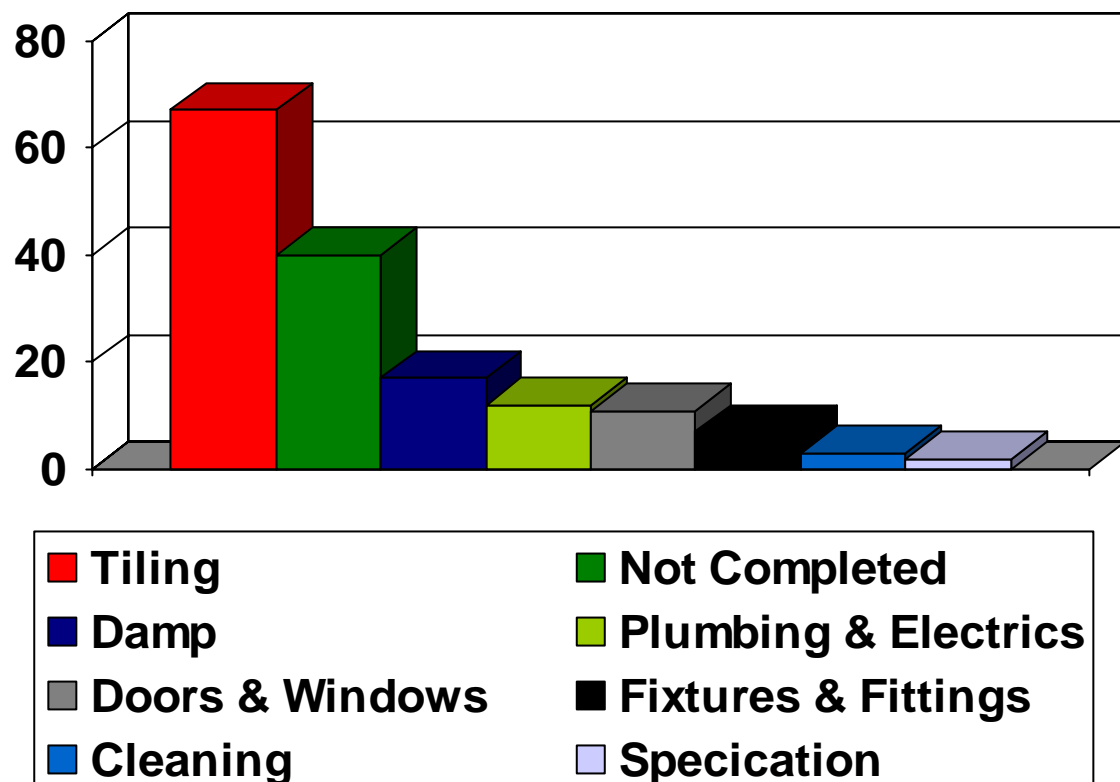
Lawyers that were asked by InspectaHomeSpain advised not to complete until The Certificate OF Habitation document had been issued.

Breakdown of typical snagging defects

Building practices have improved in Spain and now with the introduction of scheme builders in Spain are required to offer a 10-year insurance-backed warranty, *seguro decenal*, insurance. This is a ten-year insurance policy that guarantees the costs of repair in the event of a structural failure in the building for newly built properties like the NHBC in the UK however buyers should check that the Certificate of Insurance is included in their title deeds

With inspection reports documenting more than 30,000 individual defects. One major area for problems is bathrooms and kitchens and in Spanish properties large areas are often tiled and this is the where the largest number snagging faults are found The DIY snagger can arrive poorly equipped to carry out the inspection and not realise that services such as water & electricity may not be available to carry out a detailed inspection. You need good inspection lights and a spirit level to check the quality of tiling.

This Graph gives a breakdown of snagging faults distributed throughout the reports



This Table gives a breakdown of snagging faults distributed throughout the reports

%	Description of Snag
67%	Snags were with tiling including broken tiles, poor grouting especially behind sinks baths and in areas not easily visible, excess grout and cement on floor, and roof tiles. Tiles not matching in colour, poor levels on floors and patios including levels that will not allow water to flow into drains
40%	Snags were where property and communal areas not completed including communal areas and internal fixtures and fittings, toilets and basins not fitted, no services connected, water & electricity, wardrobe doors missing. Dangerous sites where open drains and exposed street wiring can be seen and where heavy plant and machinery is in use
27%	Snags damp water and salt damage to internal and external walls, often resulting from poor ventilation or poorly insulated walls and patios
17%	Snags relating to the painted and decorative finish inside & outside the properties including patchy and damaged walls, internal walls, external walls cracked and damaged
12%	Snags were plumbing & electrical fixings , including sockets, light switches not functioning or in wrong positions, insufficient sockets or fuses to meet supply. Plumbing problems included loose basins and toilets, leaking
11%	Snags with doors and windows , internal doors not closing or damaged, windows not locking, poorly fitted or scratched security grills and loose frames on patio doors excessive gaps between doors and wall
7%	Snags related to damaged fixtures damaged badly fitted kitchen units, scratched white goods or where supplied furniture packs
3%	Snags relating to cleaning the property by the builder resulting in debris in drains, cupboards and behind kitchen units
2%	Snags where the property has not been built to the agreed specification and internal changes have been made including room sizes and plot sizes that do not match the agreed plans. Where a 3 bedroom property has been built as a bedroomed version or where pre-installation has not been provided for air-conditioning

What a builder is legally required to do in Spain

By a new law introduced in 2003, builders in Spain are required to offer a 10-year insurance-backed warranty on newly built properties however the builder has certain obligations under Spanish Law

These requirements in no way negate the requirement to have your own buildings and contents insurance as making a claim against the builder can be a costly and lengthy process

For The First 15 days: During this 'honeymoon' period, you can report defects to the builder, who then has 28 days to rectify them. Major alterations or omissions from the agreed specification can result in the buyer being able to withdraw from the contract and receive a refund and compensation (bear in mind that this sounds a lot easier than legal reclamation may be in real life!)

First year: During the first year the builder is liable for all defects reported within this period the only debate is often if the problems have related to fair wear and tare

Second and third years: Over the next two years, the builder is still responsible for repairing major defects that would make the property uninhabitable. This could be anything from a boiler malfunctioning (no heat or hot water is considered to make a property uninhabitable) to burst pipes (no water) or other factors affecting the proper enjoyment of the property such as defective roofs, ill-fitting doors and windows.

First ten years: The builder must take out *seguro decenal* insurance. This is a ten-year insurance policy that guarantees the costs of repair in the event of a structural failure in the building.

If you have any doubts about your property as it ages, it is important to have an inspection done prior to any deadline so any defects or faults can be registered with the builder. Failure to do so will mean you are not covered by any protection.

Before completion, it is important you check that your builder has the statutory, minimum insurance in place covering your building.

The information that has been used for this report has been collected from reports commissioned by buyers and carried out by InspectaHomeSpain in the Costa Blanca, Costa Calida and Costa Almeria areas.

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