# Barcelona is in business

London's rivals In the first of a new property series, could the Spanish city be the EU's next fintech hub? By Hannah Roberts

arcelona invokes images of sea, sand and the Sagrada Familia, Antoni Gaudí's monumental Art Nouveau church. Yet until the Spanish city hosted the Olympic Games in 1992, it had few beaches, with much of the seafront blighted by factories, industrial debris and shanty towns. The port had "turned its back on the sea", locals often said.

Today, following an ambitious land reclamation project, there are nine stretches of sand between the harbour and the marina, a redevelopment that transformed Barcelona into a lively beach city and placed it on the map as an international property destination.

Now, as several cities vie to rival London as Europe's post-Brexit fintech hub, Barcelona could have a competitive edge, thanks to its serendipitous climate, Mediterranean lifestyle and good travel links, according to several agents.

Thanks to these natural advantages, Barcelona was more resilient than other Spanish cities during the recession and was the first market to bottom out, says Hugo Thistlethwayte of Savills.

Between 2004 and 2008, house prices in Spain rocketed 44 per cent, according



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Accessibility Barcelona has direct flights to London, Paris and New York but is less well connected to Asian destinations. It is six hours from Paris by high-speed train

Regulation Spain was ranked 33rd in the World Bank's 2015 "Ease of doing business" index

Existing infrastructure A shortage of land in the centre has encouraged development of formerly periphery areas such as the tech innovation district 22@

Residential property Several landmark developments are offering high-end living at previously unseen levels in the city

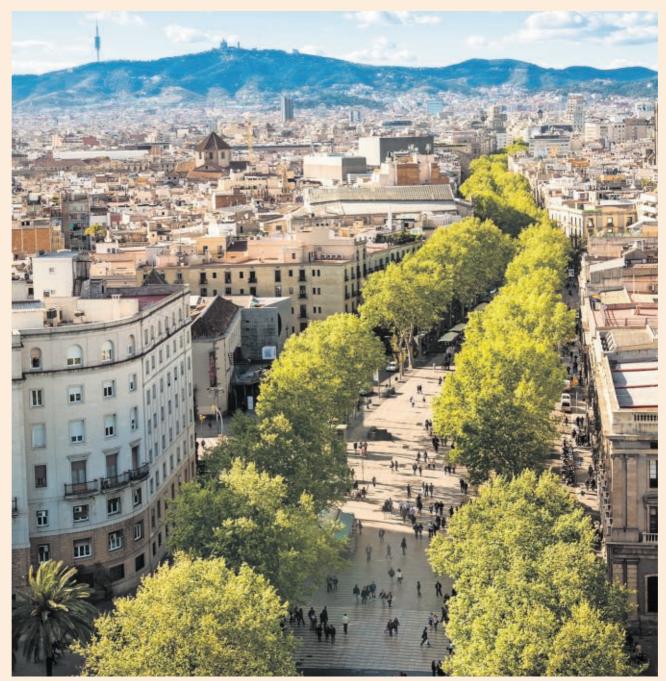
to data collected by Savills. Yet the country was badly hit by the 2008 crisis, with prices in poorer areas falling as much as 50 to 60 per cent, compared with 20 to 30 per cent in Barcelona, says Karen Storms of agent Lucas Fox.

Developers returned in 2013, says Markus Thoene of Sotheby's International Realty. "They believed in Spain's economic recovery even though it hadn't begun yet. They were one or two steps ahead."

Since then demand has grown steadily thanks to a strengthening economy, more lending and low interest rates, says Storms. Asking prices on Paseo de Gracia, Barcelona's smartest shopping street, have risen by as much as 25 per cent on 2014, according to Thoene.

For international companies thinking of relocating staff from London,

> Three-bedroom apartment on Paseo de Gracia in Eixample,



Las Ramblas, Barcelona's famous promenade — Ferran Traite Soler/Getty Images

Barcelona is not a hard sell. "The city offers a combination of investment and pleasure," says Thoene. "It's got art, culture, breathtaking architecture, business, beaches, restaurants, golf and skiing only a few hours away - it's a resort city." For companies looking to develop the new "EUnicorn", Barcelona's top business schools, Iese and Esade, provide a ready talent pool. Meanwhile, the former industrial area of 22@ is on the path to becoming a Spanish "Silicon Roundabout".

Foreigners made up 13 per cent of the market in 2014, according to Savills. One powerful draw is the "golden visa" incentive offered to investors spending at least €500,000. The permit allows non-EU citizens to live and work in Spain and travel throughout the Schengen zone. The permit, which was introduced in 2013 and expanded last year to include family members, is attracting Chinese, Middle East and South American buyers.

Although the recovery is well under way, prices are still 20 per cent below peak levels across Spain, according to Storms, making Barcelona more affordable than London or Paris. A two-bed penthouse loft in a former textile factory in the Old Town is on sale for €2.5m through Sotheby's International Realty.

Beyond the old city, Eixample is an elegant blend of wide avenues and Modernista palazzos where Lucas Fox is marketing a palatial three-bedroom apartment in a historic building on Paseo de Gracia for €3m. The property, with original gilt ceilings and mosaic floors, looks on to Gaudí's Casa Batlló.

Another area attracting expats is Diagonal Mar, where commercial buildings next to the beach have been turned



Two-bedroom penthouse in a former factory in the Old Town, €2.5m

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into condos with balconies. Demand exceeds supply, says Storms, with units often sold off-plan before construction starts. "Prices are not negotiable."

Financiers or entrepreneurs relocating with their family might look to Zona Alta, the city's wealthiest neighbourhood, where Lucas Fox is selling Villa Paola, an eight-bedroom villa with marble floors, stained glass and Arabic tiles for €7.5m. The plot is one of the largest in Barcelona and contains an infinity pool, gardens and views over the city and sea.

Despite its obvious appeal as a place for executives to recharge their batteries, Barcelona has some way to go before it can rival London as a business capital. It is far smaller and less cosmopolitan than Madrid, points out Storms. And English is less widely spoken than in many other European cities such as Brussels and Amsterdam.

Investors may also be concerned that separatists in the region are demanding freedom from Spanish rule, an outcome that would catapult Catalonia out of the EU. While a referendum on independence is technically against the Spanish constitution, informal votes have shown that up to 80 per cent might favour independence. So if a poll were allowed to go ahead Barcelona could all too soon be facing its own version of Brexit.

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