

House & Home Spain

Late starter races to catch up

Preparing for the America's Cup will be the boost that Valencia needed – but that is only part of the story, says Mark Mulligan

It wasn't so long ago that Valencia, Spain's third largest city, was best known for a traffic light on its northern approach.

Cynically referred to by locals as *el semaforo de Europa*, it controlled what was said to be the first unavoidable road junction on a trip between the northern tip of Denmark and the southern extreme of the Iberian peninsula.

To add to motorists' irritation, city authorities tried to capitalise on their lack of a bypass by suggesting a stop-off in the city's historic quarter. With a promotional sign born of desperation, it assured travellers that such a tour "would take less than three hours".

Ten years on, Valencia is Spain's fastest-growing tourist destination and has one of its hottest property markets. House prices have roughly doubled in the past five years and construction activity shows no signs of flagging, although, as in the rest of Spain, growth is starting to level off. According to property consultancy CB Richard Ellis, there was a 21 per cent year-on-year surge in new housing approvals last year in the Valencia region, with 35 per cent of these concentrated in Valencia city.

The city's selection as host of the 32nd America's Cup yachting challenge, starting next weekend, has added to its appeal and given authorities the impetus to improve the port



Worth a visit: Valencia has much to tempt visitors off the motorway

area as part of a massive overhaul of urban infrastructure.

Motorists heading south to Marbella or north to Barcelona can now hurtle by on the broad A-7 freeway without so much as a glance at the city's farm-dotted outskirts. However, those that choose to slip off and into Valencia find that a three-hour tour no longer does it justice.

A 650km "city of arts and sciences" (CAC), designed by local architect Santiago Calatrava, has become the centre-piece of a vigorous tourism push aided by an enlarged airport, which has seen traffic double in the past five years, driven largely by low-cost airlines. Featuring a museum, arts centre and Europe's largest aquarium, the complex has opened up Valencia's south-eastern flank and given rise to upscale residential and commercial development in a zone once characterised by its gritty mix of small-holding farms, industrial buildings and wasteland.

Known as Camins al Grau, this area might soon replace elegant inner-city neighbourhoods such as Ciutat Vella and L'Eximpla as the most expensive place to live. The value of residential space climbed 6.8 per cent, to €3,206 per sq metre, in the first quarter this year, according to a recent survey by Ide-

alista.com, Spain's leading online property search site.

By contrast, prices in Ciutat Vella rose an average of 2.5 per cent, to €3,722 per sq metre, and by barely 1 per cent, to €3,639, in L'Eximpla. The survey also noted important increases in the Algrórs and Poblatrs Marítims zones, much less prestigious neighbourhoods closer to the port that appear to be benefiting from America's Cup activity.

Local and regional authorities have already spent €500m carving a state-of-the-art leisure harbour out of a disused part of the container port as part of preparations for the competition. The marina features 700 berths, a raised 800-metre promenade jutting out to sea and a smart concourse dotted with restaurants and bars. Most of this will remain intact after July 7, when racers will know if the Swiss-based Alinghi syndicate has successfully defended its 2003 title against the 11 challengers.

City authorities also have tentative plans to incorporate the harbour, its new infrastructure and a number of heritage-listed grain storage sheds into a much broader redevelopment at an adjacent industrial zone and open spaces. A plan by local architect José María

Thomás and Franco's Jean Nouvel that envisages mainly open parkland won a recent competition run by the government consortium that manages the area. Tying for first place was German studio GMP, which proposed twin 250-metre-high residential and commercial towers to mark the eastern extreme of an extended Avenida de Francia, a broad avenue that runs through Camins al Grau to link the CAC with the port.

With its concentration of modern apartment blocks, restaurants, upscale hotels, real estate agencies and mortgage lenders, Francia epitomises the new Valencia, says Gonzalo Calvo, general manager of Casus del Mediterráneo, a local property agent.

"Francia was really the first new development close to the city centre," he says. It quickly became fashionable because it offered views of, and easy access to, the CAC, which really symbolised modern Valencia.

Calatrava's original CAC designs include three, 250-metre-high commercial and communications towers, which would have made Valencia home to Spain's tallest structure. However, the project has so far failed to materialise and, instead, the 35-storey Torre de Francia rose to become the city's first true skyscraper.

Completed in 2001, the mainly residential tower quickly became one of the city's coolest addresses and set a new high-water mark for rentals and purchases in the city. A standard three-bedroom, 100 sq metre apartment in the building, overlooking the CAC, can fetch about €700,000 today, while rentals start at about €1,500 a month. Views proved particularly lucrative when Pope Benedict XVI gave mass there during a visit to Valencia in the summer of 2006. Owners were offering pilgrims short lets at three times the normal rate.

"When you talk about Valencia, you have to talk about pre-CAC and post-CAC," says Fernando Encinar from Idealista.com. "For the first time ever, people from outside Valencia started to take notice of a city that had never really figured on the map."

Demand initially came from locals and other Spaniards looking for a first or second home or somewhere to retire. Only three hours by road from Madrid, Valencia and its coastline is the nearest thing to a local beach resort for residents of the capital. And a high-speed rail link, due for completion in 2011, will put the cities within 90 minutes of each other, making commuting a viable option. As property markets in

Madrid and Barcelona begin to adjust to rising interest rates and over-supply in some segments, investment opportunities in Valencia, still cheap by comparison, are likely to last a few more years, say experts.

The city's surging tourist profile could also translate into interest from foreign buyers, who have traditionally bypassed Valencia in favour of beach-side properties on the country's southern Mediterranean coast or run-down farmhouses in villages dotted about the city's rural hinterland. Some members of the America's Cup entourage, which began setting up in the city more than three years ago, have already capitalised on their forced residence in Valencia.

One, who asked to remain anonymous, bought two flats in 2004 that have already doubled in value. A marina development about 10km north of the city centre has proved popular among regatta participants with families, whose demand for comfortable seaside accommodation has helped drive up rents across the city.

"Valencia got off to a late start," says Calvo. "You could argue, then, that prices are nowhere close to peaking, as they are in Spain's other main cities."

Singles, young couples and speculators already priced out of the boom around Francia are heading away from the coast, to new districts such as Campanar, on Valencia's north-western fringe. Prices for second-hand properties in the area – where a 29-storey Hilton hotel has just eclipsed the Torre de Francia – climbed 17 per cent last year, compared with an average 9.4 per cent for the city's 15 districts, according to Idealista.com. Unlike Francia, the district responds to the evolving tastes of local families and business people, who are moving out of the congested and increasingly pricey historical centre in search of space, modern structures and proximity to the airport, the new convention centre, parkland and recently enlarged trade fair complex.

Closer to the centre, there are ambitious plans to bury ugly railway ducts and cover them with green space and new residential development. "Valencia is progressing on various fronts," says Jorge Bellver, head of urban planning at the city council. "The America's Cup has provided the perfect excuse to redevelop the port area but that's only part of the story."

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