ANDALUCIA

The land of flamenco and bullfights is also one of Europe's best-performing regions, and has enjoyed continued growth since 1994.

With growth hovering at a steady 3% for the past 20 years, Andalucía is one of the European Union's most dynamic economies. The most southerly of Spain's autonomous regions, Andalucía's 7.4 million people now enjoy one of the best lifestyles in Europe, with year-round sunshine, miles of long sandy beaches, and an unprecedented amount of disposable income. Thanks to the melting pot of smart companies and high-earning service industries that have made Andalucía their home in the past two decades, the economy now stands nine points above the European average, with a GDP of 16%.

The past three years have seen a concerted effort by the Andalusian government, or "*Junta*", to add value to the traditional sectors of agriculture and tourism, in a bid to bring down unemployment, which is currently 18%. José Griñán, the *Junta*'s Economic Advisor, says: "Our economy is empowering existing and long established industries, such as the agricultural sector, but we have also learnt and understood the importance of sectorial differentiation and are looking to bring our economic structure in line with Europe. The service industry, for example, is still primarily driven by tourism, and constitutes 68.5% of the Andalusian economy, which is a great sign of adaptation to European levels."

Also buoyant is the real estate and construction sector that now represents 13% of the Andalusian economy. A warm climate, the low cost of living and good, affordable airlinks to the rest of Europe has made Andalucia one of the most sought-after locations for those buying holiday homes, second homes, or retirement homes. This boom has caused many of the traditional *cajas de ahorro* (savings banks), that currently make up 50% of Andalucia's banking market, to merge in an effort to expand their products, services, and geographical reach. Both Spanish and foreign banks have also moved into the market to capitalize on the investment potential and the demand for mortgages, personal loans, and micro-credit, as the Andalusians wield their new-found spending power.

The merger of Caja San Fernando with Caja El Monte was approved this year to create Cajasol, now the 18th largest financial institution, and the 8th largest savings bank, in Spain. José María Ramírez, managing director of Cajasol, speaking before the merger, said: "The real estate market is one of the greatest and strongest sectors. It hasn't just been growing lately, it has also been diversifying a lot. Nowadays, it doesn't just deal with residential homes, but has moved towards the development of conglomerates, office buildings, and second homes for foreigners. As an example, we see golf course complexes throughout the coast, but now they are being built in the interior of the region. This proves there is still a lot of room for expansion, and opportunities are always around the corner."

José Griñán
Economic Advisor
Junta de Andalucía

Golf properties are indeed seeing unprecedented growth, with year-round sun and carpet-soft fairways proving irresistible to aficionados from around the world. New inland developments now guarantee keen golfers their own piece of green belt, which can no longer be assured along the busy Costa del Sol.

"Real estate has moved towards the development of offices and second homes."

One of the top-end properties in this growing sector is La Zagaleta Golf and Country Club, a luxurious residential development located in the hills above San Pedro de Alcántara, in Benahavís, Málaga, just a 15 minute drive from the world-famous Puerto Banús. The unique estate, which spans almost 1,000 hectares, has spectacular views of the Mediterranean Sea, Gibraltar, Africa, and two excellent private 18-hole golf courses, including "Los Barrancos."

La Zagaleta is a secure development, shrouded in nature, and an ideal location for those who enjoy their privacy. In fact, despite having land and permission for 420 houses, La Zagaleta's owners decided to build only 200 to ensure the utmost comfort, discretion, and privacy. Each home is exquisitely furnished. Enrique Perez, president, says: "Our exclusive properties reflect the harmonious mixture of Andalusian architecture, combined with traditional style

La Zagaleta Golf & Country Club - www.lazagaleta.com

Hacienda Benazuza-El Bulli Hotel www.elbullihotel.com

interiors, antique wooden doors, terracotta and marble floors, always taking care of the last detail. Gardens are beautifully landscaped, with brilliantly designed swimming pools."

Clients include the European elite and world-renowned business leaders, who enjoy staying in peaceful surroundings, with access to quality facilities such as tennis courts, horse-riding, fishing, a club house, a heliport, and the exclusive concierge service offered by on-site company La Zagaleta Service Management.

La Zagaleta is part of a new breed of tourism developments in the region. Eager to draw on the high-end market and move away from its mass tourism image, Andalucia has some surprise pockets where relaxation and beauty are the priority. Hacienda Benazuza-El Bulli Hotel is one such secret, a five-star grand deluxe hotel within a renovated 10th century farmhouse surrounded by olive trees, fountains, and gardens in the small Andalusian village of Sanlúcar La Mayor, just a few kilometers from Seville.

Alejandro Haurie, director, says: "Hacienda Benazuza-El Bulli was originally created as a five-star luxury hotel in the countryside, where people could come and relax and enjoy the surroundings. However, after a few years, we realized something else was needed, so we contacted renowned Catalan chef Ferran Adrià, because we thought he could give that extra innovation to the property. Although the hotel is extremely classic, we wanted to innovate in a certain way, and the gastronomic concept appealed to us. We invited Adrià to visit the premises, and he fell in love with it. We entered a gastronomy-based consultancy with him in 1998, and ever since, we have been developing the concept, introducing the most modern and up-to-date cuisine in Andalucía. We target a very selective clientele and it has worked very well."

The hotel, which enjoys a 60% occupancy rate for the ten months of the year it is open, also features a "Sensoria" spa, where clients are exposed to sounds, smells, sights and flavors that activate all their senses while they relax. They can enjoy horse-riding and helicopter and balloon rides nearby. There are also facilities for shareholder meetings—JP Morgan and Unilever are just two companies that have taken advantage of doing business in this unique environment.

Enrique Perez
President, La Zagaleta

Haurie explains how many hotels on the Costa del Sol have taken a knock since the second home phenomenon took hold in the 1990s. "The average stay now is 3 days," he notes, "whereas a few years ago, German and English families would come for a two-week holiday. This does not damage the tourism sector, as it creates overall consumption, especially in the services segment, because clients that have second homes provide a more stable sort of consumption. However, hotels are suffering."

Tourists coming to Andalucía know what they want, Haurie notes. "They want to discover the culture and learn about *tapas* and *La Feria*, for example. The more sophisticated visitors ask for suggestions on authentic Spanish restaurants and bars. It is impressive how they get in their Bentleys and go for dinner in the cheapest restaurant in Seville! They love it." ▪

Cajasol
CAJA SAN FERNANDO
CAJA DE AHORROS EL MONTE