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With the French government's new austerity measure on capital gains tax for second homes coming into play on 1 February 2012, the market is shifting. Home owners who were biding their time to find the right property, are pushing themselves to sell in coming months. And buyers, who have become increasingly opportunistic since the economic crisis in 2009, will be more than happy to buy at the right price.

Until recently, any second home owned for 15 years was exempt from capital gains tax on the plus value of the house. From next year though, tax will be charged over a course of 30 years. Starting at 32.5% the tax will decrease incrementally and after 25 years will have reduced by 50%.

"Home owners, who were not in a hurry at all, have recently discovered that if they sell after February 2012 they will have to pay tax," said Sylvain Boichut, Director of John Taylor, which has been selling luxury property on the French Riviera since 1864. "So, a seller with a €7 million property (HK\$75m), who realises he could, for example, pay out €1.5

# French Connections

The next few months could prove to be an exciting time for investment in France's luxury property market.

Words by Frances Cook



**FRANCE FACT BOX**

**Geography:** Western Europe, bordering the Bay of Biscay and English Channel, between Belgium and Spain, southeast of the UK; bordering the Mediterranean Sea, between Italy and Spain

**Capital:** Paris

**Population:** 65,312,249

**Median age:** 39.9 years

**Climate:** Generally cool winters and mild summers, but mild winters and hot summers along the Mediterranean

million (HK\$16m) in tax is likely to adapt his sale and decide to lose just €1 million (HK\$10m) instead – and the buyer will therefore make a good purchase," he added.

This activity will come at a time when the market is at its strongest since the downturn, with John Taylor reporting sales in Saint Tropez of more than €40 million (HK\$427m) up to September 2011; €75 million (HK\$800m) in Saint Jean Cap Ferrat and €40 million (HK\$427m) in Cap d'Antibes.

Paul Bedford of Bedford-Ritchie in south-west France has seen an increase in sales in the Tarn region, which includes a fair number of Parisians looking for second homes in the south. Whether or not this



Lake Geneva

is due to an overspill in Paris, he attributes the soaring interest in Parisian properties to what the media have dubbed as the Arab Spring. "We have seen an upward blip because France offers a stable and secure environment for investment," he said.

For Tim Swannie of luxury property specialists Home Hunts, this year has been very healthy and the company had sold more than €70 million-worth (HK\$748m) of property by the beginning of September. The National Association of Estate Agents in France forecasts a 7% increase in prices by the end of 2011.

**FROM THE FRENCH RIVIERA TO LAKE GENEVA**

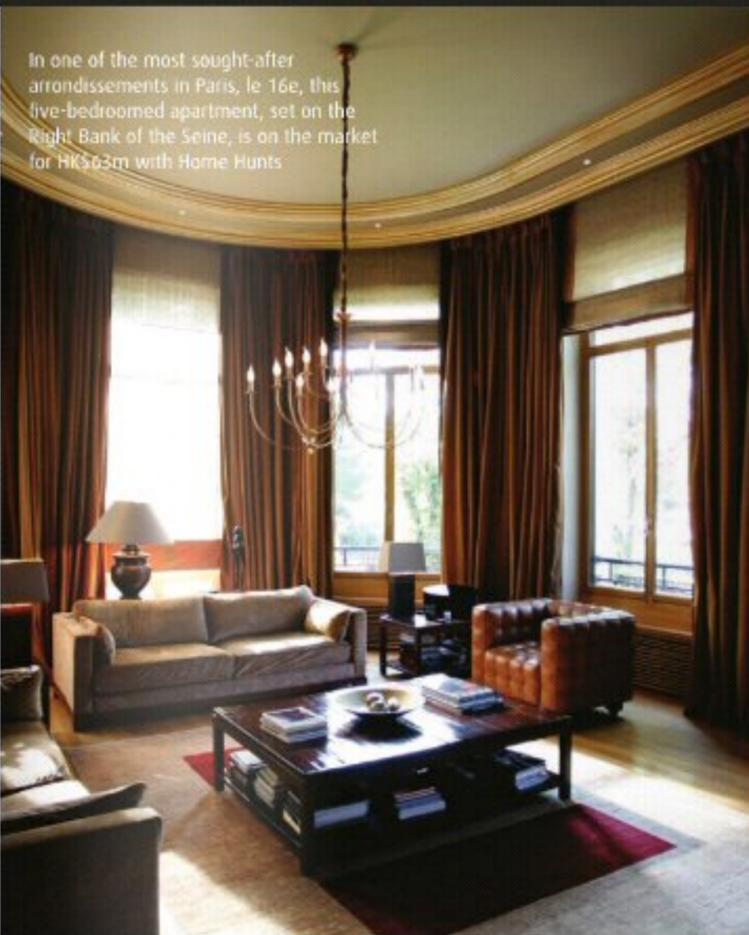
From royalty to celebrity to old-wealth and oligarchs, the French Riviera is a timeless destination that always has been and probably always will be the place to be seen. Here you can relax among olive trees yet be 30 minutes from a two-star Michelin restaurant, lunch at Club 55 or an evening at Jim.myz. "Buyers, like Russians and

those from the Middle East, want to invest in the Riviera, but they wait if they don't find a property they like. We lose deals every year as we don't have enough properties, which means the market doesn't slow down," said Boichut.

Areas that have seen the most sales throughout 2011 include: Villefranche sur Mer, Mougins, Valbonne, Saint Jean Cap Ferrat and, of course, Cap d'Antibes – the latter being where Abramovich is refurbishing the unique and historic Château La Croë.

Just down the road from the Riviera the Var department is seeing more investment than before – Cotignac, Fayence and Lorgues are especially popular. Also the Luberon in Provence is attracting investment, particularly villages such as Gordes, which was the setting for Russell Crowe's movie, A Good Year.

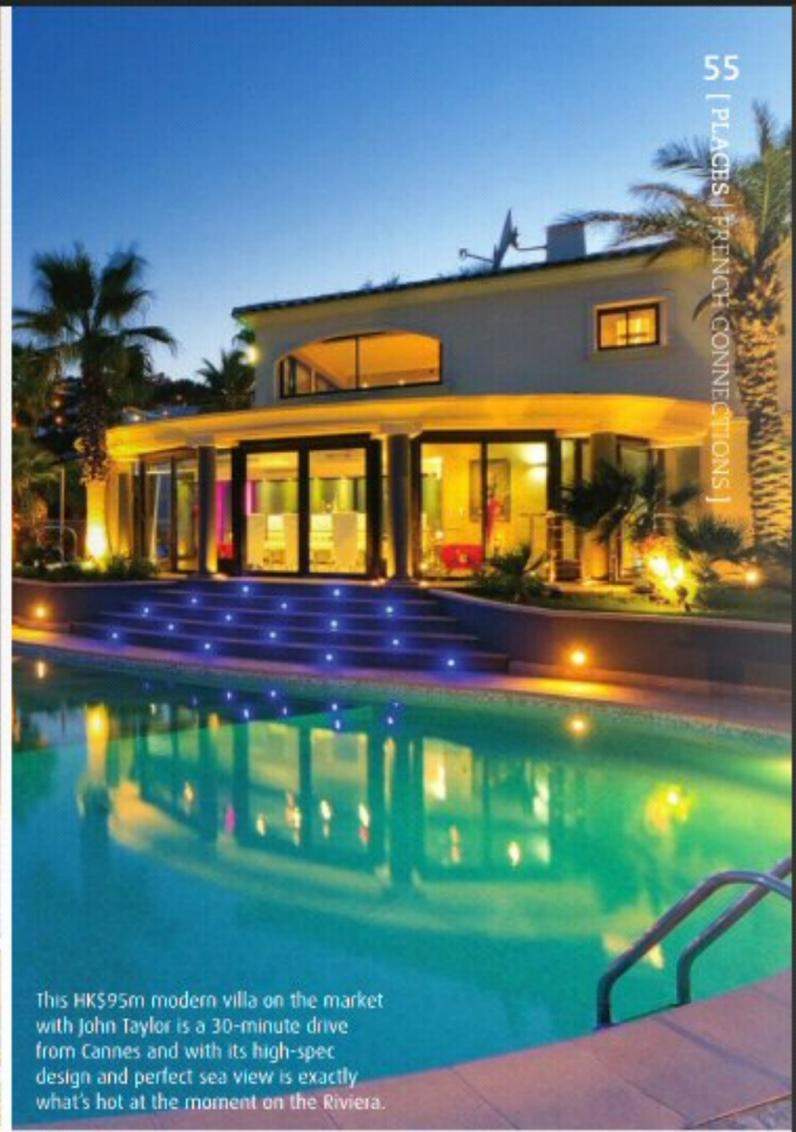
Another long-term favourite, which is still a hot spot for investment, is Courcheval in the French Alps. It is particularly popular



In one of the most sought-after arrondissements in Paris, le 16e, this five-bedroomed apartment, set on the Right Bank of the Seine, is on the market for HK\$63m with Home Hunts



See above.



This HK\$95m modern villa on the market with John Taylor is a 30-minute drive from Cannes and with its high-spec design and perfect sea view is exactly what's hot at the moment on the Riviera.



This classic vigneron property, built in 1850, is located just one hour from Toulouse in the Tarn region of South-West France. Having been lovingly restored, it is currently on the market with Bedford Ritchie for HK\$13m.