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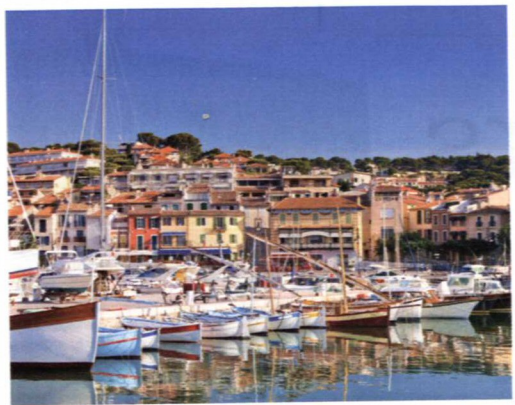
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ISSUE 245



CURRENCY NEWS

France is still number one



Charlie Murray from Foreign Currencies Exchange explains why French bricks and mortar could offer more than just a better quality of life

Property market prediction

LUXURY OVERSEAS property specialist Home Hunts has predicted that the luxury property market will strengthen further throughout 2012, as wealthy buyers continue to look for safe investments. Following a slowdown in 2009 and 2010 Home Hunts experienced a turn-around in the market in 2011, seeing both a noticeable increase in the number of enquiries and a change in the type of enquiries received.

"We began to see the English coming back to buy in France," says Tim Swannie, director of Home Hunts. "The pound to euro exchange rate in the previous years had meant that many British buyers put their property search on hold, but it seems that in 2011 their confidence improved," he continues. "The Brits seem to be particularly interested in the south of France and that includes the south-west, predominantly Dordogne and the Biarritz and Pau areas, as well as certain areas of Languedoc-Roussillon. The most popular area, however, has to be the Riviera. We had many British clients buying holiday homes last year but also a large number who have relocated permanently in search of the sun and the sea."

www.home-hunts.com

Prices on the rise



THE WORLD'S housing markets had a weak third quarter of 2011, according to the latest survey of worldwide house price indices

prepared by the Global Property Guide. Of the 44 countries for which quarterly house price statistics are available, house prices fell in 25 countries and rose in only 19. Just 18 countries performed better than they did during the same period of the previous year. In Europe the news was mixed but, according to *Notaires de France* figures, France enjoyed a 4.8% rise in house prices.

With the continuing debt saga simmering away in Europe, I feel that it may be time to reflect on how the debt problems in Europe are affecting Britons wishing to seek a new life abroad.

According to the Office of National Statistics, approximately 18,000 Britons left the UK in 2010 to find the peace and tranquillity of France. This is significantly higher than the next favourite European country, Spain. According to FC Exchange account statistics for the year ending 31 August 2011, France still out-sells Spain, by over a third.

For those who have taken the courageous step, I am sure it will come as good news to hear that house prices continued to rise over the 12-month period ending June 2011. On average, prices increased by 7.8% across the board and Knight Frank's Global House Price Index (GHPI) reports an increase of 2.8% in French property prices for Q2 to Q3 2011. Typical regions that remain a favourite with British expats have increased more than the national average with Paris accounting for 22.5%, according to *Notaires de France*. If you are in the market for prime property, Knight Frank's Prime Global Cities Index ranks Paris at ninth place, with a 7.3% increase in the value of the 'top 5% of the mainstream housing market'.

When speaking to specialist financial advisors and estate agents dealing with popular expat regions in France, it is widely repeated that the French way of life, combined with the now more attractive levels of return on foreign property investment, still outweighs the uncertainty

surrounding the European debt crisis and the euro region in general. The ability to move to another country, with a lifestyle so different from the UK, still encourages many families to either relocate or buy a holiday home in order to benefit from idyllic surroundings and a better quality of life.

Obtaining a mortgage in the UK is more difficult than ever, making French mortgages much more attractive to investors; offering between 3.40-3.80% for basic variable rate repayments. Although remaining fairly stable, considering the current economic environment, on average, UK housing prices were 1.8% down year on year to October (Halifax Housing Index) and down a further 0.9% in November. With comments of a pending 'Big Freeze' and 'house prices are about to start falling faster', it is not surprising that we are starting to see an increase in investment in overseas bricks and mortar. After all, it is not as if your low yielding savings are going to earn any significant interest in the long-term. With six of the top 20 countries in the GHPI being in Europe, it comes as no new revelation that these countries remain popular, and FC Exchange attests to French property remaining popular over all other European countries – globally for that matter.

With the ongoing uncertainty of the euro region, we have found clients opting for forward contracts, more as a way of eliminating any risk and exposure to unforeseen market fluctuations, especially with the threat of the euro becoming unhinged at the moment.

www.fcexchange.co.uk