

HOME

PROPERTY SUPPLEMENT OF THE YEAR

A TASTE OF HEAVEN

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21ST-CENTURY TERRACE

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Continental drift

As our economy picks up, house prices in Europe remain tantalisingly low. Is it time to buy, ask **Ruth Bloomfield**



Vive la différence: Prices in southern France are starting to rise.

The second-home market was one of the great casualties of the recession. Suddenly, affluent families were talking up the joys of stacyating as prices across Europe and beyond plummeted. Now, as confidence returns to the market, buyers' thoughts are turning to the joys of owning a little Alpine chalet or Tuscan farmhouse, and prices in some of the Continent's most desirable locations are beginning to perk up. Nonetheless, new research by Knight Frank estate agency on prime second-home markets across Europe shows that even the most valuable properties in high-end destinations are routinely

linguishing far below 2007 prices, which means that buyers tempted to return to the fray can hope for some real bang for their buck. The report looks at homes in the top 3% price brackets (which could mean a wine estate in

Chianti or a moated chateau in Provence). Liam Bailey, global head of residential research at Knight Frank, believes the reason many prime locations are now seeing price rises – or at least stabilising – is buyer

sentiment. "It is just what we call risk appetite," he says. "People are now willing to take a risk on a property, which, 18 or 20 months ago, they would not have done." Markets whose prices are moving upwards include Gascony. Kirsten Ballard, manager of the southwest France division of the estate agency Home Hunts, says the key location is the "golden triangle" between the communes of Lectoure, Auch and Eauze, where you can buy a rural villa within a 90-minute drive of Toulouse airport. "In this area, you will typically find lovely chateaux and maisons de maître (manor houses) built with limestone," she says. "Gascony is a great location, as it is two hours to the Atlantic coast and two hours from the Pyrenees, with its ski slopes."

The triangle is full of picturesque villages, including Lectoure, Saint-Pay and Terrabou, in a landscape of fields, vineyards and forests. And since Gascony's recent price recovery comes after catastrophic falls, values are still languishing 45% below their peak. According to Knight Frank, an average four-bedroom property in Gascony would now start at about €375,000 (£472,000). Or, for about €1.275m, you could opt for your own hamlet, consisting of an eight-bedroom period house, with pool, several stone cottages, barns and agricultural buildings, set in 12 acres (home-hunts.com). For those seeking an Italian bolt hole, Umbria and Florence are worth exploring – prices are finally rising, but still down 30% and 20% respectively, with four-bedroom properties starting at €1m in Florence and €750,000 in Umbria. Bill Thompson, the chairman of Knight Frank's Italian network of estate agents, is stamped by exactly why these markets are reviving. "It is as though people all over the world decided on the same day that it is now okay to buy," he says. "It was to be completely honest, prices were overhated seven or eight years ago. Now, they are down, some by 40%, and buyers are saying, 'I like the sound of that.'"

Of course, prices are still falling in some areas, and one of the biggest casualties is Marbella, where values are 35% below their 2007 peak. A four-bedroom villa would start at €1.2m. Andrew Langton, the chairman of Aylesford International, blames Spain's property crisis squarely on overdevelopment in the boom years. There are some 1.2m units unsold around the country, he says. The upside of this vast oversupply is that buyers are in the driving seat. Langton says anyone considering a Marbella purchase should negotiate hard. "People are getting some absolute bargains – you could not build a house for what they are paying," he says. Currently on the market, for example, is a villa with private pool in La Zagaleta, a high-end gated development with its own 18-hole golf course, tennis courts, horse-riding and helpaid, all set in a 2.24-acre wildlife reserve close to the village of Benahavís, 12 miles from Marbella. The seven-bedroom house, which includes a shoe room, steam room and cinema room, plus staff quarters, is on the market for €4.95m, reduced from €3.9m (aylesford.com). Nonetheless, buying in this region is only going to work for those who are in it for the long haul – Langton believes it will be at least five years before Spain's property market sees a significant recovery. Bailey says the best buys are in those countries that his report shows are on the up. But have buyers already missed the boat? "No, because none of them have seen price rises for very long," he says. "And a combination of big price falls and a market beginning to rise is an interesting one. That rise indicates those markets are turning a corner, although there is no guarantee it is going to be a smooth ride."

