



Bring me sunshine

The euro is on the slide, so this could be the time to snap up a holiday home

THE exchange rate has taken the pound to more than €1.30 for the first time since 2009, giving us the best opportunity in years to buy a home across the Channel.

To get a bargain, you'll need to act quickly. While few believe Greece's political uncertainty will allow the euro to improve any time soon, the pound may also slip if our General Election result looks uncertain or there are lengthy discussions to form a new Coalition.

'The exchange rate not only gives "more bang for your buck", it encourages sellers to agree to deals — they know the situation could change without warning,' says Charles Weston-Baker, from Savills. Britons' favourite locations for holiday homes remain Spain and France and agents are already reporting a surge in interest.

Chris Slade, who runs northern French estate agencies A House In Brittany and A House In Normandy, says France is a must-buy location now. The pound and the British economy is relatively

strong, but in France there is still 'a downward trend of property prices and recovery is likely to be slow,' he says.

Prices along the French Riviera are 15 to 20 per cent lower now than in 2007 — when exchange rates were at a similar level — while Provence, Languedoc and Dordogne prices are down 20 to 25 per cent and more rural locations still 30 per cent off their peak, according to **Tim Swannie**, of **Home Hunts**, an agency specialising in selling to British buyers.

'Most experts think prices will drop 1 to 2 per cent in 2015 but,

long term, the trend is healthy,' says Trevor Leggett, of Leggett Immobilier (frenchestateagents.com), a French agency.

Significant price rises may occur from 2017, however, when an election across the Channel is likely to herald a new government.

Canny British purchasers could try to secure a French mortgage. Interest rates in France are 3 per cent and predicted to drop further.

If sterling continues to strengthen against the euro, so the equivalent mortgage debt will drop along with what you pay each month, says Miranda John, of mortgage broker

SPF Private Clients. There is plenty of choice. Rightmove has 38,000 French properties on sale now aimed at overseas buyers — more than 1,000 of them with asking prices below £50,000.

In Spain, the potential for a cheap holiday home is even greater. Prices are between 50 and 60 per cent below their 2007 highs on the large estates lining the coast.

Elsewhere values remain up to 30 per cent below peak. But prices are no longer falling and Knight Frank says sales of the most expensive homes are starting to rise. The number of mortgages issued in



Hotting up: Homes in European destinations such as Mallorca are now cheaper for British buyers

Spain rose 14 per cent in November, indicating that the housing market may have turned a corner.

'The situation is improving in pockets around Marbella and Sotogrande on the Costa del Sol, and Barcelona and Girona on the Costa Brava,' says Robert Green, of Abercrombie & Kent International Estates. 'On the Balearics, Mallorca and Ibiza are two of the hottest destinations for buyers'

SAVILLS' Charles Weston-Baker, advises buyers to select homes in areas with established infrastructures and a reliable supply of budget flights to and from the UK.

Spanish prices are typically lower than in France because of the huge number of homes on sale. Rightmove lists about 54,000, of which more than 250 have asking prices of £25,000 or less.

But remember: buying abroad almost always involves higher transaction fees than purchasing a house in Britain, so budget accordingly.

In France, expect to pay 10 per cent of the purchase price on notaire (legal specialist), agent and local fees. High-end properties attract a wealth tax, and capital gains tax is levied if you sell at a profit.

In Spain, it is typical to pay legal and land registry fees up to 12 per cent of purchase price — and, if you buy a new property, you may have to pay VAT of more than 10 per cent. Those fees sound high but they, too, are better value with the favourable exchange rate. But the euro won't be weak for ever.

GRAHAM NORWOOD