



House & Home

FTWeekend

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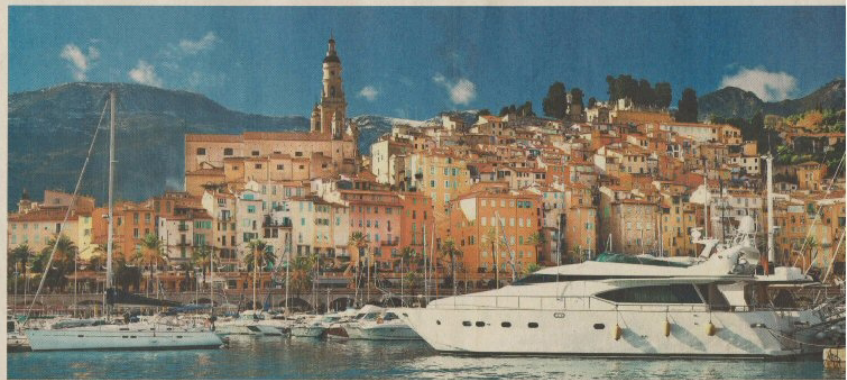
France property | Changes to tax laws and the departure of Russian money have helped make the Côte d'Azur more affordable. By *Zoe Dare Hall*

It's that time again. Hollywood's A-List packs its Riviera wardrobe, the red carpet receives its annual steam-clean and superyacht staff ensure that the Cristal supply is topped up. It is Cannes' fortnight in the spotlight as host to the world's most famous film festival – and it is also a time when some owners of villas in the area rub their hands with delight. “One client of mine with a belle-époque villa in the middle of Cannes makes about €1m a year from rentals during the 35 or so events the city hosts each year,” says Mark Harvey at Knight Frank, who is marketing a two/three-bedroom apartment on the Croisette in Cannes for €4.85m. “During the film festival, the public only get to see the red-carpet element, which still has a very innocent glamour, but behind the scenes there is huge commerciality. Cannes is all about business now.”

It is a sentiment that could be applied to the whole of the Côte d'Azur right now as estate agents report a surge in demand for its property. “We forecast our best year by a long way this year. We have agreed seven sales in 10 days, averaging €2m each, and have 12 clients visiting in the next week,” says Tim Swainne, director of Home Hunts.



Five-bedroom villa, Mougins, €25m



The seafont at Cannes in the south of France – 2015

Yes, we Cannes

Camille Letuve, a partner at Athena Advisors, estimates that her company has made 50 per cent more sales than in the same period last year.

Recent changes in France's tax laws are a key factor in the Riviera's renewed popularity. The European Court of Justice recently ruled in favour of abolishing François Hollande's 15.5 per cent “social charge” on rental income and capital gains tax, introduced by the French president in 2012 for non-resident property owners. France has also fixed its capital gains tax rate at 19 per cent for all property owners – a reduction on the previous 33.3 per cent for non-resident owners. “We forecast our best year by a long way this year. We have agreed seven sales in 10 days, averaging €2m each, and have 12 clients visiting in the next week,” says Tim Swainne, director of Home Hunts.

per cent more for their money than they did one year ago, according to Moneyscorp, and the Côte d'Azur, while still pricey, may look appealing once again.

There is another reason too: the Russians have gone – or at least they have become less prominent. The rouble's dramatic depreciation – falling 72 per cent against the euro between April and December 2014 – has led to the virtual disappearance of oligarchs from the coast. “They left all in one go last year, around the time of the Ukrainian upheaval. The sudden vacuum is being filled slowly with a more traditional clientele – from the UK and US largely – who have bought on the coast for more than a century,” says David King, head of international department. Dominique Andre, Aylesford International's affiliate in the south of France, so claims to have seen the mass exodus of Russian and Ukrainian buyers from the coast. “Now we are having to



Sophia Loren in Cannes, 1955 – Agostino/Gary Brown

live without them. On Cap Ferrat and in Monaco and St Tropez, they made up about 70 per cent of buyers and they would often buy multiple properties on the Riviera. Then, last summer, they started to disappear. Previously we would sell properties to Russian buyers for up to €30m. Then for six to nine months there were no sales above €30m. Some were telling us to sell their entire portfolios on the Riviera.”

Russian buyers are still present at certain price points, but not for the big-ticket purchases with which they are usually associated. Savills and Christie's International Real Estate both say Russians are still active around the €2m to €10m mark, while others are reporting an increase in the number of Russians renting, rather than buying, high-end properties on the coast.

“Certainly, the statement acquisitions made by Russians until 2015 are a thing of the past and a number of properties at the top end have been repriced, as this



Five-bedroom penthouse in Cannes, €14.5m

type of buyer is absent now,” says Joachim Wrang-Widén, senior vice-president (Europe, Middle East, Africa) at Christie's International Real Estate.

Edward de Mallet Morgan, a Knight Frank associate, says he is starting to see offers being made “in the €35m to €70m range again, which hasn't happened for some time. A certain property on the market for €70m has seen seven visits from ultra-high net worth individuals in six weeks, and there are people being spoken to about the penthouse at Monaco's Tour Odeon, which is priced in the hundreds of millions of euros.” The €5m to €12m market on the Côte d'Azur, “where buyers who were con-

spicuous in their absence until recently”, is also proving popular again with British buyers, according to Knight Frank's Mark Harvey. “They mainly buy with cash, then leverage up to 70 per cent to make the most of the exchange rate, interest rates and to reduce their annual wealth tax. Mougins is popular and Cap d'Antibes is absolutely flying,” adds Harvey.

“You won't see reduced prices actively marketed,” That would be a show of weakness,” says Camille Letuve. But discounts of 10 to 15 per cent “should be achievable”, says Letuve, who recently sold a new-build, four-bedroom villa near Grimaud, on the market for €5.5m,

to an English client for €4.7m. “Since he began looking at the property a year ago, he has saved around 40 per cent through the beneficial exchange rate and reduced sales price,” he says.

De Mallet Morgan reports a number of clients now seeking to scale up from €5m to €20m properties. “They are of the opinion that the top end has struggled and they can find vendors who want to move on to do something else with their money, if there was ever a good moment to make an offer at the top end of the Côte d'Azur, it's probably now.”

Typical of what these buyers want, he says, is something like the 10-bedroom villa overlooking St Tropez's Pampelonne Bay, which is on sale through Knight Frank at €25m.

For those who want to be in the thick of the film festival action, a contemporary five-bedroom penthouse on the Croisette with a huge seawater terrace is available through Christies at €14.5m.

But for the current crop of wealthy property hunters, Cannes' appeal is less about its waterfront and more about redevelopment opportunities in the hills of Super Cannes, according to De Mallet Morgan, while others choose to head 10 minutes inland to Mougins. Here, €25m will buy a

BUYING GUIDE

Cannes is located 24km from Nice Côte d'Azur airport. The city also has a TGV rail station.

The temperature in Cannes ranges from an average 16°C in winter to an average of 22°C in summer.

Prime property prices in the city fell 4 per cent in 2014, according to the Knight Frank Wealth Report 2015.

€1m will buy 17 sq metres of high-end property in Monaco – making it the most expensive of any city in the world (Knight Frank Wealth Report 2015).

The flight from Nice to New York is the world's fastest-growing private jet traffic route.

What you can buy for...

€800k A 50 sq metre, two-bedroom apartment in central Cannes

€1m A one-bedroom flat in the old town of St Tropez

€5m A house on the beachfront in Roquebrune-Cap-Martin

Cannes Film Festival runs until May 24



A 10-bedroom villa in St Tropez, €25m