THE TIMES

The Brexit factor: what the vote means for holiday homes

The EU referendum has raised fears over tax, falling resale values and currency problems. Robin Ash answers your questions

As the Brexit debate heats up immigration is dominating conversation, but for more than one million Britons who own a holiday home in the EU — and those who would like to — the burning question is what a vote to leave on June 23 would mean. We answer your questions.

I want to buy. Should I rush?

Time is likely to be on your side. Many experts predict that a "no" vote would have a limited impact. "Whatever the outcome, this time next year Britain will still be in the EU and buyers will have the same rights that they have today," says Martin Dell, the founder of Kyero.com, the Spanish property portal.

"Parliament would need to invoke the Treaty of Lisbon and it's likely that it would take two years to disentangle the country from Europe. In the longer term we expect to see a bilateral deal emerge that would, at worst, make it only slightly harder for UK buyers." Elsewhere in Europe, property experts are of the same mind. Giles Gale, the managing director of Mark Warner Property, the Alpine ski-home specialist, says: "There is likely to be a period of up to two years before the UK actually leaves and we would expect a reciprocal arrangement to be made between Austria and the UK fairly soon after Brexit."

Can I still get a mortgage?

The UK's long-established relationship with European banks means that the ability to secure finance is unlikely to be affected by Brexit. Miranda John, the international manager at SPF Private Clients, the mortgage specialist, says: "Banks in countries such as France and Spain have strong lending divisions that have created products aimed at British buyers and these will continue even if Brexit happens. These countries are reliant on Brits buying property. Even after Brexit, a British buyer will find it easier to get a mortgage to buy property in France than, say, an Estonian."

Will I have to pay more tax?

Most analysts believe that there will less disruption in this area than might be expected. Lucy Brennan, a partner at the private wealth group Saffery Champness, says: "Even though the UK is in an economic union with the rest of Europe, we are still a separate tax authority, as is the case with every other sovereign state in the union. Buying a villa in Tuscany, for example, will always make the buyer subject to all local and national Italian taxes."

There are some cases where reversion to local rules could have a significant impact, however. "Since August, EU residents have been able to specify which law should determine who inherits EU property on the owner's death," says Jonathan Riley, of the private wealth team at Michelmores, the law firm. "A Brexit takes us back to where local laws determine succession."

Britons could also be subjected to punitive taxes without the protection of European legislation, which has prevented countries such as France and Spain imposing higher rates of tax on the income or gains by non-residents.

Jason Porter, business development director at Blevins Franks, the tax adviser, says that this could change were Brexit to occur. "Higher tax rates could apply on UK residents who have assets in the EU," he says. "A good example is the profit on the sale of a French property, which is taxable at 19 per cent as an EU resident and 33.3 per cent as a non-EU resident."

A ski in, ski out chalet with four bedrooms in the village of Méribel in the French Alps is on the market for €997,000 through Savills. On the cover: in the prestigious area of Chemin des Collines, in Le Californie, Cannes, is a six-bedroom villa with sea views for sale through Knight Frank for €3.99 million

What about the currency?

Goldman Sachs, Citigroup and HSBC have warned that sterling could fall 20 per cent in the event of Brexit. This is of importance to those who have debts. Jeremy Cook, the chief economist at World First, the currency-exchange service, says: "If we were to leave the EU, British owners of foreign property would see mortgage repayments soar, and some would be unable to service their debt." A mortgage repayment of €3,000 that cost £2,142 last summer costs £2,343 at the current exchange rate, and this will rise if the value of the pound continues to fall.

Professor Vassilis Fouskas, of the University of East London, says that if sterling collapses the omens are not good for those who own property in the EU. "This is particularly true for those who get their pensions in pounds but have to pay taxes, bills and expenses in euros," he says. Experts suggest that borrowers who may be affected should consider protecting themselves by purchasing a forward contract, which guarantees a set rate for buying euros in the future (see box below). There are some positives for those selling. Jonathan Watson, a trader at Currencies.co.uk, the currency exchange website, says: "Any devaluing of the pound makes selling a property in the EU more attractive. A €250,000 sale today versus November will be achieving an extra £22,500."

Finca San Carlos, in San Carlos, Ibiza, is on the market for €5 million through Savills. Left: Villa Alsberg, in a prime location of Amsterdam, can be bought for €26 million through Christie's International

What if I don't want to sell?

You can still benefit. James Staunton, the head of property at Instinctif Partners, the communications company, says: "With the uncertainty surrounding Brexit, properties in Europe are already worth a great deal more in sterling than they were previously, thanks to the plummeting value of the pound. If you rent that property out in euros, you're doing better than you were, too. That should make up for increased costs associated with owning a home abroad, which will have risen if you fund them from a UK salary."

For these reasons, perhaps, agents report that interest in European property remains high. Tim Swannie, the director of Home Hunts, a specialist in luxury French property, says: "The value of the pound has been affected already and I'm sure we have some volatile weeks ahead, but we haven't seen any immediate impact on inquiries, viewings or sales, which are at a record high."

This penthouse apartment in Le Cannet, Cannes, has three bedrooms, terraces and a private roof-top pool for €2.5 million, while La Petite Perle (right), on the Golfe-Juan side of town, is €2.625 million (both Knight Frank)

Capital gains

Places ranked by increase in prime property price

1. Munich	12%
=2. Amsterdam	10%
=2. Monaco	10%
4. Berlin	9%
5. Val d'Isère	5.8%
= 6. Madrid	5%
= 6. Ibiza	5%
8. Meribel	4.5%
9. Barcelona	3.3%
10. Chamonix	3.2%

Source: Wealth Report 2016 by Knight Frank