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HOME

Wish you'd bought there?

Our obsession with house prices has gone global. Would-be holiday-homers are studying post-Brexit exchange rates to make sure their money stretches further, says **Emma Wells**

Whether it's lazy days spent on a European beach or an adventure break somewhere farther-flung, the summer holidays we enjoy most often involve some sneaky peeking through estate agents' windows — then, back in the UK, daydreaming internet searches before we've even unpacked. It seems we are just as obsessed with house prices abroad as we are on our home turf — our desire for a sunny bolthole intensified, of course, as the end of August looms (and with it school runs in autumnal drizzle).

Yet the world is a different place today than it was even a year ago. Now, hunting for a holiday home doesn't just mean deliberating over whether you prefer a seaside or inland location, how many bedrooms you might want for the in-laws and stepkids, and whether you really need an outdoor kitchen. You must also contend with the fact that, for the most part, you are probably going to get less for your money than you would have done had you taken the plunge last year.

Sterling may have rallied slightly last week, but it has taken more of a pounding than an Olympic boxer in the past 12 months, falling against every leading currency. It's still some way off its all-time low of €1.02, in 2008, but experts fear it could dive further. In the past year, property priced in euros has become almost 17% more expensive for sterling buyers — with a 12% rise since the eve of the Brexit vote.

As a snapshot for anyone looking for that hilltop *bastide* or lock-up-and-leave on a Costa, this means a property with a price tag of €100,000 would have cost about £73,500 last August — but this month will set you back £85,700. That could mean foregoing an extra bedroom or a private pool.

If the balmy shores of Florida are more your thing, you'll need to do the maths, too. Today, a property priced at $100,000 would come in at about £76,000 — but last August it would have been nearly £12,000 cheaper, which is definitely something to weigh up if you want the beach on your doorstep.

Even that dream home in South Africa is looking a little more out of reach — a pad priced at 2.6m rand (about £140,000) is now 11% more expensive than it was a year ago, which could mean compromising on a sea view or having to drive to the golf course.

Little wonder, then, that the services of currency specialists, which offer alternatives to paying hefty high-street banking overheads on currency exchanges and money transfers, are in demand right now.

"Since the Brexit vote, we've seen a 23% increase in both buyers and sellers using forward contracts, typically looking for protection against exchange-rate risk," says Mark Bodega, director of HiFX (hifx.com). "In essence, this means that you can buy the currency now, locking into a favourable rate, and pay for it later." His clients put down a 10% deposit, paying the 90% balance when the contract matures, which can be up to two years into the future — meaning that you can put by funds in preparation, even if you haven't decided on a property yet.

A similar service is offered by FC Exchange (fcexchange.com), which saw a number of clients return deposits for intended overseas property purchases in the week following the referendum. This has now eased off, according to Daniel Wray, managing director of the firm's private client division. "On the whole, it has become evident that committed property buyers have not been deterred from making their move," he says.

For Richard Doyle, 46, a technical designer based in Holmfirth, West Yorkshire, Brexit and the freefalling pound were not going to wreck the dream of a home in Brittany. After taking a tour of 15 properties in early June — having decided to go ahead whatever the result of the EU referendum — he and his wife, Jane, 44, who works for a charity providing support to people with drug and alcohol addictions, settled on a historic *longère* in Paule, in the Côtes-d'Armor department. They paid €220,000 for the main three-bedroom house, a further four-bedroom house and a one-bedroom cottage, as well as an acre of land.

"Life's just too short to not take a gamble, and we've been thinking about doing this for years," Doyle says. He used a forward contract, which he reckons saved tens of thousands of euros. "This place ticked all the boxes, and we don't want to be working in England until we are 60 or 70."

The couple have now sold their five-bedroom home in the UK and plan to move to Paule with their 12-year-old daughter, Beth, to run a gîte business. Yet they have chosen not to tie up any more money in another contract to cover future renovation costs and bills. "We are just going to bite the bullet and hope the pound comes back up," Doyle says optimistically.

Others are shelving their plans until the outlook seems brighter, according to Peter Esders, marketing director of the overseas advisory service Judicare (judicaregroup.com), whose clients include retirees, young lifestyle second-homers and a smattering of investors. He says concerns about the British economy and the purchasing power of the pound mean that many middle-market buyers, with budgets of up to €300,000, are dropping out.

That said, he has seen an increase in buyers looking at the bottom end, with budgets of about €65,000 — which would buy you a two-bedroom flat near the beach, with use of a communal pool, somewhere near Torrevieja, on the Costa Blanca, a perennial British favourite. "The cheaper the property, the less exchange rates affect you," Esders says. "You still feel you are getting a real bargain."

For those determined to press ahead with an overseas purchase, whatever their budget, there is still plenty of opportunity — and it is well worth trying to buy from a British vendor. "Most have become more flexible since the Brexit result, particularly if they are changing their money back into sterling," says Tim Swannie, director of the French property specialist Home Hunts (home-hunts.com). "Because of the lower exchange rate, we are recommending that our British buyers consider a mortgage at the moment, even if they ideally wish to buy in cash. Interest rates are low, so it makes sense to take advantage of that and borrow the money in euros from a French bank."

Elsewhere, Chestertons Affinity estate agency's office in Marbella is reporting a record number of clients from the UK booking appointments to view properties this autumn, even though house prices in the area have increased by up to 27% year on year. The Chestertons branch in Barbados says sales are up by 30% this summer compared to last year, with many buyers steering clear of France because of the recent terrorist attacks.

Similar worries could account for a surge of interest in Portugal. Ideal Homes Portugal estate agency reports a flurry of interest in the eastern Algarve this summer — in the pretty fishing village of Cabanas de Tavira, €139,000 will get you a two-bedroom home a short stroll from the waterfront.

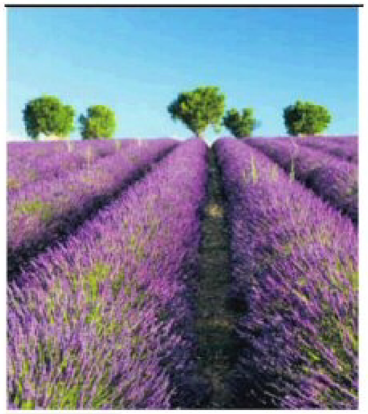
As for Florida, where holiday-home prices rose by between 10% and 18% in 2015, depending on the location, British buyers are being typically gung-ho. "It may mean they are buying a home that needs updating," says Patricia Tan, a partner at Hamptons International estate agency. "And they are prepared to do the work themselves."

So it looks as if there's a new national obsession: as well as following house prices in the UK, we'll need to become currency-exchange experts, too.

HOW THE COST OF BUYING ABROAD HAS RISEN

Currency	Aug 2016	Aug 2015	Price difference
£/€	1.17	1.36	
€250,000	£214,316	£183,958	▲ £30,358 (17%)
£/$	1.31	1.56	
$250,000	£190,331	£160,153	▲ £30,178 (19%)
£/Rand	18.55	20.50	
R2.6m	£140,161	£126,829	▲ £13,332 (11%)

Source: fcexchange.com. Client rates correct at 9am on August 25



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