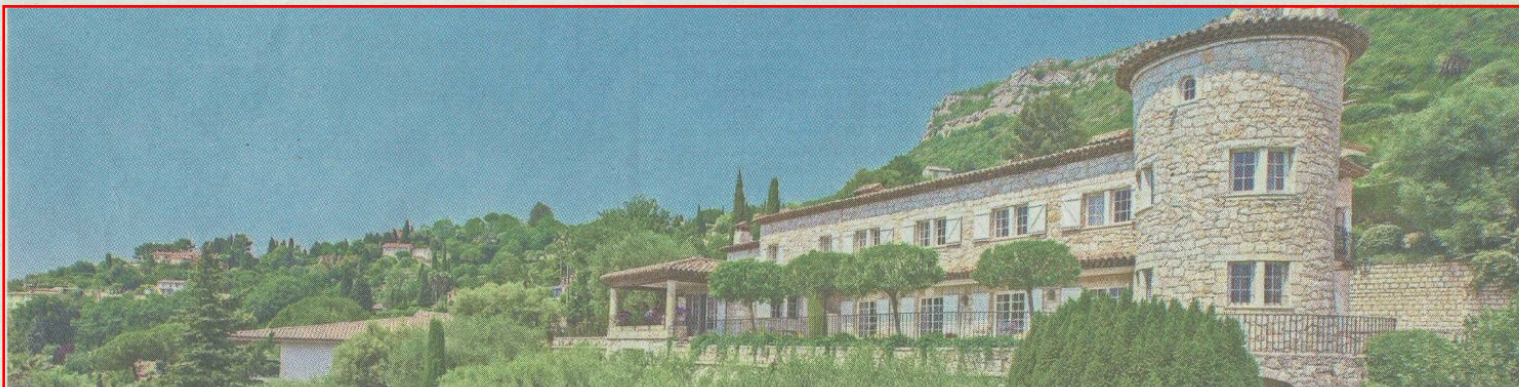


## OVERSEAS



This five-bedroom house in Vence, in the hills just inland from Nice on the French Riviera, has views of the sea and of the Alps, and is on the market at €6.6 million through Home Hunts

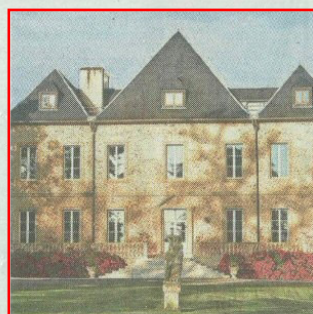
# The search for value on foreign shores

**The fall in the pound means a change in strategy for buyers of holiday homes, reports Carol Lewis**

It is not only the 48 per cent of Remainers who are still depressed about the outcome of the EU referendum. The pound is still down too. Three months after the vote, buying property in Europe is 12 per cent more expensive for the British than it was on the day of the referendum, while buying in the United States costs 14 per cent more.

Andrew Langton, the chairman of Aylesford International, says: "It's all about foreign exchange at the moment. The people I talk to say, 'I would like to try to buy something, but I wish the pound had more punch.' The European market has slowed as people wait to see whether the pound will have some bounce in it." This is a sentiment echoed by estate agents from Cascais to Chamonix. Charles Roberts, the managing partner at Fine & Country in Lisbon, Portugal, says: "First there was uncertainty, then after the uncertainty came paralysis because of the drop in the pound, and now people are waiting to see how the Brexit negotiations will affect the exchange rate."

"It is a shame because a great opportunity — in terms of people taking advantage of the new pension freedoms and buying property here — is probably being missed," says Roberts. "Although for those selling property the picture isn't too bad, because the market in and around Lisbon is international and not dependent on British buyers."



This 18-bedroom chateau in Auch, France, is €2.95 million (Home Hunts)



In areas that are popular with the British, however, there are buyers who have seized the chance to negotiate a discount. Hugo Thistlethwayte, the head of international residential operations for Savills, says: "There have been a few renegotiations in areas where British buyers dominate and sellers are worried there won't be alternative buyers, such as Sotogrande [in Andalusia], but in strong property markets where there is more diversity, such as Ibiza, Majorca or Verbier, British buyers could find that they will lose out to German or Scandinavian buyers if they start demanding big discounts."

He adds: "Deals are taking a bit longer and people are looking harder at their finances, with quite a lot of people taking local mortgages as a hedge against currency slippage. People like to have diversity in their portfolio. A lot of our wealthy clients hold their wealth in dollars, euros and pounds to hedge against events like these." However, Clare Nessling, a director at Conti, a specialist in euro mortgages for British buyers in Europe, says: "It was quiet leading up to the vote and just after, but now it has recovered to levels which are equal to, if not slightly higher than they were last year. I wouldn't say there has been a deluge of people looking to fix euro mortgages since the referendum, though."

What there definitely has been is a split between pure investors, who are sitting tight, and holiday-home buyers, who want to go ahead but are willing to consider a broader range of properties and price points than previously. This

has had an unexpected knock-on effect, with some markets in the Caribbean and US receiving renewed interest, despite the pound-to-dollar exchange rate. In Miami, Savills has recently sold properties to British, Spanish, French and Turkish buyers.

Thistlethwayte says: "There is a feeling that the economy in America will pick up before Europe, so there is increased interest in the Miami market — which has a solid growth story with a strongly underpinned development market. Developers want 50 per cent deposits and they won't build unless a

development is 80 per cent sold. They've learnt the lessons of the financial crisis." They are not the only ones, Pamela Statham, the commercial director of the new international property website the-viewing.com, says: "It is about general confidence. The Brexit vote may have added a little bit of hesitancy, but most people believe that it will be OK in

**On the Greek island of Tinos, this six-bedroom house is on sale for €1.8 million (Aylesford International). Left inset: a home in Key Biscayne, Florida, that is on sale for \$21.8 million (Savills)**

the long run. There is a feeling that if they survived the financial crisis, they can survive this."

As there was during that crisis, there has been a flight to quality at the top end of the market and to value for money in the middle. Statham says that buyers with budgets of between €800,000 (£692,000) and €1.2 million are looking farther afield and are now more prepared to take on a renovation project. So instead of the Côte d'Azur and Provence they might look at the Midi-Pyrénées or Tarn areas of France. In Italy they might look at Umbria and Le Marche rather than insisting on prime Tuscany.

For holiday-home sellers, though, there is a conundrum. "You might have more chance of selling to someone from outside Europe, but they are more likely to try to beat you up on price. While if you want to sell to a Brit you might have to wait until next summer for a deal," Statham says.

Non-European buyers think that Europe is in trouble and the euro is weak, so they believe they can snap up a bargain. This has led some buyers to ask for 20 to 30 per cent off the asking price. For sellers converting euros into pounds this might not be a bad option if they need to sell, Statham adds.

However, Roberts says British expats are "not rushing to sell because they are worried they were going to get kicked out — most realise that, whatever the end result, it will take years to negotiate everything and the changes will be absorbed. Brits will still be able to buy property here and the taxes are not going to change."

Whether it is British expats looking to sell and move back to Britain to be with the grandchildren, or young families who want to enjoy a holiday home in the sun while the children are small, there is only so long that people are prepared to wait for politicians and the economy. The market in second homes may be quiet, but most say it is not dead yet.

## Price growth in Europe

The European property market saw price growth of 3.9 per cent in the year to June, according to Knight Frank's latest Global House Price Index. This is less than the Middle East, North or South America but more than Asia, Africa or Russia and the Commonwealth of Independent States.

The United Kingdom is in the middle — at 24 in the list of 55 countries — with 5.2 per cent annual property price growth, 2.5 per cent over six months and 0.9 per cent over the past three months.

Turkey comes top, with 13.9 per cent annual price growth, and Taiwan is at the bottom, with a fall of 9.4 per cent.

The UK sits midway of all European countries with lower property price growth than Sweden, Austria, Germany, Jersey, Ireland and Norway, but higher annual price growth than the Netherlands, Denmark, Portugal, Spain, Finland, France and Italy.

The highest-ranking European Union country is Sweden; the lowest is Greece. Carol Lewis