

THE BREXIT EFFECT

Is Europe still a good property investment for Brits post-Brexit?

By Trish Lesslie



British buyers are still investing in top European tourist destinations such as Paris, left. This Florence apartment, dating back to the 1400s, is on the market for €3.95m. milan-sothebysrealty.com



The sudden slump in Sterling after the UK's vote to leave the EU this summer has left many British would-be overseas property investors scratching their chins over whether to buy across the Channel. Leaving aside the potential repercussions for those who already own property in the EU, uncertainty over Brexit terms have called into question whether European property is a good – or even safe – bet for Brits.

'The impact Brexit will have on the European property markets will be hard to determine until the negotiations between the UK and the EU are finalised,' says Alejandra Vanoli, managing director of Mallorca Sotheby's International Realty.

'We did notice a slowdown in the first two weeks following the referendum result,' adds Diletta Giorgolo, head of the company's sales for Tuscany and Rome. 'However, we are beginning to see interest levels rise and that UK buyers still have a good appetite for Italian property.' In fact, Giorgolo reports viewings from UK buyers for much of August were higher than the same period last year. 'They're still very interested in the main cities, including Rome and Florence. We're also noticing that Milan is getting more and more attention from chic and trendy buyers.'

So where are the other property hotspots for Brit buyers in Europe? 'I would advise those looking to purchase in Europe to invest in top tourist locations that are always going to be in high demand,' says Giorgolo. 'Properties in famous locations are much easier to sell as they are a good investment for short term rentals. Location is absolutely key because, despite what the property market is doing, people are always going to want to visit iconic locations such as the Rome, Paris or Barcelona.'

'Spain will remain appealing for many British buyers regardless of Brexit negotiations due to our short flight time from the UK, the secure lifestyle and consistently warm climate,' says Graham Davidson of Seque



This recently constructed modern villa in the heart of Ibiza is on the market with Sotheby's for €4.95m. Visit ibiza-sothebysrealty.com for more details



Spain remains a very attractive second home destination for Brits due to the warm climate, secure lifestyle and short flight time from the UK

International, who specialise in international properties. 'In 2015, Spain recorded its strongest growth since 2007 when its GDP rose 2.7 per cent. Although still on the up, property prices remain low compared with the rest of Europe, creating a highly accessible market which buyers should invest in now before prices rise further.

'Spain is much more likely to offer benefits to UK expats than any other country in Europe as there is already a strong UK community, meaning the country would have a lot more to lose if those buyers and potential buyers decided to invest elsewhere,' he adds.

According to Vanoli, the Balearics in particular are proving a very attractive second home destination for British buyers. He points out that the Spanish legal framework for expats looking to buy in local property is relatively straightforward, adding to the attraction to overseas investors.

Meanwhile, much of the French housing market has been flat for several years and many experts believe asking prices in the country could be adjusted to make up for currency fluctuations, making the market more attractive to British buyers. Manuel Valls, France's Prime Minister, has said that the government intends to make France more attractive to foreign buyers by improving the often complex tax and legal framework for companies and

opening more international schools in the country.

Luxury property specialist Home Hunts (home-hunts.com) has seen a dramatic rise in UK-based enquiries for Paris. 'They're mainly coming from people working in finance in London,' says director Tom Swannie. 'We are also seeing a similar pattern in the French Alps for homes within easy reach of Geneva,' he adds.

With European interest rates at a historic low, Swannie advises British buyers to consider a mortgage over paying in cash. 'Due to the lower exchange rate from the pound to the Euro, we are recommending that our British buyers consider a mortgage at the moment even if they ideally wish to buy in cash,' he says. 'It makes sense to take advantage of very low interest rates and borrow the money in Euros from a local bank as they are currently offering mortgage rates as low as 1.3%.'

Exchange and interest rates aside, leaving the EU shouldn't make buying a second home on the continent any harder. Plenty of non-EU nationals currently buy in France, for example, and this year it has made property tax equal for all buyers, irrespective of where they are from.

So choose the right property in the right location and there are still plenty of continental property bargains to be had.