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Beating the credit crunch: why now could be the best time to buy.

With all the doom, gloom and scare mongering that we are being fed by the newspapers, television news and the government itself it is hard to look past the end of our noses and think about how we are truly effected – or not, by all the happenings of the past few weeks. I think we are being brainwashed to think only about the bad news and effects rather than thinking 'outside the box' as to how you are actually effected and whether you can possibly benefit during this time.

If you have money over £50,000 sitting in a bank in the UK you are probably worrying whether it is safe and probably considering moving it around to make sure that it is safely invested. But, if your intentions and ambitions were to buy a property in France this year, there is really nothing to stop you achieving that aim and possibly doing rather well out of it. Your money can literally be 'safe as houses' in a property in France.

You will also be spreading your risk – rather than having 'all your eggs in one basket'. Having investments in a different country, but one that is safe with a good legal and banking system is a good idea at present.

Already we are seeing a slight calming as the government takes action plus also seeing lower priced petrol and some foods.

Property has always been a long-term investment and now is no different. If you are looking for a permanent or second home in France and are thinking about keeping that home for a few years, then historically it shows that property prices will rise, albeit that the French market is more stable, there have been gradual but substantial rises over the last 20 years that I have been selling property in France – in fact I some areas the increases have been higher than in the UK plus the fact that the starting prices for similar sized properties are lower so that your investment is lower to start with.

You may be having trouble selling your property in the UK at present but why not think about renting it out instead. If you can raise 20% towards a property in France then you may be better off to take a mortgage on the property in France and rent out your property in the UK. The rental market is extremely good here at present due to so many people being unable to get a UK mortgage to purchase as well as people wanting to 'wait and see' before purchasing. Why sell your property at a knock down price when if you rent it out for a while and then you might then be able to achieve a higher price at a later stage and pay off your mortgage then.

In addition, if you think that Sterling will strengthen against the Euro in the future, you will be able to pay off your Euro mortgage with less Sterling than at the present time. There is also the benefit of having your mortgage in the same currency as your property – as when you come to sell it you will be paying back your mortgage in the currency you receive from the sale so there is no currency risk.

Mortgages for French property are available from the French banks. You can expect them to adhere to their strict conditions of up to 80% of the cost of the property plus only allowing you to pay 30% of your monthly income in mortgage repayments. Interest rates are lower than the UK. If you have the cash to buy and would prefer to leave the money in the bank – then you might well find that your mortgage interest is lower than the interest you will be receiving on your money in a UK bank so allowing a small profit! You may be able to secure an interest only mortgage.

French banks are extremely cautious in all their dealings from mortgages to credit cards and bank accounts. If you open a bank account in France be aware that if you spend money you don't have you will get more than a nasty letter and a charge from your bank. Your account will be closed and you will be unable to open a bank account with any French bank for the following 10 years. This definitely encourages people to live within their means and only buy what they can afford. On top of this is the fact that credit cards are used very little, much more common is the debit card, where any payments you make are immediately taken out of your bank account.

The Sterling exchange rate as I write this, is at a 7 month high against the Euro at almost 1.30 Euros to the £1 and although not as high as we became used to in 2007 it is a fair rate and the fact that the Euro remains strong with France seemingly less affected by the present

problems, it would seem an ideal time to get a good deal in France. I believe people are being stopped in their tracks by all the bad news and like sheep, following the path of holding back on everything they would like to do, when in fact if they take a good look at their own personal circumstances they may find that they are not in dire straits at all.

Some property prices are coming down in price, especially new properties being sold by developers in areas where they are noticing a dearth of International buyers. The French domestic market is still there. This is the strong point for buying property in France, there is always a good domestic market, pushing up demand, unlike Spain and some of the emerging property markets, where developments are being built purely to sell to non-nationals, and with the world in crises this market has dried up.

Resales from individual vendors are hardly affected, due to the fact that the vendors either have a mortgage well within their means or no mortgage at all. However prices are much more negotiable than earlier in the year and together with the rising exchange rate, the safety of investing in France makes this a perfect time to buy.

Of course, food and general living expenses have gone up over the last few months and there is continual news about it – but when petrol went down there was very little mention of the good news! By buying a property in France you could actually be saving money – you and your family would have a place to go to for your holidays and a place to get away to even for long weekends. Shopping for food in the local markets and having the time to prepare meals with wonderful fresh food and then either relax in the sunshine or perhaps by an open fire or enjoy a long walk or some sporting activity, might give you a fresh and more efficient mind to deal with the problems of day to day living in the UK at present.

So maybe it is time to start looking and thinking on the bright side, with all the problems around us, if you are in a position to proceed to purchase in France, then why wait –

- If you have enough for a 20% deposit on a property in France – then you should be able to get a mortgage – obviously depending on your own circumstances and the property you are buying.
- Buying a property in France should be a secure place to lodge your cash if you have enough to purchase outright – without the worry of what the banks are doing and whether your cash is safe – the property will be standing long after this mess is cleared up.

- Prices will be reduced or much more negotiable, the agents are less busy and will have time to show you every single property on the market if you want to see them. In some cases let us – your English agents – negotiate for you. Some vendors in France are slow to realize the problems hitting the world economy at present and some hard negotiation maybe necessary. The fact that many French vendors are so unaware of the world problems should give you confidence in the French way of life and economy.
- Travel costs are lower at this time of year in any event, but presently with fewer people using the facilities you can get some excellent deals, on all forms of travel plus hotels.
- An ideal time to buy now to have your property ready for summer use so that you and your family can plan to enjoy their summer holidays there without worrying about the cost of high season hotels or rental properties.
- If you are intending to let the property you will have time to market it for high season so be able to recoup your expenses immediately.
- Although property investment is normally a long-term investment, you might find that you can realize a capital gain more quickly in the present circumstances.

You wouldn't be reading this article and FPN if you don't have a dream to own a property in France, so why wait – unless your personal circumstances have been vastly altered by the present problems – then there is every reason why now is the time to start your viewing and find a property.