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Why buying now really is the answer

Now could really be a good time to buy a property in France for many of you. If you have a deposit of 20% plus the costs which will amount to around 3-5% for new off plan purchases and 6-9% on resale properties, then you really should be thinking about buying right now. Unless you are very lucky you will now or very shortly be earning less than 1% on your money so that instead of your lump sum growing it is in effect being eaten away by inflation which in the future will make it less possible for you to achieve your dream of a second home in France.

Admittedly the Euro is stronger than this time last year – when I checked today it is at 1.13 to the £ - but many currency experts expect that during the coming 2 – 3 months it will improve to the 1.25 – 1.3 level that we had got used to last year so that if you buy now you would not need to pay the full amount for another couple of months when it may be better.

However if you are planning on taking a mortgage for the property then your currency exposure is much lower as you will only have to change the amount of your own contribution. The mortgage obviously will need to be paid on a regular monthly basis but you will have the opportunity of buying Euros as and when you need them or the rate is slightly better and the currency companies can advise you as to their thoughts on the future rates as well as arrange for a regular sum to be sent to your French bank account to pay the mortgage.

If you are in the lucky position of having more cash available and have taken the mortgage in order to wait for the exchange rates to improve, then you can pay back your mortgage when the rate is better which will in effect make the property cheaper to you than when you bought it – ie if the mortgage is 100,000 Euros that will cost you £88,500 at today's rate of 1.13. But if the rate improves to say 1.3 when you decide to pay back some or all of your mortgage, then you will only have to pay back £76,923 – a saving of £11,500 on the price that you paid – and if the rate stays as it is then you can continue paying on a monthly basis until such time as it does improve – it really is only a matter of time.

By doing this – ie buying now with a mortgage, you get several benefits:

- lower and more negotiable prices

- bigger choice of wonderful properties and more attention from agents who are not as busy presently
- lower air and ferry prices, good hotel deals whilst you are looking should the property need work on it you will benefit from lower quotes from artisans that really need the work
- use of your property for holidays this year for you and your family, when prices for holidays in Europe are so high – plus the extra benefit of being able to buy your fresh food in the markets and cook easy to prepare meals and barbeques so saving on the expense of having to eat out for every meal as you do in an hotel
- With your own property you will be able to choose which days you travel so being able to take advantage of the cheaper mid week fares.
- Then you have the major benefit of being able to rent out your property when you are not using it. Obviously the income from this will vary as it is dependent on how long you rent it for and whether the rentals are in high season or during festivals etc.

If you seriously want to earn from your property investment then find out when the demand is highest in your area – for most areas it will be the summer holidays, for skiing obviously the winter months with highest rents during school holidays, for some areas that host seminars and festivals you will get extra months – Cannes with its film festival and various seminars, Aix en Provence with its music festival which many other towns throughout France offer too. There are also antiques fairs, truffle markets, flower and lemon festivals so it is a good idea to check your area to see when it will be highest in demand.

The rent you receive may cover your mortgage and more if you make a serious effort to get it let. You can do this through advertising in the various magazines and websites in the UK as well as through local French agencies who will manage the property for you if you wish.

- Having bought your property at a well negotiated price you should find that whilst you are enjoying it and receiving an income from it over the next few years you should actually make a capital gain which is exactly the opposite of what will be happening to your deposit if you leave it in a bank earning very little and depreciating as things get more expensive whilst having the enjoyment of your property when you want it – allowing you to get away from the doom and gloom of the current climate in the UK – possibly prolonging your life!!

So whilst everyone else is sitting back listening to bad news and licking their wounds – get ahead and find the property of your dreams to enjoy relaxing holidays away from it all at a fraction of the price that hotels or rentals will

cost for holidays plus make some money from your property by renting it out when not in use – the enjoyment of your purchase is going to make you feel so much better.

To illustrate some of the types of reductions being seen at present, we have a beautifully renovated 3 bedroom apartment in a typical Basque style building, with two rear terraces in the sought after coastal town of St Jean de Luz in the Pyrenees Atlantic which has just been reduced from 600,000 Euros to 500,000 Euros which is almost a 17% reduction which is a bigger reduction than the Euro going from 1.30 to 1.13 – which means you will be buying this property for less this year than you would have done last year.

A turn of the century mansion set in an acre (3900m²) of grounds with 12mx5m swimming pool. 40m² of living space in main house plus 80m² self-contained apartment near Avignon has been reduced by almost 50% to 978.500Euros recently.

A chateau on the Cote d'Azur has come down 1m Euros but the price still won't appeal to most people at 6.9m Euros but a South facing single storey house with swimming pool & 500m² garden with lovely views near Mandelieu might be of more interest being reduced from 498.000 to 460,000 Euros.

In the ski areas a new development of chalets has reduced the starting price from 862.000 to 700.000 Euros and offers 5 traditional ski chalets with communal swimming pool, ideally situated close to ski slopes. Prices start at €700,000 for the two 4 bed duplex chalets. A great deal is offered with this South west facing luxury chalet with large south-facing terrace and spectacular panoramic views of the surrounding mountains and ski pistes. Due to its location and the arrangement of the living space, this property has strong rental potential in Petit Chatel which has been reduced from 1.200.000 Euros to 950.000 Euros.

Not all prices are reduced as some of the properties were put on the market later on and are priced at the right price for the present market – other owners would prefer to leave prices as they were but are more than willing to negotiate heavily. This is really the time to buy at the lowest prices for years.