

# La dolce vita

The strong euro shouldn't prevent you from realising your Italian dream, says **Clare Nessling**

Italy is a perennial favourite of the British and caters for every taste, from the traditional offerings of Tuscany to the more recent hot spots like Calabria and Puglia. And with a good choice of flights from the UK, the ease and cost of travelling to such locations have never been better. The country offers breathtaking landscapes, glorious food and wine, a stable economy and many people who invest in property there say they're buying into the sought-after Italian lifestyle.

It may come as no surprise, therefore, that enquiries received at Conti about Italian mortgages have increased this year, with the country rising to fifth place in our hot spots table, up from eighth place last year. Twelve months ago, the concentration of some investors on emerging markets was starting to erode the lead of the traditional ones. This year, the tables have turned. Buyers are sticking to locations they know and trust, and Italy is never far from people's minds when they're thinking of buying a home overseas.

## Stable market

Italy has by no means escaped the effects of the global downturn, but unlike the UK where obtaining a mortgage has become more difficult and property prices have been falling, the situation in Italy is quite different. The property market there has remained remarkably intact, primarily due to the country never being heavily involved in the sub-prime lending market. Nor has it suffered the effects of the over-development of property, like Spain for example.

Italy's more cautious approach has sheltered it from the type of property spikes experienced by the U.S. and Britain in recent years, as the market has had less room to fall. Italian homeowners buy houses to live in rather than as an investment, and on average, move only once every 20 years. Prices, therefore, have remained relatively more realistic. The country is not immune, however, from the decrease in demand for property brought about by the strength of the euro. Generally, there are fewer property buyers around at the moment, and vendors are therefore much more prepared to accept offers, so there's plenty of room for price negotiation.

## Hot spots

Many still dream of the more rural areas of Italy when thinking of buying a property there, but

the proliferation of low-cost airlines to many regional Italian airports has really opened up the rest of the country to British buyers.

Tuscany remains the most sought-after location, and although property prices are typically higher in this region, it's possible to negotiate discounts of around 10 per cent at the moment. Regular flights to easy-access airports like Milan's Malpensa and Pisa are available from a number of carriers, and this together with the lifestyle on offer and a steady flow of tourists means that whatever you spend, the area should always be a good long-term investment.

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The Italian lakes are also popular with British buyers, with most interest being concentrated around Lake Maggiore and Lake Como. Maggiore is less than an hour away from Milan, so very accessible, and due to strong demand from Italians, the local market has remained buoyant. Lake Como, popular with celebrities, also offers an excellent choice of properties, but prices are on the higher side, due to the area becoming increasingly popular with the jet set in recent years.

Umbria is another favoured location, and, being centrally located, is significantly less expensive (reportedly around 20 to 30 per cent cheaper than Tuscany) due to its being less easily accessible. Prices have dropped by up to 15 per cent in some areas, and if you're intending to let out your property, this area could be a very good choice – as it's cheaper, the rental market is pretty strong.

Calabria and Puglia are relatively new hot spots. Calabria is still a predominantly agricultural society, so prices here tend to be lower. Puglia has also been growing in popularity, thanks to regular low-cost flights to Bari and Brindisi, which make it much more accessible.

## Arranging finance

If you're financing the property with a mortgage, the general rule is that you can borrow up to 80 per cent of the purchase price

## Case study

Stuart and Gail Ferns, from Dumfries, have recently bought an apartment in the coastal town of Zambrone, in the Italian region of Calabria.

As they enjoy regular visits to Italy, it will be the perfect family holiday home for them and their two young children, and to help cover mortgage costs, the couple intend to rent it out to tourists for the remainder of the year. It could even provide them with the ideal retirement destination in their later years.

The Ferns decided to arrange their mortgage through Conti. “This made the whole process a lot easier”, says Stuart. “I knew that there would be many things to consider and wanted to ensure that everything was done properly. It certainly took the pressure off.”

He adds: “They were able to source the best possible deal for us, and as they know all the restrictions and administration requirements, this saved us a lot of time, cost and hassle, and avoided any potential language barriers.”



while your total mortgage payments and other financial commitments must not exceed 33 per cent of your monthly net income. Most Italian mortgages are on a repayment basis and it's compulsory for you to open an Italian bank account. Bear in mind that bills don't end at the asking price. Costs such as lawyers' fees, local and national taxes and insurance must all be met, and can often add up to 15 per cent to the cost of acquisition in Italy.

You should also bear in mind that in Italy, only euro-denominated mortgages are available to overseas buyers. If you intend to rent your property out, the rental income will be in euros, so the rent received could be held in your Italian bank account and used to make the monthly repayments, thus avoiding exchange rate fluctuations. If you're going to be using sterling income to service the repayments, the foreign exchange companies could advise you on future rates and even allow you to enter into a forward transaction for buying euros. This secures your exchange rate, but means you don't have to make the exchange until a future date.

Obtaining an approval in principle will tell you exactly how much you can borrow and what price range you can realistically consider when conducting your property search. Any seller, given a choice, will prefer a purchaser who can demonstrate that they have their finance in place. It's tangible evidence that you can take along when house hunting and it can also lead to your application being fast tracked once you've chosen your dream home. What's more, it costs nothing.

Due to a strong euro, a mortgage could be a good idea even if you thought you didn't need one. This is because your exposure to currency fluctuations is much lower than if you're paying by cash, as you will only have to exchange the money for your deposit and fees for now. The general consensus is that the value of sterling will strengthen against the euro over the next couple of years, at which stage you'd have the opportunity to pay off your Italian mortgage with the cash you had initially intended to use for the property purchase. It could save you a lot of money.

One of the biggest advantages of taking out a mortgage is that the lender, similar to those in the UK, will do its own checks on the property, ensuring that a proper legal title exists, that the property is registered in the buyer's name and that a valuation of the property takes place. Banks will also check other issues such as planning permissions and building licences.

You should always go through the same process that you would follow if you were buying a property in the UK. Take independent advice from an English-speaking lawyer who is not connected to your seller, estate agent or property developer. Among other things, you need to ensure that your property doesn't have any unpaid debts against it, as you could be liable for them. As part of our service, we can put you in touch with a reputable Italian lawyer, saving you valuable time and any unnecessary worry. ■

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