

Paying for the dream

THE BRITISH LOVE FOR 'LA BELLE FRANCE' HAS NEVER BEEN STRONGER SAYS OVERSEAS MORTGAGE SPECIALIST CLARE NESSLING

Despite the recession and the weak pound, the overseas property market is alive and well among British buyers, and top of the list is France, which accounted for almost a third (31%) of enquiries received by Conti last year. It has now officially overtaken Spain (22% of enquiries), but interest in both locations has increased considerably over the last year, as investors shun the emerging markets and put their trust in the more established destinations.

France has always been a pretty safe haven for overseas buyers, and there are many reasons why it's now the most popular. It continues to enjoy a very stable property market, primarily due to its financial system having been more cautious in the past, and it was the first European country to come out of recession in 2009.

As it's in a relatively secure situation, there's a strong appetite for lending to foreign investors and in some cases, it's possible to borrow up to 100% of the value of the property. It has become an increasingly attractive investment option, not least because of very low interest rates (some less than 3% at present) and easy access from the UK, but also due to lower property prices, with many sellers dropping their prices to levels we've not seen for several years. It's a buyer's market!

FRENCH HOTSPOTS

Popular locations for British buyers include Normandy and Brittany, thanks to their proximity to the UK, and Paris, where, if you buy in a good location, you can be sure of good rental opportunities.

Further south, a big favourite is Provence, where there are many character and high-end properties, as well as a long-established expat community. The resorts of Cannes,

Marseille and Nice, located along the Mediterranean coast, are long-time hotspots, but can be expensive compared with other regions.

The Dordogne, also an old favourite, has the highest density of British people in the country but also carries a higher price tag. More recently, areas such as the Languedoc have been receiving more interest, not least because prices are relatively low, but it has beautiful surroundings, and is within easy reach of Mediterranean beaches and the Pyrénées.

Generally speaking, proximity to cities, the coastline or new airports always open up the property market to foreign investors, increasing tourist appeal and having a positive effect on property prices. But whatever your budget and preferred location, France offers a plethora of choice, with its 22 regions each offering their own unique appeal. It's safe to say that there really is something for everyone.

RESEARCH FIRST

Dawn Herbert, 42, a legal executive from London, has just bought a lovely period property in Lot-et-Garonne, in the Aquitaine region, with her partner Karolina, 30.

A long-time fan of French architecture, Dawn fell in love with the location and found a property which 'ticked all of the boxes' – a six-bedroom *maison de maître*, set in three acres of land, and within driving distance of the Pyrénées. And, being located next to the Dordogne, it comes with all the benefits of this stunning area, but at a less expensive price.

"We took our time looking around and getting to know the area first," says Dawn. "We also registered with several

local agents so that we didn't miss any opportunities. This is really important, as you may discover properties which are being sold privately, or which are being marketed through local agents only, who often charge a lot less in commission."

The property, built in 1890, was in a good state of repair when Dawn bought it, but she is in the process of having it rewired and having new bathrooms fitted. Once this is complete, she intends to rent it out to holidaymakers for a few months each year, which will help with the mortgage costs.

Dawn put a 30% deposit down on the property and financed the rest of the purchase with a euro-denominated mortgage at a rate of just 2.5%. She knew that the house had been on the market for more than a year,

the same currency, thus avoiding exchange rate issues. In Dawn's case, she has put the proceeds from a previous property sale into a French bank account, and uses this to pay the mortgage.

Dawn's advice to any prospective buyers is to factor in any potential building costs before you put in an offer, and to obtain a number of estimates before deciding who to use.

She also recommends that you do your best to speak some French, however little. "The local people really appreciate you making the effort, and you can't assume that all French people speak English," she comments. "And using a specialist mortgage broker really helped, as it sourced the best possible deal, and guided us through the whole procedure. It certainly took the pressure off."

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Above: Dawn Herbert fell in love with a six-bed 'maison de maître' in Lot-et-Garonne – she intends to rent it out to holidaymakers for a few months each year to help with the mortgage costs

LIVING THE HIGH LIFE

Rob Sherwood, 37, the managing director of an exhibition, sales and marketing agency, recently purchased a beautiful ski chalet in the French Alps, with his wife Angeline, 35, who's currently on a career break to look after their one-year-old daughter.

The property, located in Sixt Fer à Cheval, one of the five resorts of Le Grand Massif, is a traditional Swiss-style chalet with three double bedrooms. It sits on a quiet farmtrack, backs



Keen skiers Rob and Angeline Sherwood bought their three-bed traditional Alpine chalet as an investment and a holiday home

on to the piste and is surrounded by stunning mountain scenery. "We're keen skiers, so it was the ideal purchase," says Rob. "But the beauty of this region is that it's fantastic for walking and mountain biking too, so there's a 12-month season, ideal for year-round holiday rentals."

Having put down a deposit of 15%, Rob and Angeline took out a euro-denominated mortgage to finance the rest of their purchase, and opted for a five-year fixed rate. Although they use their sterling income to make the monthly repayments, they use a foreign exchange company to make a forward transaction every six months, which secures the rate at which they'll exchange their pounds for euros now, but means they don't make the exchange until a future date. This helps them to avoid exchange rate fluctuations and to fix their costs as much as possible.

The Sherwoods also managed to get a good deal, negotiating a price which was 8% under the chalet's asking price, and included the agent's fees. They found the mortgage process very straightforward too. Rob says, "Going through a specialist broker made the whole experience much smoother and easier, and we were kept informed at every stage. The only delay we experienced was our bank in the UK taking much longer than necessary to carry out some basic document validation, whereas everything on the French side went like clockwork!"

Rob's advice to any readers who are thinking of buying a ski property is to consider altitude carefully. "You may be tempted to go for a cheaper property at a lower altitude, but you are, of course, likely to get less snow, which could impact on your own enjoyment of the property and on potential rental

yields. And don't be tempted to rely solely on rental returns to pay your mortgage. The rental market in this area is strong, but you can never take this as a given."

MORTGAGE AVAILABILITY

Buying a resale property, as the majority of overseas buyers do, gives you access to the biggest range of mortgage products.

While most mortgages are on a repayment basis, French banks are increasingly offering interest-only options, and most will allow you the choice of either a fixed or a variable interest rate.

A leaseback mortgage is another option, whereby you buy the property and then allow a management company the right to let it to holidaymakers. Each lender, however, will have different rules as to what they're happy to finance and what the terms will be.

If you're thinking of going for off-plan property, completion timescales will be less under your control, but finance is available, with many lenders offering stage-payment schemes. You can either defer the whole mortgage payment or just pay interest on the capital for a period of up to 36 months during the construction. However, the loan-to-value and interest rate will be affected by the choice you make.

The other option is to design and build your own property, or to purchase a project for renovation, but these are obviously more complicated and time consuming. Finance is available, but, again, you'll need to meet the individual lender's requirements. ■

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