

The drop in overseas house prices is creating bargains across Europe and beyond, says **Cathy Hawker**

THIS YEAR Homes & Property has hunted far and wide, from Paris to Cape Town, for ideal second-home locations.

We've visited rural farmhouses far from the madding party crowd in Ibiza, toured elegant chateaux in Bordeaux, cast a critical eye over apartments on golf estates in southern Spain and checked out eco-homes in Marrakech. In a year when sales across all prices have struggled, where were the best and worst performing markets?

THE SWISS ALPS

Stable **Switzerland** with its efficient tax regime and low interest rates remains an attractive option, even though the strength of the Swiss franc from this year made buying anything from a coffee to a chalet expensive for Britons paying in sterling. The welcome decision by the Swiss National Bank in early autumn to peg the franc at 1.20 to the euro brought prices down by nearly 10 per cent overnight.

Even in top-dollar Switzerland, though, value is vital. "The bestsellers are resorts linking into Verbier, where buyers can get access to Switzerland's largest ski area – but for a fraction of the price in Verbier," says Simon Malster of Investors in Property. Three- to five-bedroom chalets at Les Collons – from £470,980 – link into Les 4 Vallées ski area, as do two-bedroom chalets in Nendaz from £607,050, through Investors in Property.

FRANCE

French property prices rose 9.1 per cent this year, according to the National Institute for Statistics, but these figures are heavily influenced by Paris and the French Riviera, established favourites that appeal to an international audience.

Elsewhere, Century 21 reported a four per cent fall in prices in the last quarter, with further falls required before poor sales volumes improve, and Credit Agricole is predicting up to a six per cent price drop next year.

"The south of France remains in demand as a true lifestyle and year-round choice," says Charles Weston-Baker from Savills. "Homes from St Tropez to Cap Ferrat and Cap d'Antibes, and then up to inland villages such as Valençay, have sold." In Nice, Savills has studio flats in the

Dream location:

Half of the 272 units offered for sale by Hamptons International at the new Azuri scheme in exotic Mauritius were snapped up in only six months, with the majority of buyers attracted not just by the island's beautiful beaches (right) but by rental potential



What a difference a year makes

city centre from £167,100 and a two-bedroom flat on the third floor of the landmark Regina building overlooking the beach and close to the Promenade d'Anglais for £664,100. A 1,700sq ft detached Provencal house and pool near Colle sur Loup on the Riviera is £687,100.

SPAIN AND PORTUGAL

The pain in Spain continues with 700,000 new homes unsold, average price falls of 6.9 per cent in the year to October and a 60 per cent drop in sales since 2007. The new Spanish government has declared it will kick-start the market but an oversupply of property and weak demand means the immediate outlook remains bleak for all but the best located, well-priced homes.

In both Spain and Portugal pockets of demand remain. **The Balearics, Mallorca and Ibiza** outperform the rest of the market, and on the Algarve, where prices have crumbled, upmarket **Quinta do Lago** has seen prices hold steady despite a 30 per cent drop in sales since 2007.

GREECE

The public meltdown of the Greek economy has seen property sales grind to a halt. A beautiful five-bedroom stone house high above



Kassiopi in north-east Corfu has been reduced by 46 per cent to £1.19 million through Aylesford. Land plots also offer good reductions for anyone willing to build, with prices slashed by a third for a 43,000sq ft plot to £171,160.

"One unexpected result of the downturn is that top-end rentals have been strong," says Piers Williams of Aylesford. "At least six houses on Corfu have achieved weekly rentals of £34,230, unthinkable four years ago, from people who would rather rent than buy their own place and risk further price falls."

FURTHER AFIELD

Political strife caused poor sales in markets from Morocco to Egypt. In Dubai prices are 60 per cent below their 2007 highs and sales volumes down 70 per cent. With another 33,000 new homes due for

£314,450: three-bedroom apartment at Azuri in Mauritius. Through Hamptons International



£472,505: townhouse in Vale Do Lobo, Portugal. Call 020 7016 3740

completion next year, agency Moody has predicted prices will not rise until 2016. Yet the strong euro, stubbornly high despite eurozone uncertainty, has driven some buyers further afield for a holiday home.

In September, Hamptons International launched Azuri, the most affordable property in Mauritius available to foreign buyers, and sold 50 per cent of the 272 units within six months. "At least 85 per cent of interest in our international property comes from people looking to generate a rental income to help cover costs," says the firm's Maribeth Davies.

Weston St James in Barbados was a bestseller this year, proving that well-priced properties in prime locations still sell. Forty-six one- to three-bedroom flats 10 minutes' walk from prime west coast beaches, priced from £92,480, sold out.

The same developer is launching a similarly priced off-plan project nearby next year through Cluttons Resorts.



£588,420: three-bedroom flats in Nendaz, Switzerland (020 7016 3740)



£819,580: four-bedroom villa near Avignon, France. Call Knight Frank

CONTACTS

- **Investors in Property:** investorsinproperty.com (020 8905 5511)
- **Hamptons International:** hamptons-int.com (020 7963 06140)
- **Cluttons Resorts:** cluttonsresorts.com (020 7584 3050)
- **Savills:** savills.co.uk/abroad (020 7016 3740)
- **Knight Frank:** knightfrank.com (020 7629 8171)

Looking forward to 2012

WITH no immediate sign of an end to economic tribulations, current demand for safe havens in prime lifestyle second-home areas looks sure to continue.

Rental returns are certain to remain an important consideration for buyers in all price ranges, as they aim to contain their outgoings and cover at least a portion of running costs.

Knight Frank's Prime Global Forecast, published last month,

predicts property price rises of more than 10 per cent next year in the cities of **Bangkok** and **Moscow** with smaller increases in **Paris** and **Rome** – on a par with **London** – while **Cape Town** and **New York** look set to remain steady.

Price falls of between five and 10 per cent are predicted for several cities across **Asia** as anti-inflationary measures by their governments take effect.



Future perfect: big rises in Bangkok