

SHOULD HOLIDAY EUROPE?

Mike Smith and his wife, Debra, are flying out to view houses in Spain on June 8. They are looking for a three to four-bedroom villa on the Costa Blanca for up to £400,000. "We've both had our two jabs, we're just keen to get on with finding a place as soon as possible," says the retiree from Shropshire, who's going on a trip organised by the specialist Spanish agency Masa International. "I think prices have come down a bit in Spain – Covid is part of it

– and it's a good time to explore the market." He's hoping to be enjoying a new home in Europe by the late summer, and he's clearly not alone, with agents reporting that transactions have continued through the spring, despite about half of British travellers being uncomfortable about going abroad this summer, according to a survey by Ipsos Mori. As the eurozone slid into a double-dip recession in the first three months of the year, last week the European Union announced it will be opening

its borders to countries with high vaccination/low Covid infection rates in June. This week the government announced that Portugal and Gibraltar are among the 12 "green list" countries from which travellers do not need to quarantine on their return to England – after May 17. While buying an overseas holiday home will not be a priority for most, for some it's a prospect that has kept them sane during lockdown, with funds building up in the bank. "Among those that have kept their jobs, many people have saved up a chunk of cash

and are ready to spend it," says Giles Gale of Alpine Property Finders, referring to the fact that the UK household saving ratio rose to a near record high in the final quarter of 2020, according to the Office for National Statistics. He adds: "With interest rates on savings little more than zero, putting it into property may bring a better return than keeping it in the bank, and if you borrow as much as you can in euros, it's a good currency hedge because it's expected that sterling will improve, with the UK's successful vaccine rollout and the economy expected to outperform the European Union's." Without doubt there are plenty of people desperate to get on with their lives. David and his brother Peter from

I BUY A HOME IN

Golden visas, Covid worries,
tax breaks ... *Liz Rowlinson*
has the expert guide on
how to weigh it all up



The golden visa scheme is ending in Lisbon, main picture, at the end of 2021, as is the reduced stamp duty in Malta, left. Italians moving from cities to towns such as San Gimignano, above inset, are driving prices up

Wolverhampton are buying a three-bedroom house in the Spanish resort of Torrevieja, near Alicante, for £92,000. "We are hoping to fly out in July to complete the sale," says David, who works for Ikea. "We've been watching the exchange rate and discussed waiting until there's €1.20 to the pound [at time of writing it's €1.15], but the money is just sitting there in the bank doing nothing and you never know when your days are up. We just want to enjoy ourselves." So is buying now a golden opportunity to seize, or might it be better to wait until 2022? We weigh up the options.

TAX-BREAK INCENTIVES AND VISA DEADLINES

For those considering the southern Spanish region of Andalusia, there's the added incentive of paying less purchase tax if you complete before the end of 2021. On April 27 the Junta de Andalucía reduced the transfer tax (ITP) to a flat rate of 7 per cent (rather than a sliding scale of 8-10 per cent), and lowered stamp duty to 1.2 per cent from 1.5 per cent for the same period.

On a €1 million property, this is a saving of €19,000 on the ITP tax, but even on a €200,000 home it is €2,000. Mark Rawlings of the Spanish estate agency Your Dream Home says: "A lot of people are now in a stronger financial position as they have saved money during this period – they are mostly cash buyers and are intending to fly out this summer, or maybe buy through virtual viewings."

In Malta – which is not on the "green" list for UK travellers despite having the second highest vaccination rate in Europe – reduced stamp duty is also available until the end of the year. Buyers pay 1.5 per cent instead of 5 per cent, up to a maximum value of €400,000 (any value above this will be taxed at the regular rate).

"Property prices have remained relatively stable over the past 18 months, and we haven't noticed or experienced any substantial price changes," says Alan Grima of Cluttons Malta. "This has been helped by the tax incentive introduced last year as part of the Maltese government's stimulus package."

Second-home buyers in Portugal who wish to take advantage of staying longer than 90 days at a time in their property need to note that the golden visa scheme is ending in some areas at the end of the year. The scheme – which offers a residency permit and also the freedom to travel freely within the Schengen area with a real-estate investment of at least €500,000 (or €350,000 for renovation projects) – will stop for properties in Lisbon. ➔ Continued on page 14

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Porto and some coastal areas including parts of the Algarve.

PRICE FALLS – NOW OR NEXT YEAR?

Is the window of opportunity for mid-pandemic buyers already closing as air travel expands, or are there deals likely further down the road?

The French economy is recovering more speedily than expected – the Bank of France predicts 5.4 per cent GDP growth in 2021 – and the latest report from the Notaires de France shows that prices per sq m increased in 2020 in most areas of the country. That said, it reports that international buyers were at their lowest level for ten years (1.5 per cent).

"We are waiting for all the overseas buyers to arrive this summer, and it will be first come first served," says Alex Balkin, head of Savills French Riviera. "They will take the best properties – and won't find vast levels of stock because many second-home owners are holding on to their homes for this summer. For some the second home has become a 'must-have' in case there's another lockdown."

In Italy, according to the OECD, property prices increased more decisively in the final three months of 2020 than the same period of 2019 because of Italians moving out of cities or buying coastal holiday homes.

"Sardinia especially has had a really good year," says Gemma Bruce of Casa & Country Italian Property. "Although northern Italians have become more interested in inland rural areas too."

LONDON OBSERVATION
Whitehouse is flying out to rural Tuscany next week to look at homes for £1-1.5 million but doesn't expect to find any bargains. "I don't think it's necessarily a good time to buy – travel is complicated and [our] currency weak – but I've been wanting to buy for some years and I've now got the money to do so," he says.

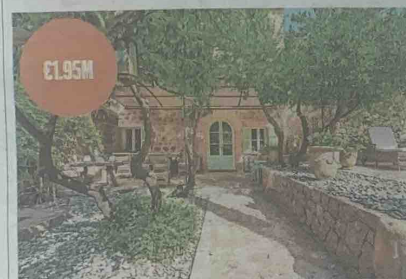
HOLIDAY RENTALS: IMPACT ON OWNERS

Buyers have a window of opportunity to negotiate preferential terms from vendors who are feeling the



MIDI-PYRENEES, FRANCE

No crumbling châteaux here – this renovated four-bedroom villa in Tarn, in France's Golden Triangle, has been totally renovated. It has an 18m saltwater pool plus outside shower and summer kitchen, 24 acres and a wine cellar. knightfrank.co.uk



MALLORCA, SPAIN

This 18th-century former fisherman's house in Deia was renovated just a few years ago. The master bedroom, plus sitting area and en suite, occupies the entire top floor. It also has a plunge pool and mountain views. engelvoelkers.com



UMBRIA, ITALY

Castellucci is a restored four-bedroom farmhouse in a Perugian hilltop village. It comprises a main house and an annexe, plus a new 12m pool. Inside, beamed ceilings and handmade terracotta tiling give it a traditional feel. savills.com



A restored five-bedroom property in Ibiza comes with that all-important rental licence

pinch from poor returns after two years of dramatically curtailed tourism.

Equally, if rental income is important to you, this might be a good reason for waiting until next year to buy, says Robert Green of Sphere Estates. "Borders and economies might close again, with the possibility of new (Covid) mutations. However, if you are buying a property off-plan – which won't be completed for a year or so – then there will be less reason to delay, especially if there's a guaranteed yield."

Rob and Lisa Sargent from Sheffield are reassessing what they want from their holiday home as a result of the pandemic. They made an offer on a property in Lanzarote in the Canary Islands a few days before the UK went into its first national lockdown, but then pulled out due to the uncertainty. They have a budget of about £280,000 for a three-bedroom villa and hope to fly out in July.

"We were planning to rent out our property, but the past year has made us question whether we should spend a bit less money so we are not reliant on rental income to cover its costs – the future of



You will pay less tax if you buy in Mijas, Andalusia, before 2021 ends

international travel is still very uncertain," says Rob, who works for Barclays.

"We've been keeping an eye on prices in the development we like in Playa Blanca and I think we are beginning to see the first signs of some price adjustment. Owners reliant on the holiday rentals market are perhaps beginning to feel the loss of income."

Average property prices did not fall in the Canary Islands in 2020, according to the Spanish ministry of development. In fact, along with the Balearics and Galicia, prices per sq m

slightly increased. "We do not expect to see prices plunge in Spain as they did after the global financial crisis," says Mark Pritchard, the sales and marketing director of the developer Taylor Wimpey España. "Although we feared they might, people buying off-plan properties did not cancel in March 2020 [when the pandemic started] – as they did in 2008-9."

REASONS TO WAIT

For British buyers navigating new visa requirements – needed for stays of more than



House prices did not fall in Lanzarote last year

90 days in their holiday home – due to Brexit, there may be an argument to delay until there's procedural clarity. Colin Crawford and his partner, Richard, from Glasgow are hoping to buy a two-bedroom property on the Spanish island of Gran Canaria to escape the Scottish winters, but now need a non-lucrative visa to enable them to stay for more than three months.

They are applying to the Spanish consulate in Edinburgh this week and expect the process to take at least two months, in time for

flying out in September.

"The lack of definitive advice available about the application process is making it really difficult," Colin says. "We have been agonising about whether to wait – to see if things become clearer or more streamlined as more people go through the process – but we feel we couldn't wait for the EU to sort out anything. We are both retired so we don't want to 'lose' more time."

He appreciates the pound will probably get stronger next year and mean their £200,000 budget will go further. "But I think that will be balanced out by the market getting stronger too, as people just want to have somewhere to escape to."

The main thing is not to rush into anything for fear of missing out, Giles Gale says. "Don't make rash decisions based on a reaction to the past few months. There are people who have bought places – such as a chalet in the Alps – in the past year in the belief that they'll be able to work there remotely for ever, but now the HR departments of large companies are calling people back to the UK to avoid the tax implications of having employees with a tax footprint in a different country."

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