

Costa del cutprices

By Jeremy Gates

With UK owners of holiday homes abroad possibly facing losses of £24 billion, one of Britain's top housebuilders promises big discounts on Spanish homes at exhibitions scheduled for September.

Taylor Woodrow de Espana says its biggest cuts, up to 41%, are on selected properties in mainland Spain and the Balearic islands at exhibitions in the Home Counties and East Anglia on September 13-23.

One example is a two-bedroom flat at a marina complex on Majorca's south-east coast at 195,000 euros (£171,000). On another scheme near the beach at Puerto Pollensa, Majorca, two-bedroom apartments are down from 440,000 euros (£387,000) to 265,900 euros (£234,000).

But will buyers rush in - or stand back?

Investors Chronicle magazine claims that the value of UK-owned foreign properties soared from £10 billion in 2000 to £58 billion by 2008, mostly funded by mortgages, before plunging disastrously to leave thousands of recent buyers in negative equity. It used data from estate agents Savills and online letting firm HolidayRentals.co.uk.

In Bulgaria, says the report, buyers who paid £50-60,000 for a home on the Black Sea coast may be offered £15,000 or less to get rid of them. Some are desperate enough to take the offer, even with mortgages of £40,000-plus.

Along with Bulgaria, Dubai has seen falls up to 75% from peak to trough. Of the half-million Brits with holiday homes abroad, many of the 35,000 buyers in 2007-08 are in negative equity.

In Dubai and Bulgaria, it is now almost impossible to get a mortgage, leaving many owners trapped in their homes.

In Florida, where 70,000 Britons have bought second homes in the past decade, some prices have



FLORIDA:
Many Brits have bought their second homes in America's state of Florida

dropped 40%. In Spain, with a million newly-built apartments unsold and possibly another two million held by foreign owners keen to escape, price falls are put at 30-40%, possibly more in some areas.

In all these markets, buyers expected to make a quick profit.

But the supply of 'greater fools' ready to pay more to keep the prices surging ahead dried up fast in the credit crunch. In markets driven by speculators, there are few buyers.

France, however, has mostly escaped mayhem. Although the stronger euro might have dented prices by 10% in the past year, it has far less investor-driven new-build developments, and nothing like the oversupply seen in Spain.

In fact, mortgage brokers say it is fairly easy to remortgage homes in France, and some owners are taking euros out of bricks and mortar to pay off debts in Britain.

Yet despite the financial wreckage which has piled up since, markets cracked in 2007, there are signs that developers and agents are active again in those areas where Britons still want homes.

"We see a very fragmented market," says Savills' head of overseas sales Charles Weston-Baker.

"We have had astonishingly good sales at Quinta do Lago, on one of the best golf courses on the Algarve, worth more than six million euros (£5.3 million) so far this year, but not-so-nice houses in poorer locations along the same coast may be 20% down.

"On the Cote d'Azur, front-line plots in top-line locations don't seem any cheaper at all, and they are held tightly by affluent people who don't need to sell."

In the Almeria region of south-east Spain, Cheltenham-based Almazora Group claims sales of new

homes worth five million euros in the past three months at its Desert Springs project.

"Prices are at their lowest for six years, but are bound to start rising again if sales continue at this level," says Almazora sales manager Simon Coaker.

"The actual supply of good-quality individual property in less-developed locations in Spain remains quite limited."

The crash has left many Britons facing heavy debts on overseas homes, but it won't deter buyers who think prices can't slide much lower from here.

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