

# Are the British buying foreign property again?



Is it time to get (back) into the market? Peter Robinson, Managing Director of the Association of International Property Professionals (AIPP) reviews the data and market sentiment

**T**he short answer to this question is seemingly 'yes' - if the 4,864 audited visitors to A Place in the Sun Live at the Birmingham NEC over three days at the end of September are considered - the highest attendance at this event for five years. Retirees, bargain hunters and investors are seemingly now all in the marketplace, looking at attendees of the educational seminars I ran with my panel.

We can dig deeper into the data through a report compiled and recently published by AIPP member, Rightmove Overseas, who spoke with over 3000 buyers currently in the international marketplace. A full copy of the RO report can be downloaded free of charge from the AIPP website [www.aipp.org.uk](http://www.aipp.org.uk)

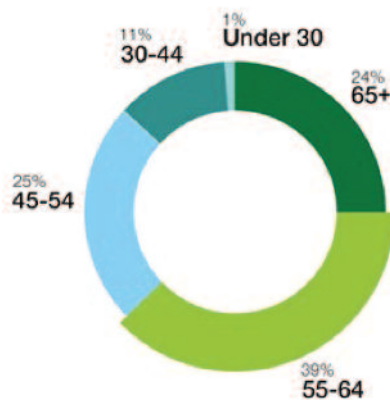
It is perhaps not surprising to see that 63% of all buyers are over 55 years of age, with the over 65s spending between four to 12 weeks abroad on holiday a year. After the market stagnation and geo-political dramas of the last five years there is a lot of pent-up desire among the older age group to acquire a property in the sun and enjoy their autumn years. This age group is fuelled by significant growth in the value of their own properties over their lifetimes and many have good pensions - the UK may account for less than 1% of the global population, but we own 8% of all global pension assets.

Perhaps no surprise in the choices of Spain, France and Italy as the top three destinations. In addition a lot of building and

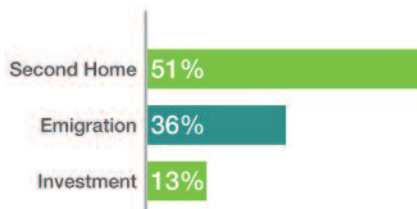


Dave Sutton

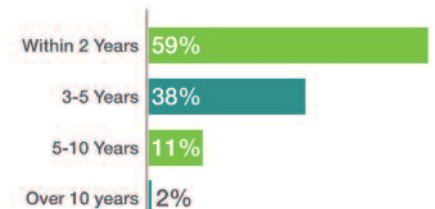
## Who's currently buying?



## Why are people buying?



## When will they be buying?



## Why haven't they bought yet?

- Still Researching (33%)
- Waiting to retire (26%)
- Struggling for finance (12%)
- Situation has changed (11%)
- Waiting for children to leave home (7%)
- Haven't found a suitable property (6%)
- Couldn't find employment overseas (4%)
- Confused by the buying process (1%)

promotional activity in Turkey has pushed it up the rankings.

The size of the market for second homes, anecdotally much lower over the last five years, shows a real confidence returning.

Buying an overseas property is a considered purchase and, anecdotally, the market is not as frenzied as it once was. But a high proportion of those engaging with agents and developers now (59%) are looking to buy in a relatively short time-frame.

A significant third-plus potential buyers are still researching their requirements with anecdotal evidence that buyers are a much more cautious bunch these days than those in the market over five years ago - fuelled by cheap credit. At the AIPP, we regularly receive and handle telephone calls and emails from buyers asking for information and advice and the questions at the property exhibitions we attend show a good level of insight and commitment.

Investors might be a relatively lower number in absolute terms but they do make multiple purchases and often return to the market again and again to add to their portfolio. Agents should take note and cultivate these buyers as they offer good 'lifetime' value once the initial relationship has been secured.

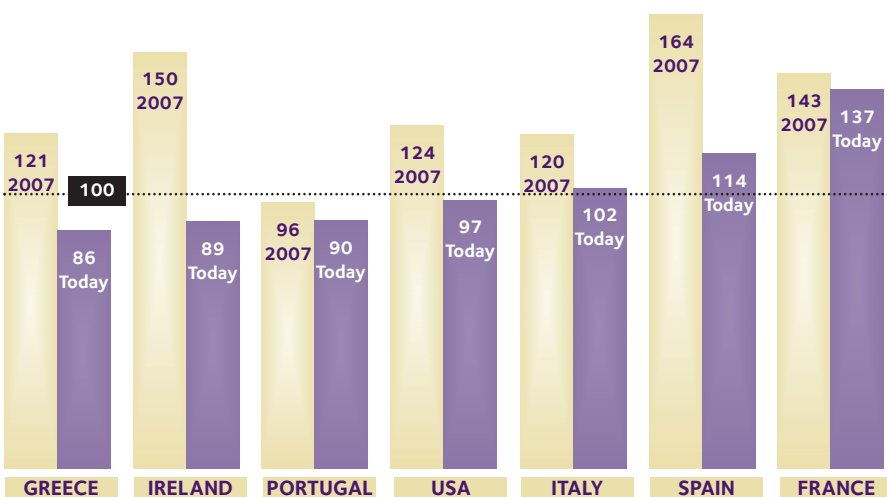
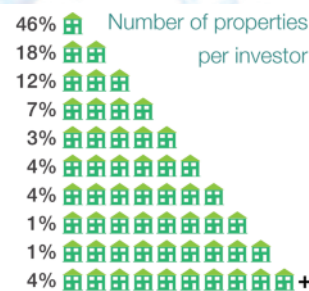
Underpinning such rising market optimism is another piece of research undertaken by the OECD and published in the Daily Telegraph back on 13 July (details in the chart below). This shows that, after the boom years and some markets being rather over-valued, prices are getting back to a more neutral position.

Whilst the British weather and kudos of owning a foreign holiday property will always be with us, my anecdotal research is that the majority of the people in the market today are cash buyers with many of the restrictions on foreign mortgages still in place. That said, many banks (particularly in Spain) are sitting on repossessed failed leisure property developments and will quietly offer mortgages to enquirers on half-decent terms. **PP**



### What's important when investing?

- #1 Rental Yields
- #2 Knowing the price will increase
- #3 Buy below market value to renovate
- #4 Reputation of investment company



Prices today and in 2007 compared with a long-term measure of value, based on local wages and other economic factors (100 = neutral position where property is neither overpriced nor undervalued). Source: OECD as featured in the Daily Telegraph 13 July 2013

### Foreign property sales via AIPP

AIPP joined the NFOPP family of property professionals in October 2012 and is now headed by full-time MD Peter Robinson, based in their Westminster offices, London. Established in 2006, AIPP members include vetted agents, developers, lawyers, financial services, trustees and other professionals from the UK and around the world – all the professionals potentially party to an international property transaction.

The over-arching aim of the AIPP is to promote the highest standards of professionalism and integrity among all professionals working in the industry – not just agents – and to encourage members of the public to proactively seek out association members when involved in any kind of international property transaction.

AIPP members sign-up to a voluntary code of practice and each applicant is checked before being accepted into membership. All member companies have agreed to self-regulation and are bound by AIPP Disciplinary and Dispute Resolution Procedures. On the subject of self-regulation, see further page xx

“The AIPP is a great connection to make for market knowledge and networking potential”, assures Peter Robinson, Managing Director, AIPP. See [www.aipp.org.uk](http://www.aipp.org.uk)