



Where to buy in 2020 ... in Europe

From Portugal to Germany. Carol Lewis and Hugo Cox look at the best places to take advantage of a recovering pound

Brexit may still be far from done but the decisive election win led to an immediate strengthening of the pound against the euro. With the European Commission and UK government sounding conciliatory over rights for expats it might be time for Britons to again consider a holiday home or a move across the Channel.

Nearly half of those who bought a second home in 2019 planned to rent it for short lets, according to a survey by Savills estate agency and Home Away, a holiday rental website. So choosing to buy somewhere with good rental prospects as well as the chance for capital growth is a must. We look for the locations in key European markets that offer that elusive mix of value for money, holiday-home charm and rental potential.

France

Strong price growth in Paris has forced investors out to the suburbs and satellite towns, according to Kerstin Bachmann, the managing director of 56 Paris, an estate agency. The average price for property in Paris exceeds €10,080 a square metre, a record high, she says. "By 2022 it is predicted that Paris will be more expensive than London." To get around the city's restrictions on short-term rentals she recommends renting

your property furnished as a second home to an expat staying in Paris for a few months.

Despite the price gains, some central areas still offer the chance of capital growth. Bachmann points to Haut-Marais, around Enfants Rouges market, just south of République. Around the Rue des Gravilliers, Rue du Temple and Rue Meslay a one-bedroom flat will cost about €350,000. Also consider the Montmartre/Pigalle areas and "a little left field but worth keeping an eye on" is the area around Station F in the 13th, a tech start-up district.

For rental income on the French Riviera, Tim Swannie, the director of the buying agent Home Hunts, says that Cannes is the best bet. The city has a year-round calendar of events and, because it has less than 200,000 inhabitants, is not covered by France's new law limiting owners to 120 days a year of short lets. He also suggests Nice, where a new tram connects the airport to the city centre in 20 minutes. He recommends Les Musiciens district for "a central apartment in a quiet, upmarket area".

Spain

Malaga is the top Spanish tip of 2020 for Hugo Thistlethwayte, the head of international sales for Savills. At €2,600 a square metre prime home values are among the lowest in the world, according to the Savills World Cities



Index. "It offers city vacations with a good quality of life, beaches and decent transport. With investment in the old town and in new developments, it feels like somewhere which is turning itself around," Thistlethwayte says.

Homes in the city offer Spain's best opportunities for short-term city lets, says Alex Vaughan from the international agency Lucas Fox. This is down to a 12-month season facilitated by "excellent international flight locations, a vibrant cultural scene and year-round sun". Two-bedroom apartments in the city centre, costing roughly €500,000, let for between €700 and €1,000 a week in the high season, he says.

Marcus Surtén, the chief executive of

This villa, top, for sale on the banks of the Elbe, is in Hamburg, one of the German cities where price rises have been highest. Above: this three bedroom apartment in Paris is on sale for €2.782m through Home Hunts

Mi Move Spain, suggests the village of El Capistrano, an hour's drive east of Malaga, near Nerja and Mojácar Playa, a favourite spot for holidaymakers from Madrid. "Prices are still a lot lower than elsewhere and there are great international connections to Almería airport and the new airport in Corvera," he says.

With high prices in best-loved places such as Marbella, Nueva Andalucía and the Golden Mile, bargains can be found further south along the coast towards Estepona, Surtén adds. "Take a closer look at San Pedro de Alcántara and Castillo de La Duquesa."

Chloe Williams from the Spanish Estate Agent also points to Estepona, which is half an hour west of Marbella. She says it is "a more conservative and authentic alternative to Marbella, favoured by Spanish families, that offers better value for money." Substantial recent investment in the area's infrastructure, including sports facilities and walking and cycle tracks along the seafront, has helped prices to gain 12 per cent in the past year compared with growth of 8 per cent in Marbella.

In Spain's northeast the best investment spots are in rural Catalonia around the medieval city of Girona including the Empordà and the Pla de l'Estany region, according to Tom Maidment, Vaughan's colleague in Barcelona. "We are seeing growing demand from British buyers, many of whom are looking to let out their holiday properties for a couple of months to cover their annual maintenance costs," he says. Nearby beaches of the Costa Brava help to bring rental yields for the spring-to-autumn season to between 3 and 4 per cent before taxes and costs. A traditional three-bedroom stone townhouse costing €750,000 would fetch about €2,000 a week during this period.

Portugal

Vasco Rosa da Silva, a founder of Kleya, a Portuguese relocation company, says that with average city property prices in Lisbon and Porto growing 84 per cent and 72 per cent respectively since 2015, buyers need to seek pockets of value and regeneration. The neighbourhoods of Beato and Marvila in Lisbon are below the average for the Portuguese capital and on the verge of regeneration. In the Porto district he recommends Matosinhos and Gaia. "They are served by good transport links — in Gaia you can walk to Porto centre — and the average prices are well below Porto city."

Even in the Algarve, beloved of British second-home owners and retired people, there are undiscovered nuggets. Rosa da Silva suggests Aljezur or Silves, "areas very well preserved that are different from the traditional sun and beach offer and where average prices are still below Algarve averages". Silves and Aljezur have average prices of €1,417 and €1,204 a square metre respectively, against the Algarve average of €1,613.

The lowest property prices are in the north of the country with €779 a square metre in the cities of Braga and Guimarães, compared with an average of €3,677 a square metre in Lisbon city, although guaranteed rental income might be more difficult to come by.

Porto is the best place for letting property, according to Charles Roberts of Fine & Country in Lisbon. "As long as you are somewhere near the centre, prices are still 30 per cent less than Lisbon and the rental yield through Airbnb or Home Away is on a par. Unlike the Portuguese countryside the season is 12 months long."

About €400,000 would get you a two-bedroom flat, "maybe even with a river view", in the central Aliados neighbourhood, he says.



Italy

Florence offers a long rental season, although the Tuscan countryside — where some sales in 2019 went for below €2,000 a square metre — is the place to go for value, says Jeremy Onslow-Macaulay of Casa and Country estate agency. Slow sales in recent years mean plenty of homes to choose from and owners open to negotiation, he says.

Gemma Bruce, the founder of the Viewing agency, tips Puglia. “The next Bond film, filmed in Matera, has increased enquiries,” she says. Buyers appreciate the discount of roughly 20 per cent on equivalent homes in Tuscany, with the finest selling for well below €3,000 a square metre. The increasing profile of Puglia is helping rental opportunities, she says. “Madonna had a holiday there in 2018 and the Beckhams this summer,” she adds.

Germany

Average prices for detached and semi-detached homes grew 12.5 per cent in the first half of 2019; those for freehold flats increased 11.5 per cent, according to Engel & Völkers. The agency says that, thanks to low interest rates and high demand for city living, the strongest price gains have been in Germany’s seven largest cities: Berlin, Hamburg, Munich, Frankfurt, Düsseldorf, Cologne and Stuttgart. Kai Enders, a member of the company’s board, also tips the town of Sternberg, near Munich.

Thistlethwayte says that Frankfurt offers excellent investment potential thanks to a lack of housing supply and a strong jobs market, with many companies moving from London as a consequence of Brexit. He notes that furnished new-build homes avoid the city’s rent control rules.

Bargains can be found in Estepona, Spain, where this beachfront development by the architect Rafael de la Hoz includes a two-bedroom apartment for €592,000 through The Spanish Agent