

Buying a  
property  
overseas







## Every currency transfer has a story. What's yours?

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Moving abroad is a life-changing experience and can seem daunting in more than a few ways. But moneycorp will help you along the way and work to take the stress out of the process of buying property abroad.

As an award-winning foreign exchange specialist, we have been helping customers buy holiday homes or properties abroad by answering their foreign exchange needs for 40 years. So whether you're buying a retirement villa, a family home in the sun or a seaside apartment for when you need to escape the rat-race, you can make your overseas property dream a reality.



## Pandemic pauses property demand, but not for long

While the property market in the UK boomed during the pandemic as buyers locked in the stamp duty holiday, the overseas market has seen both challenges and opportunities.

During the first few months of the global pandemic, demand in Spain and Italy dropped dramatically as the countries emerged early on as some of the hardest hit in Europe. The drop in tourism across Europe due to travel bans meant a fall in prices across the continent as well, but demand has and is continuing to pick up, with the Knight Frank Global Buyer Survey stating that second home sales have soared.

The pandemic was a short, sharp shock to the global property market but recovery was soon on the horizon. In fact, pent up demand has seemed to fuel the decision to invest in a second home overseas. After staring at the same four walls for a long time, buyers are keen to travel and start their overseas property journey.





### What about Brexit?

The UK and EU agreed a Brexit deal on Christmas Eve, officially leaving right at the end of 2020.

Prior to the arrival of the coronavirus, property prices had been rising and there was a decrease in buyers from the UK across Europe. However, once the Withdrawal Agreement was signed, Britons became the top buyers of Spanish property across December 2019 to January 2020.

UK citizens resident in the EU before the deadline will retain all existing rights, regardless of the final agreement. This includes free movement across the EU and the retention of key benefits, including the pension triple lock guarantee.

It remains to be seen whether Brexit impacts buying a property in Europe or the UK, as a lot of travel has been restricted for some time. However, with strong British expat connections across the continent, and a Brexit deal done as opposed to going it alone, many Brits are still hopeful of a home in the sun.

### What does all this mean for Brits buying abroad?

The recent fall in prices due to the pandemic presents an opportunity for buyers in the short-term, but the value of the pound may have a larger influence. The value of the pound in the coming months will be related to how the UK economy is faring and how this compares with other countries. So far the vaccine programme in the UK has helped prop up the pound, while the EU has been playing catch up, impacting the euro's performance. Those looking in the EU may be focused on purchasing soon as potentially the euro may strengthen as the EU distribute more vaccines.

Anyone who took the time to review their life goals and ambitions during lockdown may decide that life is too short and too precious to wait any longer to realise a dream. If those hopes include owning a piece of a special overseas destination, a stronger pound may make prices all the more attractive to British buyers.

# Why buy a property abroad?

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There are many reasons why people buy a property abroad – some are seeking a more temperate climate to enjoy during their retirement, others are looking for a holiday retreat in their favourite spot in the world.

## Retirement in the sun

Sunshine and a slower pace of life do attract expat pensioners to Spain, Portugal and France in particular. These aren't the only reasons – affordable property and a lower cost of living mean that it's possible to enjoy a higher quality of life on a smaller budget. Changes to the laws relating to pensions and pension dividends mean that it's possible to take 25% of a pension pot from the age of 55; many use this nest egg to invest in property. Some make the move right away, others keep working for a few more years, enjoy regular breaks and prepare to settle permanently on retirement.

## Aspirational investment

Another common reason for purchasing a property is to invest a legacy received from a relative or friend. The property purchased can be a haven from the hustle and bustle of modern life. Perhaps some of the reason that legacies are often used in this way is a realisation that life is short, and while a previous generation may have been afraid to take the leap, people are now starting to invest in property to fulfil both their own dreams and the aspirations of the loved one from whom they inherited the legacy. While the property may one day be a place to retire, in the meantime it can be used not only for holidays but also provide a second income from holiday rentals.

## Lifestyle Properties

Another popular option for holiday properties is lock-and-go apartments based in sunny golf clubs or snowy ski resorts. These managed properties have a lot of advantages – you have the opportunity to indulge in your favourite hobby, and the managed nature of the property means you don't have the added headache of organising cleaning and maintenance. A managing office can also provide access if you choose to rent it out to holidaymakers for some of the year. Many such apartments are located within the grounds of some of the best golf clubs in Spain or Portugal and include access to a wealth of health club facilities. Apartments in ski resorts also have the added advantage that you have a secure place to store all your kit, which can save you a lot on baggage costs and mean you will never miss another ski season, even when the popular resorts get booked up.

## Property to rent

The low cost of property in often popular tourist destinations means that while buying a house at home might be unattainable to some young buyers, it could be achievable if they bought abroad. Not only that, it could be a worthy investment because it's common to see expats buying property to rent out on online sites such as Airbnb as a way to earn money for a deposit where they live. It's important to note there are local laws restricting short-term rentals and hosting, which differ between cities and countries.

# What to look for in an overseas property

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Before you start searching for the perfect property, make a list of your own personal priorities. The best way to start is to think about the reasons you're moving abroad, and what the property will be used for. Ask yourself some of the following questions to get started...

- What locations appeal to you?
- Are you after a slower pace of life?
- Do you need a family-friendly location?
- Does the property need something specific to meet your needs, such as a swimming pool?
- And do you want any specific amenities, such as a nearby golf course or access to culture or gourmet restaurants?
- When are you thinking you'll use your property? Remember some holiday hotspots shut down in the off season.
- Are you after something more off the beaten path, or do you want to be in the hub of things?
- Ultimately, what will your dream property be used for and how do you imagine spending time in it?



## Portugal offers investors a wealth of treasures and a golden visa



Portugal is very popular with British expats, with many benefits such as affordable property, cheaper cost of living and a temperate climate.

Portugal is less developed than Spain, which means it's easier to find a quieter spot. Some of the best golf courses in the world are found in Portugal, in luxury health complexes with many other attractions. If you've promised yourself more time on the green in retirement, this may be a great place to move.

Portugal offers a lot of choice – the vibrant city of Lisbon has much to offer, although property can be quite expensive. In contrast, the Silver Coast is largely unspoilt and the island of Madeira is also popular. Like other places on the continent, there is a slower pace of life which attracts many as a destination for holidays and retirement and there's much to appreciate as you sit back and relax, including fresh, healthy cuisine and beautiful beaches.

The Algarve remains the most popular region in Portugal with expat Brits, but you will want

to search around to make sure you get good value. Albufeira, Vilamoura and Loulé are the most popular and often the first choice of British buyers but it's worth looking at the bigger picture. Popular areas such as Lagos on the Western Algarve are seeing property prices rise but there are still many opportunities in smaller fishing villages on the fringes of the Algarve and great value apartments in the golfing capital of Europe.

Another reason that Portugal attracts buyers from overseas is because the Portuguese government runs a golden visa scheme, which is ending very soon in certain popular places, so investors from outside the EU spending €500,000 or over on a property will be eligible to apply for residency and an EU passport until July 1st. In addition, the Non-Habitual Tax Residency scheme (NHR) offers European expats low or zero income tax rates.





## Indulging in your interests in France

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### Foodies might enjoy Gascony

Described as the “most delicious corner of France” by the New York Times, Gascony is an untouched region in South West France. It is an agricultural region, with few motorways and TGV lines but what it lacks in access it more than makes up for in the quality of the local cuisine. If you’re looking for a slower pace of life and a touch of luxury with a healthy twist, the fresh, hearty food on offer in the region is just the ticket. Many of the ingredients in restaurants are sourced locally, making them fresh and environmentally friendly, and many are supporters of the slow food movement promoting local food cooked in healthy ways to traditional recipes.

### L’Isle sur la Sorgue may be the place for those with an eye for antiques

Isle sur la Sorgue has more antique shops than any other place in France. The antique capital of Provence is host to a market twice a week. In addition, there are many prestigious events throughout the year, including the Foire Internationale à la Brocante et à l’Antiquité. There are also many additional markets nearby which can offer treasures; the Tuesday market in Curcuron, in the Lubéron, is not far away and markets in Bonnieux and St Saturnin-les-Apt are both within easy reach. Travel routes are very convenient; from the London St Pancras train there’s a direct route from Paris to nearby Anignon on the TGV.

### Île de Ré offers a haven for those with young families

If you’re looking for a holiday property or a place to welcome your family and friends. Île de Ré is perfect for those summer months. The area has stunning sand dunes and rich pine forest and British buyers are waking up to the reasons why Parisians have long considered the place the ideal summer retreat. The beaches are an obvious benefit, but if you’re looking for a slower and healthier pace of life then the cycle paths are another benefit. It’s much less crowded and informal than the more fashionable spots on the Riviera, and can be more affordable when it comes to investing in property.

### Sports fans will love Annecy

Whether you love winter or summer sports – or enjoy a little of both – Annecy may be the ideal place for a second home. Those who enjoy the outdoor life will love the opportunities for cycling, walking in the breath-taking mountains and valleys. The lake is also a major attraction – as well as being on one of the most popular cycling routes, many visitors enjoy boating, swimming and paddle boarding. You don’t have to slow down in the winter, either. You’ll find two world class ski resorts - La Clusaz and Le Grand Bornand – less than half an hour away. Perfect for active, healthy holidays and if you retire to this beauty spot, you’re likely to have a steady stream of visitors throughout the year.

## Benefits of an expat community

Some people move abroad for the adventure of immersing themselves in a new culture, but many find a sense of community among other expats.

Fellow Brits who have already made the move and learned some lessons can be an excellent source of support and practical advice when you're settling in. From local contacts for renovations to advice on where to find your favourite tea bags and marmite, an expat community can help you make the transition – and it doesn't mean you

can't also get involved in the local community. It's easy to research the best areas for expat communities across Europe – there's a high concentration in Spain and Portugal – while there are some in France, but in general, British expats are a bit more spread out.

Popular Spanish regions for purchases by foreigners are:



These regions welcome expats from all over the world, but you will find British expats in many of these places. Most are attracted to a life in the sunshine by the beach, but cities are also popular. Madrid, for example, is the third biggest city in Europe and holds a wealth of attractions, which is perhaps why it represents roughly 8% of all the foreign property investment in Spain.

## La Dolce Vita

Italy has its own unique glamour and continues to attract visitors and expats from across the globe. It's a great place for a holiday and if you're looking to retire, the healthy Mediterranean diet and warmer climate can offer great health benefits. Property prices vary across the country and, as you might expect, increase in areas popular with tourists but if you're looking for peace and relaxation, there are plenty of rural areas where you can invest in a bargain – although be aware that you may find there are fewer amenities available.

## Taking your own path

Whether you're looking for a holiday property or a place to retire, the world is your oyster. Before you narrow down your options within a country, take a look at places around the world that may provide you with exactly what you're looking for. Costa Rica is attracting expats with its eco-friendly culture and fantastic healthcare, the US continues to encourage people to visit and settle in retirement communities such as Florida and Arizona. Australia and New Zealand are a long way to travel, but for many people its proven to be worth the trip. If you're looking to invest in a property, take a long look at the many places that can fulfil your dreams before settling down.



## Beyond the top three

Spain, Portugal and France may be the most popular areas for Brits to invest in property, but there are many other countries that are attracting holidaymakers and pensioners from the UK.

### Dubai enticing pensioners with five-year visa

It's clear that Dubai is looking to attract pensioners with a new five-year visa for the over-55s. While five years may not make for a permanent home, the government recognises that often retirees can be transient or return home later into their retirement and aim to make the process of living abroad for some time easier. To qualify for the new over-55s visa, expats must own a real estate investment of at least AED 2 million, or around GBP420,000, have savings of more than AED 1 million, or prove income of at least AED 20,000 (roughly GBP4,200) per month. That may be a high bar for some, but for many it puts a luxury lifestyle within reach and allows access to the growing tourist attractions and exclusive expat communities in Dubai.



### Island life proves a lure to expats

Perhaps the lasting influence of the British Empire on Cyprus and Malta is part of the reason why both islands continue to attract expats. Both offer golden visa programmes similar to the Portuguese model and boast a similar warm climate and slower pace of life. In addition, both are popular holiday resorts with frequent cheap flights. Residents are never that far from a beach, and that coastal breeze can offer some respite from the extreme heat of the summer. Cyprus and Malta both feature in the top ten most popular places with Brits for buying property, so there is an expat community and a thriving tourist industry to attract both visitors and new residents.

## Financing an overseas property

If you are looking to buy a property overseas, you have a few decisions to make depending on your circumstances and your preferences. If you have a pension lump sum and savings to invest, you may in some cases be able to buy the property outright. Alternatively you may wish to borrow part of the cost and devise a way to repay the mortgage either through your salary or any income that the property may generate. If you are borrowing, you'll also need to consider the various costs and benefits of taking out a mortgage in the UK or whether to work with an overseas provider.

### Investing in a property overseas with friends

One option to bring down the cost of purchasing a holiday property is to invest with friends or other family members. As well as being a way to bring down the cost, it gives you a great excuse and a place to stay for regular get togethers – and you can share your time evenly throughout the year so everyone benefits.

### Create a budget and a timetable

Buying with friends obviously spreads the cost, but it will also spread the amount of time you have available. Many people who own property in holiday hotspots rent it out to holiday makers for part of the year. This might not be as feasible if you're all taking turns for your summer holidays, but the benefit of splitting not only the initial cost, but the cost of maintenance and local taxes may mean that this is less important. It may still be possible to gain a small income from holiday letting, but it's worth working this out early on to avoid disagreements and frustrations further down the line.



### Don't forget maintenance costs

Another area you'll want to agree up front is sharing the maintenance costs. If you're looking to buy a 'lock-and-go' managed apartment or villa, property maintenance is likely to be included in a package. Sometimes this also includes membership to an associated health or golf club and facilities such as a gym, pool or spa, so you'll want to make sure everyone is covered. This certainly provides a simple, "all-inclusive" solution, but may not be an option for properties which aren't attached to a complex. If you buy independent properties, you may have to take some time to find local providers, but you can also work with your fellow owners to take on some of the cleaning and maintenance chores yourself. Either way, take the time to work out a budget early on and agree regular monthly or quarterly costs which are fair and understood by everyone involved.

## Planning a scouting trip

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Once you've got a clear idea of your priorities and where you want to invest, you're ready to take a scouting trip to check out some potential properties. Unless you've been a regular visitor to a particular resort where you will be investing, take your time to look around. When you're organising your viewing trip, planning ahead will help you make the most of your time and means that you'll ask all the right questions when you're assessing the various properties.

### Book your visits in advance

Make all your appointments before you go, and allow plenty of time for each visit. This gives you time not only to travel between each appointment but also to pause and reflect on what you have seen. That time for reflection is very important; racing from one place to another may feel exciting, but it won't leave time to weigh up your experience and that can be very important when considering such a major investment.

### Make your own checklist

Make a list of all the questions you want to ask in advance – from checking just what is included in the maintenance fee of a lock and go property to how often the buses run and anything else on your list of priorities. It might seem silly, but the act of ticking off a checklist can help you keep the conversation on track and it will give you a point of reference at the end of your trip when it's time to make a decision.



## Standard checklist for buying a property abroad

Whatever your personal priorities are – and they should be high on your list – we've compiled a standard checklist to help you get started which applies to the process of buying a property abroad and highlights some of the questions to ask your estate agent.

- Use a local, reputable property company for detailed property searches and insight into the property market;
- Additionally, independently research local laws on buying and letting property;
- Use a local lawyer who speaks English well and ensure they are registered with the country's bar association;
- Research the local planning laws if you are looking to build;
- When budgeting, remember to account for additional costs such as local taxes, registration and utility connection fees;
- Consider whether it may be worth opening a local bank account to make such payments easier to manage;
- Calculate realistic returns on an investment property and consider all the risks involved before investing;
- Set up your trading facility with a foreign exchange provider to get the best rates when transferring your funds overseas.



## Checklist for moving abroad

As soon as you've signed on the dotted line for a property, you have another list to start! Again, the details will vary depending on the circumstances and location of your move but we've compiled a basic checklist of key preparations for moving abroad.

**Three to six months before you head for your new home you should get started with the following:**

- |   |  |
|---|--|
| <input type="checkbox"/> Get quotes for international removals and for your flights before booking a shipment;  | <input type="checkbox"/> UK pension(s) and what the tax implications may be if you move abroad;  |
| <input type="checkbox"/> Ask your medical centre and dentist for hand-over files  | <input type="checkbox"/> If required, ensure that your children are enrolled in a local school well in advance of arrival;                                 |
| <input type="checkbox"/> Ensure you have a complete visa, and have the paperwork to confirm your medical examination and the results of police checks where required; | <input type="checkbox"/> Ensure any pets are fully inoculated and fit to travel;   |
| <input type="checkbox"/> Request up-to-date assessments on any savings and pensions. A pension transfer specialist can assess your                                    | <input type="checkbox"/> Consider making a power of attorney if you wish for a family member or trusted friend to handle your financial affairs in the UK. |

**As the move draws closer, there are more details to complete, at least a month before moving:**

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|--|--|
| <input type="checkbox"/> Notify your electoral office about redirecting voting forms;  | <input type="checkbox"/> Organise an international SIM card to save money on calls when you first arrive abroad; |
| <input type="checkbox"/> Ask for a copy of your no-claims bonus from your insurer;   | <input type="checkbox"/> Set up a redirection service for your mail.   |
| <input type="checkbox"/> Arrange private health care provision in advance – and bear in mind that health provision varies from country to country; |  |



# How can a currency specialist help with your overseas property purchase?

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A currency specialist can help with all the international payments relating to buying a property overseas. Specialists offer better exchange rates than high street banks – and on a large amount for a property deposit or investment, even a fraction of a percentage point can make a big difference. High street banks also charge higher fees, up to £40 per transaction, and when you add up all the payments you need to buy a property including legal fees and local taxes, it could make a dent in your budget. Looking further ahead, ongoing monthly maintenance costs or sending a UK pension payment to your new home in the sun could cost you nearly £500 in a single year.

You also benefit from the expertise of a currency specialist, who can provide guidance on the current state of the market, which will help you set a realistic budget. You can also learn about the range of tools available for managing international payments.

## Understanding the exchange rate

The only time most of us consider the exchange rate is when we're buying currency for an overseas trip. The currency market fluctuates constantly, and responds to both predictable and unexpected political and economic news and events across the world. Currency markets are difficult to predict, but you can understand underlying trends and a currency specialist can help you use tools to mitigate some of the risk so that you don't find that your pounds are no longer enough to buy your dream property.

## Managing fluctuations in the foreign exchange market

Fluctuations on the exchange rate are rather like the weather – you may have a rough idea of what's to come, but you can't control it and anything could happen in the space of a few hours. Like the weather, however, you can plan for all eventualities. That doesn't mean the equivalent of packing your umbrella and some sun cream every time you go outside, but it does mean weighing up your alternatives and your preferences to make the right decision depending on your requirements, budget, and your attitude to risk.

## A forward contract offers budget certainty

If you prefer certainty, you may wish to set up a 'forward contract' to protect against subsequent rate movements because it allows you to secure a prevailing exchange rate for up to two years. (A forward contract may require a deposit.) Fixing the rate means that you can develop a clear budget plan and be certain that any required payments – from property purchases to a destination wedding or overseas tuition fees – can be made in full and will be affordable within your budget. Exchange rates can fluctuate by as much as 10% or more over a relatively short period of time, so the cost in sterling can be significantly impacted and you may end up paying more than you bargained for. However, it's worth noting that if the rate improves in your favour, you won't be able to take advantage of that movement. If you've got your heart set on a certain property, you may consider this is worth accepting to ensure that you can secure the home you want.

### Market orders help you manage your exposure to currency market fluctuations

If you have a little more flexibility in your budget and you're concerned that you may lose out with a forward contract, a market order might be a better choice for you. This allows you to take advantage of upward movements, but you still have an equivalent to a safety net placed in the market 24/7 that guarantees a minimum exchange rate but allows you to take advantage by buying at a better rate if the market moves in your favour. This may sound like a complex procedure and there are risks but a specialist can provide all the information you need to find out if this approach will work for you and how to set it up. This will allow you to make clear budget plans, with a band of best- and worst-case outcomes which both fit within your budget, whilst also retaining the potential to take advantage of a positive rate.

### A greater understanding of the market may help you take a calculated risk

If you're comfortable with risk, you could also watch the market and make a decision to trade on the day you need the funds, or the day when you believe you have the best possible rate. A specialist can provide guidance and automated alerts relating to target rates and general market conditions which will support your decision making. The challenge here is that there are no certainties, the market may never reach the rate you're hoping for, and may fall below what fits within your budget. These spot payments are great for urgent requirements, and can be used to take advantage of market fluctuations but you may need to factor in a greater margin of error than using more structured market orders.

The route you take for making your international payment depends on a number of factors, from the timing and amount of money you're sending overseas to your attitude to risk and budget flexibility. Engaging with a currency exchange specialist early in the process will allow you to plan ahead and receive expert guidance on the best approach for you.





## Making the most of your money once you've made the move

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Even if you're settled in a new country, you may still have a property in the UK that needs some maintenance. If you're renting out a property, from holiday lets to longer term rentals back in the UK, you'll have both income and costs in a different currency. From maintenance work, agency fees and local taxes to unexpected breakages or simple wear and tear, you could make many payments over the course of a year.

Another major factor for people who retire overseas is receiving their pension payments. You can set up a Regular Payment Plan. Funds are collected in sterling from your bank account via Direct Debit, converted into the currency you require and sent to the destination that you provide. This can also be useful if you're still living in the UK but maintaining a property abroad. Automated payments can be set up to suit your deadlines and ensure all the bills are paid. As well as lower fees than a high street bank, another advantage of this is convenience. You have the facility to set up and track all the payments online, which will save you time and is particularly valuable if you need funds by a certain date or want to send regular payments such as a pension.

The Regular Payment Plan (RPP) can also help you plan ahead by fixing the amount of currency sent or received, or both if you choose to fix the exchange rate. You can fix these payments for up to two years. This means that you can be certain that any required payments will be covered, and if you receive an income from a property, you can budget ahead with confidence whatever happens to the exchange rate.

You can set these payments up over the phone or organise them wherever you are by accessing your account online and via the moneycorp app. The Regular Payment Plan offers convenience and great value, and provides an easy way to manage your funds across borders with a full clear statement as a record of all your payments.

# An online account offers security, convenience and value

Many people now manage their finances online – from budgeting apps to quick transfers and real-time statements, it's now possible to check your funds at any time. If you're sending money overseas, you may have spotted some high transfer fees appearing on your statement – the opportunity to send money directly from your account may be an easy solution, but it could be costing you more than you need to pay. You may also find that the rates quoted don't match up with what you've seen online.

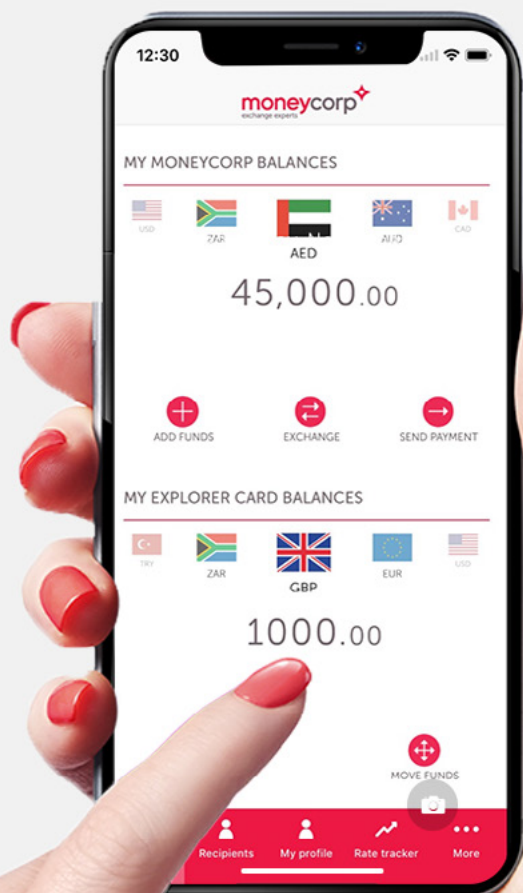
## Take control online

Send urgent payments online as well as schedule regular payments and pay bills or transfer a pension. You can also track scheduled payments and currency deals online, plus receive live updates on available exchange rates.

## Manage your funds wherever you are

The online account is also available as an app\*, which means that wherever you are, you can access your international payment account via a laptop, tablet or smart phone. If you're travelling or need to make a transaction outside of office hours, this can be a very useful option to set everything up online to be executed the next business day. Our secure, highly functional online platform allows you to take control of all your international payments – and with the app you can even make payments while sipping sangria by the pool.

\*App is UK only



## Global specialists in currency exchange and international payments

Moving abroad is an important life milestone, but it can also be a bit daunting. We are here for anyone wanting to buy a property abroad, whether it's your first time ever purchasing a property, or you're simply looking to expand your foreign property portfolio even further.

We cater for each individual customer and their requirements, which we have done for 40+ years. Providing guidance throughout, we are there for you every step of the way, starting with scouting out potential locations, paying a deposit, to setting up regular payments.

As an award-winning foreign exchange specialist, we offer customers the following:

- Competitive exchange rates and low transfer fees
- Exchange in over 120+ currencies
- 24/7 online access
- The ability to set up regular weekly or monthly payments

[www.moneycorp.com](http://www.moneycorp.com)



## Contact us

To find out more about how moneycorp could help you save money on your property purchase overseas, quote 'property guide' when getting in touch.

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