

RESIDENTIAL RESEARCH PROVENCE RESIDENTIAL INSIGHT

Knight Frank



John Stephenson, of Knight Frank's France, Monaco and The Alps team, shares his knowledge of Provence's prime property market. John talks all things Provençal, and discusses why the region is emerging as a firm favourite with discerning international buyers

How is the market performing?

In my view prices fell on average by around 5% in 2011, due to the fragile global economy rather than any noticeable softening of demand or surge in supply.

Home to two Natural Parks, the region of Provence is subject to strict planning controls which make new developments a rarity, constraining supply and protecting prices.

Enquiries in the first quarter of 2012 are above the 2011 average. Enquiries from non-eurozone applicants have increased the most, due in part to the strong dollar.

In my view the €3-€5m price bracket saw the strongest level of interest from committed buyers in 2011.

Who's buying in Provence?

The prime Provence residential market differs considerably to the high-profile resorts along the Côte d'Azur. Provence is favoured by a more low-key clientele who are looking to immerse themselves in the French culture and adopt the local, more relaxed, way of life. Provence offers buyers more seclusion, sizeable plots and larger swimming pools, not to mention a less densely populated environment.

British, Belgian, Swiss and French (predominantly Parisian) buyers together account for around 70% of prime purchasers in the region. Provence is also proving popular with a number of British ex-pats living in Asia who are looking for a European base outside the UK. A large number of dollar-denominated buyers have benefitted from the currency's recent strength. Other notable increases have come from South Africa and the Netherlands.

Where are the hotspots?

Les Alpilles and the Luberon have traditionally been the key focal points for international buyers. Within Les Alpilles the villages of St Remy-de-Provence, Les Baux-de-Provence, Mausanne-les-Alpilles and Eygalières have proved perennial favourites for international buyers. This area benefits from good links to Marseille Provence Airport and the TGV in Avignon.

Further to the east the medieval hilltop village of Gordes and the surrounding northern Luberon

with its blend of vineyards and lavender fields, is frequently targeted by Parisian buyers.

On the other side of the Luberon mountain range the lesser known villages of Lourmarin and Cucuron are seeing an increase in demand. Located within a two hour drive of the Alps and only an hour from the Mediterranean these picturesque market villages are considered to be good value by an increasing number of international buyers. The proximity of Aix-en-Provence and its wealth of retail outlets, from independent boutiques to luxury brands, has also attracted buyers to the area.

What type of property is in greatest demand?

A typical second home requirement in Provence would be a property in Les Alpilles, with 2 to 4 acres of land and around 250 sq m in size, ideally there would also be some secondary accommodation for guests. Buyers here are often keen to undertake small-scale renovations or put their own stamp on the property and a few have a passion to venture into olive-growing or viticulture on a non-commercial basis.

What's your outlook for 2012?

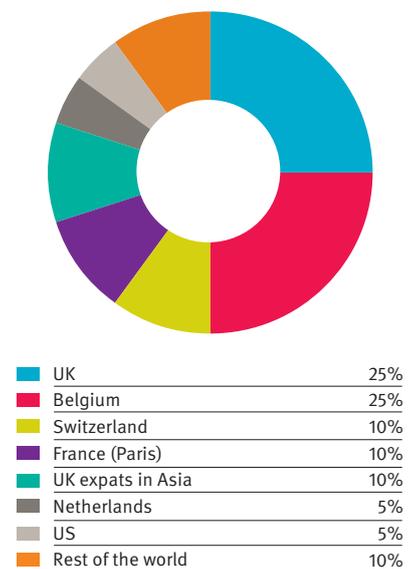
Demand for luxury homes in the region looks assured and Provence's global appeal is growing. In 2011 the number of enquiries we received from potential buyers rose by 76% year-on-year and there has been an increasingly diverse mix of nationalities showing an interest in the region. In 2010 our applicants came from 7 countries, by the end of 2011 this figure had risen to 18.

Set against the current backdrop of financial instability, the Eurozone's debt crisis and the 2012 French presidential election I expect prices will remain largely static in 2012. That said, the economic climate may start to impinge on vendors' expectations potentially creating a more realistic attitude to pricing in 2012/13.



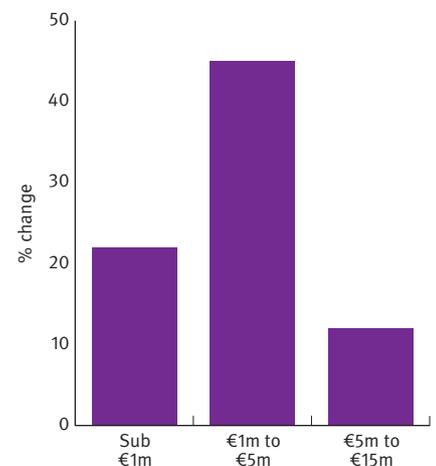
John Stephenson
International Residential Department
+44 (0)20 7861 5015
john.stephenson@knightfrank.com

Figure 1
Who is buying prime property in Provence?



Source: Knight Frank Residential Research

Figure 2
Searches by price bracket
Percentage change in searches by price bracket, 2010 vs 2011



Source: Knight Frank Global Property Search website

RESIDENTIAL RESEARCH PROVENCE RESIDENTIAL INSIGHT

Knight Frank



Knight Frank's Global Property Search website receives 600,000 hits per month making it a unique barometer of the demand for prime international property. The following charts highlight some of the trends in the Provence market.

Nationality

UK buyers were seeking properties in Provence priced on average at €3.3m in the three months to February 2012 while Swiss buyers were interested in more expensive homes at around €4.7m (figure 3). However, over a 12-month period it was US buyers that targeted the most expensive price bracket with almost 25% of their online searches relating to the €5-€15m price band (figure 4).

Figure 3
Average price searched by selected nationalities
Searches in the three months to Feb 2012 (€)

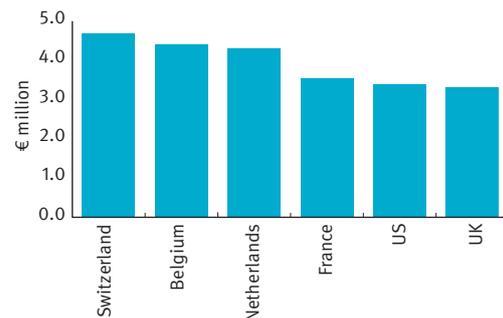
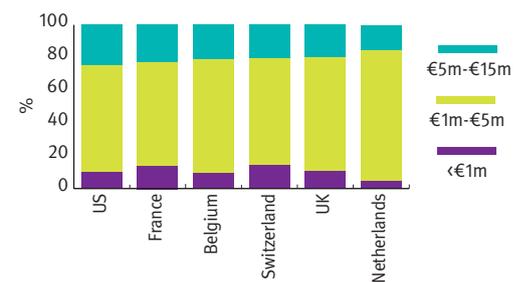


Figure 4
Nationality and price bracket
Proportion of searches by price band and nationality, 12 months to Feb 2012



Search volumes

Online search activity tends to peak between May and September, with July and August seeing the largest volume of searches (figure 5). 2011 saw a marked increase in search activity with volumes each month two or even three times higher than the same month a year earlier (figure 6).

Figure 5
Seasonal trends
Search activity compared to the monthly average for each location

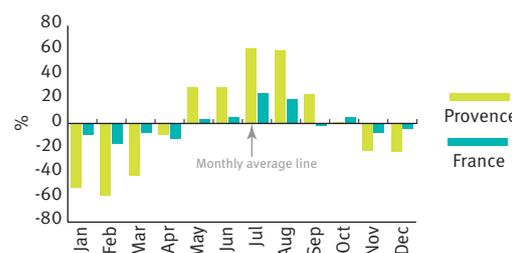
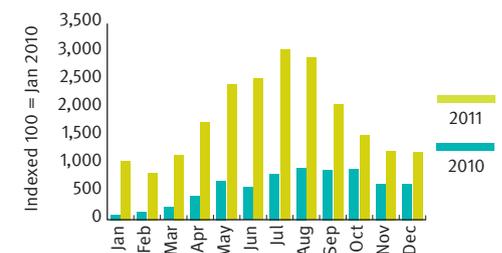


Figure 6
Monthly activity
Volume of property searches by month, 2010 vs. 2011



Source: Knight Frank Global Property Search website

What can you buy for up to €3m?

EYGALIERES

Provençal farmhouse

Asking price: €2.6m

🛏️ 4 🛏️ 3



What can you buy above €5m?

LES ALPILLES

Stunning olive oil estate

Asking price: €5.9m

🛏️ 6 🛏️ 2



For more details please click on the images above

Contacts

Mark Harvey
International Residential Department
+44 (0)20 7861 5034
mark.harvey@knightfrank.com

Kate Everett-Allen
International Residential Research
+44 (0)7876 791630
kate.everett-allen@knightfrank.com

Bronya Heaver
International PR Manager
+44 (0) 20 7861 1412
bronya.heaver@knightfrank.com

Knight Frank Research Reports are available at
www.KnightFrank.com/Research



Global Briefing

For the latest news, views and analysis on the world of prime property, visit
KnightFrank.com/GlobalBriefing

© Knight Frank LLP 2012 - This report is published for general information only. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Residential Research or Knight Frank LLP for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is allowed with proper reference to Knight Frank Residential Research. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Registered office: 55 Baker Street, London, W1U 8AN

Data correct at March 2012