

Hot investment tip

Tahmineh Madine looks at the growing trend of tourists choosing to rent holiday homes over hotels – and what it means for investors

The past few years have seen a rising number of tourists and visitors to France choosing to spend a week or two in a rented flat or holiday property rather than the usual hotel or bed and breakfast.

The decision to rent a furnished flat or house versus a room at a hotel or B&B has numerous advantages.

“Furnished rentals offer a convenient and stylish alternative to hotels – and a big opportunity for investors”

A rented home provides the space and privacy that travelers in big groups or those engaged in sporting activities usually need (or prefer). For families with young children, it offers the ability to control their child's meals, have easy access to laundry facilities and room to let their children relax without worrying about other guests or the safety of the children in a separate hotel room.

A rented house or flat is generally more cost-effective and ideally suited for the rising number of people taking last-minute mini-breaks based on low-cost airfare destinations.

“Our clients are always



Many visitors to Paris are now choosing to stay for a week in a designer-furnished flat rather than a four-star hotel



pleasantly surprised at how affordable a week in one of our designer-furnished flats is compared to a week in a three- or four-star Paris hotel,” says Julie Cadé of www.alacarteparis.com.

Unlike a hotel, a rented holiday home also gives visitors a feeling of actually living in

France. A fully-equipped kitchen is one frequent requirement for visitors planning on enjoying the best of French produce and markets. And with more space to spread out, and a proper living room, you don't feel the need to spend every waking minute outside.

Try before you buy

It is also a popular choice for the “try before you buy” market. Those looking to invest in a holiday or retirement home will often rent a place for a week at different times of year before deciding on a preferred location. After many rental clients requested help in acquiring and furnishing their own buy-to-let flat in Paris, Cecile Gabilliet, formerly of A La Carte Paris Apartments, has launched a sister company www.alacarte-invest.com. She can source, furnish and market the apartment while offering a guaranteed net yield of 4.3%.

The rented holiday home can also help create a far more distinctive and memorable vacation experience. Gathering friends together in your private villa with pool in the stunning Cap d'Antibes or holding a dinner party in a beautifully furnished flat in the trendy Paris St Germain area are experiences that even the newest boutique hotel would have trouble competing with!

The ease with which these experiences can be booked has helped prompt the rise in their popularity. Gone are the days of sending away for piles of brochures and then hoping for the best! Organising a furnished flat holiday let is now as easy as making a hotel reservation. Many professional furnished rental management companies or even rental-by-owner sites are now online with automated reservation systems and credit card payment facilities.

Doing the sums

An example for the purchase of a one-bedroom apartment in the trendy Marais area of Paris

- Purchase price and notaring fee: €415,000
- Renovation and furnishing: €50,000
- Loan: €400,000 (25-year loan at 5.09%, capped at 6.09%)
- Cash including down payment and completion costs: €105,500
- Monthly loan payment: €2,360
- Monthly life insurance payment: €115
- Monthly net rental income at 80% occupancy: €2,425 (net of management and maintenance fees)