headstart in marketing the flat. The property has only been advertised for rent in its completed state for three weeks. Nevertheless, demand is high and they already have 16 weeks in 2008 booked — with Matt and his family reserving certain weeks for their own use.

The focus is now on managing the property to handle maintenance and ensure maximum rental profits. Finding and working with a rental management company you can trust is a critical step for any non-resident investor.

For 40% of the rental fee, Susie and her team manage the entire process for Matt, everything from booking the guests to ensuring fresh soup and sheets are available for each new round of visitors.

Matt’s advice to others looking to make a similar sort of self-funded investment is to work with professionals who cater specifically for the overseas investor. ‘Neither my wife nor I speak French, and although we have bought a number of properties in the US, the process was completely different in France,’ he says.

Summing it up
Balance is the key to a successful self-funded property investment — between your investment and personal lifestyle goals.

It is important to spend the time upfront to obtain a pre-approval from a French mortgage intermediary. This will ensure an efficient search. In a competitive market, this also allows you to provide a letter from a bank to prove you are financially viable if you need to win a bid on a property.

Location, renovation, and furnishings will have a major impact on future rental returns. When organising your budget and financial planning, keep in mind that almost all properties require at least some renovation before they are able to be rented. This means spending for additional cash or financing upfront and factoring in a lag time between closing on the property and offering it for rent.

Lastly, it is always worth checking with a solicitor or tax advisor in your home country in order to understand the tax implications of owning a rental property in a foreign country. Rental income earned in France must be declared to the French tax authorities.

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**Financial snapshot**

Currently, the monthly costs on Matt’s property are on track to be covered by the monthly income — with a healthy positive cash flow remaining.

- Total acquisition cost: €1,191,500
- Purchase price: €975,000
- Sourcing fee: €29,250
- Fees/taxes/registration of charge on property: €72,250
- Renovation, air conditioning: €35,000
- Furnishing costs: €70,000 *
- Less mortgage amount: €700,500 **
- Total cash employed: €431,100
- Monthly mortgage payment: €6,690
- Monthly net rental income at 80% occupancy: €5,800 ***
- Positive monthly cash flow: €1,110

* Furnishing costs are higher than average as Matt and Karen opted to furnish with authentic antiques
** It is possible to have a higher loan to value and include renovation costs in the project to finance to reduce cash employed
*** Net of all management and maintenance fees, rent amount will increase each year

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