

Internationally associated with security, lifestyle and glamour, Monaco also boasts a property market that can be seen as a safe haven alongside destinations such as London, New York and Singapore. Paul Humphreys assesses current market conditions in one of the world's most desirable residential addresses.

Since the turn of the year, the luxury property market in Monaco has regained momentum. While Knight Frank's Prime International Residential Index reported that the price of luxury homes in Monaco rose 2% in 2012, we have seen an uplift of as much as 10% in 2013 for the very best properties.

The effects of the credit crunch were felt globally and although Monaco was not immune, these were felt later than elsewhere. As 2012 progressed, and noticeably in Q4, a healthier property market emerged, something which continues to strengthen this year as confidence among buyers returns for well-priced property.

At the super-prime end of the market there is interest among potential purchasers, although stock levels for apartments above €10m remain limited. We estimate that there are around 20-30 available units currently on the market, less than half the number of €5m properties. The slower supply of stock at the top end of the market is one factor that should help maintain current price levels going forward.

Global demand

There are around 120 different nationalities living in Monaco, highlighting the global demand for homes in the principality. Since the millennium Monaco has attracted a diverse mix of buyers. Italian, British, Russian, Swiss, Benelux and Scandinavians amongst others are now all active in the market.

Additionally, Monaco is starting to attract emerging wealth thanks to its status as a safe haven alongside London, New York and Singapore. At the end of 2012, partly as a result of uncertainty surrounding second home property taxes in France (now much clearer), there was an increase in emerging wealth buyers in the principality.

Monaco's location in relation to the rest of Europe, its education system and above all its security are appealing to a rising number of wealthy individuals globally. We have seen a rise in the number of buyers attracted to Monaco to take advantage of the safe family environment it offers. A mature economy, an extremely low crime environment and world class healthcare support the emerging trend of it becoming a hub for international family life.

Additionally, buyers are drawn to the principality's Mediterranean climate as well as its political and economic stability. Monaco's favourable tax environment is undoubtedly another factor which underpins demand. While it is not a totally tax free jurisdiction, residents are exempt from many of the taxes imposed in other European countries.

Global profile

The high quality of life remains perennially attractive with the annual Grand Prix, Monaco Yacht Show and Monte Carlo Masters Tennis all highlights of the social calendar. This, combined with its sophisticated city culture and proximity to St Tropez, Cap Ferrat, The Alps and the Italian Lakes, ensures that Monaco retains its glamorous international appeal all year round.

The quality of homes on the market has been enhanced over the past couple of years by developments such as Tour Odéon and L'Oiseau Bleu both of which continue to attract international interest from traditional and emerging locations. Properties at the top end of the market, but across a wide range of prices, are generating the most interest of late. New builds and good quality, well refurbished existing stock are very much in demand and it is these which attract the emerging wealth and have seen the biggest uplift in prices, of up to 10% in some cases.

Interest from a growing number of well-informed buyers in one of the world's most exclusive property markets has led to a welcome recovery in sales and prices. Much of the quality stock on the market has been purchased and prices for new build and well refurbished property are starting to rise as people take advantage of the unique lifestyle Monaco offers. We anticipate this will continue throughout 2013 as confidence in the principality returns.

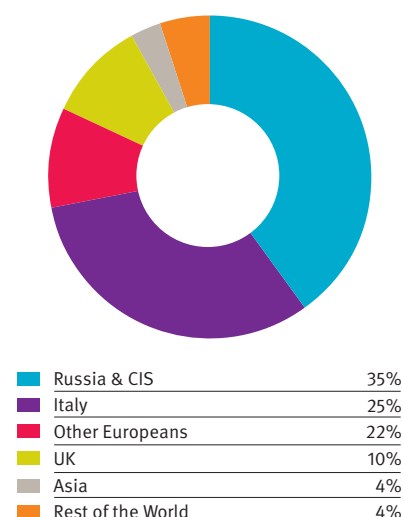


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At roughly **two thirds** the combined size of London's Hyde Park and Kensington Gardens, Monaco is the second smallest country in the world.

Monaco has the world's highest life expectancy at nearly **90 years.**

Figure 1
Who is seeking to buy prime property in Monaco?



Source: Knight Frank LLP

MONACO UPDATE



Prime Properties

TOUR ODEON



Price on application



LE MONTE CARLO STAR



€13,500,000



L'OISEAU BLEU



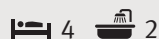
Price on application



LE ROQUEVILLE



€6,950,000



PARC ST ROMAN



Price on application



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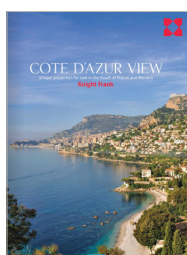
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