

Property Investment in the Alps

Investing in property in the Alps

There are several points to bear in mind when investing in property in the French Alps, particularly Les Gets. There are accepted rates of return on property investment, which are well documented by local French accountants, who have spent a number of years working with investors and reviewing and analysing investment returns, both locally as well as other resort destinations such as Chamonix, Courchevel and Meribel and Megeve.

Our local Les Gets accountants, SAREG, show figures which indicate that a good quality Les Gets Chalet of 4-5 bedrooms can achieve a rate of return of between 2.6 - 2.8%, based on a rental period of 17 weeks in the winter and 12 weeks in the summer.

Where the owners are themselves quite assiduous in pursuing the rental market, usually by establishing their own web-site and taking the bookings themselves, it would seem that returns as high as 3% can be achieved. However, if you take into account personal time and web-site costs then the figure begins to look less rosy.

Les Domaines de Ferme de Montagne - Future Marketing Plans

Although Les Domaines is a lifestyle investment with some very good chances of capital improvement over a 5 year period, the *Les Domaines* Return on Investment (ROI) figures are showing a better return than the average achieved by local Chalet investors for the following reason:

Ferme de Montagne are already successful hoteliers in the luxury market with an established brand name for quality, outstanding additional leisure and restaurant facilities, a proven track record of occupancy over 8 years and excellent reviews in both the Press and independent Internet travel sites, such as Trip Advisor.

The owners of *Les Domaines* recently commissioned an independent study and assessment of the 4/5 star Hotel market in Les Gets to assess the potential for the wedding and corporate markets, which generally operate outside the peak season.

The Company who undertook the study, MKG, have over 40 years' experience as consultants to the hospitality industry and a proven track record in assessing ski and alpine destinations. Their study found that there was insufficient supply for the potential demand and that there is a real opportunity, particularly in the 5* market in the wedding, corporate hospitality and event market.

The recommendations included an outline plan for segmenting the market so that the property could remain open with full services for 10 months of the year and with limited services for two months of the year with May and November highlighted as the best months for a limited service offer.

Property Investment in the Alps

In Addition

Unlike other operators in the Residence de Tourism market such as Pierre Vacances, MGM or InterWest who are classically property developers who then become hotel operators/managers, we are experienced hoteliers who have set up the Les Domaines de Ferme de Montagne to meet the increasing demand in Les Gets for luxury accommodation after ten years of successfully creating and maintaining a luxury niche market at Ferme de Montagne.

We have also deliberately been conservative in our assessment of the ROI, for example by including very low allowance for our future marketing plans for rental outside the traditional holiday weeks

Other benchmarks

Locally there is a recent 3* Residence Tourism project, Les Fermes de Erminguy, which is currently offering a return of 2% with up to 6 weeks of owners use, of which only two weeks are peak season.

Les Domaines is a project that has been designed for responsible owners who are seeking to invest in a property that is being built to French ECO and minimum energy use standards in the safe knowledge that their property is being managed, used and cared for in a manner that is beneficial both to the owner and the environment