

Vacation Home Owners Could Beat Recession - Sometimes

While the economy is good and people are taking two or three holidays a year, letting out an overseas property and getting good occupancy levels isn't that difficult.

And with low interest rates, the rentals will cover the mortgage and often leave enough for a profit, and at the end of the mortgage the property is owned outright by the buyer, leaving him or her with a valuable asset good for a pension, or for a retirement home in the sun. Everyone involved, the owner, the bank and the people who rented for a holiday are happy.

But in times of economic troubles the picture isn't so happy, and it's at these times that potential buyers should really way up if the area they are considering buying in is a good investment.

The number of people renting villas and apartments abroad drops, the mortgage payments aren't covered, and if the owner hasn't got deep enough pockets to pay the shortfall between the rental income and the mortgage the home is repossessed.

But even in times of economic downturns this can lead to a new generation of overseas property owners picking up properties on the cheap, ready to rent out when times get better, and perhaps sale at the top of the next economic cycle.

So where is a good place for new overseas property buyers to look for? The answer is where the holiday markets are still strong despite the recession, where rental incomes might not dip as much as in other areas.

One UK based villa holiday specialist company has analysed which areas produced best booking returns for the 2007 villa holidays season, and Spain came out top. Within Spain it's important to know which regions - and even narrower - which areas are performing best.

The regions of Spain showing good villa holidays rental potential include the three Balearic islands of Menorca, Ibiza and Majorca. The Canary Islands of Tenerife, Gran Canaria and Lanzarote were also popular last year and expected to be so again in 2008.

On the Spanish mainland the Costa Blanca was the most popular region, the Costa Blanca being made up of areas like Torrevieja, the Jalon Valley and Denia.

Once in a region where holiday villas are for sale look for something that has general appeal but also appeals to a particular market - a golf course is a good example. Menorca is a prime example of where it could make sense to buy close to a golf course.

The island only has one golf course, Son Parc, and if an overseas property buyer was to invest in an apartment or villa or other [property in Menorca](#) close to Son Parc the occupancy rate could be higher than other parts of the island, and the rental prices could be higher than those areas further away from the golf.

Menorca is the second largest of Spain's three Balearic Islands. The other two islands are Majorca and Ibiza, Majorca holiday villas could also benefit during any recession as it is becoming increasingly popular and taking market share away from other holiday rental destinations.

Daytime summer temperatures hover around 27C in Menorca. Lovely peaceful days are on the menu on this island, a pace that attracts holiday makers in their 50's and 60's - who often have the spending power to rent a villa for a week or two, helping the owner with mortgage and other costs of maintaining an overseas property.

Overall the message is clear - in times of an economic downturn be careful where you buy a holiday home if you need to take a mortgage out to finance it. Do some research - and don't accept estate agents high occupancy levels at face value - the estate agent is after a sale and acting for the seller, not you - do your own research locally first before committing to a sale - and use a lawyer to complete the sale to try and make sure there are no hidden problems you haven't detected yourself.

About the Author

More information about [holidays in Menorca](#) can be found at yourmenorca.net

The villages and towns of Menorca can be found at the guide's [map of Menorca](#) section.

