



REPORT

Savills Research

World Research - 2019

Monaco

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Monaco's magnetism

Monaco's global appeal has driven the residential market to record levels. The sovereign city-state is a magnet for the world's wealthy due to its strong economy, lifestyle and world-class sporting events. High-net-worth individuals are drawn to Monaco as a place to live, work and play.

The Principality is home to 38,000 inhabitants, who occupy a space smaller than New York's Central Park. Residents come from 139 countries and one in three are now millionaires, compared with one in 28 in London.

International access is provided via Nice Côte d'Azur airport, just 22km away. From here, there are direct flights to 120 destinations.

Last year, property prices in Monaco increased by 18%, while the rest of the world's prime residential hotspots experienced slowing or falling values. The number of new build properties also reached a record high in 2018.

The ongoing imbalance between supply and demand continues. Despite the ambitious Portier Cove project, which is well underway, there is still huge pressure on Monaco's property market, which will continue to keep prices high.



Sophie Chick
Director
World Research
+44 (0)20 7535 3336
sophie.chick@savills.com

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👉 There has been an increase in transactions of property above €5m across the whole market, both for resale and new build properties 👈

Re-setting the bar

With ever-increasing demand throughout 2018, residential property in Monaco has reached new highs in terms of value and growth

Monaco's residential market had a strong year in 2018. The average price per square metre was €48,800, an increase of 18% compared with 2017. This was driven by the high demand for real estate in the Principality, which vastly outstrips the limited supply. There was a noticeable increase in demand from British, Middle Eastern, Turkish and Greek buyers over the course of 2018.

In addition, the increase in the average price reflects an increase in sales of larger, more expensive properties, driven by demand from families moving to Monaco. There was a 59% increase in sales of four-bedroom and larger properties in 2018 compared to 2017, while studio sales fell by nearly a quarter.

Overall, transaction volumes increased by 15% in 2018 compared with the previous year. Sales of new build properties, in particular, increased by 44% to 72 sales, a record high for Monaco. However, they still accounted for just 14% of total sales in 2018 as resales continue to dominate the market.

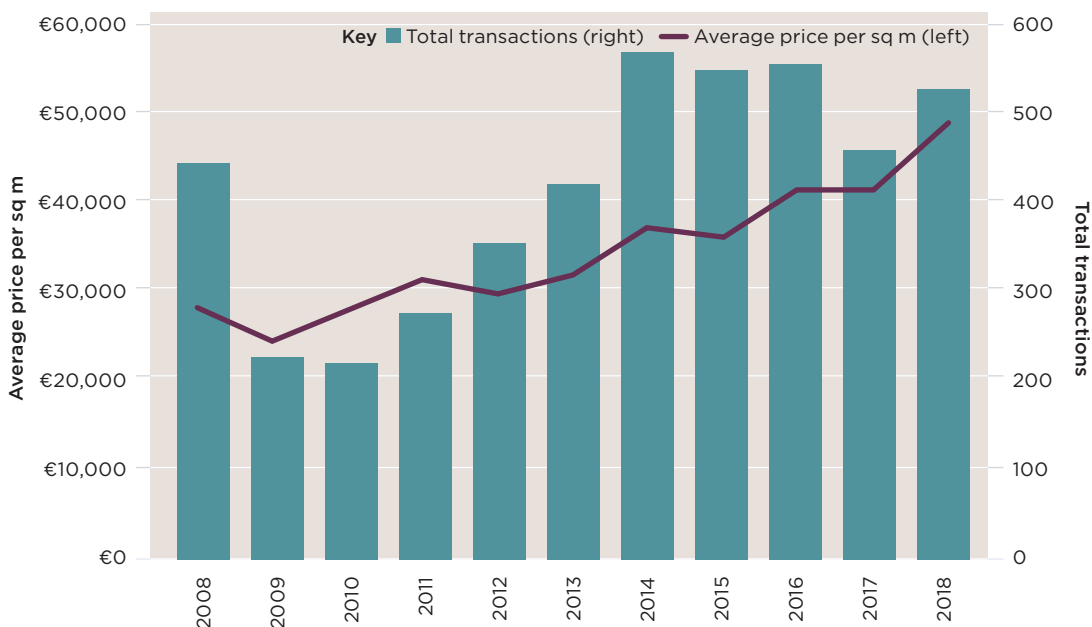
The increase in new build transactions was driven by sales at Le Stella, a mixed-use development, which accounted for 80% of all new build apartment sales. However, although the number of new build properties sold is at a record level, the total value is still 18% below the 2015 peak when 11 new build properties with four or more bedrooms were sold.

There has also been a noticeable increase in transactions of property above €5 million across the whole market, both for resale and new build properties. In 2018, there were 142 transactions at more than €5 million, a 42% increase compared with 2017 and nearly double the number of five years ago. In London, a city with a population 210 times that of Monaco, there were 334 sales over €5 million in 2018 – just 2.4 times the number in Monaco. This represents a 2% fall in €5 million-plus sales in London since 2017 and 37% over five years, reflecting the more subdued market due to increased stamp duty and Brexit uncertainty.

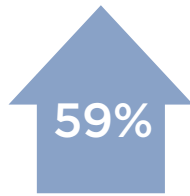
Market dashboard Monaco's residential market in 2018	
Average sale price	€5.2 million
Average price (per sq m)	€48,800
Annual increase	18%
Number of transactions	523
Annual increase	15%
Total value transacted	€2.7 billion
Annual increase	31%

Source Savills Research using IMSEE

Strong growth in 2018 High demand, particularly from families, has driven the average price to €48,800 per sq m

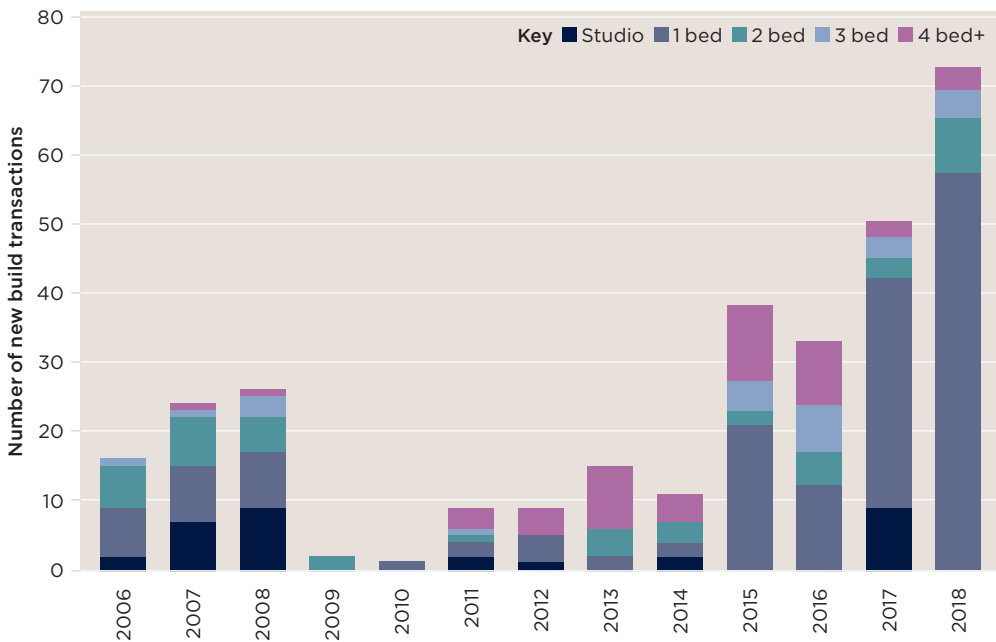


Source Savills Research using IMSEE



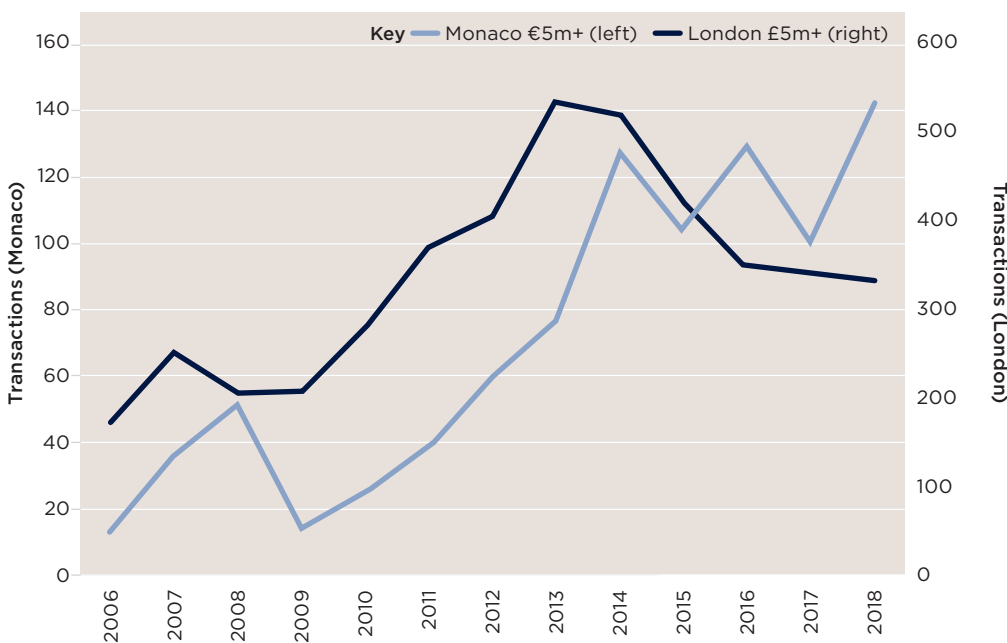
Increase in sales of four-bedroom and larger properties in 2018 compared to 2017

New build transactions Sales of new build properties increased by 44% to 72 sales over the year to 2018, a record high



Source Savills Research using IMSEE

Sales of €5m/£5m properties Since 2017, there has been a 42% increase in €5m+ transactions in Monaco, and a 2% decline in London



Source Savills Research using IMSEE

INTERNATIONAL SPORTS CENTRE

A busy calendar of high-profile sporting events, ranging from the Monaco Grand Prix to the Monte-Carlo Masters tennis tournament, keeps the global gaze firmly on the tiny Principality.



January
WRC Rallye
Monte-Carlo



April
Monte-Carlo
Masters
tennis
tournament



May
Monaco
Grand Prix



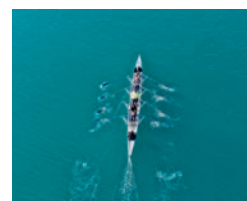
June
International
Swimming
Meeting and
Monte-Carlo
International
Show Jumping



July
Herculis
International
Athletics
Meeting



September
Monaco
Yacht Show



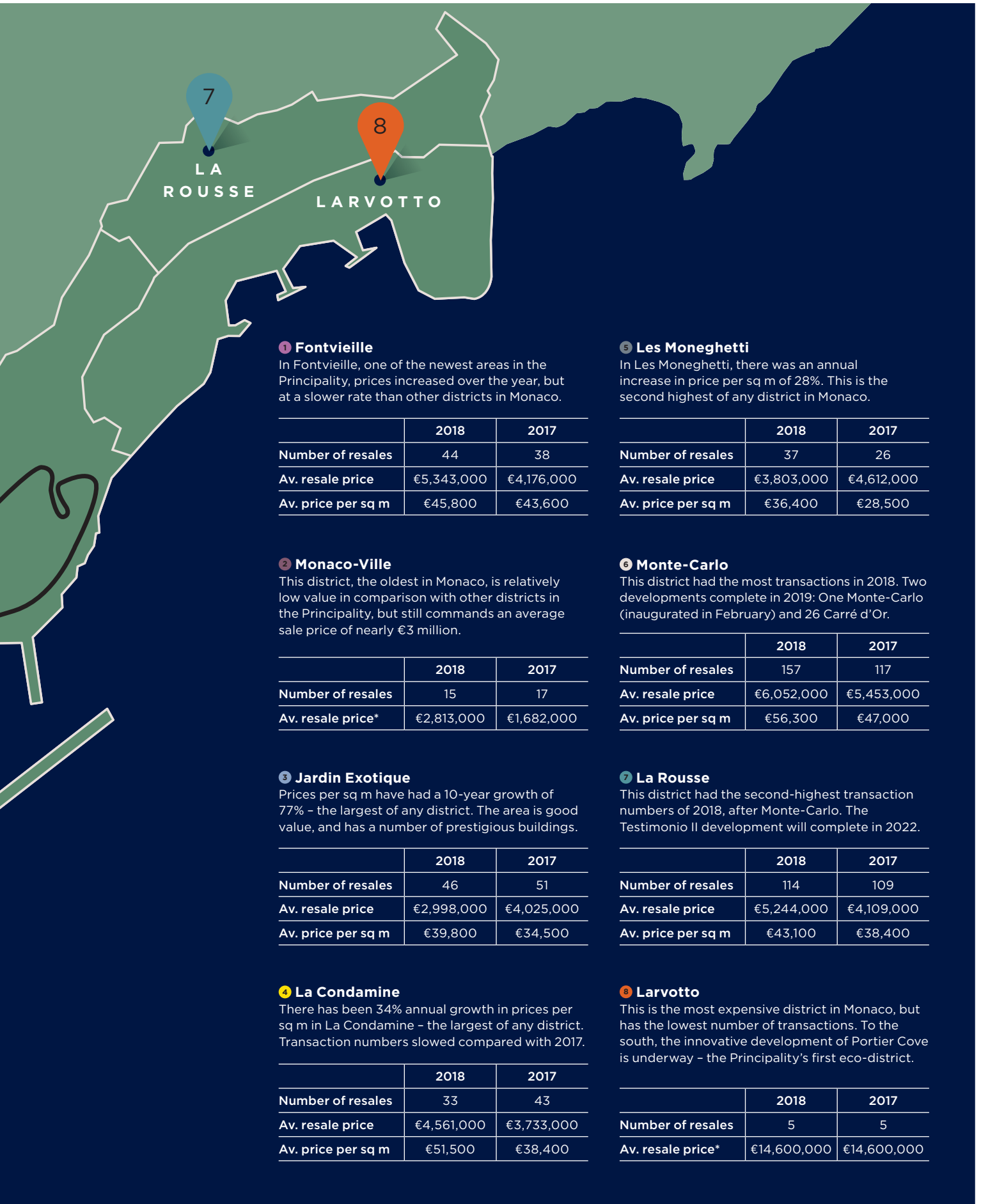
November
Prince Albert II
Rowing
Challenge

Monaco by area

Prime residential real estate sales and price data from across each district of the Principality



Source Savills Research using IMSEE Note *Based on small number of sales



1 Fontvieille

In Fontvieille, one of the newest areas in the Principality, prices increased over the year, but at a slower rate than other districts in Monaco.

	2018	2017
Number of resales	44	38
Av. resale price	€5,343,000	€4,176,000
Av. price per sq m	€45,800	€43,600

2 Monaco-Ville

This district, the oldest in Monaco, is relatively low value in comparison with other districts in the Principality, but still commands an average sale price of nearly €3 million.

	2018	2017
Number of resales	15	17
Av. resale price*	€2,813,000	€1,682,000

3 Jardin Exotique

Prices per sq m have had a 10-year growth of 77% - the largest of any district. The area is good value, and has a number of prestigious buildings.

	2018	2017
Number of resales	46	51
Av. resale price	€2,998,000	€4,025,000
Av. price per sq m	€39,800	€34,500

4 La Condamine

There has been 34% annual growth in prices per sq m in La Condamine - the largest of any district. Transaction numbers slowed compared with 2017.

	2018	2017
Number of resales	33	43
Av. resale price	€4,561,000	€3,733,000
Av. price per sq m	€51,500	€38,400

5 Les Moneghetti

In Les Moneghetti, there was an annual increase in price per sq m of 28%. This is the second highest of any district in Monaco.

	2018	2017
Number of resales	37	26
Av. resale price	€3,803,000	€4,612,000
Av. price per sq m	€36,400	€28,500

6 Monte-Carlo

This district had the most transactions in 2018. Two developments complete in 2019: One Monte-Carlo (inaugurated in February) and 26 Carré d'Or.

	2018	2017
Number of resales	157	117
Av. resale price	€6,052,000	€5,453,000
Av. price per sq m	€56,300	€47,000

7 La Rousse

This district had the second-highest transaction numbers of 2018, after Monte-Carlo. The Testimonio II development will complete in 2022.

	2018	2017
Number of resales	114	109
Av. resale price	€5,244,000	€4,109,000
Av. price per sq m	€43,100	€38,400

8 Larvotto

This is the most expensive district in Monaco, but has the lowest number of transactions. To the south, the innovative development of Portier Cove is underway - the Principality's first eco-district.

	2018	2017
Number of resales	5	5
Av. resale price*	€14,600,000	€14,600,000

Monaco in a global context

We place the Principality among leading international cities for residential values, ownership costs and rental values, as well as prime office rental values

Prime residential

Monaco is the most expensive prime residential market in the world. Average prime residential values in the Principality are 10% higher than Hong Kong, 96% higher than New York, 176% higher than London and 237% higher than Paris.

While price growth is slowing across the world's leading prime city housing markets, with an average growth of 2.3% over 2018, Monaco's average price per sq m increased by 18.1% during the same period.

Comparative costs of owning residential property

For foreign buyers, the costs associated with buying, holding and selling a residential property in Monaco are consistent with the major cities across the world. Stamp duty is generally charged at 4.5%. The only other costs associated with property purchases relate to agency costs in sales and acquisitions.

Despite there being no occupancy tax in Monaco, the total cost of buying a US\$2 million property, holding it for five years and selling it for the same price is US\$280,000, equivalent to 14% of the property price. This is mainly due to agency fees to buy and sell the property.

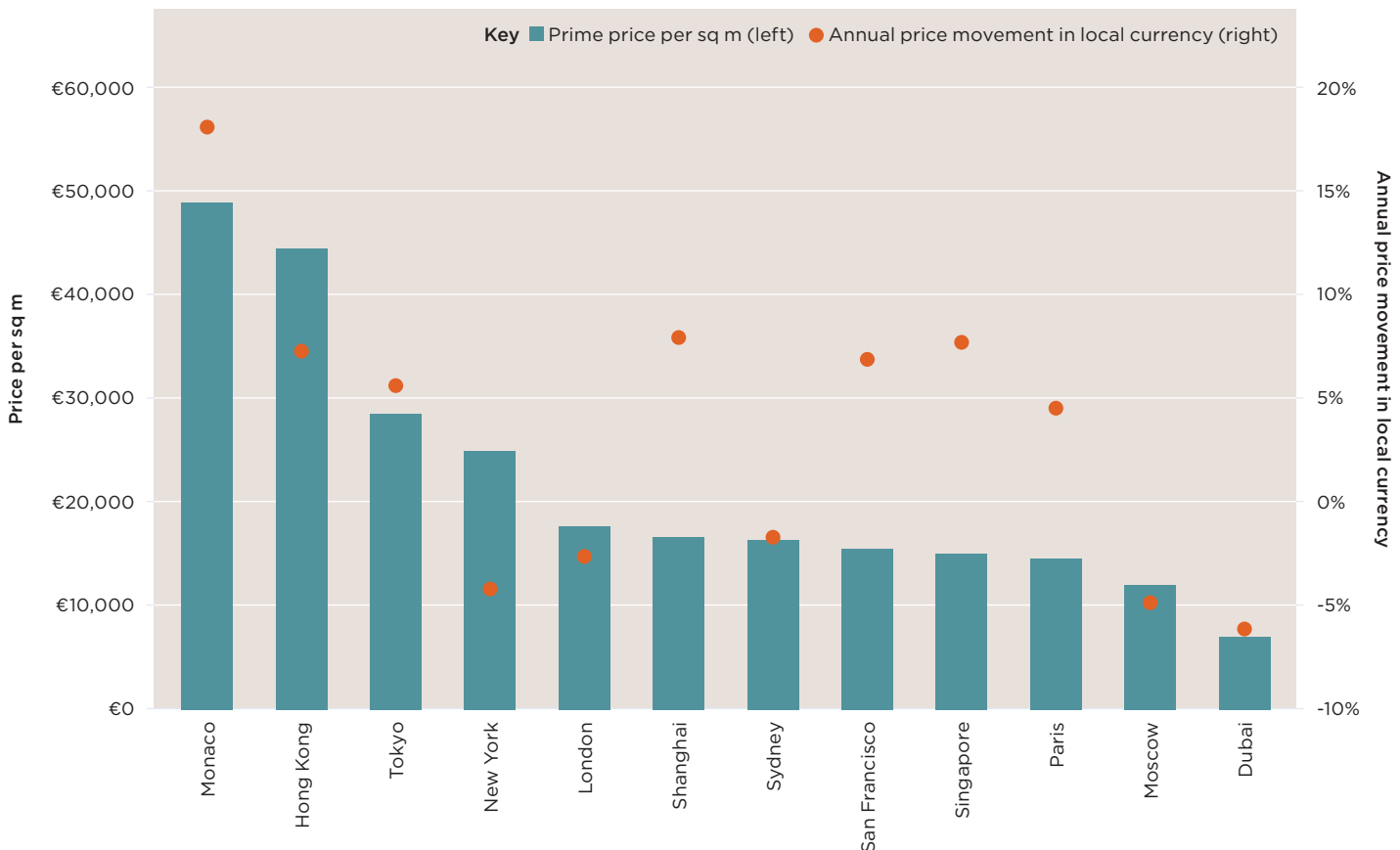
Residential rents

Monaco is the most expensive market to rent prime property (below right). Despite a number of new apartments being added to the rental market in recent years, demand is still high, driven by new arrivals to the Principality. Owning or renting a property in Monaco is one of the conditions of obtaining residency, and renting is an opportunity to test the lifestyle before making a longer-term commitment.

In the first quarter of 2019, average asking rents per month were €101 per sq m, ranging from €90 per sq m for a studio or one-bedroom property, to €113 per sq m for properties with four or more bedrooms. The premium for larger properties is partly due to the rules of applying for residency: the property must be appropriate to the size of the household.

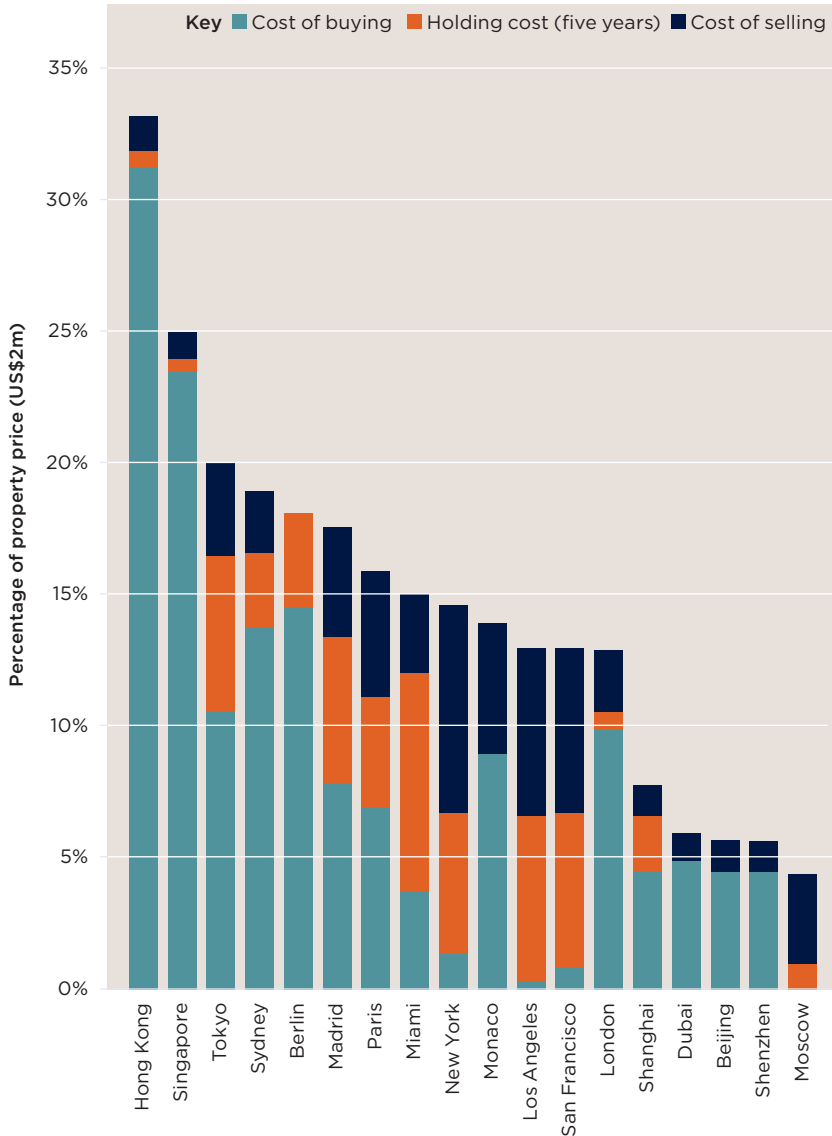
The most desirable rental properties in Monaco are located in the traditional quarter of Monte-Carlo. Demand is also high in La Condamine from families wanting to be close to the International School of Monaco before deciding where to buy.

Prime price league Strong annual growth in prime values of 18.1% puts Monaco at the top of global residential values



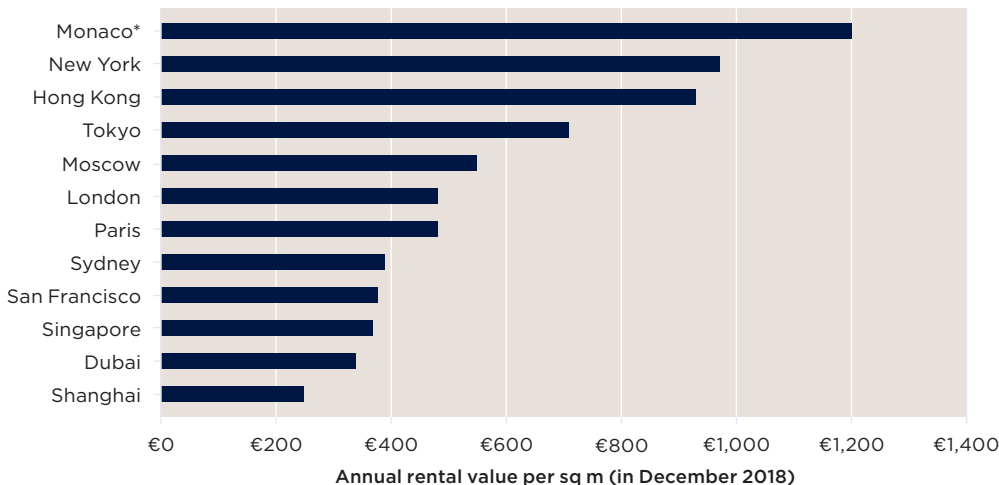
Source Savills Research, IMSEE

Buy, hold, sell How the costs add up for a second property (value US\$2m) in key global cities for a non-resident buyer



Source Savills Research **Note** Estimated costs assume a non-resident foreign buyer holding the property for five years, not as a main residence. No capital growth applied, so CGT is not applicable in this scenario. The property is not occupied for more than three months per year

Residential rental values Monaco is the most expensive market due to high demand from new arrivals to the Principality



Source Savills Research and Chambre Immobilière Monégasque **Note** *Average asking rent in Q1 2019

OFFICE MARKETS

Demand for office space in Monaco remains strong. The Principality has a diverse and forward-looking economy and attracts a wide range of professional services occupiers. There are 55,427 employees, an increase of 4% since 2017, compared with a population of just 38,800.

In line with other global business centres, start-ups and tech are a key focus. New businesses in Monaco are exempt from corporate income tax for two years. Additionally, a start-up programme, MonacoTech, was created in September 2017, and, within a year, 230 applications had been received from 30 different countries.

Office space is concentrated in Carré d'Or, which is considered Monaco's central business district. The average prime office rent across Monaco was €1,350 per sq m per annum in the first quarter of 2019.

However, individual rents can be significantly higher. For example, the asking rent for offices on the ground floor of the prestigious 'Le Prince de Galles' residence, which is expected to be available by July 2019, is around €2,900 per sq m per annum.

Prime office rents A diverse economy drives rates in Monaco

Region	Prime rent per sq m in Dec 2018
Monaco*	€1,350
London (West End)	€1,240
London (City)	€920
Paris	€800
Geneva	€670
Luxembourg	€530
Guernsey	€510
Frankfurt	€460
Jersey	€430
Manchester	€410
Isle of Man	€250

Source Savills Research and Chambre Immobilière Monégasque **Note** *Average asking rent in Q1 2019

👉 Portier Cove, Monaco's €2 billion land reclamation project, is due for completion in 2025👉

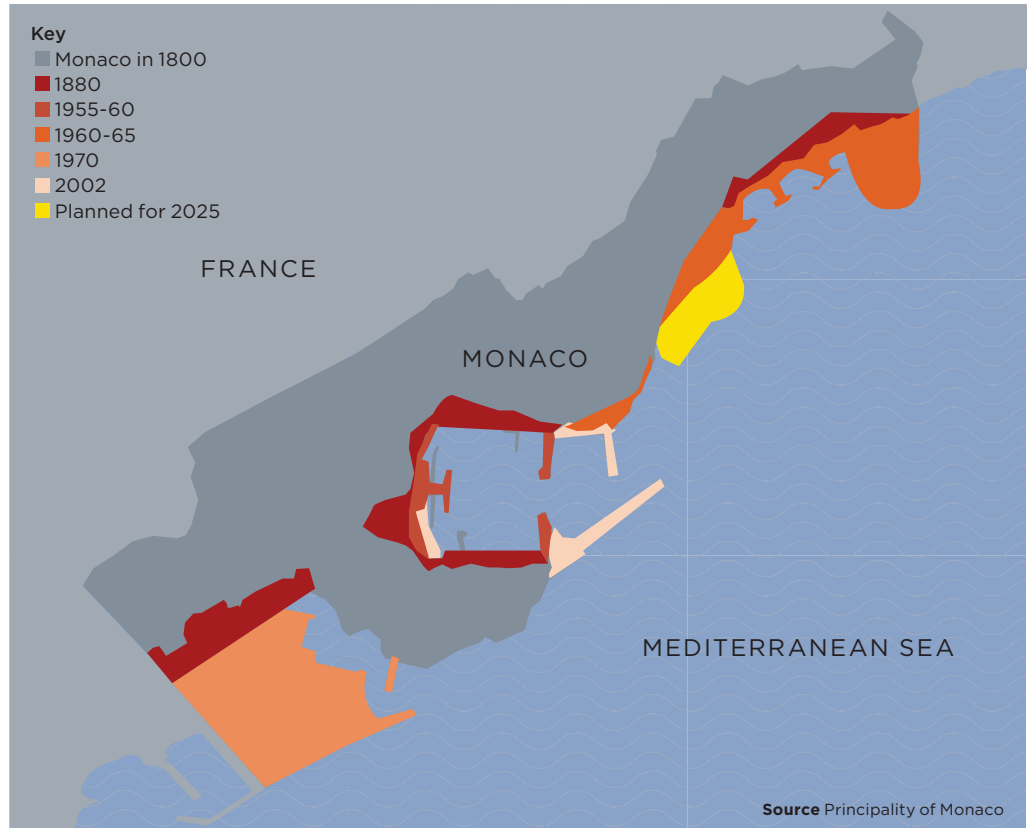
The land of reclamation

How innovative thinking can overcome a lack of supply

Construction is well underway on Portier Cove, Monaco's €2 billion, six hectare land reclamation project – one of Europe's most ambitious construction projects. Completion is expected in 2025.

Portier Cove will create a new luxury residential area with public spaces that include a hill and landscaped park, a seafront promenade and a marina. There is a focus on sustainability. As the development progresses, new seabeds are being created to relocate delicate species and to ensure their protection. The finished project will include a number of sustainability features such as e-bike stations and solar-energy panels.

Given the high population density and lack of undeveloped land, Monaco has been reclaiming land from the sea since the late 19th century. The development of the Fontvieille district in the 1970s extended Monaco's land by 20%.



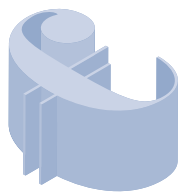
How modern Monaco was built by land reclamation
The Principality has been growing since the 19th century

The Monaco residential outlook



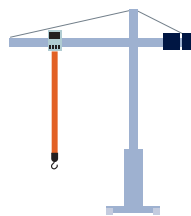
Global reputation

Thanks to its history, heritage and busy sporting and social calendar, the Principality has an unrivalled global reputation as a destination for the world's wealthy. This is unlikely to change, and we expect the strong demand for property – both to buy and rent – to continue from all over the globe.



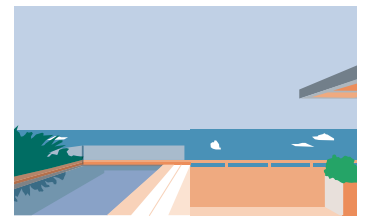
Record prices

To date, Monaco, unlike many world cities, has avoided a slow down or even a price fall in its prime residential market. However, buyers are becoming more price sensitive, so we don't expect values to increase at the same rate as they did in 2018.



Supply constraints

Work is well underway on the Portier Cove development, which will add six hectares of new land to the Principality. Additionally, prime projects such as 26 Carré Or and One Monte Carlo will provide more choice for wealthy buyers. However, these developments will barely make a dent in the supply shortage.



Rental demand

Monaco's rental market is driven by new arrivals to the Principality who are either testing the lifestyle before committing or are waiting until they find the right property. We expect demand to continue, although it is likely to be targeted at larger properties due to the policy requiring the property to be appropriate to the size of the household.



Savills World Research

We're a dedicated team with an unrivalled reputation for producing well-informed and accurate analysis, research and commentary across all sectors of global property.

World Research

Sophie Chick

Director

+44 (0)20 7535 3336

sophie.chick@savills.com

Anh Nguyen

Research Analyst

+44 (0)20 7877 4541

anh.nguyen@savills.com

Monaco Residential

Jean-Claude Caputo

Partner

+377 97 70 42 00

jccaputo@savills.com

Irene Luke

Partner

+336 80 86 24 91

iluke@savills.com

Global Residential

Hugo Thistlethwayte

Global Residential -

Operations

+44 (0)20 7409 8876

hthistlethwayte

@savills.com

Jelena Cvjetkovic

Director, Residential

International, Savills

+44 (0)20 7016 3754

jcvjetkovic@savills.com

33 Margaret Street
London W1G 0JD
+44 (0)20 7499 8644

