

Property Bubbles That Keep Floating High

Real estate values are on the rope in the US, UK and many other countries - and as house values slip there is little homeowners can do as their investment keeps sliding - but wait and hope that their economies recover, and boost buyers confidence enough to get the property markets going again.

But there are some areas where the real estate bubble just hasn't burst yet, and they're such niche markets that they might just withstand current economic woes seen elsewhere.

Property market watchers will know that top end London prices rose sharply in the last three years, but less well reported has been how New York's Manhattan has fared. While London prices are falling in many boroughs, one or two are still showing slight increases on their 2007 values, but overall London prices are expected to dip during 2008.

And while New York real estate prices could drop too this year, Manhattan could see gains in property prices.

Surprising given that New York real estate prices dropped by four per cent in 2007, and yet, like London, pockets of an area that is seeing property price reductions can see good inflation for existing homeowners hoping their property portfolio will continue to perform well.

In fact, when looking at the real estate markets for the two leading financial centres of New York and London, there seems to be a breakaway section of the property market that behaves differently from other areas in the city where the super rich don't favour, and are small enclaves.

Monaco, a financial centre as it is a tax haven, and only a square mile in size, is another enclave of the wealthy that sees property behave quite differently from neighbouring areas on the French Riviera such as Nice, Cannes and St. Tropez.

'We often hear politicians comment that the rich are getting richer', comments a UK based property company who sells property in Monaco, 'And not only are the rich getting richer they have a micro economic property bubble in Manhattan, London and Monaco where the number of properties being sold and their prices are completely independent, and separate from the rest of Europe and the U.S.'

Monaco property prices rose by over fifteen per cent in 2007, and in Manhattan seventeen per cent - but astonishingly apartments in Monaco priced at 10 million Euros and above (around US\$ 15 million) achieved a price hike of over twenty five per cent.

Part of Monaco's price increases in recent years, and for the medium term future too, is that new housing being built is for locals, and a strong new supply of openly available apartments is unlikely to happen for a decade - and with strong demand and little supply it suggests further price rises are likely for 2008.

British citizens have moved to Monaco and bought [Monaco property](#) in high numbers in recent years and as UK taxes show no sign of falling this large group is expected to swell further in 2008.

Previously a relatively small group of Monaco residents, the number of British people living in Monaco has doubled in the last two years since 2005, with some 3000 now claiming residency in Monaco.

Time will tell if London and Manhattan's top properties also continue to rise in the year ahead, pushing the markets for the super rich still further away from other real estate trends, and creating enclaves that belong to the super-rich.

About the Author

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