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Introduction

In the last ten years or so, the world has shrunk considerably. Whereas not so long ago, most people, British and others, were buying property in Southern Europe, particularly France, Spain, Portugal and Italy, (with the exception of a few adventurous souls) nowadays virtually the whole of Europe is open thanks mainly to the proliferation of countries entering the European union. It is now possible to buy a property, for leisure or for investment throughout the whole of Europe and also, thanks to ever cheaper air travel, in many countries throughout the world.

Although this book is being written in the middle of a credit crunch, and a possible recession throughout Europe, due to ever increasing oil prices and banks overstretching themselves, the very fact that property prices are falling and life is getting tougher, will also mean that those with the wherewithal will take their money and go in search of properties in up and coming countries, such as Poland, the Baltic States and also countries such as Albania. Many people invest in countries where the climate is better than the UK, although just as many seem now to be investing in Eastern Europe, in search of culture rather than weather.

Other factors influencing would be investors/those in search of a second home are stable interest rates and the low costs

of borrowing money. Many hitherto inaccessible countries are now literally bending over backwards to make themselves attractive to foreign investors. An influx of foreign capital, along with foreign expertise is exactly what is needed now the old shackles have been removed and membership of the EU is creating the conditions for future prosperity. The average investment in property in the new EU countries is now approaching £150,000, with lots of variations above and below that price. Whereas it was once mainly the elderly who desired that retirement home abroad, the mix of people buying abroad, for whatever reason, spans all age groups. Indeed, since property started to escalate and the cost of living generally spiralled, many people have chosen to leave the UK in search of a better life.

This book aims to provide a general introduction to buying and selling property abroad. Almost every country on the face of the earth is covered. Obviously, for such a wide-ranging book, it is not possible to go into great depth about the legal and social systems in each country. The main aim is to introduce the systems peculiar to each country to help give a flavour of property investment and what to look out for. Many a dream has been shattered by the realities of a country's regimes covering property purchase. For sure there are estate agents now in most countries who will help guide a person through the maze. However, it has to be realised

that those agents are also acting in their own interests. It is for this reason that a book such as this is highly pertinent in that it should provide pointers and highlight the possible pitfalls that lurk under the plethora of attractive advertisements that induce people to invest.

There are a number of more in-depth companion volumes to this book which explore in greater detail the processes of buying a home in a particular country. However, this book should provide a firm foundation for you to make up your mind and sort through the many options that you have. Below are a few tips to ponder when thinking of buying a property abroad.

Buying off-plan

In the UK, a growth industry, corresponding to the opening-up of the property market, has been that of property exhibitions. Every where you go or look there are property exhibitions selling the delights of property investment in just about every country that you can think of. Many of these exhibitions will be selling properties off plan, i.e., before they are built. Clearly this is good for developers in that they have increased cash flow and guaranteed sales. The advantage for buyers, so it goes, is that by the time the property is ready the value will exceed what you paid for it. So you have an instant profit.

Before you buy a property off-plan you are required to have at least 20% deposit and also have all the necessary paperwork in place. You shouldn't forget that salespeople make hefty commissions out of those who buy off-plan and they will be using every trick in the book to ensure that they get your business. The scheme will have been heavily promoted and journalists will often be flown across to give a glowing review of the development. It is vitally important that you have knowledge of the developer, the country in which the property is being purchased and the potential pitfalls. In many cases the property that you are purchasing may not be ready for several years. Will the developer still be in business? Remember they have your money! Always do your research before committing anything-do not be swayed by heavy selling and the pressure that comes with it.

Pitfalls to watch out for

Whether you are buying for investment or for leisure you don't want to end up poorer for the experience. There are number of factors to consider and to bear in mind when buying a property abroad:

- Never believe that because a budget airline is either planning to, or has, introduced flights to a particular country that the price of property will rise. This is not

the case and many airlines will introduce and then withdraw flights if they are not proving profitable;

- Always consider the associated costs when purchasing a property, what are the maintenance costs and what are local taxes and so on. Thorough research is necessary here before committing yourself;
- In particular, understand the tax regimes of a country before committing yourself. Some regimes are particularly harsh and you could also find yourself in a double tax situation, such as when/ if you choose to rent a property out.
- If you are hoping to rent a property out once purchased make sure that you do extensive research before hand. Many developers are offering so called 'guaranteed rentals' to those who purchased property. Why should they do this if what they are offering is greater than the normal return? This is because, notwithstanding whether they can rent it for this guaranteed rental, the developer has already factored this rental into the purchase price. Another gimmick!
- What are the conditions for selling the property. This is very important. Look for signs of over development

in a country, as is happening in Bulgaria and has certainly happened in Spain.

- What are the general conditions for obtaining a reasonable price for renovation in a country and what is the likelihood of getting ripped off. There are numerous websites which invite people to give their opinions of buying a property in a particular country and also offer the benefit of hindsight. There is a list of websites at the end of this chapter.
- Always try to view a property before you pay a deposit or buy. What you see in glossy brochures and on websites may not be the whole picture.
- What is the prospect for future growth? Again, get a clear picture of this very important aspect of investment. Don't rely on the headline figures in advertisements. Many countries are just as prone as we are to boom and bust cycles. Make sure that you have a clear investment plan before committing.

The Reasons Why

As we have seen, it is now possible to go anywhere almost, and to buy anything, almost. Property investment in a whole range of countries, to suit all pockets, has become the norm.

However, it is very important to know yourself well and to know the reasons why you are about to invest in property in another country.

If you are not clear why you want to buy, but are attracted to the prospect of owning abroad, then the questions listed below are the ones that you should be asking yourself and reflecting on before making any move at all.

- What are you looking for in a property, do you want a second home, is it for investment and income/capital growth or a combination of these factors?
- Are you looking for an eventual retirement home?
- Is good weather an important factor?
- What do you know about a particular country and its future prospects?
- Will you become bored with a particular project after a time?

If you are planning to move permanently to another country can you make a living? How well do you know the language and customs of a country?

The point of asking these questions to yourself and to others involved in the project with you is to ensure that you are serious, know the upsides as well as the downsides and know yourself well. If you are choosing to go to another country to live make sure that you will want to be there in several years time. If you are buying a second home for holiday purposes, will you want to keep going back to the same place year in year out? Many who have invested in timeshare for example have found to their detriment that the novelty wears off after a while.

The main point to come out of the above is to be very careful, make sure that you know your country well before buying and never give into sales pressure. Sales people are only your friend when you are lining their pockets. After that you are on your own.

The next chapter covers financing a purchase abroad, which underpins the whole process.