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At home abroad

Houses and villas on foreign shores are attracting interest

LISA ALLEN

BUYING a holiday house offshore, whether it's in Provence, Petitenget or Phuket, is no longer only a rite of passage for the idle rich.

Today's buyers of quaint village houses in Provence or beach shacks in Phuket or Bali's Petitenget Beach are more likely to be mums and dads wanting an offshore holiday bolthole, syndicates of cashed-up investors proposing get-rich-quick development schemes, or DIY superannuation funds.

"There's a number of interesting buyers who have sprung up in the past couple of years," says Michael Bula of Melbourne-based Michael Bula Solicitors, who has a thriving business helping Aussies purchase real estate in France and Italy.

"My clients are from all over Australia and New Zealand, and yes, they have different profiles," he says.

But of course there is always the exception to the rule.

Mining billionaire Clive Palmer has just purchased the former Club Med at Bora Bora in Tahiti for about \$10 million. And, in true Palmer style, he intends to holiday at the resort with his family.

So whether you are trying for an apartment or villa in rural France, where residential prices are dropping because of the eurozone crisis and the Australian dollar is performing strongly against the euro, now might be the time to strike.

Fiji

Sure, Fiji is less than politically stable, and several fledgling hoteliers and developers have faltered.

But the Pacific Island nation has retained its attractiveness and popularity for Aussies as a holiday destination, and it's capital growth record is not too bad either.

Now it is getting easier to purchase residential property. Queensland developer Bob Lowres recently launched the Naisoso Island Resort just north of Nadi. So far 23 lots have been sold to Australians mainly from Queensland, NSW, Western Australia and Victoria.

Beachfront lots retail for an average \$938,740 per 2000sq m. The majority of these lots, with views across Nadi Bay to the Mamanuca Islands, feature waterfrontages of at least 30sq m. Riverfront blocks, with views inland to the Sleeping Giant Mountains, sell for about \$497,000 for 1800sq m.

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Residential managers Nyssa and Regan Berryman on Naisoso Island, Fiji

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"Over half of the Australian purchasers bought off the plan when the island was still in its construction stage; some had to even get a little boat to access it, as the \$5m bridge had not been erected (yet)," says Nyssa Berryman, co-owner of the Naisoso Island Resort Villas management company.

Cheaper lifestyle blocks — with no river or ocean frontage — retail for \$303,710 for 1400sq m. All sites are sold on a freehold basis.

Berryman expects interest in Fiji's real estate market to continue, given mining company Newcrest's exploration works; besides, a casino development is on the cards and there are further hotel projects planned.

"Demand and tourism is stronger than ever and growing," says Berryman. "With the government opening wide its doors for foreign investment companies, individuals are investing in droves."

She reckons Australians are attracted to Fiji because they can "see the value in beachfront and waterfront property."

Brisbane-based financial consultant Carolyn Grogan and her brother Gerard O'Brien, a paramedic, joined forces with two mates to buy a lifestyle block on Naisoso Island. They are building a Fijian style house with four bedrooms — each with an ensuite — along with a swimming pool. At first, Grogan says, they had planned to sell the house, but residential rents are rising in Fiji and the four investors may rent the property out for \$55000 to \$110,000 (\$2690-\$5391) a month.

"We purchased because we saw the potential of Fiji, as opposed to Southeast Asia. The on-site managers have helped us through the stages of purchasing and developing. I have built in Brisbane and had rentals. I was interested to find out what it was like to develop overseas. The architects and the Westpac bank executives in Fiji have been impressive and professional."

Weather permitting, the house will be finished by the end of the year.

Meanwhile, developer Lowres reckons beachfront lots at Naisoso will double in value within five years, riverfront lots will increase by 70 per cent and lifestyle lots will increase by 50 per cent — providing, of course, that Fiji remains politically stable.

Europe

OUTSIDE cities such as Paris, Rome and Milan, residential real estate prices have dropped about 20 per cent in the past few years.

Buyers can get a decent apartment or house in regional France for as little as €100,000 to €200,000 (\$17,404-\$234,815), according to Bula.

"There's (also) no question about it, people who love Greece are certainly looking around for bargains," Bula says. "That has been the case for a number of clients."

Bula's main focus is conveyancing for Aussies wanting to buy a house or apartment in France and Italy. "That business is booming."

Demand comes from the flatness of the European



property market coupled with the strong performance of the Australian dollar against the euro. "Compared to Australian prices, what you are buying in terms of the quality and the culture, when you compare it to Australian property prices, it's very attractive," Bula says.

Although prices have fallen in the rural and regional areas of France and Italy, residential price levels in Paris remain high.

Burgundy is very popular, as are Provence and the French Riviera. The appeal of France's southwest is also increasing.

"(There are) definitely more Australians buying in France," French Living magazine's editor and publisher

Claire Chaffey says. "Anecdotally, there are more Aussies and Kiwis buying and looking to buy even in our village of Quillan in southwest France. There's a couple of reasons: it's because the dollar is so high, property prices are low, and it's because our property market (in Australia) is so high. People are looking for alternatives."

Chaffey divides her time between Sydney and Quillan, where she has recently bought a house. "It's the most amazing corner of France, it's pretty much undiscovered," she says, adding, "I don't want too many people to discover it."

Chaffey says it's remarkably easy to buy property in France and when she returns to Sydney she plans a series of wine and cheese evenings to help people "get the ball rolling". First up, she advises would-be buyers to search the internet for the property of their choice, find a real estate agent and a notaire, the French equivalent of a conveyancer. "You can also get a French mortgage if you need one," she says.

But Provence could be the pick. The region has always commanded high prices because of its popularity with the English, Americans and Australians. But according to Bula, prices have dropped by 10 to 20 per cent since the global financial crisis. "Provence has always been a favourite rendezvous for Australians. I have seen some price movement downwards, but not to the same extent as in other parts of regional France," he says.

"What has helped is the Peter Mayle books on Provence, all those elements put Provence on the map."

Bula estimates small village houses in the region can be bought for less than €200,000. But buyers should factor in French legal fees, the cost of notaries and government charges, which can add another 6 to 8 per cent of the purchase price. At the Australian end, Bula charges at least \$2000, depending on the legal work carried out plus translation costs, for his Aussie clients.

Turkey is also becoming more popular, with Australian investors attracted to the coastal resorts of Fethiye, Marmaris and Bodrum, says Ruth Lockwood, the owner of Tribal Collections in Goreme, Cappadocia, in central Turkey.

'Queenstown has something Australia does not — it's a four-season destination'

TERRY SPICE
CO-OWNER
LUXURY REAL ESTATE
QUEENSTOWN



right
Provence has always
commanded high
prices because of its
popularity with
English, American and
Australian visitors



MING NOMCHONG

above left
Quillan in southwest France, where Claire Chaffey bought a holiday house

top
This property at Edinburgh Drive, Queenstown, New Zealand, is on the market for \$NZ1.275 million through Harcourts

above
Security guards on Fiji's Naisoso Island

According to Lockwood property prices continue to sky-rocket in tourist drawcards such as Cappadocia. But she says any Australians or New Zealanders settling in the region are usually there for the long term, not just as holiday-makers.

Bulgaria is also finding favour. British investors are forking out a tiny €25,000 to buy an apartment on the Black Sea, which is rented out to Russian tourists each summer. The most popular destinations are idyllic townships such as Sunny Beach near the historical coastal township of Nessebar.

Australians are sure to catch on.

Indonesia

The long-held dream of buying a second home in Bali remains alive, according to Matthew Georgeson, director of Elite Havens. "Australian interest remains robust, we have not seen any dip in inquiry levels in 2012 over 2011."

But Australians are not just buying holiday homes on the so-called island of the gods. "I am seeing a lot more Australian restaurateurs and hospitality executives wanting to come here and build restaurants and bars. These are not suburban cafeterias, I am talking top-end restaurants," Georgeson says.

While he is not fielding much interest from fly-in, fly-out miners in Bali, there are many "folks from Perth's mining industry who have interests in Bali — because of the proximity".

The up-market AYANA Residences near Jimbaran Bay in southwest Bali is proving popular with Australians. An Adelaide couple has just bought a two-bedroom unit in the gated estate, with private pool and gardens, for \$US1.5m. We plan to "escape the South Australian winter for a few months every year and migrate north to Bali for the warm weather, and when we're not using the unit, we'll rent it out," they say.

On nearby Lombok, Georgeson says 30 per cent of off-shore buyers are Australian, 20 per cent English and 10 per cent European. The balance are Indonesian, and they are the fastest growing market of buyers.

"South Lombok is seeing the first wave of off-the-plan developments priced anywhere between \$US200,000 and \$US300,000. West Lombok and the Gili Islands are already established and priced higher, at around \$US300,000, and North West Lombok is quickly becoming the new high end, with residential asking prices of more than \$US500,000 around the luxury resorts of Oboeroi and Tugu.

"Any interest from fly-in, fly-out miners is in West Sumbawa near Newmont's largest goldmine, but nothing of note in Lombok itself."

Compared to Bali, renting a holiday villa on Lombok is difficult, according to Georgeson, because the market is "very fragmented and information is difficult to obtain".

Elite Havens is poised to open an office in Lombok because of increased demand stemming from the opening of the international airport in the southern part of the island. Lombok attracts land bankers, particularly to the south where the new airport has opened. It also attracts buyers with up to \$US500,000 to spend who can't afford a residential property in Bali, and wealthy clientele who think nothing of paying \$US3.5m for a top-shelf villa. For these prices buyers get a luxury beachfront villa on Lombok with several hectares of land fronting white crystal sand beaches.

But it's not just the key markets of Bali and Lombok attracting Aussie buyers, according to Georgeson, who is also fielding interest from Australians wanting to invest further out in the far-flung islands of the archipelago such as Flores and Sumba.

Southern Lombok is on the radar of the big international developers. Groups such as the Middle East's Emaar Properties expressed interest at one stage in developing a mega tourist resort in a joint venture with the Indonesian government.

"Emaar came in and fell away; they were proposing a joint venture with the government. There's a replacement group coming in ... (but) it's very early days," Georgeson says.

Stewart Strong of ALC-Indonesia in Lombok says there are lots of Australian buyers in Lombok but Europeans have a stronger presence on the Gili Islands because of the popularity of diving. Most of the purchases are in the south of the island, near the new airport, but the beachfront lots are not cheap because of their size. Coastal blocks of 20,000sq m retail for about \$US600,000. The lot sizes are smaller on the Gili Islands, but the prices

are higher per square metre. "There's an established villa market quickly gaining traction," Strong says.

But there are barriers to buying in Indonesia. Under local laws, foreigners can buy property only if they acquire it in a complicated joint-venture arrangement with a local partner.

On the upside there are plenty of Australian lawyers setting up shop in Bali to help their compatriots through the buying process.

New Zealand

The South Island resort town of Queenstown is a draw-card for Australians wanting to buy a holiday house because of the abundance of heavy snowfalls and ski fields, direct flights from Australia's east coast to the international airport, and the Australian dollar's strong performance against the NZ dollar.

Besides, buying is easy, with few restrictions on foreign nationals, says Simon Hayes, sales consultant at Harcourts Queenstown.

"The only restrictions (on foreigners) are if you buy more than 5ha of productive farm land; if you are buying more than 4000sq m of land that is immediately adjoining a river, lake, stream or on an offshore island; and if you are investing more than \$NZ10m (\$7.7m)." (Check out the website linz.govt.nz/overseas-investment.)

"There's no stamp duty, sales tax, land tax, or conveyancing tax ... And in certain cases your property can be held by an Australian national superannuation fund," Hayes says.

It's not just Queenstown which is performing strongly. Home sales across New Zealand are up 17.3 per cent for the year and houses prices rose 3.3 per cent in the 12 months to June, according to the Real Estate Institute of New Zealand. However, this is from the low base of last year's depressed housing market.

Ray White chairman Brian White says Australian enthusiasm for residential real estate in New Zealand "is higher than it's been since the GFC".

"Quite a lot is happening in Queenstown; for Australian buyers the snowfields are the prime area of interest," he says. Aussies are also buying into ski lodges and "lifestyle situations" in the wilderness areas of New Zealand's South Island.

"Queenstown even attracts people who don't ski ... (but) there is more confidence in the quality of the snow than there is in Australia. Australians like to invest where they can sense action," he adds.

While Queenstown's residential real estate prices are strengthening, they are not improving as dramatically as they are in Auckland. "I don't understand why Auckland is so buoyant at the present time," White says.

"We have evidence of selling a good residential property in Auckland for the second time in 12 months for 40 per cent more."

Queenstown-based agent Terry Spice, co-owner of Luxury Real Estate, says there's been much foreign interest in the South Island township since the GFC. "In the past six months, the high-end property market in Queenstown — properties north of \$NZ2m — have been selling well. Sixty per cent of our buyers of luxury homes in this region are Australians. Queenstown has something Australia does not — it's a four-season destination."

Spice says the anticipated night flights to Queenstown from Australia mean holiday-makers from Sydney will be able to head there on a Friday afternoon and be back in Sydney by Sunday afternoon.

"Effectively it's (going to be) three to four hours door to door from Sydney."

"There's been a couple of residential sales in the last couple of months to people from Perth, but most buyers are usually from Sydney, followed by Melbourne and then Brisbane. A lot of this (renewed interest) has to do with the direct flights."

Tom Tusher, owner of the luxe New Zealand resort Blanket Bay, near Queenstown, and the Wyuna Preserve land subdivision across the road has been selling large blocks of land in the gated estate for several years to a range of buyers from Britain, Singapore and Hong Kong, as well as locals.

"We are having some Australians looking at property this winter as (Wyuna Preserve) represents both a winter ski retreat as well as a summer activity location with moderate temperatures and low humidity, away from the heat and humidity in many parts of Australia during the summer months," says Tusher.

Lot sizes average 2.5ha to 3ha and prices range from \$NZ900,000 to \$NZ2.7m. Most of remaining lots average about \$NZ1.8m.

"Our most recent sale was in March of this year, an outstanding lot at the top of the property (market), for \$NZ2.5m. (A house) is also under construction."

"We have one other sale pending and one other possible," Tusher says.

A trout-filled lake with boathouse for kayaking, canoeing and sailing is also helping attract buyers.

"There is a clubhouse with kitchen and bar for entertaining, and gym and spa for exercise and relaxation."