

# 6 WEEKEND PROPERTY

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## Lured to foreign affairs

Australians are increasingly buying and developing properties overseas

LISA ALLEN

WHETHER the dream destination is Bali, Burgundy or Barcelona, Aussies are investing and developing in record numbers as the dollar stays high.

Who can blame them?

In regional France, you can buy a four-bedroom house for little more than \$100,000, while in Bali, labour and building materials are so cheap many an Aussie is turning to property development — specifically, private villas with open-air pavilions, walled gardens and swimming pools.

One lawyer says the number of Australians buying offshore is up 20 per cent. But for every success story there are also tales of woe.

Prominent Sydney-based executive Ian Kortlang sold his walled villa near Provence last year because he was not spending enough time at the 6.9ha holding, while an Australian university professor warns that restoring a “ramshackle wreck” in rural France cost him untold heartache.

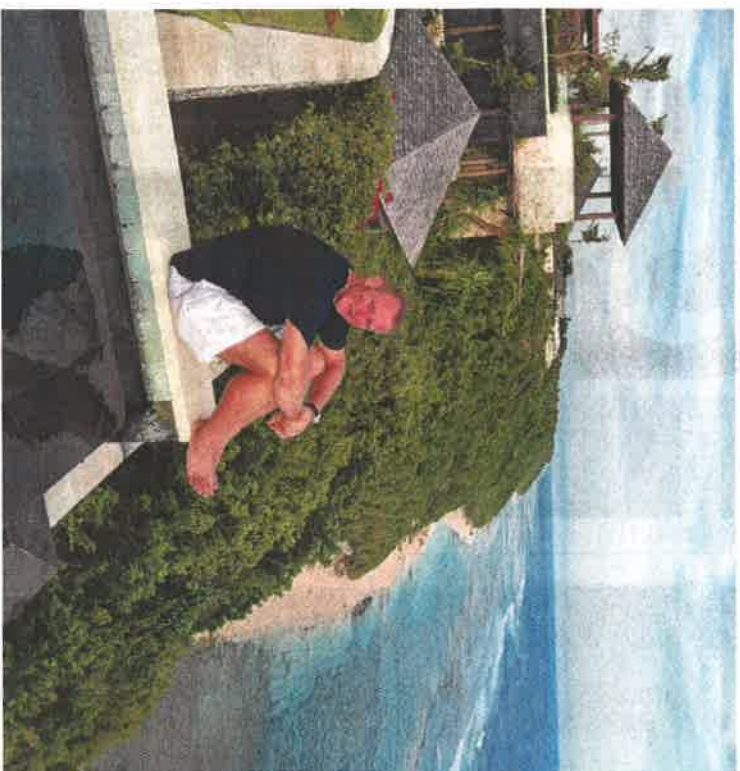
Kortlang, chief executive of advisory and analysis company 360m, says that, for most people, a year in Provence is a dream.

“Luckily, we had 11 years in Provence,” he says. “But there comes a time when you are finding you are not getting to the property enough and you have to make the hard decision to sell.

“That applies to people who have local beach houses or those that have offshore properties in Provence or Tuscany.”

Despite the heartache, Kortlang says he would be tempted to buy offshore again.

“But the next time would be in a major capital city, in Paris or New York, where you can lock them up and don’t get calls to Sydney in the middle of the night saying ‘the tiles have come off the roof’ or ‘there’s water in the bedroom’. What on earth could I do?” he asks. “I had it happen three times in 11



JASON CHILDS

Australian trader Steven Cain at the Semara Uluwatu resort in Bali



JASON CHILDS

Cain wants to develop more resorts in Bali

years. It’s a terrific dream, we both loved it but, in the end if you are not getting to it...”

Another beef, for Kortlang, was the annual lightning storms in Provence.

“The lightning would knock out the pool pump and (our maintenance man) Jean-Noel would send me an email saying the bad news is you need a new pool pump costing €1500 (\$1860). “We were buying a pump to filter the pool that you are not getting to swim in. It gets to you. That happened all the time.”

Nevertheless, Melbourne-based international property lawyer Michael Bula, a specialist in helping Australians buy offshore property, particularly in France and Italy, says business is brisk, up 20 per cent on last year.

“It’s a combination of three things,” Bula says. “The strength of the Australian dollar against the euro, the fact European property prices are down 20 per cent to 30 per cent since the global financial crisis; and, of course, the high Australian dollar.”

But it’s not just Western European

countries such as France and Italy that are attracting wealthy Sydneysiders and Melbourneans.

Cashed-up Aussies looking for the ultimate bragging rights — that overseas apartment, idyllic rural farmhouse, or ski chalet — are also looking closer to home.

In New Zealand, Tom Tusher, owner of the premium Blanket Bay resort near Queenstown, is fielding interest out of Perth and Sydney for an elite 34ha subdivision overlooking Lake Wakatipu.

The former president and chief operating officer of Levi Strauss has a “number of Australians interested in Wyuna Preserve”.

Lots start at 2ha and are selling for an average \$NZ2.3 million (\$1.8m).

In Bali, which is expected to attract three million tourists this year, Australians, along with French, and cashed-up Indonesians, are investing, given land prices in prime parts of trendy Seminyak have risen 120 per cent in the past year.

Many of the Bali house and apartment buyers are fly-in fly-out miners from Perth; others are retirees from Darwin, looking for a cheaper lifestyle. Others are Sydneysiders dabbling in property development.

“I have never been more busy ... with interest out of Australia,” says Bali-based agent Matthew Georgeson, a director of Elite Havens in Seminyak.

“We are getting some really heavy prices.”

“I know a guy who spent \$10m on the Bukit (peninsular) on a piece of land to build a house.”

Australian buyers are also venturing into development.

Originally from Melbourne, equities trader Steven Cain spent years in Hong Kong, Singapore and Tokyo working for financial services firms in-



A four-bedroom terrace in the village of Quillan, in the foothills of the Pyrenees



Sam Drake on the hunt for his new house, above, and a view from the property, above right

cluding Morgan Stanley. But after 12 years in the foreign markets he’s turning his attention to property development and, like other Australians, has turned his sights on Bali.

Cain has already developed a five-bedroom villa on the Bukit peninsula, which he has put up for sale with a \$US5.5m (\$5.1m) asking price. The villa, part of the five-star Semara complex, rents for up to \$US2700 a night in peak season.

He wants to develop more luxury villas and is looking for prime sites in Nusa Dua and on the Bukit peninsula. He has local partners in place, given foreigners are not allowed to buy land in Indonesia without local partners.

For Cain, Bali has global appeal given the strength of the dollar and the big numbers of Aussie, US and Asian tourists flocking there.

“We are also seeing more and more visitors from inside Indonesia, mainly Jakarta. Indonesia is one of the better economic stories globally, and Bali is

Cain has developed a five-bedroom villa in the Semara complex that rents for up to \$2500 a night in peak season  
JASON CHILDS





## Taste of France feeds couple's investment

LISA ALLEN

THE hefty price of Australian real estate compared with dirt-cheap property prices in rural France convinced a Sydney couple to buy their first home near Carcassonne in the foothills of the Pyrenees.

For just over \$100,000, the young couple, freelance journalist Claire Chaffey and her project manager husband Sam Drake, have bought a large terrace house in the quaint village of Quillan.

"We were looking for quite a while in Sydney, we were willing to look at everything, apartments and houses," Chaffey says. "We were (even) willing to move away from where we work."

"(But) we got depressed at the cost of the houses, mortgage and insurance and so we looked at other options."

"You realise how screwed we are getting in Australia when you look at what is available overseas."

"We got completely disillusioned with the amount of money we would have to borrow and what we would get for the money."

Chaffey and Drake are not

'We have a French mortgage with an interest rate of 3.1 per cent. We have locked that in for 10 years'

CLAIRE CHAFFEY

expecting to make a "huge capital gain" on the terrace.

"But we are hoping to rent it out," she says. "We have a French mortgage with an interest rate of 3.1 per cent. We have locked that in for the next 10 years, (but interest rates) have dropped even lower, so we could have got it even cheaper."

The house, in the middle of Quillan, a village of 4000 souls, was chosen because of its affordability.

"It's a terrace house with four bedrooms, three bathrooms and a wine cellar which is very important, right in the centre of the village opposite the church," Chaffey says. "We wanted something that did not



The terrace house in Quillan

have a garden so there would not be any maintenance issues.

"We chose it because it was affordable, more so than further north, and it's near Spain. There's a lot of things to do around it."

Chaffey is no doubt referring to the white-water rafting, canoeing and kayaking the area is known for.

The acquisition settled on Christmas Eve and Chaffey is "itching to get over there."

But it won't be until June when the couple plan to furnish the terrace house to begin marketing it as a holiday rental. The acquisition price was €87,000 (\$107,360).

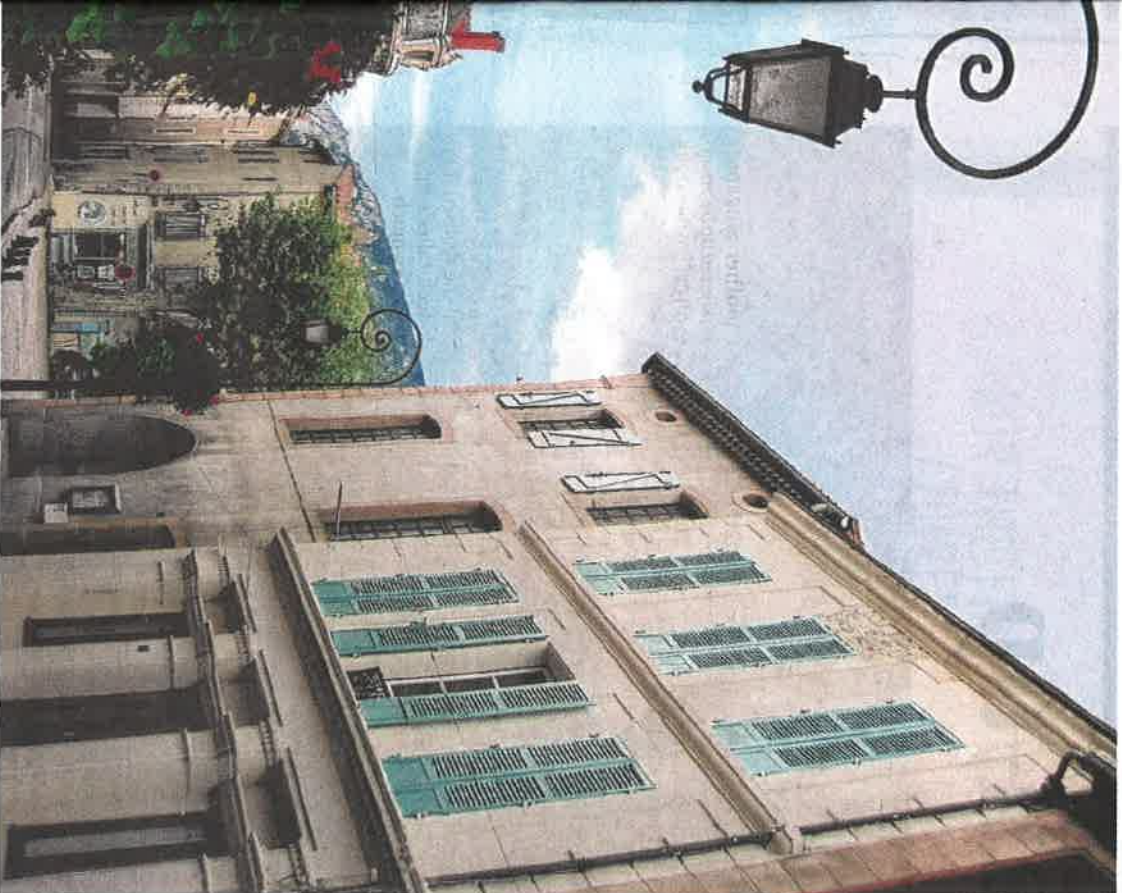
"We are hoping to pay it off sooner than the 10-year mortgage and if we do there are no financial penalties."

"It's reasonably old (but) one of the reasons we bought it was because we wouldn't have to do anything on it."

Chaffey and Drake, who runs a firm called Operational Management Consultants, reckon they will be able to rent the property out for up to €600 a week in high season.

"(But) we have to test the market," Chaffey says.

They plan to visit France often. "Ideally we would like to go over once a year... a few years down the track we would like to spend a significant amount of time there. "We want to hold on to it forever."



Is of the Pyrenees, set Claire Chaffey and Sam Drake back just over \$100,000



well placed to benefit," he says. "Everyone wants to go to Bali. As much as Australia continues to dominate, with more than 50 per cent market share, we are seeing more arrivals from Europe, America and intra-Asia. Even American tourists were up by more than 25 per cent in 2011."

"I want to develop more resorts in Bali which appeal to a much broader market. It would still be five-star but it would be one- and two-bedroom villas, not just five-bedroom villas."

While there are no figures on just how many Australians are buying property overseas, it's becoming increasingly common.

In Bali, Elite Havens and Knight Frank research shows hotel and villa supply is projected to increase by 22 per cent, or 4508 rooms, this year, while foreign tourist arrivals in Bali will continue to grow.

In January, nearly 70,000 Australians visited Indonesia, according to Australian Bureau of Statistics figures out this week, up 4.6 per cent on January last year.

Between 2001 and 2011, foreign tourist arrivals grew by 8.7 per cent. Australian tourists arrivals grew 23 per

cent last year, representing the biggest nationally to visit the "Island of the Gods".

Last year was a record-breaker for land price increases in locations such as Seminyak, Legian, Petitenget and Batu Belig.

Petitenget land values rose 175 per cent in 2011 and Batu Belig sustained growth of 87.5 per cent. On the Bukit peninsula, prime cliff plots jumped 22 per cent on last year.

Georgeson, of Elite Havens, says Australians make up 50 per cent of buyers, half of them from Perth.

"But that's not across the board for Bali. It's (only) happening in Seminyak, Bukit and Jimbaran."

Georgeson says Bali will remain popular because there's little competition in other parts of Asia.

"Phuket has better beaches but it does not have the soul. What else have you got? Langkawi (in Malaysia)? There's nowhere else."

"The Indonesian government is just starting to put money into infrastructure. There's a new airport going up and new highways."

While there are no stock-exchange listed Australian developers in Bali



Claire Chaffey and her project manager husband, Sam Drake

JAMES CROUCHER