

PERSONAL INVESTOR

Net the window to foreign affair

Majella Corrigan
Offshore

AUSTRALIANS love property, but instead of tossing up whether to buy a holiday house at Noosa or Port Douglas, many are turning to the climes of Provence, in southeastern France, and beyond.

The internet has made the initial research on overseas property much easier.

While prices in some European countries, and closer to home, such as in New Zealand, mean you might get more for your dollar the further you go from the Australian beach.

A Sydney-based former director of a large financial services company said he bought a 1.6ha property in Wanaka, 50km north of Queenstown in New Zealand.

"I had taken the children skiing there over the years and prefer the cooler climate," he said. "My partner had had an interest in a house over there but sold it."

"Because we knew the area, when we saw a property on the internet, my partner flew out and looked at it."

They bought, and are planning to build in the next 12 months.

He said the New Zealand spot suited him because of skiing and the peace and quiet, but anyone interested in camping, hiking and the huge number of golf courses would also find it worth a look.

"The language and the law are the same. The planning laws are a bit different, but there is the same accounting system."

And its easy to get to with today's cheaper fares.

New Zealand doesn't have stamp duty on property transactions, which has become a big drawcard.

The cost of the stamp duty and land tax that would have been paid on an Australian property would equal airfares to New Zealand several times a year, he noted.

Realestate.com.au also points out that the rate of depreciation on investment properties is at a higher rate than in Australia.

The rate of depreciation in New Zealand is 4 per cent a year on buildings, regardless of their age.

Depreciation also starts from the purchase date. The depreciation rate in Australia is 2.5 per cent starting from the day of construction.

Although our New Zealand buyer declined to be named, he's in good company.

Just-retired NSW Premier Bob

A YEAR IN PROVENCE?

A quick look at magazines and websites found:

■ **A RESTORED** 18th century stone house on 16,000 sq m of land at Queyssac in Dordogne for €365,000 (\$566,770). But the farmhouse needs work.

■ **A FIVE-BEDROOM** house with a one-bedroom apartment and two barns, workshops and a pool at Aude, in the wine region of Languedoc Roussillon was €489,750 (\$760,481).

■ **A THREE- TO FOUR-BEDROOM** house in the Catalan fishing village of Collioure, Cote Vermeille, was

€699,000 (\$760,481). It had a swimming pool and landscaped gardens.

■ **ALTHOUGH** some British magazines say you can buy as cheaply as €50,000 (\$80,000), be aware the properties will often need a total renovation.



www.realestate.com.au (it has some New Zealand property)
www.1stforfrenchproperty.com
www.worldproperties.com

Also *The Complete Guide to Buying Property in France* by Charles Davey \$28.85, publisher, Kogan Page

Carr has also bought in Queenstown, and Canadian singer Shania Twain made headlines last year when she paid about \$20 million for Motatapu Station and Mt Soho Station — a total of 24,770ha — near Wanaka.

However, most prospective purchasers looking outside Australia can expect to find something decent for a much more modest amount.

A quick search on the web will bring an array of offerings in every country you could think of. Two old favourites are France and Italy.

International property lawyer Michael Bula says Australians often acquire all sorts of property, from apartments in Paris to chateaux, vineyards and even factories offshore.

Australians' desire for overseas property is on the increase, he said.

Mr Bula lives in Melbourne, is fluent in both French and Italian and founded his law firm 1985, after identifying the need for a specialist practice in French and international legal matters.

He said Australians were increasingly mobile but the traditional buying areas of Britain and the US were now expensive.

While not cheap, there were French countryside areas and provinces that were more affordable.

However, he said, it was important to do your homework.

"You wouldn't buy in Queensland without getting good advice, so don't do it in France."

Mr Bula said although parts of France were quite affordable, investors should not expect big capital gains

unless they bought in a major city.

But regional areas have always been popular as a lifestyle choice and were now better serviced with regional airports and regular services.

He said in many cases Australians grouped together to buy something they rented out in the high season and then shared in the off-season.

He said while overseas purchases couldn't be measured purely on an investment basis, purchasers could get good rental income.

Mr Bula said pitfalls included taking the lifestyle aspect too far.

"People can make romantic or foolish decisions and buy something they would never look at in Australia," he said. "You need to distance yourself a bit; look at the condition of the property."

"Renovations are expensive, a lot of buildings are stone, are classified or have historical orders and you have to be careful."

"You can't just bang on a shed."

Language was the second thing, but there would be English retirees and English spoken at the town hall and in the building department, Mr Bula said.

One of the major differences was the law between countries such as Australia and France.

Tax laws and succession laws differed. An Australian will would not automatically apply in the case of a deceased estate.

"If you buy in your name in France and leave an Australian will, personal property such as shares and furniture will go to whoever you willed, but property won't."

The solution could be to set up a French or Australian company to buy the property and then the shares could be willed to whoever you want.

The second thing to note was that the tax office in France assumed any asset such as a holiday house or second residence earned income and buyers must lodge a return.

"If you don't lodge a nil return they will go ahead and calculate the income at a market rate," Mr Bula said. The other aspect to note was the importance of a notaire, or notary.

There are no conveyancing kits in France. You cannot circumvent using a notaire, and a completed agreement by these officials is tantamount to a court order.



Old favourite: A lavender farm in the Provence region of France