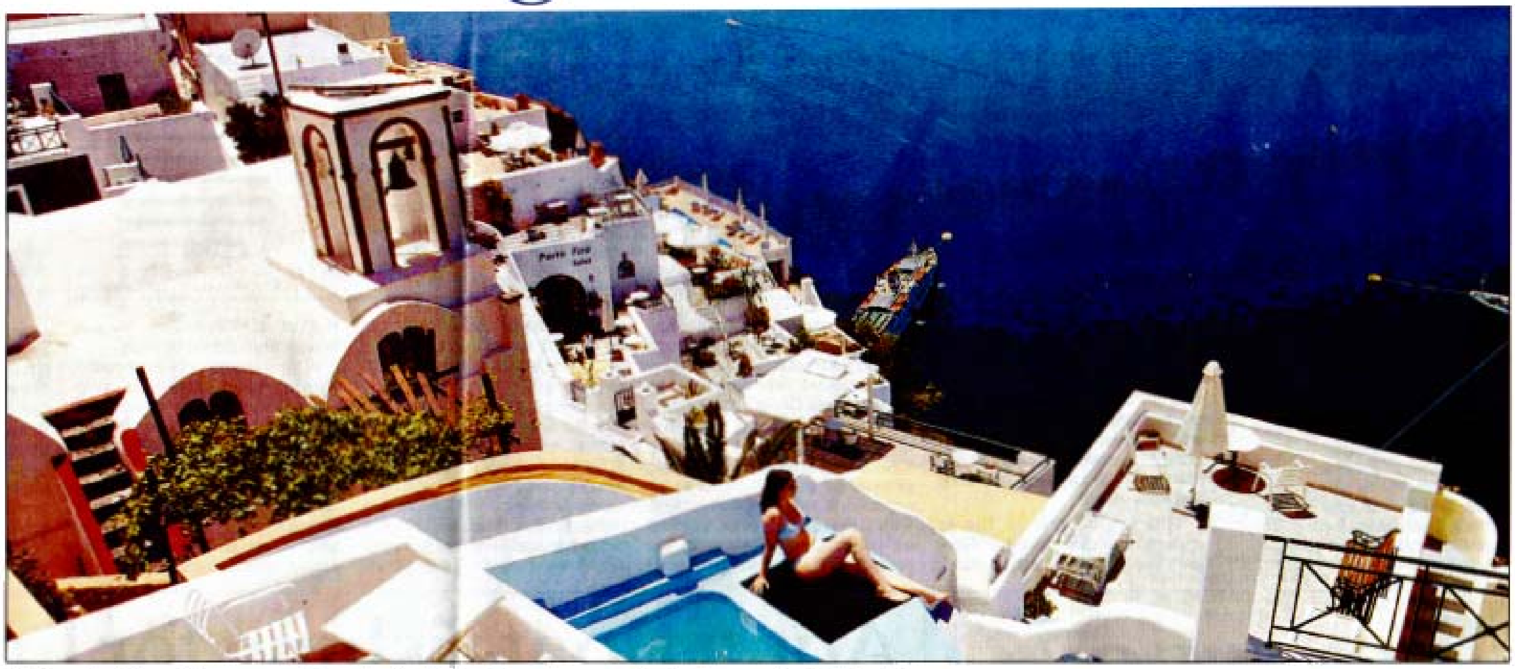

Holiday attractions: Overseas property can be affordable — but make sure you familiarise yourself with the local laws

Take care with a home away from home

Tony Kaye
Property

BUYING a house overseas is easy — but make sure you do your research.

For Australian investors wanting to dabble in overseas property markets, a quick search on the web will bring up millions of results.

France, Spain, England, the US, Hong Kong, or more exotic locales such as the Caribbean or Bulgaria — there's hardly a place in the world where one can't find on the internet a property investment map.

So it's no great surprise that more Australians are actually stepping out into the global property market, buying apartments, houses and even commercial properties in other countries.

According to real estate agent L.J. Hooker, Australian investors are snapping up properties overseas in growth markets such as China, France, Italy and, closer to home, New Zealand. "A Sydney couple was recently reported to have purchased a trendy Argentinean apartment for just over $60,000, which could be rented out for more than $390 a week, with an expected 70 per cent occupancy," it says.

But experts warn that property investors who do venture offshore need to be totally aware of the markets they are getting into, with every country having its own laws governing the buying and selling of properties, the obligations of landlords, and different tax regimes. Also, consumers who buy property overseas may have no protection under Australian law if something goes wrong.

Michael Bula, a Melbourne-based lawyer specialising in international property transactions, says there has been a noticeable increase in the number of Australians buying overseas properties, with information on other markets now much more accessible. He agrees investors need to be careful and to seek out professional advice. Bula says there are many more sites on the internet but that there are also traps for young players.

He notes, for example, that there are major differences in law between countries such as Australia and France. He points to different conveyancing laws, tax laws and succession laws — an Australian will does not automatically apply in the case of a deceased estate.

Repatriating profits can also be a problem.

"One has to be aware that if a person owns a property in France, even though it may not generate any income, the investor is still obliged to lodge a nil tax return," he says. "If you don't, the tax office in France will deem it to be a secondary property generating income and will estimate an income equivalent to its value.

"The majority of people I see wouldn't be going into overseas properties to live," he says. "They would be going there as an investment. They might organise a syndicate and get a number of people together and then time-share it or lease it out on short-term rentals. The majority would be people looking for some sort of return."

Bula says parts of France are quite affordable for Australians, but investors should not expect huge capital gains and selling a property can take months.

Jeff Kliger, managing partner of Melbourne law firm Kliger Partners, says investing in overseas property is fraught with dangers.

"You are totally in the hands of a series of agents and managers to look after your property," he says. "It's not a place you can drive by every day of the week and work out what is happening with the particular property, the neighbourhood, what the flavour of the market is.

"You need to find somebody who you can trust to advise and guide you. You need to do a lot of homework."