

BUYING OVERSEAS PROPERTY IN EASTERN EUROPE IS ATTRACTIVE TO IRISH DEVELOPERS AS WELL AS INVESTORS, WRITES YVONNE GORDON

Gateway to the new Europe

Last month, the foundation stone was laid in Hungary for Budapest Gate, a huge golf and spa resort development which will offer a mix of villas, houses, apartments, a hotel and an 18-hole championship golf course designed by legendary Irish golfer, Christy O'Connor Jnr (pictured, below).

The €250million development is backed by a consortium of Irish developers who are putting up 50 per cent of the cost. At the launch in Dublin last year, about €60m worth of the properties were sold, with buyers believed to include many celebrities.

Irish people have been snapping up properties abroad for years and despite the lull in the property market here, the overseas boom doesn't seem to be over. Overseas property exhibitions are a regular feature in hotels, and an investment property expo at Citywest at the end of last month had 80 different exhibitors offering properties around the world.

According to a report by website MyOverseasproperty.ie, Irish investors purchased €8billion-worth of overseas property in 2006 and the figure is expected to reach

€9bn this year. The report reveals that the top countries targeted by Irish investors are France, Germany and Portugal, followed by Bulgaria and Italy.

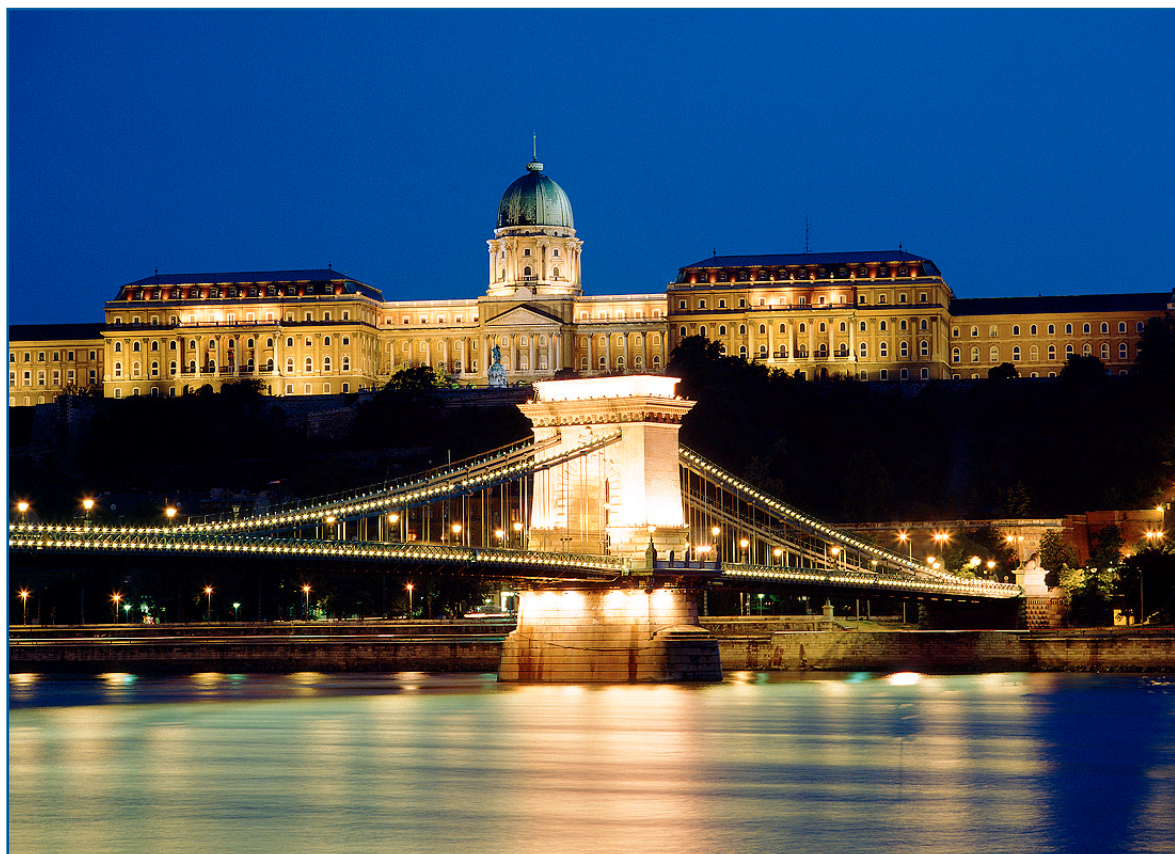
Despite concerns in some quarters regarding stability in various markets, many investors intend to buy a second or third property, while others are exploring exotic locations like the Caribbean, India, Brazil, Panama and Malaysia. Other new areas of interest include Dubai and Cape Verde (partly thanks to direct flights from Dublin). Emerging markets often provide high rental yields and healthy price inflation, but there are some risks involved such as currency exposure, inflation, interest rates, repatriation of funds, property rights issues and bank guarantees.

Irish interest

So why the Irish interest in Hungary? The attractions of former Eastern Bloc countries like Hungary and Poland are many. Hungary joined the European Union in 2004, opening its doors to 75million people, and its economic growth and political stability have since attracted international attention. The capital, Budapest, which spans the magnificent river Danube, was once the second city of the powerful Austro-Hungarian Empire and evidence of this remains – with its rich cultural heritage and stunning architecture, it is growing into a bustling financial and corporate centre.

Hungary is expected to join the eurozone in 2010 and although property prices have been increasing over the last few years, in comparison to other countries in western Europe, they are still relatively low.

Matt English, of Dublin residential property specialists Christies Estates, says: 'Budapest is a fabulous city and will regain its



Budapest grandeur: Former Eastern bloc countries like Hungary are popular with Irish property investors

former glory as the emerging Eastern market again establishes itself in the global economy.'

Mr English agrees that with returns from residential investments in Ireland in decline, investors are looking abroad in search of more lucrative markets. Christies' research shows that certain conditions in Hungary and Poland now are similar to those which prevailed in Ireland, particularly in Dublin, during the mid-1990s.

'I would say that Budapest and the major cities in Poland will prove to be the power houses of eastern Europe,' he says. 'I would see Poland as a tremendous location to invest because the

economy is growing. Budapest is a fabulous city, it's taken a bit longer to get going than we would have anticipated, but I think it will perform very well in the medium term.'

Investment or indulgence

Mr English says the first thing to ask yourself if you are buying overseas is whether you want an investment property or a second home. 'There's a huge difference,' he says. 'If you're buying a second home, you want one beside the sea, a ski resort or golf course. You're driven by your heart more than your head.' People buy in places where they love to go on holidays, but they pay a premium for these and they're not as easy to sell on.

If you're buying as an investment, two things will drive returns – capital appreciation (how much the property increases in value over the period that you hold it) and rental yield. Mr English says the best investments are in urban locations in a country with a bright future and a growing economy. 'One and

two-bedroom apartments close to city centres, that's where young professionals want to live.

'Capital appreciation tends to be highest in emerging economies where housing remains affordable and there is an under-supply of properties. Poland is a classic example,' he says. 'If someone is more cautious, the UK has 60m people and will always have people needing to rent. Irish people invest millions in the UK.'

According to Richard Spence of MyOverseasproperty.ie, the secret to successful purchase of property abroad lies in investigation and research that should be conducted independently, considering tax, legal and mortgage issues and comparing at least five similar properties before deciding which one best suits your particular needs.

For more information see www.budapestgate.hu, tel: (01) 667 4803; www.christiesestates.com, tel: (01) 667 0099; or www.myoverseasproperty.ie



TIPS FOR BUYING OVERSEAS

- The overseas property market isn't regulated here – anyone can sell it. Stick with established firms with a good track record
- Don't be sucked in by fancy language or unrealistic returns that sound too good to be true. Words such as 'guaranteed rental return' imply that a deal is rock solid with stability for a fixed number of years – but nothing is guaranteed
- Research the market – rental potential, GDP forecasts, demographics, employment, build histories and city statistics
- Visit the property if possible – check out the area, culture, development and developer
- Don't commit to a deal until you are fully satisfied with all details
- Choose an agent who provides a total 'turnkey' solution – their partnerships with legal, finance, management and letting companies will save you travelling back and forth to sign paperwork
- In many markets, the Irish are viewed as wealthy and soft targets. Although many people have gained wealth through property, it has also been the rock on which wealth has been lost, through ill-advised or rash investment. Make sure you get professional advice.

Matt English, Christies Estates



Villas at Budapest Gate are 204sq m. Each will each sit on a quarter of an acre and have its own pool. Prices start at €395,000.

Simply Call **01 631 9110** Now
Visit us at www.endeavourct.ie
email us at info@endeavourct.ie



Free Report Reveals How You Could Earn €5000 a Month as a Life Coach!

Are you unhappy in your current career?
Are you looking for more fulfilment in life?
Would you enjoy helping people achieve their dreams?

If you answered **YES** then you could start a new career as a Highly Paid Life Coach! To Order Your **Free** Report and Receive A **Free** Life Coaching Session