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Property Investment Advice for Professionals

Before You Buy Abroad



It's Your Risk

Research is key in buying property – never more so than when buying abroad. What do you or your advisors really know about the foreign legal aspects, tax residency, domicile or the availability of finance? Is there an historic property market or are you relying on further foreign investors? Do you have an exit strategy?

Remember Your Objectives

Why do you want to purchase the property?

Are you looking for capital growth from a property abroad or an opportunity for a 'cheap' holiday?

If you are buying an off plan unit on the prospect of capital growth have you considered the timescale of investment, local tax legislation, alternative uses for capital or resale potential – or do the figures just look good? What is the historic property market like? If you are buying in an area without a resale history then there is every likelihood that your potential buyer will also be a foreign investor; if the market is still new and there is a ready supply of new property then that investor may as well buy direct from developer at 'discount' too! What reliable checks do you have on a developer's financial standing? Is your builder being funded solely by off-plan investment, is there a provision for overspend? When is completion due, 1, 2 or 3 years in the future, can you ever be sure?

...and if you are looking for a cheap holiday? Make sure you work out all the costs; including the cost of not investing the capital used to buy the 'cheap' holiday elsewhere! Research is still key, if you are buying a property close to a low budget airline airport are you sure that the services will still be there in 5 years time? Are new developments planned nearby? What are service charges like, who will manage the property for you, will the property require car hire each time you visit?

Resale opportunity and access to finance must be key decision makers before investing abroad.

If you are buying in Bulgaria the property may appear cheap to you, but lack of suitable mortgage finance may require a large deposit or full investment, using more of your investment capital than buying four properties in Blackpool! Also whilst the property may appear 'cheap' to the UK investor it may be out of the reach for the local resident; if there is no historic property market in the area of investment ensure you do your homework twice! You will potentially be limiting your resale opportunity to foreign investors, if the property market is in an infant stage you are making a high risk investment – have you bought in the right location? Look at the competing markets for property investment in any Broadsheet Property Section, you can buy 'investment' property in Eastern Europe, South America, Australasia, South East Asia, China, South Africa, North America as well as the traditional Western Europe locations. It makes perfect sense that not all of these locations are safe investment locations – if you are investing without researching the information thoroughly **you may as well be rolling dice.**

BUT it also makes perfect sense that some of these locations will make massive investment returns too. The same rules apply that you would use in the UK- do your research and do it thoroughly and you will limit your investment risk.

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