



## RETREAT TO PROFIT

With preparation, buyers can reap a handsome return on overseas property. **Report: Lisa Allen**

● Fancy buying a beachside villa in Bali, a snow-bound lodge on New Zealand's south island or a rustic farm house in France's Provence?

Buying a holiday house overseas can be relatively easy, provided you are prepared to jump through all the obligatory legal and regulatory hoops.

And if you do the research you can reap big profits when it comes to selling – particularly if you are buying in certain regions of France or on select beaches in Bali. If your penchant is for Fiji, however, you may not be so lucky as to turn a profit, given that the South Pacific island nation cops a cyclone or coup every four years or so.

In Bali, lawyer Peter Johnson's Austrindo legal firm in Kuta specialises in advising Australians on how to buy property on the Island of the Gods – without getting caught out.

"There's been a dramatic increase in Australians buying up residential properties and villas for rental over the past six months," Johnson says.

"Australians are not scared of Bali. It is comfortable and the appreciation of the Australian dollar has given them more disposable income."

Johnson says investing in Bali can be financially rewarding. "Residential house prices are increasing. Bali generally has held its market price and there's been increases in line with normal growth patterns."

The latest Knight Frank Global House Price Index shows that Indonesia recorded the 12th-strongest increase in prices in the third quarter of 2009, exhibiting growth of 2.1 per cent.

But there are hurdles to overcome if people from overseas are intent on buying an idyllic Bali bolthole.

Foreigners are not allowed to own property in the archipelago unless they buy in tandem with an Indonesian citizen.

Johnson cautions: "Should you use an Indonesian citizen to hold your interest, you need to ensure that you have clear agreement with them that documents the contractual nature of your relationship. The really important step is to have a mortgage agreed with them so your name is on the certificate or title.



Overseas options: Matakauri Lodge near Queenstown in New Zealand, above: Villa Maju in Seminyak, Bali

"These arrangements provide you with protection should the Indonesian or their heirs decide not to honour the relationship."

The beachside precincts of Seminyak and Canggu are attracting the majority of Australian buyers, but top-end players are attracted to the cliff land in the Nusa Dua and Bukit regencies.

"There's one little spot that is [also] standing out for Australian real estate buyers," Johnson says. "It is Nusa Lembongan island, which has really shot ahead over the past few years. Over the past six months there's been a lot of activity. It's close to a very good surfing beach and it's got good security: because you are on an island they know who comes and goes."

The average price for a residential house on the island is \$US400,000 (\$429,000) to \$US500,000. A boat trip from the mainland takes 30 minutes.

"A lot of Australians have bought there," Johnson says. "There's [also] increasing interest in Lombok for people purchasing land to build villas. It's a different island, it has different people and the beaches are fantastic, with absolutely pristine white sand."

On the Bali mainland, Seminyak is recording high prices. Near the trendy Ku De Ta and five-star Oberoi Hotel there's a four-bedroom, five-bathroom villa including a large swimming pool on the market for \$1.95 million, leasehold.

Bali aside, there are also tricks to buying  
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property in Fiji. Agents caution foreigners against buying beachfront land or houses as Fijian law stipulates no beach is considered private. But although Fiji is politically troubled, it is much easier to invest in residential property there than in other South Pacific nations because a local partner is not needed. And unlike Hawaii, Vanuatu and Rarotonga, where freehold land cannot be acquired, Fiji allows the sale of some freehold land. But take heed. Several long-abandoned, half-finished resorts line the Queens Road, which links Nadi to the capital of Suva. Most were abandoned by overseas developers years ago. Across the bay from the Shangri La Hotel near Nadi stands a half-finished concrete resort that has been on the market for years.

Gold Coast developer Peter Jarmer, the managing director of Taveuni Estates in Fiji, is more upbeat. Taveuni is about one hour's flight north of Suva or Nadi and unlike most of Fiji it is 100 per cent freehold. "Less than 8 per cent of land in Fiji is freehold," Jarmer says.

"Buying property in Fiji is straightforward. There has been no impact from the political situation. It's business as usual. Our residents and lot owners continue to travel to Taveuni."

Fiji real estate is much cheaper than that in Bali. At Taveuni Estates, a one-acre absolute beachfront block with two self-contained cottages has been on the market for \$US385,000 for the past 12 months.

"Prices have remained the same over the past two to three years," Jarmer says. Fiji has the same Torrens title system as Australia. "To effect a transfer into an individual's name it's a matter of lodging transfer documents through local solicitors with the registrar of title in Suva."

The other drawback to investing in Fiji property can be its weather. A tourism operator near Nadi says he was without power and water for 10 days before Christmas last year because of the devastating effects of Cyclone Mick.

If your penchant is for residential real estate further afield, buying in France can be very attractive given that rural property outside the touristy areas of Provence can be cheap.

"It's not only investment, it's also lifestyle choice," Willie Porteous, a Perth real estate agent attempting to break into the French market, says. "A lot of Australians who are doing well here like to have a house in Europe, more for the intellectual stimulation," he says.

Porteous recommends clients invest in Paris, Nice or St Tropez. "Paris is one of the best cities in the world ... the Australian dollar being high makes it a lot better for buying overseas."

Knight Frank says French property values fell 8 per cent in the third quarter of 2009. Over the same period, New Zealand property prices grew 5.3 per cent, bettered only by Australian house prices, which rose an average 6.2 per cent during the third quarter of 2009. [www.brw.com.au](http://www.brw.com.au)