



# Tips for buying international real estate as bargains abound

By **Toddi Gutner**

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While visiting a friend's family, Deborah Hicks Bailey and her husband Coley fell in love with San Felipe, a small Mexican fishing village on the north coast of the Yucatan Peninsula about two hours northwest of Cancun.

They asked local friends to keep an eye out for a property to purchase. Eighteen months later, the Baileys found a well-designed three-bedroom, two-bathroom home with an atrium on the Gulf of Mexico.

One small problem: By Mexican law, foreigners can't own waterfront property and must be a certain number of miles from the coast. That didn't stop the Baileys. They formed a partnership with their friend, a Mexican national, who then purchased the property on the Bailey's behalf. Total cost for the house: \$32,000.

"We found a lawyer, set up a bank account and sent in all the money without a deposit," says Bailey, president of Solon Group, a business development and advisory firm in New York.

Bailey's experience highlights some of the challenges that Americans face when buying international real estate, but if purchasing a pied-a-terre abroad has been on your to-do list, now may be a good time to take action.

For one, there are bargains to be had in certain markets, say real estate experts from Central America to Europe and the United Kingdom.

"When there are challenges in the market, that's often a signal for outside buyers to come in," says Budge Huskey, president and chief executive officer of Coldwell Banker who says the company is putting far more emphasis on international opportunities.

The Worldwide Property Group real estate confidence tracker in May found that 80 percent of survey respondents chose property as their primary form of building wealth.

## PRICE DROPS

Spain, Portugal, Italy and Greece are locales that have had significant price drops, in part because of economic woes, but also because of overbuilding in some cases.

With 25 percent unemployment in Spain and the removal of some legal roadblocks, there are some good opportunities there, provided you're willing to pay cash, says Phillip White, president and chief executive officer of Sotheby's International Realty Affiliates.

Specifically, White identifies parts of Spain on the Mediterranean side: Costa Brava, Minorca and the Balearic Islands.

Indeed, in the first quarter of 2010, a three- or four-bedroom villa with a pool, terrace and landscaped garden in the Costa Blanca region would set you back about \$295,256 -- now it would run about \$250,000, says Laurent Demeure, president and chief executive of Coldwell Banker for France and Monaco.

"We're looking for far more significant drops in housing value," says Huskey.

In Portugal, prices are down by 20 percent to 40 percent in some areas, though the market has stabilized in the last six months. Ireland has taken a significant hit. with real estate values off as much as 50 percent.

"Land use regulations forced the prices up and then the bubble burst and prices fell," says real estate expert **Wendell Cox**. Given the uncertain economic future in Ireland, says **Cox**, "it could get less expensive."

## LOCAL SPECIALISTS

Before you begin shopping, make sure you contact a real estate professional in those markets you're interested in exploring. Each country's property, tax and title laws are uniquely different. You'll also want to keep in mind the cost of living, travel time, and security and safety -- both of the location and the government.

The Bailey's were lucky to have a friend with whom to create a partnership. Harvey Fiser, an associate professor of business law at Millsaps College in Jackson, Mississippi, took a different tact when he purchased a home for the college in Merida, Mexico. He circumvented the Mexican location law by forming a company and owning the stock in the corporation. "I didn't want to have to trust anyone with a partnership," says Fiser.