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The countries offering passports to lure property investors

By Zoe Dare Hall

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Wealthy property investors are increasingly indulging in the new pursuit of “passport shopping”, basing their buying decisions on which country offers the most attractive residency or citizenship package in return for investing in a property.

In its recent Wealth Report, Knight Frank focuses on the growing number of countries vying to attract international property investors, from Caribbean islands such as St Kitts – the initiator of the original citizenship investment programme (CIP) 30 years ago – and, most recently, Antigua and Barbuda, to European nations such as Spain, Portugal, Malta and Greece.

For countries such as the UK and US, the supply of investor visas is “driven by demand from global investors looking to protect their assets”, says Tom Bill, a Knight Frank associate. “For countries short of capital, this is a quick way of getting hold of it,” adds Nick Warr, a partner at the law firm Taylor Wessing.

The pros, cons and conditions of each country's citizenship or residency scheme vary widely, with minimum property investment amounts ranging from \$400,000 in St Kitts and Nevis to €5m in Cyprus – which means a prized European passport for wealthy Russian and Middle Eastern buyers on the Mediterranean island.

Portugal not only demands a €500,000 investment in property but a minimum knowledge of the language in order to apply for citizenship after six years. "You won't easily get your hands on a Portuguese passport, so we advise cultural connectivity with the local community by showing a strong interest in learning the language and perhaps forging trading links by joining your local chamber of commerce," says Andrew Coutts, managing partner of Henley & Partners, which has advised the governments of Malta, St Kitts and Antigua on their citizenship programmes.

As head of Henley Estates Portugal, Coutts reports high interest from Chinese buyers. "They account for 70 per cent of the world's residency/citizenship visa market, and Portugal is seeing its fair share, particularly for new-build developments around Lisbon's 1998 Expo park, the city's answer to London's Docklands," he says.

Spain recently launched its "golden visa" programme for non-EU residents, which demands a minimum €500,000 investment but, unlike Portugal, insists that investors spend at least 183 days a year within its borders. Coutts sees that as a barrier. "The majority of high net worth individuals don't want to live in the country – they want to be mobile. This is about visa-free travel and, in return, they are happy to invest in real estate to diversify their portfolio."

Malta, meanwhile, is still tinkering with its individual investor scheme, which demands that applicants live on the island for 12 months and that a family unit invests €1.25m (of which €350,000 must be in property) before they are granted EU citizenship.

The desire for flexibility and mobility, "to respond to the demands of globalisation", is driving many investors into citizenship programmes, says Micha Emmett, managing director of CS Global Partners, a citizenship consultancy that has seen the number of "passport shoppers" double in the past five years.

"If you are a wealthy Russian businessman doing multimillion-dollar deals in the south of France or London, you don't want to spend time queueing for a visa before each visit," she says. "St Kitts has shown you can make a success of such schemes, in its case finding a new source of income after its 400-year-old sugar industry, which was at the heart of its economy, closed down. The citizenship investment process is straightforward and there is strict due diligence on applicants, which reassures people that it's a legitimate programme."

Antigua has followed the St Kitts model after its economy was flattened by the financial crisis and the collapse of convicted fraudster (and Antiguan resident) Allen Stanford's empire – a giant Ponzi scheme that included banks, in which many lost their life savings. The island's CIP offers visa-free travel to 131 nations, including 26 European countries, to anyone who invests at least \$400,000 in a property on a government-approved development. Since its launch last October, Antigua has seen a surge of interest from

overseas property developers. Sam Dyson, head of Luxury Locations, Savills' associate agent in Antigua, says their combined investment in the island could total about \$100m.

"This CIP interest has combined with the recovery of the high end of the property market in the last six months. Typically, most interest in second homes in Antigua comes from the US and western Europe, but now, because of the CIP, there is a lot more interest from China, Russia and South America," says Dyson. "Wealth managers wouldn't really have looked at Antigua a couple of years ago. Now they are."

The incentive for investment differs among nationalities. "For Chinese and Russian buyers, it's about freedom to travel and access to education. It gives them a foothold in the Schengen region. For Europeans, the key driver is the tax incentives, though no one will admit it. You can reduce your tax profile by operating a company here offshore and moving shares here," says Dyson, who is selling properties in Tamarind Hills, Antigua, where a three-bedroom beachfront townhouse costs \$1.15m, but new units costing about \$400,000 are being built specifically to target CIP investors.

Dyson is also marketing Pearn's Point, a west coast peninsula of white sand beaches and forested hillsides, where buyers are looking to build villas worth up to \$20m on beachfront plots that cost from \$2.5m. For those looking to invest nearer the CIP threshold, fractions of two/three-bed apartments will be available from about \$400,000. The visa processing fees cost a further \$75,000-\$100,000.

Such citizenship schemes naturally face some local opposition. "It's the 'you can't sell my nationality' sentiment, but it all comes down to cash ultimately," says Dyson. A proposal last month to auction [100 so-called "premium" UK visas](#) sparked angry criticism. By targeting passport-hungry investors, there are also fears that it could create ghost towns rather than lived-in developments.

"Antigua is fortunate in that it is already a major tourist destination and big airport hub. The CIP will provide more rental accommodation for tourists and a new airport terminal is being built, increasing ease of access and capacity."

So is selling property for passports a savvy financial move or a last resort for countries seeking to attract foreign investment? "Two years ago, most European markets were in a desperate state, so it's no surprise they looked at visa programmes that work, such as the US or St Kitts, and wanted to follow suit," says Andrew Coutts. "Moral debates aside, financially it's a no-brainer. Take Malta, which has set a cap on issuing 1,800 visas. That will raise €2bn, which is a fortune to an economy of its size."

In the changing landscape of global investment property, a prime location and panoramic views are all very well, but now there is something else that is in demand: a passport.