

OVERVIEW

Time for plan B

Residency-by-investment schemes gain popularity as SA investors realign their global wealth portfolios

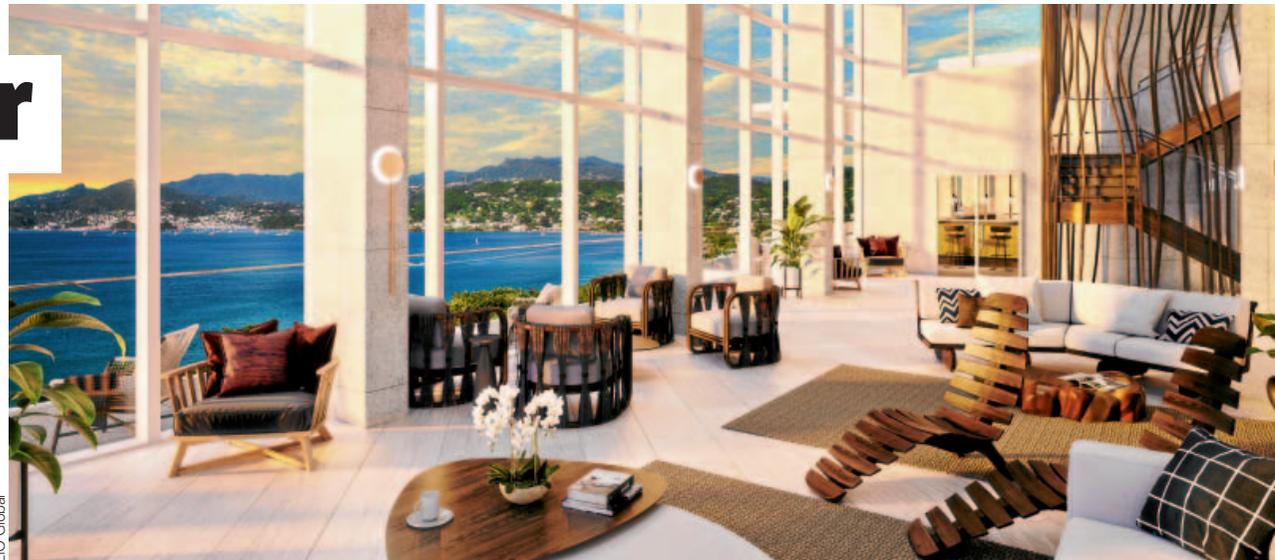
● Covid-19 may well have rendered international travel freedom temporarily meaningless, even for the strongest passports in the world. But the global pandemic hasn't put an end to cross-border investment flows.

As the world begins to deal with the pandemic's economic fallout, high net worth individuals are expected to increasingly reassess their investment portfolios and their international mobility options.

Parag Khanna, the founder of international scenario planners FutureMap, says: "The impact of the pandemic on public health, the global economy and social behaviour will prompt many to reconsider their global mobility options. As the curtain lifts, people will seek to move from poorly governed and ill-prepared countries to more proactive ones with greater resilience and better medical care."

Chris Immelman, Pam Golding International MD, believes that residency-by-investment (RBI) schemes will be a big beneficiary of this trend, particularly among South Africans looking for ways to protect their wealth against an ailing rand and what is likely to be a deep economic recession after the lockdown.

Immelman says the group has already had an uptick in interest in residency schemes in recent weeks as SA investors start to reconsider their rand hedge



Kimpton Kawana Bay resort in the Caribbean island of Grenada

options. Pam Golding International offers access to real estate-linked residency investment opportunities in Portugal, Mauritius, Grenada and the US, among others.

The minimum real estate investment required to qualify for residency, a second passport or a green card (in the case of the US) varies between \$250,000 and \$1m. Immelman says that over the past five years or so Pam Golding has helped about 1,200 SA families acquire property via RBI schemes in various countries.

He says there's been particularly strong interest in the Immigrant Investor EB-5 programme in the US lately, which gives South Africans the opportunity to acquire a green card (and eventually US citizenship) with a minimum investment of \$900,000 in dedicated property ventures.

Immelman believes the relative strength of the US economy and its safe haven currency are major draw cards. "For any South African seeking a rand hedge, it makes perfect sense to invest in what is still the world's biggest economy.

What it means:
As Covid-19 knocks the economy, wealthy South Africans are moving money into RBI schemes



Chris Immelman: RBIs are gaining popularity

And the EB-5 programme remains the best route for South Africans and their families to gain legitimate access to work, live, play and study in the US."

Other industry players are reporting a similar increase in demand for residency schemes. Amanda Smit, head of international citizenship at RBI advisory firm Henley & Partners in south, east and central Africa, says Covid-19 has prompted more South Africans to diversify their investment portfolios via real estate-linked migration programmes.

She says the latter are likely to become a preferred route for many searching for a post-pandemic hedge to safeguard their families and wealth against future shocks.

RBI schemes in European countries such as Portugal, Cyprus, Malta, Greece and Spain are

particularly popular among SA investors, given that the region is a safe bet in terms of currency and asset class diversification. Smit says Europe is also geographically close to SA, which makes it easy for those looking to relocate to use it as a base for children to study abroad, or to eventually retire.

She says Henley & Partners recorded a rise of nearly 50% in applications for Portugal's Golden Visa programme in the first quarter (year-on-year) while applications for Cyprus's real estate-linked investment migration programme showed an even sharper increase of 250% in the first quarter.

Nadia Read Thaele, MD of residency and investment planning firm LIO Global, says despite these residency programmes becoming more expensive on the back of the rand's devaluation, they haven't lost any of their allure. Most SA investors are simply using funds they already have offshore.

Besides, Read Thaele believes the weaker rand is negated by the capital growth of real estate investments in hard currencies over time. Also, most properties available to purchase in residency schemes can be leveraged to earn a short- or long-term rental income in dollars or euros. **x**



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With over ZAR 10 billion worth of international property sales generated across various destinations, Pam Golding International can reliably offer you some of the most interesting property investments the world has to offer.

Whether you're looking to expand your investment portfolio, make a lifestyle change or considering foreign residency, our top destinations currently include:



USA

EB-5 is the fastest way to acquire a US Green Card

Grenada

One of the leading Citizenship-By-Investment programmes



Portugal

Invest in Europe's top destination and qualify for EU Residency

Mauritius

Idyllic island investment and Permanent Residency await

special report **RBI schemes**

OFFSHORE INVESTMENT

Where to place your property bets

Portugal and Mauritius are top choices for SA investors

● The weaker rand is likely to drive more interest in cheaper residency-by-investment (RBI) schemes such as those offered by some Caribbean islands. Investors are able to buy a decent property – and simultaneously obtain citizenship – in Grenada, St Kitts and Nevis, St Lucia, Antigua and Barbuda for between \$220,000 and \$350,000.

Pam Golding International MD Chris Immelman says besides Grenada's relatively affordable entry price of \$220,000 per family, the tropical island also offers one of the quickest routes to citizenship at less than nine months.

"With no need to even visit Grenada during the application process, the island appeals increasingly to SA investors looking to acquire a second passport as well as a holiday home with rental income potential from a growing tourism base," he says.

Grenada citizenship also offers visa-free travel to 143 countries, including the EU Schengen area, UK, China, Singapore and Hong Kong.

But Portugal's Golden Visa programme and the Mauritian property development scheme (PDS) remain top choices for South Africans investing closer to home.

Immelman says Portugal has recently lowered its entry investment requirement from €500,000 to €350,000. The country has a relatively low tax rate of about 20%, no wealth or inheritance tax, and zero tax on overseas pensions.

John Dunn, emigration specialist with Sable International, says the number of South Africans looking to invest in Portugal's Golden Visa programme has more than doubled over the past year alone. He says a big plus for those not yet ready to relocate is that they only need to physically be in Portugal



Pam Golding International

Martinhal Residences in Portugal's capital of Lisbon

for 35 days in a five-year period.

Residency enables applicants to live, work and study in Portugal, with visa-free travel rights in the Schengen zone, while citizenship allows applicants and their immediate family to live, work and study in any EU country.

Richard Haller, director of Pam Golding Properties Mauritius, says for a minimum investment of \$500,000 – assuming you retain your property acquisition – foreigners are entitled to a permanent residency permit in Mauritius. Thereafter a Common-

wealth citizen may apply for a passport after five years of continuously residing there.

Haller says Mauritius appeals to South Africans looking for a strong offshore investment which they can use as a holiday and potential retirement property while also being able to pass down the permanent residency component to their children.

"The added attractiveness of Mauritius is the proximity to SA and the fact it offers a vibrant and growing economy and a strong business environment with low corporate tax rates should the buyer be a tax resident. There is also no withholding tax on dividends," says Haller. ✕

Special Report compiled by
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New buying opportunities

Industry players expect the number of residency-by-investment (RBI) schemes to continue rising across the globe. For instance, Italy and Egypt count among the countries reportedly looking to introduce new incentives for foreign property buyers.

In the list below, the FM singles out some RBI opportunities on offer:

PORTUGAL

Martinhal Residences in Lisbon's family-friendly neighbourhood of Park of Nations offers studio to five-bedroom apartments from €290,000. The 14-floor building has a gym, indoor swimming pool, restaurant, babysitting services and a business centre. It offers buyers a guaranteed

rental return of 4% a year for the first six years. Owners have 14 days' free usage a year. (Pam Golding International)

US

Hollywood Circle, a 25-storey, mixed-use real estate project in vibrant Downtown Hollywood in South Florida, comprises 397 residential units and a 104-room boutique hotel. The developer has just broken ground on a second development in the area with 166 residential units and a 103-room Hilton Hotel Garden Inn. Prices start at \$900,000. (Pam Golding International)

GRENADA

Kimpton Kawana Bay, just a 12-minute drive from the island's international airport, is

a five-star resort overlooking the famous Grand Anse Beach. Freehold studio and one-bedroom units are priced from \$220,000. (Pam Golding International and LIO Global)

MAURITIUS

Cap Marina, on the northern coastline of Mauritius near Coin de Mire, offers direct access to the main beach of Cap Malheureux. Prices range from \$208,000 (excluding taxes) for a one-bedroom apartment up to \$5m for a five-bedroom villa. (Seeff)

Soleia Residences, a mere 300m walk from Pereybère beach near Grand Baie, offers furnished two-bedroom apartments priced from \$250,000. (Pam Golding International) ✕