

## Shopping the world for a house

The real estate boom knows no borders. It's not just the rich and eccentric who are buying abroad.

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By Sarah Max, CNN/Money senior writer

**BEND, Ore. (CNN/Money) – Eyebrows went up when Dale Anderson and his wife, Kim, told their friends they were buying a second house in Paraiso del Mar, a new housing development in La Paz, Mexico.**

"They thought it was outrageous," said Anderson, 63, a small business owner in Canton, Ohio. "Then they started looking into it themselves."

Like a growing number of Americans, the Anderson's friends soon realized that buying property outside the country isn't such a far-fetched idea. Seaside condominiums and golf course homes in Paraiso del Mar, for example, range from \$180,000 to \$375,000. That's a bargain considering what similar property would cost in California, Florida or South Carolina.

"This will be a major life change," said Phillip Allen, 55, a business development consultant in Denver who plans to relocate to [Paraiso del Mar](#) with his fiancée, Trish Rudeen, as soon as construction on their two-bedroom home is completed next year. In the mean time, they've bought a share in a sailboat and a copy of "Spanish for Dummies."

"I had never been to Mexico until this past May," said Rudeen, 53. "I was pleasantly surprised."

### It's a small world after all

Real estate agents in Mexico, the Caribbean and Central America say they've seen an influx of American buyers over the past couple of years. "We have definitely noticed a trend of more buying abroad," said Jeff Hornberger, manager of international business development for the National Association of Realtors.

Although it's tough to track overseas real estate transactions, traffic on [EscapeArtist.com](#) and its affiliated sites reflects a growing interest in living and buying real estate abroad. The site has 1.5 million unique visitors of a month, according to founder Roger Gallo, and 700,000 people subscribe to the site's online newsletters, which include the "Offshore Real Estate Quarterly."

"We are adding between 4,000 and 5,000 subscribers a month," said Gallo, speaking from his office in Panama.

Good weather, inexpensive real estate and, in some countries, low taxes are part of the appeal. At the same time, rising home values stateside have made it

easier to pay for second properties. The Internet, meanwhile, makes it easier to shop the world market for real estate, and in the case of some overseas buyers, live outside the country full time.

"Prior to 9/11 it was a lot of retirees looking for somewhere warm and cheap," said Les Nunez, a Canadian who moved to Costa Rica nine years ago to open a [RE/MAX](#) franchise. "Now I'm seeing a lot of younger American buyers particularly people with portable skills, like graphic artists and software designers."

According to Nunez, a 2,500-square foot condo in Costa Rica's capital, Santa Jose, ranges from \$150,000 to \$200,000. Property taxes for that same condo run about \$200 a year, he said, and capital gains taxes are "nonexistent."

Gallo's countries of choice for real estate investments include Argentina, Brazil, Ecuador, Uruguay and, of course, Panama. "You can build here for about \$35 a square foot," he said, adding that this is one country south of the border where financing and title insurance are widely available.

Americans are also heading north. According to Scott Brown, senior vice president for [Playground Destination Properties](#) in Vancouver, British Columbia, Canada – and Whistler in particular – has long been a popular market for buyers from nearby Washington. "But about year and half ago we started seeing the Texas buyer," he said. "People want to come here to ski in the winter and escape the heat in the summer."

### **Still an emerging market**

Taking your home search to different parts of the globe requires even more scrutiny of the fine print.

In Mexico, for example, foreigners are technically not allowed to own land within 50 kilometers of the coast. They can buy such land via a *fideicomiso* or trust deed that makes them beneficiaries of the land for 50 years, after which point it can be renewed. Still, many Americans may not be comfortable with such an arrangement. "I love Mexico, but I wouldn't buy there," said Gallo.

According to John Glaab, vice president with [The Settlement Company](#) in Los Cabos, a number of reputable companies, including Stewart Title and First American Title, offer title insurance in Mexico, thereby protecting buyers if they lose their property because of a dispute in ownership.

Another consideration for Americans buying abroad is financing. In most countries mortgages are not widely available, but that seems to be changing in Mexico and elsewhere.

"You're starting to see 20 or 30 year mortgages that are similar to what you'd get in the U.S.," said John Fair, the developer of Paraiso del Mar, adding that the rates are about two percentage points higher, while down payments of 20 percent to 30 percent are typically required.

Property taxes, though they depend on where you buy, are generally quite low. "In La Paz, they're about 0.2 percent a year," said Fair. That's about \$600 a year for a \$300,000 house.

Sellers don't get the same capital gains break they get in the United States. The capital gains tax equivalent in Mexico is 33 percent this year and will go down to 32 percent next year, said Fair, though sellers can deduct what they owe in Mexico from their capital gains liability in the United States.

"I know capital gains [tax treatment] is not as good as it is in the United States, but that's not a factor for us," said Phillip Allen. "We don't plan to sell."