

Homes overseas: Price is right for retirees in new locations

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The queue at Miami International Airport's immigration counter is packed with individuals and families from Central and South America, many of them hoping to start a new life in the US.

But another group of migrants is moving in the other direction - Americans seeking retirement homes in places such as Mexico, Panama, Honduras, Belize and even Nicaragua.

Retirement villages and sheltered housing are big business for developers and property companies and the US has a huge retirement village sector, based largely in Florida and other southern states.

However, driven by the rising prices of these properties and the soaring cost of healthcare - as well as the hurricanes that recently have ravaged the US south - many American retirees are looking to resettle overseas.

"Argentina and Uruguay are both countries where the prices are still good for Americans, and you can get good value for your money," says Barbara Perriello, who as travel director of Agora Travel runs property investment tours to countries such as Argentina, Uruguay, Nicaragua and Honduras.

Property taxes and building costs in these countries, are often far lower than those in the US, she says. "In Argentina you can build for about \$70 per square foot, and that's high end," she says. "And in Nicaragua and Honduras, it's still about \$80 per square foot - so you're looking at much cheaper costs."

Less developed countries are welcoming the newcomers with open arms. With their eyes on a potential source for revenue, governments are busy adjusting their investment and visa rules to create conditions that will encourage a new wave of immigrants.

In places such as Honduras and Panama, "Pensionado" visas allow foreigners to receive sources of income from overseas - such as US pensions or dividends from investments - tax free, while some countries offer local discounts on things such as transport, prescription drugs and medical care to foreign residents over the age of 65.

In Thailand, the tourism authority operates a Long Stay in Thailand programme designed to persuade retirees from countries with cold winters and higher living costs to remain in the country for extended periods.

But for many Americans, the desire to settle in destinations closer to home means that Central America and the Caribbean are of greater appeal than Asia.

According to a survey in June by Pulte Homes - which under its Del Webb brand is a leading US builder of what it calls "active adult communities" for people aged 55 and over - almost half (47 per cent) of the respondents planning to move for their retirement said staying within three hours of their family was an important consideration in deciding where to relocate.

While in the past that has meant places such as North Carolina or Florida, direct flights now operating from cities such as Houston and Miami have reduced flight times to destinations such as Panama, Honduras and Nicaragua to a matter of two or three hours.

"People are looking for bargains but that doesn't always take first place," says Lyle Burke, president of Tropical Pathways, which runs property investment tours. "There are people who say they'd love to go to the South Pacific or Europe, but in the end it comes down to being close to grandchildren, so the Caribbean and Central America tend to be the places where you see most people going."

Mr Burke, whose company runs a growing number of property tours to countries such as Panama, Dominican Republic, Mexico and the Caribbean island of Roatan, says most of his clients are people that are about to retire or that are setting themselves up for the future.

Property developers are also starting to respond to the trend. With their eyes firmly fixed on older buyers from Europe and the US, many developers - both from the US and local companies - have been busy building residential communities targeted at this market.

With amenities such as tennis courts or swimming pools, many of these developments are designed to appeal to retirees wanting to stay active. Often developments are built around golf courses or riding stables. And as in similar communities in the US, developments are often self-contained, with medical facilities on site or a heliport for quick transport out in an emergency.

Like retirement villages in the US, such developments create the kind of instant communities that appeal to retirees - yet at substantially lower costs. "People are looking for a more comfortable lifestyle - but their money is going to go a lot further in these places," says Ms Perriello.

Panama

With Costa Rican property having risen sharply in price in recent years, the Panamanian administration is hoping it can take Costa Rica's place as one of the top destinations for US retirees.

It certainly seems well placed to do so. For a start, much of the infrastructure is American, built during the years when the US administered the Panama Canal. As a result of those years, there is also a cultural familiarity with Americans that makes many feel at home there today. Non-stop flights from Miami to Panama City take three hours and four from Houston, giving US citizens easy access to their families back home.

And, crucially in at a time when violent storms seem to be on the rise, Panama is not in the hurricane zone, unlike a lot of its Central American neighbours. "Panama will get some residual effect in the form of additional rain but it doesn't get the damaging high winds or mud slides," says Mark Kanty, a Canadian based in Panama who manages property tours to the country for Tropical Pathways.

In addition, the Panamanian administration has been working to make its tax and immigration rules favourable to foreign retirees. Its "Pensionado" programme offer discounts on everything from theatre and cinema tickets to public transport, domestic airfares and medical care.

The tax regime is also one drawing attention from retirees looking to settle outside the US. No tax is imposed on imported cars, no property taxes are imposed on new buildings for the first 20 years and all income earned outside Panama is tax-free. "Taxation is a huge benefit that's attracting people," says Mr Kanty. "The property tax is particularly attractive. In good climate areas like Florida and California, property taxes have gone through the roof."

Popular destinations include Panama's Caribbean Coast, around towns such as Bocas del Toro, as well as Boquete, a hillside resort town now lined with estate agents offices where the interest of foreigners is creating a mini property boom and prices have been rising fast.

Developers have been quick to move in and capitalise on the rush of interest in these areas, creating the kind of residences that appeal to retirees. Near Boquete, for example, Hacienda Los Molinos is a development of more than 80 lots as an "Active Lifestyle Community" whose facilities include emergency services and 24-hour medical assistance.

Also in Boquete, Sam Taliaferro, a US investor, has developed Valle Escondido, a gated community of about 200 homes built around a nine-hole golf course and including facilities such as a driving range, tennis and racquetball courts, shops, a chapel and a bar and restaurant.

Mr Kanty believes that the high quality of the properties and planned communities being developed in Panama as well as the tax regime and "Pensionado" package will put the country firmly on US retirees' map. "I think it's just beginning," he says. "And it's going to continue to grow in popularity and as people discover that it's not just another Mexico, but that it has some unique qualities."