



## A Place in the Sun

# 20 BEST PLACES TO MAKE MONEY

Where is the best place in Europe to profit from property? This is a question that the makers of Channel 4's *A Place in the Sun* set out to answer with the *20 Best Places to Make Money*. They separated the Eurotrash from the Eurovision to create the European Champions League of property. Now we present the list in full...

**E**urope is constantly changing. In 2004 the European Union entered a new era when it enlarged to include ten new member states.

Ranking all the EU countries plus the four nations that have applied to join – Bulgaria, Croatia, Romania and Turkey – is no mean feat, but the makers of Channel 4's *A Place in the Sun* did just that in their recent TV programme called *The 20 best places to make money*. The final list may raise a few eyebrows, but in simple terms these are the European countries that are likely to make you the most money in the next ten years.

When compiling the list, the key areas considered were economic growth, property price rises and how much rental income you can make. This information used to be the sole preserve of investors and businessmen, but as more and more people look to buy abroad, this data is useful for anyone doing their homework on a location.

Of course, there are some things that cannot be measured in such a scientific way – for instance standards of living, food, how your children will adapt to a country and

how you will get along with the locals.

Some of the established destinations may be lower down on the list simply because their economy is not going to grow at the same rate as the emerging markets.

Membership of the European Union has a huge impact on a nation's economy and its house prices. Today, the EU has established a common market, a single currency (adopted by 12 states) and has around 460 million citizens. If it were a country, it would be the seventh largest in the world by area and the third largest by population (after China and India). However, the failure of member states to agree on a constitution shows that there are still widely differing views both within and between member states.

The EU is still a hotly debated topic in the UK. We didn't include the UK in the Top 20 but if we'd considered it eligible, it would have been in 14th place, having just pipped Ireland. Just for the record, the UK average house price is £168,300, which makes it the second most expensive in the list after Luxembourg. The next priciest is Ireland at €243,126 (£163,914).

Invest in the best: The top 20

1. Romania
2. Poland
3. Portugal
4. Baltic States  
(Estonia, Latvia and Lithuania)
5. Sweden
6. Belgium
7. Slovakia
8. Slovenia
9. Finland
10. Hungary
11. Luxembourg
12. Germany
13. Czech Republic
14. Ireland
15. Austria
16. Netherlands
17. France
18. Italy
19. Spain
20. Cyprus

# 1 ROMANIA



Words by Stewart Anderson, pictures by AIPix

**F**airy tale castles, majestic mountains, medieval towns, seaside resorts, traditional villages and cities full of beautiful architecture. Romania is a fascinatingly diverse country waiting to be discovered by property investors.

Lying in the south-east corner of Europe, it is bordered by Ukraine, Moldova, Bulgaria, Hungary, Serbia, Montenegro and the Black Sea. The Danube flows along the southern border and forms a beautiful delta. The Carpathian Mountains and Transylvanian Alps divide the country into Wallachia in the south, and Transylvania in the north.

The medieval Saxon towns of Brasov and Sighisoara are firmly on the tourist map, thanks to their Transylvanian hill location and their association with everybody's favourite vampire. Romania's Black Sea Coast is also popular, but the beaches and facilities are some way behind the expectations of Western tourists. Nevertheless, resort towns such as Constanta (Romania's largest port and second largest city), Mamaia, Eforie Nord, Neptun-Olimp and Costinesti are packed in the summer months with tourists from across Eastern Europe and Russia.

The old and the new are often seen

rubbing shoulders here. On the roads, horse-drawn carts mingle with smart modern cars. Satellite antennae are bolted to the sides of buildings whose owners are finding out what the rest of the world looks like. Romania is moving forward into the 21st century, gradually ridding itself of the legacy of its infamous former dictator, Ceausescu.

The country's accession to the EU in 2007

is widely anticipated. For some people, the transition won't exactly be easy, while for others it will be downright painful. The entire real estate market has already altered beyond recognition, largely because of the Internet. The turnover of property is rapid and prices have risen significantly over recent years.

According to Alex Pintea, MD of property company Anglo-Romanian Development,





Clockwise from above: Romania's Parliament building in Bucharest; women dressed in traditional costume for Sunday mass; view over the rooftops of Brasov in central Romania – the 14th-century Black Church.

"Britons seeking a rental income from investing in Romania should avoid the seaside. Although it's beautiful and underdeveloped when compared with Spain or even Bulgaria, the summer season in Romania is only four months long at best, which limits your rental income. For better yields you need to look at either skiing resorts or urban properties, especially in central locations."

In fact, Pinteia believes that potential buyers might be better off avoiding rental property altogether. "Because the market is relatively young, and there's a real ownership culture, I believe that Romania is better suited for capital growth investments. Annual growth has been more than 30 per cent in 2004 and 2005 and this trend is going to continue."

Pinteia says the trend will be sustained by three factors: "Firstly, demand is strongly exceeding supply. The second thing is the increasing affluence of the local population as a result of Romania's excellent economic performance recently. Finally, there is the popularity of mortgages. They were only introduced in 2002, but the total lending volume had quadrupled by the end of 2004."

Pinteia suggests two areas as best buys for 2006: South Bucharest and the Olt Valley. He plumps for the former because of lower prices and urbanisation plans. "North Bucharest has become saturated with investors and the growth potential is limited," he adds. The Olt Valley gets his vote for its "superb landscapes,

## 5 quick facts

- 1 The fictional Count Dracula was inspired by Vlad Dracula, a 15th-century ruler of Wallachia. Vampires are still thought to hang around crossroads on St George's Day.
- 2 Handshaking is the most common form of greeting. When a Romanian man is introduced to a woman, he will probably kiss her hand, but strictly avoid eye-contact.
- 3 Romania is home to more than a third of Europe's mineral and thermal springs, and has 70 natural spas where visitors receive a range of natural treatments.
- 4 The Festivalul Datinator de Iarna (the Winter Customs Festival) takes place on December 27 in Sighetu Marmatiei. People in masks and traditional costume pack the streets.
- 5 Romania is one of the world's top ten wine producers by volume, a tradition which goes back to Roman and Greek times.

spa towns and low prices. Bucharest is near and it's underdeveloped and unpublicised."

Since 2000, the Romanian government has been pursuing a programme of broad economic reform that is largely in line with IMF requirements for fiscal restraint and economic restructuring, particularly in the energy sector. The economy is growing strongly – figures for 2002 and 2003 showed growth of up to five per cent, and in the first quarter of 2004 GDP growth reached 6.1 per cent. There has been rising demand for Romanian exports of machinery, textiles and furniture. Unemployment is low (around seven per cent in 2004) and inflation is on a downward trend at around 12-14 per cent.

Romania began accession negotiations with the EU in 2000 and formally concluded them in 2004. It needs to fulfil its commitments to implement European standards in areas such as the economy and the judicial system to become a full EU member in January 2007.

Politically, there is a swing towards the more moderate parties, and elections are due later this year. Romania is making strides on the road to greater development. And although there are no guarantees, many believe that EU accession will happen in 2007, thereby justifying the expectations being placed upon the country's real estate market.

### SEVEN-BED HOME €255,000 (£173,414)



This superb villa is located near Brasov, in the centre of Romania. It is set on two floors and comprises seven bedrooms, three bathrooms and four balconies. The living space spans 400 square metres and the house comes with a well-tended garden.

For details contact Anglo-Romanian Development: 0870 145 3853; [www.anglo-romaniandevlopment.co.uk](http://www.anglo-romaniandevlopment.co.uk)

### BUCHAREST BEAUTY €340,000 (£231,307)



Located in the heart of Bucharest, this spacious villa was constructed in 2005. With 300 square metres of living space, the property comprises: seven bedrooms, one fully-tiled kitchen with terrace, two bathrooms, a back yard entrance and enough space to park two cars.

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### VILLA IN THE VALLEY €250,000 (£169,974)



A delightful six-bed, two-bath villa in the heart of Romania's finest skiing region – the Prahova Valley. Situated less than 100 miles from Bucharest airport, it has breathtaking views from every room, a Jacuzzi, two balconies, modern furniture and a large garden.

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# 1 ROMANIA

## Buying process

Prices are expected to continue increasing over the next couple of years but a fair amount of property market knowledge is necessary when investing in Romania. In January 2006, Capital Gains Tax on sales of private property rose to 16 per cent. The tax will not be applicable to buildings acquired by the taxpayer as the result of inheritance or relatives' donations.

There are many reasons to invest in the Romanian real estate market. These include:

- recent infrastructure improvements;
- low cost of property;
- the growing economy.

There are no different rules for foreign nationals buying property in Romania. Until 2007, however, foreign nationals will not be able to own land titles. It is possible to get round this by forming a Romanian company, which can purchase property and land, but subsequent sales are subject to VAT of about 19 per cent and a further 16 per cent tax.

This restriction will be lifted once the country becomes part of the EU. It is widely expected that Romanian property prices will have increased dramatically by then to be more in line with those in other parts of the EU.

## Climate

Romania has temperate regions and harsher weather in the interior of the country.

In the centre and west, humid Atlantic climatic conditions prevail, in the south-east the continental influences of the East European Plain make themselves felt, and in the extreme south-east there are even milder sub-Mediterranean influences.

The average annual temperature is 11°C (52°F) in the south and 7°C (45°F) in the north, but records of extreme temperatures range from 44°C (111°F) in the Baragan region to -38°C (-36°F) in the Brasov Depression. Average annual rainfall is 660mm; in the Carpathians it reaches about 1,397mm, but in the Dobruja it is about 406mm.

## Getting there

Most flights land in Bucharest's Otopeni international airport, though there are also flights to Timisoara, Constanta, Arad, Satu Mare and Sibiu. Airlines which fly into Bucharest include British Airways, Tarom,



The bustling town of Brasov in the centre of Romania

Lufthansa, Austrian Airlines, KLM, Malev, LOT, CSA Czech Airlines and Air France.

There are also various options for travelling by train, although it would take around 46 hours from London. You would travel from London to Paris by Eurostar, and then on via a number of European cities. You could splash out and take the Orient Express to Vienna, then travel to Budapest and on to Bucharest. This is just one example – Romanian National Railways (SNCFR) operate services between Bucharest and many European cities.

Once in the country, trains are the best way to get around as roads can be very potholed.

## Contacts

- [www.roemb.co.uk](http://www.roemb.co.uk)

The website of the Romanian embassy in London is excellent, with loads of information. Useful Links range from Romanian State Authorities to Romanian restaurants in London.

- [www.romaniatourism.com](http://www.romaniatourism.com)

The tourist board website provides a great deal of information that will help you while you're looking for a property to buy.

- [www.rotravel.com](http://www.rotravel.com)

Recommended by the Romanian embassy, this site is full of practical information.