

Ambitious Mauritius

Two new holiday home resorts come onto the market this month, as the Indian Ocean island's government accelerates plans to transform the holiday island into a tax haven for the world's rich. TEXT: **RICHARD WARREN**

Only two years ago it was very tricky for foreigners to own property on Mauritius, but economic pressures have forced the government to relax restrictions and cut taxes in an effort to draw them in. Lately, it has dangled three new carrots to entice people in. First, income tax has been slashed to 15 per cent; second, foreigners who gain permanent residency can work and start a business on the famous holiday island; and third, they will have a wider choice of property to choose from, because smaller landowners were given permission in June to build holiday home developments. Previously, only owners of estates of 10 hectares or more in size could do that.

These are the Mauritius government's latest moves to hype up a scheme that came into full operation in 2005 aimed at luring wealthy foreigners to the south Indian Ocean island. Known as the Integrated Resort Scheme (IRS) it allows homes at approved resort developments to be sold to buyers from abroad. These developments are like those found in many other touristy locations around the world – typically a gated community of holiday villas built overlooking the sea with access to a golf course, spa and beach. Residents can enjoy hotel-style services provided either by the management company – who will also let out the



The IRS resort, Anahita.



owners' properties for them while they are away and maintain the communal areas – or by a five-star resort complex on site. As part of the deal, buyers get permanent residency if they purchase homes valued Dhs1.8 million or more.

By introducing this scheme the government hopes to capitalise on the island's successful high-end tourism industry. They want to increase the number of visitors from the current levels of 800,000 to two million by 2015. The idea is that in Victor Kiam fashion, visitors will like the island so much, they will want to buy a part of it.

In this way, the government hopes cash-laden foreigners may come to the aid of the Mauritian economy. By drawing them and, more importantly, their money into the country, the government wants to make up for declining revenues from the country's once dominant sugar industry. Strong competition overseas from giant sugar producers like Brazil, and changes to European Union import rules mean the price of Mauritian sugar has slumped 35 per cent and is unlikely to recover. The island's textiles manufacturers are being battered by international rivals as well, primarily those in India.

Selling Mauritian holiday homes to foreigners is a brand new market, so developers have been cautious. At the Tamarina Beach Estate and Golf Club – one of the first IRS projects – only 119 villas were built, but since all were sold, confidence has grown and now, more and bigger developments are coming on stream.

At Anahita, the first phase – comprising of 70 villas – is scheduled to be completed in December. International developer Playground and Mauritian partner

Ciel Investments are building 300 homes on a 213-hectare site that includes an Ernie Els-designed golf course and a Four Seasons hotel, stretching along six kilometres of coastline. The project's first three phases have already sold out.

The two latest projects are promoted by South African estate agency Pam Golding Properties, which is affiliated to British agency Savills. At the Riverclub, 340 homes priced from Dhs2 million are on offer, while at the second resort, Corniche Bay – on the island's south-west coast – a Norman Foster-designed community of 120 villas overlooking a Gary Player golf course is planned. This is the most upmarket project to date, with prices starting at Dhs11 million. Completion for both developments is scheduled for around 2010.

Another ambitious scheme is Villas Valriche at Bel Ombre on the island's south coast, developed jointly by local Mauritian sugar planter Hector Espitalier-Noel and South African developer Second Lifestyle, with construction of 288 villas scheduled to start this autumn. Overlooking a golf course, pristine white beaches and five-star hotel resorts, each villa on the 210-hectare estate is designed to have a sea view. Prices for the 133 villas offered in the first phase of construction start at Dhs2.6 million. Net yields of 5.5 per cent are promised to homeowners who rent their properties out when not in residence and 66 homes have been reserved to date.

So far, most IRS property buyers have been British, French and South African, with a smattering from Scandinavia and Russia. However, greater numbers are expected to come from Asia where the middle classes are

Left to right: IRS resort, Tamarina.





Left to right: IRS resort, Villas Valriche.



becoming wealthier and Pam Golding Properties will market Riverclub and Corniche Bay to Europe and the Middle East.

Most buyers want holiday homes which some may retire to later and, in addition, South Africans see the island as a safe haven for their money.

Espitalier-Noel, one of the five biggest landowners on the island, believes Mauritius has much to offer overseas buyers. He believes the warm climate, low taxes, stable democracy and a population fluent in English and French are big draws.

"We have a beautiful place," he says. "We've got a pretty stable climate. It does not get cold in winter or too hot in summer. We've got an historical mix of different nationalities – that makes us a peaceful people. Foreigners feel that when they come to Mauritius.

"We have low income tax, no capital gains tax and no inheritance tax, so it is very efficient from a tax angle. We have British trained lawyers, accountants and other professionals."

In the international second homes market, Espitalier-Noel sees Mauritius competing favourably with the Caribbean holiday islands as a cheaper, low-crime alternative.

"We are comparing Mauritius with places like Barbados and the Bahamas, not Spain," he says. "Prices in these places have gone through the roof and the local people may not be as hospitable as ourselves."

He says that although direct comparisons are difficult to make, prices in Mauritius are one-fifth of those in Barbados. However, if sales continue to do well, then prices

could rise significantly on the island. Homes in the first phase at Villas Valriche are sold relatively cheaply to 'reward' those who buy into the scheme early he says.

In the resales market, early indications suggest prices could rise strongly. Local estate agents report that Tamarina properties are coming onto the resales market at prices 60 to 80 per cent above what they were originally sold for.

Jonathan Tagg, managing director of Pam Golding Mauritius, thinks the property values are buoyed by supply constraints. "The government has limited the number of IRS units to 3,500 and I feel this will always keep the resales high," he says. "Bigger schemes offer a number of added facilities like golf, hotel and spas, and amazing beach clubs, and this is the main reason our buyers invest."

Holiday homes built on landholdings smaller than 10 hectares will be cheaper to buy, because these projects will not have enough space to provide the same facilities as the bigger IRS projects, although some smaller estate owners may band together to build large schemes. But Tagg does not believe these smaller projects will take the IRS scheme downmarket.

"The smaller schemes are just to encourage developments that can be sold to the foreign market, but the development still needs to be vetted by the Mauritius investment board to ensure standards are met," he says.

Research by estate agents Knight Frank shows the wealthy only like to live with those who carry similar financial clout, so Mauritius could be onto a winner, provided it keeps those standards and sales prices high. **ID**

