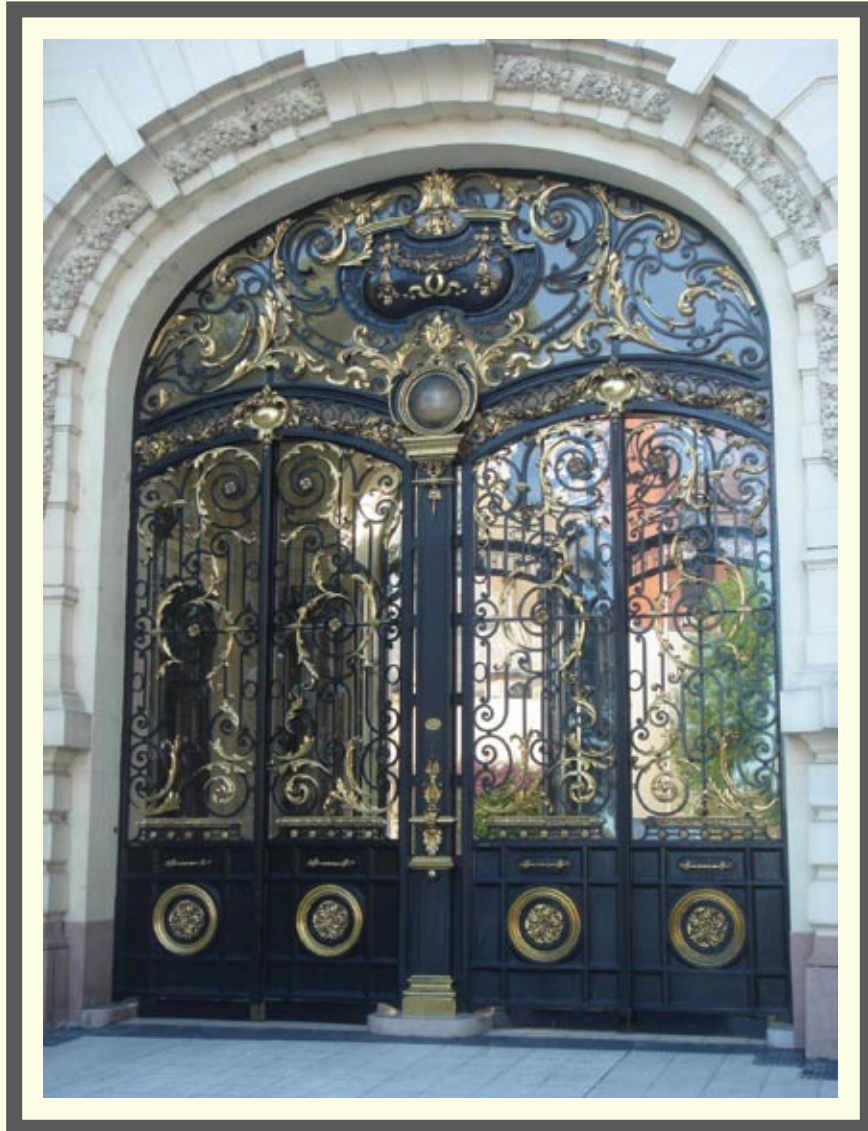




# ARGENTINA

“The best kept secret”



REAL ESTATE ADVISORY

Congreso de la Nación Argentina

Arq. Jonas Larguia



# ARGENTINA AT A GLANCE



Land area:	2,766,890 sq km
Population:	40 million
Language:	Spanish
Religion:	Roman Catholic
Nominal GDP:	214.3bn USD (2006)
Currency:	Peso (ARS)
Capital:	Buenos Aires
Major cities:	Rosario, Cordoba
Political system:	Parliamentary republic
Climate:	Subtropical to subpolar
Time zone:	GMT -3

*Argentina offers stunning scenery, a cosmopolitan capital with European flavour and a passionate culture.*



# WHY ARGENTINA?

1. Under priced: Argentina and its thriving capital Buenos Aires offer highly attractive property prices and excellent investment opportunities. There is no Capital Gains Tax for individuals.



2. A place to be: Irish-based consultancy “International Living” places Argentina amongst the top 10 global destinations to live in its 2007 report concerning quality of life.

3. Tourism on the rise: Argentina is becoming a tourist hot spot without the side effects of mass tourism. Tourist numbers are expected to grow by 7.6 % in 2007.

4. Stability: After being elected in 2003, President Nestor Kirchner started reforms that have led to political stability and sustainable economic growth.

5. No restrictions on property ownership: There are no restrictions on foreign ownership as the government is keen to encourage foreign investment. All property in Argentina is freehold.



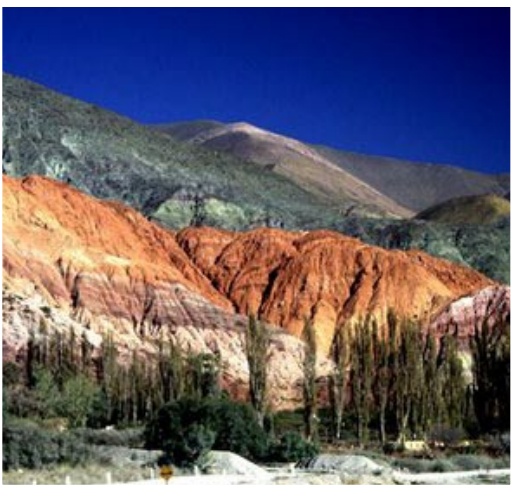
# WHY ARGENTINA?



6. **Economic growth:** Argentina enjoyed an outstanding 9% economic growth last year and an increase of at least 7% is forecast for 2007. Increasing numbers of business visitors and tourists ensure high rental yields.

7. **People and passion:** Anyone who has been to Argentina will tell you how passionate, hospitable and friendly its people are. They are proud of their beautiful country and are more than happy to show you why.

8. **More for less:** As the government keeps the Peso low to promote the export industry you'll benefit from your own currency and find Argentina very affordable. The cost of living is about a third of that in Western Europe, while the quality of local products is of a first world standard.



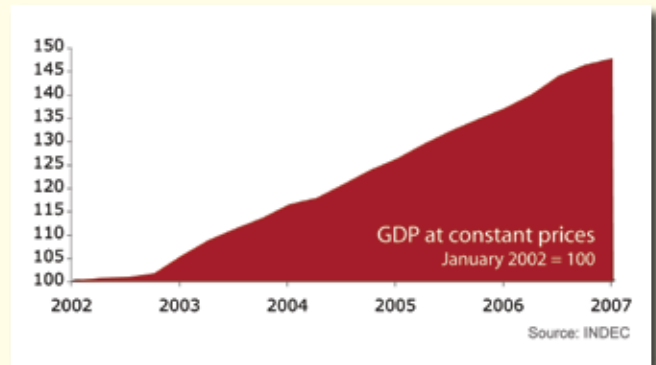
9. **Escape the winter:** The climate varies significantly because of the country's vast extensions. Buenos Aires has enjoyable weather all year round with hot summers, mild winters and more than 300 days of sunshine.

10. **Now is the time:** Argentina's property market is still in the early stages of development, which means there is a lot of room for growth.



# POLITICAL OVERVIEW

European colonization of Argentina began in the 16th century with the arrival of the Spanish. Argentina declared its independence in 1816, six years after the revolution started in Buenos Aires. By the beginning of the 20th century, Argentina had become one of the wealthiest countries in the world. Indeed, by 1913, the country's per capita income had even reached the levels held by France and Germany. This attracted immigrants from all over Europe, which in turn gave the country a cosmopolitan touch.



The last century was marked by political instability and many different political regimes. Despite being rich in natural resources the country was not industrialized further, which eventually led to the economic crisis of 2001/2002. The country was bankrupt and had to get back on its feet.

President Néstor Kirchner was a largely unknown provincial governor before he came to power in 2003. Since then his popularity rating has consistently been at 80% or higher. Popular decisions such as pre-paying the nation's debt to the International Monetary Fund in January



2006 and setting price controls on certain products have effectively guaranteed that his wife Christina Fernandez de Kirchner, Senator of Buenos Aires Province, will be elected president in October 2007. She is likely to continue with many of her husband's policies, with their key emphasis on stability and security.



# ECONOMIC BOOM

Argentina is continuing its impressive recovery from the economic and social crisis of 2001/2002. Effective macroeconomic management and high demand for primary goods on the international markets led to average annual growth rates of 9 percent from 2003 to 2006. Argentina is forecast to lead the region in 2007 growth with 7.1%, consolidating the rapid expansion of recent years.

An obvious consequence of the crisis was the devaluation of the Argentine Peso (which had been tied to the US Dollar) to a third of its value. Currency restrictions imposed during 2001 have since been relaxed considerably. The population's trust in the local banks and their currency is still limited, which is why larger payments are generally made in cash with US Dollars. Argentina's investment regime remains one of the most liberal in the world with respect to the procedures for establishing and operating foreign-owned entities.

Despite the economic breakdown five years ago, Argentina remains the most economically developed country in Latin America (measured in GDP PPP per capita and HDI (Human Development Index)).



# REAL ESTATE

There are opportunities in prime downtown apartments, which are ideally situated for short-term tourist rentals. Tourism continues to flourish as a consequence of the peso devaluation. This has made Argentina a very affordable destination, especially when taking into account the relationship between price and value. This is a striking change from the pre-2001 years when goods prices matched those in New York. The tourism industry is expected to produce a minimum of 10% of the country's GDP in the near future (it is currently around 8%). The increase in tourism will accelerate the increase in real estate and encourage development within the industry.

Construction levels almost doubled from 2004 to 2006, showing a very motivated sector. There are no signs it will slow down in the foreseeable future. Neither demand nor prices have fallen.

The real estate market is valued in dollars, which makes it safe from the inflation of the peso. For that reason many locals invested in property after the crisis. Not only did they find a safe haven for their capital but they have also benefited from annual property price appreciation of up to 30% over the last three years. Historically near non-existent, mortgages are still rare in Argentina so the risk of a local "real estate bubble" is very low. However, it is expected that the culture of mortgages will emerge, driving prices upwards in the near future.

## Prices

City	Excl. rent New	Incl. rent Rent
	York = 100	New York = 100
Oslo	121,5	94,6
London	110,6	105,5
Copenhagen	109,2	86,3
Zurich	107,4	87,3
Tokyo	106,8	93,4
Geneva	102,9	85,8
New York	100,0	100,0
Dublin	98,3	84,3
Stockholm	98,1	75,8
Helsinki	97,0	77,3
Paris	95,6	78,1
Vienna	95,0	74,0
Luxembourg	93,3	76,6
Chicago	92,2	82,2
Los Angeles	91,6	80,6
Toronto	88,5	71,4
Brussels	88,4	68,5
Munich	88,4	71,2
Amsterdam	87,7	73,0
Montreal	87,5	71,2
Lyon	87,2	66,0
Miami	87,0	70,5
Frankfurt	86,9	69,3
Seoul	85,8	73,9
Milan	83,1	68,5
Berlin	82,3	64,4
Hong Kong	82,1	73,0
Barcelona	81,5	65,6
Rome	81,3	67,6
Sydney	80,4	69,0
Madrid	80,0	66,2
Singapore	76,6	62,9
Istanbul	76,3	61,6
Nicosia	74,7	66,2
Auckland	74,4	60,6
Dubai	74,0	66,1
Athens	73,0	57,4
Lisbon	72,3	62,1
Tel Aviv	69,2	55,2
Taipei	68,9	57,2
Moscow	65,6	56,8
Sao Paulo	65,1	53,6
Rio de Janeiro	64,8	55,1
Ljubljana	64,4	48,7
Manama	64,0	54,8
Warsaw	63,7	49,5
Caracas	63,4	52,8
Santiago de Chile	63,1	54,3
Talinn	62,0	48,6
Mexico City	60,7	49,2
Johannesburg	59,7	47,2
Budapest	58,6	46,7
Bogota	56,9	42,3
Bangkok	55,3	41,0
Prague	53,8	42,6
Riga	52,7	40,2
Jakarta	51,8	44,4
Bucharest	51,6	43,3
Bratislava	50,4	39,6
Shanghai	50,3	39,3
Sofia	50,1	40,0
Beijing	49,6	39,6
Vilnius	49,4	37,7
Lima	49,1	35,9
Nairobi	48,4	39,7
Kiev	47,8	40,6
Manila	46,7	35,2
Dehli	42,8	34,6
<b>Buenos Aires</b>	<b>41,9</b>	<b>32,1</b>
Mumbai	38,5	41,5
Kuala Lumpur	36,8	28,2

UBS Prices & Earnings Report 2006

Edificio Kavanagh

Arqs. Sanchez, Lagos y De la Torre



# ARGENTINE PARTICULARITIES

**Realtors:** There is a large number of realtors, and they are often unlicensed. They cannot be held liable for the statements they make about the benefits of a property. The buyer also has to pay a commission, which varies from 3%-5% (+VAT). Unfortunately this does not guarantee good service.

**Detail:** Specifications regarding the size or value of a property require thorough examination. Ethics can be questionable.

**Payment:** Most transactions are 100% in cash, literally paid with US Dollars over the table. This involves the extra cost of bringing the money into the country.

**Declaration:** It is common practice to put a lower purchase price in the title deed. Tax evasion is widespread and many owners attempt to declare a figure as little as 70% of the actual sale price.



# PURCHASING PROPERTY

Argentina allows almost unrestricted land and property ownership by foreigners. Real estate is held in the form of freehold property and can be acquired by individuals and corporations. The only restriction concerning foreign real estate ownership applies solely in the immediate vicinity of Argentina's borders. In these cases ownership is subject to prior governmental approval. Foreigners have equal property rights to Argentine nationals, as guaranteed in the 1853 constitution.

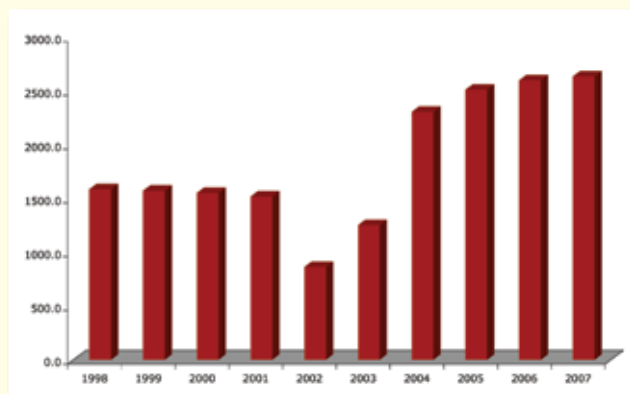
The process of buying property is relatively straightforward. The purchaser must obtain a tax registration number, known as a CDI. The whole purchasing process should usually take no more than one or two months. The cost of property transfers varies from province to province, as the taxes and fee regulations also vary provincially. For property in the City of Buenos Aires, the total purchase expenses may be estimated at 5 - 6% of the purchase price. For the Province of Buenos Aires the percentage may be estimated at 7 - 8%.

**STAMP DUTY (Purchase Tax):** This is currently 2.5 % of the asset value in the City of Buenos Aires and 4 % outside of the capital. This fee will be waived up to the amount of 360.000 ARS (115.000 US) if it is the buyer's first purchase and the property is for residential use. This one-off tax is usually split equally between the seller and the buyer.

**MUNICIPAL TAX:** The municipalities collect an annual property tax (ABL) of 0.1 % of the total value of the property.

**ASSET TAX:** The annual asset tax is 1.25% of the purchase price stipulated in the title deed.

**SALES TAX:** There is no capital gains tax for individuals buying and selling property in Argentina. There is only a one-off property transfer tax (ITI) of 1.5 % and this tax will be waived upon buying another property for domicile use within a year.



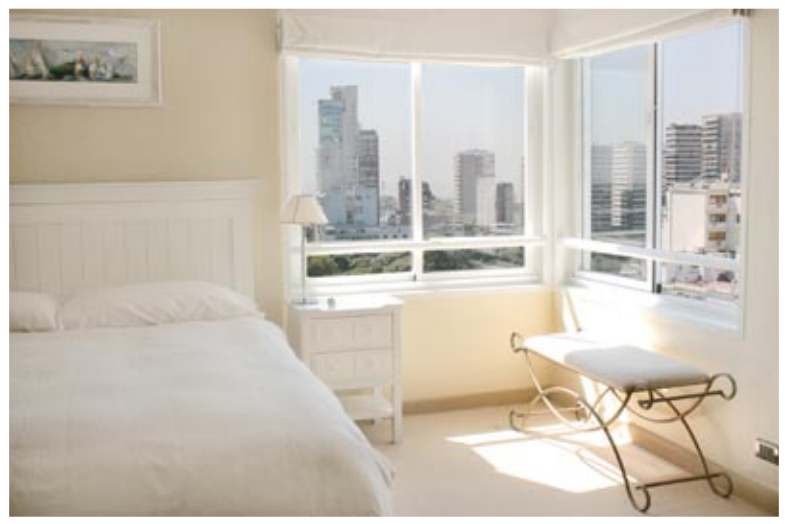
Price per Sqm for Premium Apartments in Buenos Aires  
(Source: L.J. Ramos - Informe del mercado inmobiliario Abril 2007)





# WHY MAISON BUENOS AIRES?

- » Language barriers, cultural differences and bureaucracy can make investing in a foreign country an uneasy process.
- » In recent years we have purchased several properties on our own behalf as well as assisting our numerous clients with their acquisitions. We possess the experience, knowledge and contacts to make the process as smooth as possible.
- » We create a unique profile of our clients' needs, taking into consideration the goals of the purchase and the personal financial situation.
- » We are entirely independent and work only with buyers. We are therefore in a position to screen the entire market for suitable properties.
- » We will walk you through the whole purchasing process to make sure that you fully understand every step involved in buying property in Argentina.
- » We help you to search, select, negotiate and close the deal.



# DID YOU KNOW?

1. Argentina is so large that it crosses 5 climatic zones.
2. The average Argentine eats almost 150 pounds (68Kg) of beef per year. The average US citizen eats less than half this amount.
3. Argentina has the third highest amount of cosmetic surgery procedures in the world, only behind the US and Mexico.
4. Argentina's agricultural output could feed its population seven times.
5. Argentines have been awarded five Nobel prizes (two for Peace, two for Medicine and one for Chemistry).
6. Argentina has the world's most successful Polo team.
7. Avenida 9 de Julio, the main boulevard in the city centre of Buenos Aires, is the broadest, and Avenida Rivadavia the longest, street in the world.
8. Argentina has won the World Cup twice and the Copa America 14 times.





“Puente de la mujer”  
Arq. Santiago Calatrava





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