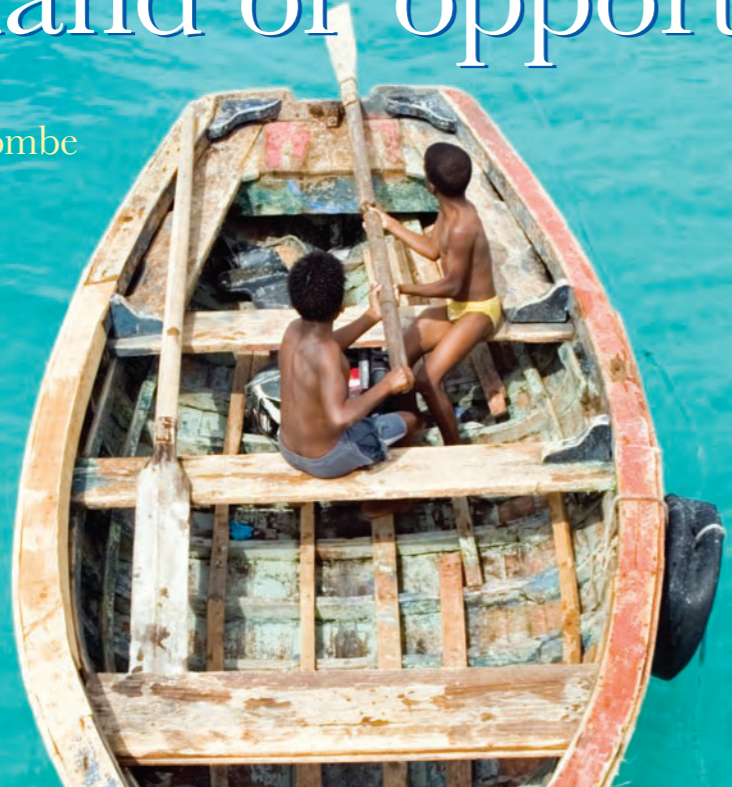


# Cape Verde: An island of opportunity?

By Rachel Newcombe



Five to seven years ago most people had barely heard of the Cape Verde islands, not least property investors. But now its appeal is rapidly spreading and it's become one of today's top emerging markets.

The Cape Verde (or Cabo Verde) archipelago of islands is located off the coast of West Africa, only five-and-a-half to six hours away from Europe. As far as islands go, they've got true Caribbean qualities – a tropical climate, deep-blue seas and miles of white sandy beaches – but benefit from being much closer to the UK and cheaper to visit and invest in.

There are 10 main islands, which are split into groups in the north and south. Barlaventos, the northern island group, consists of Sal, Boa Vista, Santa

Luzia, São Nicolau, Santo Antão and São Vicente. In the southern island group there's Maio, Santiago, Fogo and Brava. The only island that's currently uninhabited is the nature reserve of Santa Luzia.

The weather is good, with an average temperature of 22°C to 26°C all year round. Between August and October (the rainy season) there are six to seven hours of sunshine, but the rest of the year it boasts 10 to 12 hours per day. Cape Verde is already on the cruise ship radar and predictions suggest that by the end of 2008 there should be 65 ships a year visiting.

Expedia included Cape Verde in its top 10 places to visit in 2007, and figures from the Cape Verdean National Statistics

Institute show there was a 26% increase in the number of tourists staying in hotels during 2006. When the full tourist figures for 2007 are compiled, this figure is expected to rise even further. Predictions suggest that by 2015, thanks to an increase in the number of direct flights, tourists could reach 500,000 each year. Investment is also increasing in line with this and by 2011 it's predicted to reach £3.8 billion.

"The year 2008 is a pivotal time for Cape Verde as the long-awaited ratification into the European Union will dominate the headlines. This will strengthen the islands' financial position and inject an even greater impetus into the tourism and real estate industries," explains Darren Mitchell, director of



Cape V. "This is fantastic news for property investors into Cape Verde as the next few years of growth are expected to see capital appreciation continue to be as high as 15% in the most sought-after new developments, along with high rental yields."

Cape Verde gained independence from Portugal 32 years ago. Although the islands have taken a while to reach the tourist path of UK visitors, they've long been a favourite with Portuguese and

developments taking place on the islands, including luxury and eco resorts, and there are properties to suit most price budgets. In fact, prices in general are very affordable here.

"Development in Cape Verde has really taken off over the past two years, but prices are still very low compared to other established markets," says Paul Akwei, from Noscasa. "If you're investing savings or the equity from a UK property sale, you need to know you're not only putting it

**"The next few years of growth are expected to see capital appreciation continue to be as high as 15%"**

Italian tourists, who benefited from being able to reach the islands relatively easily and inexpensively. Their holidays and custom helped shape the development and expansion of the islands, as the government realised the potential and invested money into improvements.

One such development was a new international airport at Boa Vista, and another is scheduled to begin construction next year. This takes the number of international airports in the area up to three. As any keen investor knows, keeping an eye on major developments such as airports is a good way of sounding out potential new hotspots and the situation improves even more if there's more than one large airport and airline flying to the destination in question. Not only can you now get direct flights from airports such as Gatwick, Birmingham and Manchester to Cape Verde, but a new direct route from Stansted to Sal and Santiago has recently opened up too.

According to news reports, the Chinese Ambassador to Cape Verde has recently signed an agreement to encourage trips by Chinese entrepreneurs and tourists to the Cape Verde islands. Wu Yuanshan also said his embassy would collaborate with Cape Verde to make the island of Sao Vicente one of China's five planned special economic zones in Africa.

Some early bird investors are already reaping the benefits of having taken the plunge early on, but there are still numerous benefits to be had from investing now. There are a lot of new

somewhere safe, but that it's going to be worth more in the future. This is exactly what Cape Verde offers."

As far as returns go, you're likely to be looking at strong medium-term capital appreciation. The boom in tourists will increase the need for accommodation and a lot of the new developments are located in prime positions – on the coast, near golf courses or within easy reach of airports – and these are all factors that will go in their favour.

Each of the islands in the Cape Verde archipelago has its own distinctive nature and between them they appeal to a wide range of tourists. Sal and Santiago, for example, are popular with families, travellers on their own, backpackers and retirees, whereas Sao Vicente is becoming a more exclusive destination and is high on the agenda for cruise ship stop-offs. This varied appeal is good news for investors, as it offers even more opportunities to target and market properties.

Buying here is relatively straightforward, although there have been land dispute cases in the past, and the conveyancing process is similar to that in many areas of Europe. With so many British firms selling development projects, it cuts down on language barrier difficulties (the official language is Portuguese), improving the ease of buying even more.

To sum up, if you're considering investing and are keen to benefit from an emerging market, Cape Verde is brimming with promise and is well worth exploring.

## Farrell's facts

**Population:**

423,613 (July 07 est.)

GDP per capita: \$6,000

Interest rate: 3.47%

Inflation: 4.7%

Unemployment: 21% (2000 est.)

Foreign Direct Investment in millions (US\$): 433

**Tourist Trends:**

Tourist arrivals: 183,000 (2005)



**Taxation:**

Income tax: 20%

Corporation tax: 30%

Capital gains tax: Charged if the property's value has increased by 30% or more from the original purchase price and is taxed at a flat rate of 3%.

Value added tax: 15%

**Climate:**

Typically tropical with no cool season; the coolest months are December to March.

Average annual temperature:

Average temp. throughout the year: 25°C

**Carriers:**

Direct Routes:

Sal: Thompsonfly