THE GREEN, GREEN GRASS OF

Bulgaria, Romania,

Meet the CRISPIEs, otherwise known as the Cash-Rich Irish Seeking Property in Europe. **Philip Watson** reports on Ireland's burgeoning overseas empire and the people making it happen

Walk into the lobby of almost any five-star hotel in Europe these days and you'll hear the gentle, rhythmic brogue of Irish voices. Often they belong to men and women who, at first sight, look more like casual, carefree tourists than astute and serious investors. There will be few Armani suits and Hermès handbags. But make no mistake: these Irish travellers are abroad on business. It's just that they're interested in one business in particular: the business of property.

Say hello to the CRISPIEs, the Cash-Rich Irish Seeking Property In Europe. Coined a couple of years ago in *The Irish Times*, the acronym has the perfect snap, crackle and pop to describe this dynamic and burgeoning new social group. Whether it's buying residential or commercial property – from €40,000 apartments by the Black Sea in Bulgaria to €400,000 villas beside a golf course on the Costa del Sol, to €400 million shopping centres in the north of England – the CRISPIEs are making their presence felt throughout the continent.

It started modestly 10 years ago, when the first roars of the Celtic Tiger enabled a few enterprising Irish business folk to follow their British counterparts and buy second homes in Europe, mostly in Spain, Portugal and France. Yet no one could have envisaged the scale of Irish interest and investment in overseas property that would follow. Today, there is almost no corner of Europe – from the Western Algarve to eastern Estonia – that has not been investigated, analysed and often bought up by canny and cash-rich Irish people looking to enjoy the good life, and to make good money in the process.

Calculating just how many Irish people have bought properties abroad since the mid-1990s is difficult, since there are now so many estate agents, building societies, international banks, property advisors, finance houses, investment specialists and portfolio consultants in the market, both in Ireland and across Europe. Orna Mulcahy, property editor of *The Irish Times*, estimates that at least 200,000 Irish people have invested in property overseas in recent years. "There is a great energy and confidence in Ireland about buying property abroad, and it's not just a Dublin phenomenon – it's countrywide," she says.

"People have really broadened their reach in the past two years, too. It used to be just Europe that the Irish were interested in, but now they've expanded into China, Thailand, South Africa, the Caribbean, Brazil, everywhere. There literally isn't a place on this earth that you can go and not find a Paddy sniffing around trying to buy property. It sounds awful, I know, but it's true."

David Kennedy, UK and Ireland regional manager for MRI Overseas Property, an international estate agency that has 40 offices in 13 countries throughout the world, puts the number of Irish overseas buyers even higher.

"Forty per cent of MRI's business is with Irish buyers, and if everyone is doing as well as us, then 240,000 Irish people bought property around the world last year alone," he says. It is an annual figure that represents almost 6 per cent of the population; in Britain the equivalent would be more than three million. "The notion of having a property portfolio to the Irish is the same as everybody else's idea of having a house and a car."

The figures for commercial property are even more staggering. According to Bank of Ireland Private Banking, Irish investors have ploughed at least €30 billion into commercial property in both Ireland and overseas in the past five years. Recent figures released by commercial property advisor CB Richard Ellis show that Irish business people spent almost €8 billion on European commercial property in 2006, much of it in the UK. Again, the range of properties is huge, from prime office buildings to hotels, shopping centres, banks, factories and industrial estates, even airports.

"The Irish are now hooked on that finest of all class A financial narcotics: property," says Irish economist, broadcaster and author David McWilliams, whose book, *The Pope's Children: Ireland's New Elite*, charts the rise and rituals

Croatia...

ABBY WILKINSON

of the Celtic Tiger generation. "Although most of the western world is in the grip of a similar property boom, nowhere, as far as I can see, is quite as addicted as we are. For the Irish, property is the new sex, new black and new brown all together."

The reasons for this phenomenal growth in, and enthusiasm for, property abroad is largely down to one crucial factor: the Celtic Tiger. From the mid-1990s onwards, the Irish economy grew by an average of 5-6 per cent annually, dramatically raising living standards and domestic house prices.

Fuelled by such favourable economic triggers as government fiscal restraint, low corporate tax rates (10-12.5 per cent throughout the late 1990s), high employment, low interest rates, substantial aid from the European Union (as high as 7 per cent of GNP), and a variety of incentives to multinationals, especially in the high-tech sector (Dell, Intel, Microsoft and Google have all set up major European operations), Ireland's young, growing, low-wage yet highly-educated population started to enjoy unprecedented levels of income and wealth.

In a period of just 10 years, Ireland has experienced a boom that has transformed it from one of Europe's poorer countries into one of its wealthiest. According to a recent Bank of Ireland report, Irish net wealth has increased by nearly 350 per cent since 1996. In a survey of per capita wealth among the top eight OECD nations, Ireland ranked second only to Japan, with every man, woman and child being worth €150,000. Ireland now has at least 30,000 millionaires; that's one out of every 141 people.

While there have been some downsides to this "economic miracle" – annual inflation rates have peaked at 7 per cent, the cost of living has rapidly become one of the highest in Europe, and crime rates have risen – for most people in Ireland the Celtic Tiger has had a profoundly positive effect. Average industrial wages have grown at one of the highest rates in Europe and disposable income has soared to record levels, enabling a huge rise in consumer spending. Even Ireland's long history of depopulation and emigration has been reversed, with Irish returnees and immigrants from Poland and the Baltic States increasing the population by more than 8 per cent in the last four years.

The most phenomenal impact and increases, however, have been seen in Ireland's property market. Spurred on by the simultaneous rise in wages, disposable income, population, and most of all cheap credit, demand for property in the past 10 years has been enormous.

As many as 75,000 new houses have been built in Ireland every year since 2000, and prices have increased by 270 per cent since 1996, an average of 15 per cent per annum. If the definition of a millionaire included principal private residences, the number of millionaires in Ireland is estimated to be 100,000 (or one in every 42 people). Demand and increasing prices for property have become further full-speed engines of growth in the economy – the Irish building industry now accounts for 22 per cent of GNP and 13 per cent of employment.

Unlike, say, investing in the dotcom boom or the stock market, property quickly became the Irish asset of choice because it was concrete, explicit and it worked. "This has been a phenomenon not reserved for specialists or an oligarchy; it's a speculative mania that has grabbed everybody," says David McWilliams. "People's neighbours have got rich from buying and selling property, and that has fed into everybody's view of making money."

It did not take long for canny Irish homeowners to realise that rocketing house prices meant that most could benefit from the sizeable unused equity in their properties, and from the many competing banks and building societies that were rushing to lend them money. It was equity that could be used to improve or extend a home or, more commonly, buy another property elsewhere.

"The one constant factor in Ireland's economic history is that access to credit has always been severely limited," says David McWilliams. "The EMU changed that completely, and it liberated us. The advent of the euro, in effect, opened up the Irish to the savings of over 100 million Europeans. It gave us, for example, the PIN number of the ATM card of Germany. Credit has been the financial lubricant of the new Irish dream."

At first, many Irish homeowners bought or built second properties in Ireland, mostly as holiday homes. Others invested heavily in the plethora of new buy-to-let projects, encouraged by various government tax-incentive and mortgage-relief schemes designed to increase Ireland's housing stock. Any visitor to predominantly rural Irish counties such as Cork, Kerry or Donegal in recent years cannot fail to have noticed these developments of (often banally uniform) bungalows and holiday cottages.

"It was like we'd woken up to the fact that we could make serious money simply from owning our own homes," says Orna Mulcahy. "Within a short period of time, people were selling on, trading up, buying second and third homes in Ireland, building up portfolios of property, and making vast amounts of money. The financial situation was extremely favourable and people just piled in."

Gradually, Irish people also started to look abroad for property. With house prices in Ireland quickly becoming prohibitively expensive – the average in the country is now €310,000 – and stamp duty and capital gains tax rates being cheaper in Europe, Irish homeowners turned their gaze to prospective second homes in countries such as Spain, Portugal, France and Italy. The CRISPIEs were born.

Not only was there the additional appeal of escaping from Ireland's famously wet weather and a cost of living so high that it had led to brickbats such as "rip-off Ireland", but there was also far greater ease of information, via the internet, and transport, via the proliferation of low-budget airlines and flights – pioneered, of course, by Ireland's Ryanair. Spending a weekend on a "property inspection visit" to the Costa del Sol or south of France was now as easy and attractive as, if not more so than, driving from Dublin to west Cork and visiting a string of domestic estate agents in diverse locations.

Parts of Europe soon became the default market for the local Irish property scene, and word of mouth took over. Almost every Irish homeowner returned from the continent with tales of how Mediterranean apartments could be picked up for a bargain €100,000 or less, of how much better value were the shops, supermarkets and restaurants abroad, and how, ironically, the sense of neighbourliness, generosity and relaxation reminded them of an Ireland long ago.

The explosion of large-scale overseas property exhibitions and shows, television programmes profiling the hot new property destinations, and newspaper articles, advertisements and supplements further fed the demand. As well as second and third-homers, property syndicates of friends or business colleagues were formed. Even young Irish first-time buyers, priced out of the market at home yet desperate to get a foot on the property ladder, started to invest in European buy-to-let schemes.

"With all due respect, with property, the Irish are a little like sheep," ventures David Kennedy. "Once one has done it [bought property abroad], and others have heard about it, they all want to do it."

Soon, it was not only the range of properties being purchased – from small apartments in new seaside holiday complexes to chic pied-à-terre studios in the centre of capital cities, and luxury historic country houses and chateaux – that started to amaze, but the rapid expansion of interest in the rest of Europe.

Mature and emerging Mediterranean markets such as Majorca, Croatia, Cyprus, Crete and Greece were soon explored and bought into. Irish investors were also very keen to invest early in countries that were about to, or looked likely to, join the European Union. Even before Hungary entered the EU in 2004, the Irish were buying flats in historic apartment blocks in the centre of Budapest and sprawling villas in the holiday resort area of Lake Balaton. Soon they were seeing Hungarian property prices rise annually by 20 per cent or more.

'Eastern Europe today is just like Ireland was 40 years ago. We want to be there when they get their own Celtic Tiger'

Once Poland had also joined the EU in 2004, and properties in areas such as the ancient city of Krakow and the little-known ski resort of Zakopane started to enjoy similar returns to Hungary, buyers and investors also started to talk favourably of the "Eastern Eight" – the Czech Republic, Hungary, Poland, Estonia, Lithuania, Latvia, Slovenia and Slovakia. The process has been repeated more recently on the Black Sea coasts of Bulgaria and Romania, both of which joined the EU this year.

"There used to be a game we played as kids called 'Don't Be Paddy Last'," says David McWilliams. "You didn't want to be the last man chosen to play in the team, the one left on the pitch, and the same applies to the Irish and property in Europe. Nobody wants to be the last Paddy in the market."

These former Soviet Bloc countries, regarded as decidedly fringe markets until recently, have become particularly attractive to Irish commercial property investors. This has been especially true in the hotel sector. While one of the biggest hotel purchases in recent years was in Britain – in 2004, dynamic Irish businessmen Derek Quinlan headed a syndicate which bought the Savoy Group for £750 million – hotels such as the Four Seasons Budapest and Prague, the Hilton

in Prague, and the Sheraton Krakow Hotel are now wholly Irish-owned.

"Eastern Europe is like Ireland was 40 years ago," Northern Irish commercial property tycoon Gerard O'Hare has said. "We want to be there when they get their own Celtic Tiger."

Other Irish property investors and advisers talk about "value on the clock". "If Dublin is at five to midnight, and London is at eleven-twenty, then in the Czech Republic it's maybe half-past four," one anonymous financial adviser to Ireland's new rich told *The Irish Times*. "There will be an upturn, but it might take some time."

Irish eyes have been looking outside Europe, too. Florida has long been popular with the Irish because of its tourist attractions, the high demand for holiday rentals, and a record of excellent capital appreciation, but more recently Irish house-buyers and investors have expanded into such Irish-American strongholds as Boston and Chicago. The Caribbean has also proved popular, with emerging property destinations such as the Dominican Republic, Belize and Venezuelan island of Margarita again being preferred over more traditional locations such as Barbados and the British Virgin Islands.

Other countries that have seen significant Irish investment are Dubai, where the pace of change and development has been extraordinary, as well as Morocco, Egypt, Brazil, Thailand, China and Queensland in Australia. South Africa has also been favoured because of an expected property boom in the run-up to the World Cup, which the country hosts in 2010. There is even sizeable Irish investment in such remote destinations as Newfoundland, where a luxury rural holiday resort recently saw almost 30 per cent of houses sold to Irish buyers, and Cape Verde, 10 small islands in the Atlantic that lie about 400 miles off the coast of Senegal in West Africa.

The Irish expansion abroad. "We've been isolated and insular for so many generations," he says, "that now this is a unique and unprecedented opportunity for us to broaden our horizons and spend all our new money."

Famous, if hackneyed, Irish qualities such as "blarney", guile and charm may also aid the Irish in their property sorties abroad. Irish buyers are certainly recognised across Europe as being shrewd, articulate, well-informed, streetwise and opportunistic. CRISPIEs may often appear relaxed and devil-may-care, yet compared to the Germans, say, they are ready to act fast if they spot a good buy.

These skills, and Irish speculation in embryonic markets, have also led to some observers posing an interesting question: how much are Irish overseas house and property purchases carefully calculated investments with all factors cleverly weighted up, and how much are they speculative gambles informed by little more than blind optimism? In short, do the Irish really know something that the rest of Europe doesn't?

It's said in some new markets that there are three prices: one for locals, a higher one for foreigners, and the highest for the Irish

While the reasons for this large-scale global Irish property expansion are primarily economic, there are deeper and more particular social and psychological explanations, too. Ireland's long history of colonial occupation by the English, and the policies of some English landlords during such periods as the Irish famine, have led to a mindset in which great value and importance is placed upon land and land ownership. It is no coincidence that, at 77 per cent, the modern Irish Republic has one of the highest rates of home ownership in Europe. In Ireland, property equals freedom.

"You have to understand that property is a hugely emotive issue for the Irish," says Paul Coghlan, CEO of Irish property investment and development company the Prestige Group. "It's in the genes, and in the blood. And those genes are telling you the thing that at one stage you could not have, you must want."

Orna Mulcahy also puts the Irish fascination with property down to an agricultural background in which people could never have enough land. "If you have land and property in Ireland people think you're a great person, a person with status," she says. "Property developers are now the aristocracy that we never had."

One major (yet publicity-shy) Irish overseas property buyer I spoke to also believes there is a strong novelty value in

At the top end of the market, especially in commercial property, there is little doubt that major Irish investors and developers conduct comprehensive surveys of market conditions and obtain thorough and professional independent advice. Decisive issues such as political and economic stability, the reliability, security and efficacy of a country's legal system, local bureaucracy and red tape, infrastructure, building standards and quality, and, of course, rental yields will all be examined and risks assessed. Land title, in particular, can be problematic in former Soviet Bloc countries, where decades of communist rule have often led to a lack of clarity in ownership of land and buildings.

Yet at the other end of the European property market, the traditional domain of the classic CRISPIE with perhaps no more than €100,000 to spend, there seems to be an almost wilfully casual approach to overseas house purchases. Many appear so resolutely keen to buy on their inspection visits abroad that they often pay premium prices. It's said in some bullish new markets that there are three prices for property: one for locals; a higher one for foreigners; and finally and most exorbitantly, a price for the Irish.

Others fail to get appropriate independent guidance, use proper professional services, or look closely enough at fees, maintenance costs and tax. Some Irish house-hunters even fail to inspect a property and its location before purchasing; they simply buy off-plan or pre-completion from brochures.

"Your average Irish punter often goes out to these new destinations absolutely determined to buy something, whatever the circumstances," says Orna Mulcahy. "They seem to be basing their decisions on optimism, on giving it a go. People can put more thought into buying a pair of boots than an overseas property."

There is sometimes little awareness that economies and political systems can falter (as has been seen most recently in Hungary), that investment schemes can fail (as witnessed in Dubai), and that property bubbles, especially those financed through debt, have a habit of bursting (as seen in Britain in the early 1990s).

"Over the past 10 years or so in Ireland, a belief system has been built up, and reinforced by positive results, that property is an unquestionably sound investment," says Prestige Group's Paul Coghlan. "What I caution against with our clients is a certain fearlessness, especially about these emerging markets. It's almost like the Wild West, with the Irish feeling that they just have to make their pitch somewhere new in the world. But the fundamentals of investment always prevail. If those fundamentals are not in place, then it's not investing, it's gambling."

In the meantime, though, the fun-loving, nothing-to-lose, rebel-spirited, wheeler-dealing CRISPIEs keep rolling on throughout Europe and the world. With Irish house prices increasing by almost 12 per cent in 2006, and as yet, it's estimated, only 22 per cent of Irish homeowners having released equity in their properties through re-mortgaging (the figure for the UK is thought to be as high as 65 per cent), it seems the Irish overseas property boom can only explode further.

It is an unparalleled revolution, and one of which the magnitude and importance will be felt for many years and generations to come. The Celtic Tiger has not just changed the economies of Ireland and Europe, it has also profoundly transformed, argues David McWilliams, the way in which the Irish view themselves.

"I believe the impact on the Irish psyche [of the Irish property boom] will be as dramatic as the way the English were changed by the Industrial Revolution and the Americans by the Gold Rush," he says. "In the past, the Irish narrative was: good on fun, bad on economics – quite simply, that we were bad at the serious shit.

"But there has been a huge change in what we think is possible. The Irish can now dream financially and no expectation is too high, too ambitious or too far-sighted. The property boom has, for the first time, allowed an entire generation of Irish people to live in the future."■

THE CRISPIES' TOP TEN...

OLD FAVOURITES

Spain
The decade-long Spanish property boom has seen prices in some areas, notably the Costa del Sol, increase by more than 100 per cent in five years. Although prices have slowed recently, and almost two million non-Spaniards already own homes in the country, Irish demand remains high, especially in emerging markets such as Murcia and Galicia.

Portugal
Sunny weather, excellent beaches, high construction standards, strong capital appreciation (around 25 per cent in the past five years) and fine golf courses have proved powerful pulls for Irish buyers, despite the intricacies of the local legal system. Most have headed to new developments along the Algarve and the Silver Coast north of Lisbon.

France
Ever since members of U2 bought luxury villas on the Côte d'Azur in the late 1990s, the Irish have been drawn to France's Mediterranean coast. With house prices having risen by an average of 10 per cent a year, CRISPIEs have also invested significantly in cities such as Paris and Marseille, and such upcoming areas as Languedoc, Les Landes, and cheaper central areas such as Limousin and Auvergne.

Italy
Having tentatively followed the Brits into Tuscany and Umbria, over the past couple of years the Irish have invested heavily in less developed regions such as Marche and Abruzzo by the Adriatic to the west, and further south into Puglia, especially around the cities of Bari and Brindisi, Calabria and Sicily.

Hungary
Long before Hungary entered the EU in 2004, the Irish were buying up low-cost flats in historic apartment blocks in the centre of Budapest. Soon they were seeing Hungarian property prices rise annually by up to 20 per cent. More recently, they have expanded to other parts of the city, including the 55-acre Corvin Project, the largest regeneration scheme in central Europe, and holiday homes in the resort area of Lake Balaton.

EMERGING MARKETS

Bulgaria
A new entrant into the EU in January, Bulgaria has been heavily promoted to Irish investors, many of whom are attracted by bargain prices (as little as €30,000 for a traditional country cottage), new low-cost flights, the beaches of the Black Sea, ski resorts such as Bansko and Pamporovo, and predicted house price increases of 15 per cent annually for the next four years.

Germany
Berlin was one of the hottest spots for Irish buy-to-let property investment last year. The rapidly recovering city, which is the second-largest capital in the EU, offers many new and refurbished apartment blocks, low prices, and high rental incomes, many of which are guaranteed for up to 10 years.

Turkey
The Irish were some of the first investors to fuel the nascent Turkish property boom, buying up bargain villas and apartments in areas such as Dalaman and Antalya on the Mediterranean and Bodrum on the Aegean. Turkey's candidacy for membership of the EU, the expansion of Dalaman airport, and several new marinas and resort developments are only increasing demand and prices.

Cape Verde
This cluster of islands off the west coast of Africa is being sold to tourists as "the new Canaries"; it has also become an unlikely magnet for Irish property buyers. Scheduled flights have recently started from the UK (charter flights are available from Ireland), and there are fine beaches, year-round sunshine, and a surprisingly buoyant property development boom.

Brazil
A long way to go perhaps for a second home, but 12-hour flight times are more than compensated for by tropical sunshine, a vibrant culture, favourable exchange rates and a low cost of living. Beachside developments near the north-eastern cities of Salvador and Natal are currently proving most popular.