

Red Sea resorts are enjoying a second-home revival as the memories of terror begin to fade

By Gordon Miller

**T**hree terror attacks over the past two years at Egypt's Red Sea resorts have lessened Westerners' enthusiasm for holiday homes in the country but not destroyed the market.

Second-home interest plummeted after the worst atrocity at Sharm-el-Sheik in April last year, which left 84 dead, but has now revived.

'Since the attacks, approximately 300 properties in Sharm have been bought by Britons, bringing the total to around 700,' says Ian Marsh, of Think Egypt, British advisers to Egypt's residential tourism industry.

'The number of buyers from the UK is growing monthly, indicating that they understand this was a random attack and not an ongoing threat to their safety,' he adds.

Tourism is vital to Egypt's economy, and there are overt signs of security throughout the country. Armed police guard the road entrance to Sharm's main resort at Naama Bay, inspecting vehicles and scrutinising drivers' licences.

At Montazah, one of the most exclusive residential areas of Sharm-el-Sheik, the new five-star resort of Melia Sharm, which combines a hotel and homes, has entry points that are gated and manned.

Priced from £105,000, the two-bedroom, 110sqm apartments are sold on 99-year leases, the terms under which real estate may be bought in Sinai, which is classified as a military area. The ruling doesn't apply to the rest of Egypt. In the resort of Hurghada, for example, property may be bought freehold.

At Soma Bay, a resort development on the Red Sea, 30 miles south of Hurghada, security checks are stringent at the gated and manned entry point. Once inside the resort, the atmosphere is considerably relaxed.

Home to several hotels, including a Sheraton and the five-star La Residence des Cascades, around which an 18-hole Gary Player-designed championship golf course is built, the Soma bay is popular with a discerning international clientele.

Currently under construction are the resort's first marina and several residential property developments, including Bay, Reef and Golf Villas and The Cascades Golf Apartments.

The generously sized Golf Apartments, measuring from 133sqm, are finished to a high standard. Brick built and rendered (as 99 per cent of properties are in Egypt), unfurnished two-bedroom apartments are priced from £89,000.

Fifteen miles northwards on the coast, and only ten minutes' drive to

# Why Brits won't flee from Egypt



Hurghada international airport, Sahl Hasheesh is a vast development currently under construction.

**B**eing built along a ten-mile stretch of coast, the resort will comprise 24 hotels and a couple of thousand villas, townhouses and apartments. The first phase of properties for sale will be completed towards the middle of this year.

Prices start from £75,000 for a one-bedroom, 70sqm furnished apartment. New-builds at Sahl Hasheesh, as elsewhere in Egypt, are made in staged payments.

Commonly, a refundable £1,000 deposit secures a property pending the signing of a contract of sale, when a payment of 25 per cent of the

purchase price is payable. Thereafter, the remaining 75 per cent is paid in four tranches of 15 per cent with a final payment of 15 per cent on completion. As yet, mortgages are not available for property in Egypt.

'Last year, the market for foreign buyers was steady and produced around 1,000 sales to all nationalities,' says Ian Marsh. 'This year, I would expect to see a healthy increase in sales for all markets of around 100 per cent. In 2007 I forecast the numbers will steadily rise to around the 3,000 mark, with Britons the largest nationality of "new" owners.'

But not all British buyers are entirely happy with their foray into the Egyptian property market. Kevin and Nicky Straughan, from Newcastle, feel they were hoodwinked when recently they emi-

**WORD OF WARNING:** Nicky and Kevin Straughan, right, believe they were overcharged for their property in Sharm-el-Sheik, above. Be careful, they say, and don't rush into things

grated and bought a one-bedroom, new-build apartment in Sharm-el-Sheik.

'Basically, we have been conned out of £15,000 by the intermediaries of a corrupt Egyptian estate agent,' says

Kevin, a retired army major who saw service in the Falklands campaign.

He believes he was overcharged for the property. In total, the Straughans paid £30,000, of which the developer only received £18,000.

'We love the way of life here and are not sorry we have moved,' he says, 'but we would urge other British buyers to be careful.'

'Find a reputable agent with a track record, employ an independent lawyer, get everything in writing and don't rush into things. We jumped in too quickly.'

And there was another surprise. 'The property we bought was sold to us in an unfurnished state, which we took to mean it would have no furniture in it,' says Nicky, a former prison literacy teacher who, with Kevin, now teaches at a private school in Sharm.

'But here unfurnished means no kitchen fixtures, including units, no hot water boiler and no air-conditioning unit, which is essential, as temperatures reach 40C. It's cost us an extra £2,000 to have these items installed.'

● New Skys, 0800 310 1970, www.newskys.co.uk; Think Egypt, www.think-egypt.com.

## And if you dive into the market...

### SALE COSTS

Estate agent's fees: Two to three per cent, negotiable.  
Capital gains tax: None.

### TITLE DEEDS

Freehold in mainland Egypt, where Hurghada is located; leasehold (99 years) on Sinai Peninsula, location of Sharm-el-Sheik. Property may be bought in an individual's name, which means there is no need to form a limited company as is the case in many countries.

### LEGAL

The contract of sale will be in Arabic – the language of Egypt, although most professionals speak English – and should be translated into English before you sign it. Always engage the

services of a British lawyer – one who works with an associate in Egypt – who will ensure the necessary searches, registrations and contracts are sound and legally binding.

### PAYMENT STRUCTURE

Off-plan property is bought in staged payments. Terms may vary, but commonly a refundable £1,000 deposit secures a property pending the signing of a contract of sale when a payment of 25 per cent is payable. Thereafter, the remaining 75 per cent is paid in four tranches of 15 per cent with a final payment of 15 per cent on completion.

### RESALES

All new-build property is guaranteed by a ten-year construction warranty provided by the builder/developer.

A resale property is commonly paid for outright, although some estate agents offer finance packages.

### MORTGAGES

Currently, it is not possible to take out a mortgage against a property bought in Egypt. However, it is likely that mortgages will be introduced in the early part of this year.

### INVESTMENT RETURN

Anecdotally, property prices increased by five to ten per cent in 2006, but there is no official, independent data to corroborate the claim. There is little in the way of a resale market in Egypt, especially at the lower end of the price range, primarily because there are reportedly in excess of 10,000 new units in various stages of construction.



### GETTING THERE

The flight time is four to four-and-a-half hours. GB Airways operates a service from London Gatwick to Sharm-el-Sheik every day except Fridays and Sundays and to Hurghada on Thursdays and Saturdays.