

MOROCCO

OVERVIEW 2009



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MOROCCO AT A GLANCE



GEOGRAPHY

Morocco has international borders with Algeria to the east, Spain to the north (a water border through the Strait and land borders with two small Spanish autonomous cities, Ceuta and Melilla), and Mauritania to the south.

Flying Times

Tangiers: 2.5 hours

Rabat: 3 hours

Fez: 2.5 hours

Marrakech: 3.5 hours

FACTS

Total area: 446,550 km²

Coastline: 1,835 km

Climate: Mediterranean

Time zone: GMT/UTC + 0

Capital: Rabat

Population: 35 million

Religions: Muslim 98.7%,
Christian 1.1%, Jewish 0.2%

Language: Arabic (official), French,
Berber + Spanish and English in North

Government: Constitutional monarchy

Currency: Moroccan dirham

AN INTRODUCTION TO MOROCCO



WHEN it's tipping down in the UK, it's about 22C (71F) in Morocco – and it stays like that all winter. No wonder Winston Churchill said “Morocco was to me a revelation”.

Perched at the top of the African mainland, Morocco offers a vibrant mix of cultures and experiences that make it a land of contrasts. The first image that one may conjure up when asked to think of Morocco would perchance be one of sun-baked dusty houses set against a desert backdrop. The vision may even feature Bedouin nomads leading camels, or a busy market bazaar with tourists and merchants bartering good-naturedly.

However, this is not all that Morocco has to offer. There are mountain ranges that offer fantastic skiing opportunities and coastlines with beaches that rival anything Europe has to offer. The desert is still there of course, along with its Bedouin nomads, offering the holidaymaker a chance to set out on the trek of a lifetime and experience something a world away from their usual urban existence.

Tourism drives a growth in property prices

The Moroccan tourist industry has been growing in recent years and has been boosted by a number of factors. The country's sovereign and ruler, King Mohammed VI, has expressed a wish to attract ten million visitors a year by 2010. In terms of location, the country is perfectly placed to offer an exotic holiday within easy reach of mainland Europe. Nothing but a narrow strip of sea separates the country from Spain

and it's just a short 35 minute ferry ride to the Costa del Sol and the Costa del la Luz .

Also, Morocco is less than three hours flight time from Britain. Menara airport in the capital has had to build a new terminal to cope with the amount of air traffic it is receiving, whilst Marrakech now receives over 100 flights a week from the UK alone.

The Moroccan property boom looks amongst the most resilient to the current economic troubles as domestic demand compliments overseas sales. The Moroccan banks and the currency are stable and mortgages are still easily available.

Which is ironic as Spain controlled the northern part of Morocco until 1958, whilst France's protectorate over the southern area ended in 1956. Today, the official languages are Arabic and Berber, though French is also spoken in the south and Spanish in the north. Many Moroccans also speak English.

Tangiers, Fez, Marrakech, Essaouira and Casablanca are popular with tourists. Property buyers have traditionally streamed into Marrakech while Tangiers, the epic city at the mouth of the Mediterranean, is becoming more sought-after due mainly to the economic boom created by the new MedPort, which is attracting companies such as Nissan and many French aerospace suppliers to open new factories in Tangier.

A connected to the global economy

Morocco is the only African country that is not currently a member of the African Union. However, it is a member of the Arab League, Arab Maghreb Union, the Francophonie, Organization of the Islamic Conference, Mediterranean Dialogue group, and Group of 77, and is a major non-NATO ally of the United States.

Morocco has signed Free Trade Agreements with the European Union (to take effect 2010) and the United States of America. The United States Senate approved by a vote of 85 to 13, on July 22, 2004, the US-Morocco Free Trade Agreement, which will allow for 98% of the two-way trade of consumer and industrial products to be without tariffs. The agreement entered into force in January 2006.

WHY MOROCCO?



No other emerging market destination can match the combination of factors that continues to draw serious and sophisticated investors to Morocco.

Tax Regime favourable to investors

No Income Tax on rental income for 3 years

No Local Property Taxes for first 5 years of ownership

No Inheritance Tax if left to a family member

No Capital Gains Tax after 10 years – 20% of sold within 5 years – 10% if sold between 6-10 years

Double taxation treaty is in place between Morocco and the UK and over 50 other countries

Sleeping Giant of Mediterranean Tourism

Closest exotic to the UK – only three hours flying time from UK and Eire and you're in a totally different world. No other similar destination as close. Last minute.com reported that Marrakech was its fastest growing global destination in terms of enquires, whilst Tangiers ranked fifth. Many airports on the Mediterrean coast are currently undergoing massive redevelopment.

Brand Morocco – Morocco as a brand has become very “trendy” influencing interior design art throughout Western Europe. Superbrands recently found Morocco to be the second most desirable holiday destination in the world (after NZ).

Celebrity endorsements – A series of films from James Bond to Babel and the Bourne Ultimatum have featured Morocco. Plus high profile holiday makers such as the Beckhams and George Clooney have continued the media coverage. Many designers and business people (such as Jean Paul Gautier, Yves Saint Laurent and Richard Branson) have homes in Morocco.

Political Stability

Morocco has a functioning democratic system with free elections at all levels of government. The King still holds immense personal power but is Western in outlook and still young so looks likely to reign for many more years.

Financial Stability

The Dirham is a non-exchangeable currency but its value is tied to the dollar and the Euro to maintain a balance. Inflation is low (2-4%) and growth rates are high (6-9%)

WHY MOROCCO? contd...



Under supply of rental properties

Each summer the large number of MRE's (Moroccan Residents Abroad) fill most of the available rental accommodation. Plus the coast lines of Morocco have long been popular with French, Belgian and German tourists. Those who originally camped as part of the "hippy trail" are now coming back as affluent property purchasers. The Moroccan government is committed to large marketing campaigns in key markets (such as UK).

Plan Azur for safe investments

Invest in areas with massive government backing. A scheme unlike any other in any other emerging market. If you spend a pound in Morocco it's backed by 8 pounds of government money which is being spent on infrastructure improvement – adding value to your investment. Plan Azur identified six areas of touristic potential and then put in place massive amounts of investment to improve the transport infrastructure, education for tourism industries (from waiters to management) and marketing of the areas.

Vision 2010 – a separate but linked government initiative to increase tourism to 10 million by 2010. So far progress has been impressive and numbers of visitors will meet, if not exceed the target. Recent figures from the Moroccan Tourism Ministry (<http://www.tourisme.gov.ma>) show an increase of 43% in UK arrivals to Tangiers and an increase of 11% in visitor numbers to Marrakech (which accounts for 54% of the visitors to Morocco).

Live like a King - for very little!

The cost of living and the cost of property is a fraction of the UK and roughly a half to two thirds that in Spain. Luxury items like chauffeurs and a round of golf all within the reach of normal budgets. Domestic help is available for around 100 euros per month and a round of golf with a caddie at a top course can cost half that of a similar location in Spain or Portugal.

Open Skies Agreement

The agreement between the Moroccan Government and the EU was signed in Dec 2006 and will allow the entry of many low cost carriers into Morocco. Ryanair is negotiating to open 20 routes and other airlines will follow. With flag carrier prices for London to Tangier averaging £300 there is plenty of scope for competition to bring down prices.

Buying in advance of the entry of a low cost carrier to a destination is a classic (and profitable) form of overseas property investment. Recent research by Holiday-Rentals.co.uk indicated that property prices within 10 miles of an airport served by a low-cost airline are nearly 40 per cent higher than those of properties a similar distance from airports with scheduled services only, and that the rents were about 30 % higher.