

Morocco Investment Growth

Morocco is already making a name for itself as a new property investment hotspot. Morocco's luxurious property developments are generally accepted to be of the highest standards available and very competitive prices allow Morocco to boast top quality property in 5 star luxury resorts for a fraction of the price of far less caliber property elsewhere.

Morocco has attracted a great deal of media coverage with a large number of the world's wealthy, including film stars and sports heroes, having already purchased property here; Richard Branson, Mick Jagger, Malcom Forbes, and even David Beckham have all purchased property in Morocco. Widely tipped to become the next elite holiday destination, Morocco property offers to the rest of us similar style to Puerto Banus, Monaco or St. Tropez at significantly lower prices.

When construction of the many new facilities, luxurious living accommodation, as well as new roads, marinas and ports is completed, it is expected property prices will soar. The resorts are set to attract vast numbers of tourists on short-term holidays, generating excellent rental yields for investors of buy-to-let properties.

Capital Growth Predictions:

Given all indicting factors, it is inevitable that property prices will rise at a rate that will please investors. The growth rate has been quoted at around 30% (Homes Overseas Magazine) while as a more conservative estimate, 15% is expected to be easily achievable.

Rental Yield Predictions:

Rental income from Morocco based property is also of great interest to investors as good rental yields are achievable from property in the new luxury resorts currently under construction. It is expected that mortgage payments and bills can be covered for the year from the rental income achieved from peak season months alone (June to September) and rental based on a 2 bed apartment costing around €100,000 is expected to be around €2,000 per month.

With the current statistic of 85% rental occupancy during high season and the number of tourists set to grow faster than the amount of available accommodation, this figure is expected to grow to create even higher demand for property. With this will come an increase in rental prices.

Vision 2010

The major catalyst behind the huge growth in Morocco's tourist industry and the enormous overseas investment into the construction of stunning new luxury property developments is the massive national development plan, Vision 2010, devised by King Mohammed VI in conjunction with the UAE. This project was launched with the purpose of drastically increasing the number of annual tourist visitors to a specific goal of 10 million by the year 2010, This will further boost the Moroccan economy through the creation of some 600,000 new jobs.

Directives of Vision 2010:

- The construction of 6 new coastal resorts (5 on the Atlantic Coast and 1 on the Mediterranean Coast)
- New motorways to be built and upgraded
- New regional airports to be built and where possible upgraded
- Increase and de-regulate incoming flights from all over Europe by introducing an "Open Skies" policy
- New ports, marinas and high speed trains to be created and implemented
- To serve the increase in tourist visitors, the government plans new shopping malls, golf courses, beach clubs, equestrian centres, spas which are all designed to promote a 5 star luxury lifestyle.

"Open Skies" Policy

One of the most significant moves to increase tourism is the decision to operate the "Open Skies policy" which makes Morocco far easier for airlines to offer services into Morocco. The promotion of competition

among airlines will, in turn, bring down the cost of air travel to Morocco and make travelling to Morocco an easier option for potential tourists worldwide.

Morocco Economy

Morocco can be described as a stable economy enjoying steady growth. The Jettou government continues to encourage reform, liberalization, and modernization to stimulate growth and employment.

The Dirham, Morocco's unit of currency, has experienced growth of 18% since 1990. The economy is expected to be boosted further if, as is expected, Morocco becomes part of the Euro-Med free trade zone. As an important element of the national development plan of Vision 2010, the chief economic objective is to establish a close relationship with the European Union.

With the aid of the International Monetary Fund (IMF) and an economic reform programme, Morocco has managed to restrict government spending. Today, employment remains mainly within the volatile agricultural sector, but over the long term Morocco will have to move its economy away from agriculture and develop a more stable economic basis for its growth. One area is in the growing tourism market, where significant amounts of employment are being created in the construction and service sectors which will later be transferred to the tourism sector.

Morocco has held inflation rates to industrial country averages over the past decade due to a foreign exchange rate anchor and well-managed monetary policy. Inflation in 2005 was at 2.5%. The country maintains a current account surplus and foreign exchange reserves are strong, amounting to around \$15 billion.

In 2005 the Moroccan Government secured a Free Trade Agreement (FTA) with the USA. The U.S.-Morocco FTA is the second in the Arab world and the first to be made in Africa. It immediately eliminated tariffs on 95% of US trade in consumer and industrial products. Further FTA reforms and liberalization are currently underway.