

## 'It's another world'

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Published: January 24 2009 00:16 | Last updated: January 24 2009 00:16

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Perched 117km east of the Uruguayan capital city, Montevideo, on a windswept peninsula in the Atlantic Ocean, Punta del Este started life decades ago as a high-end holiday destination, drawing waves of Argentine and European visitors who came and bought homes.

But development in and around the city has come in highs and lows ever since.

By the 1970s a mass of tower blocks had cast a shadow not only over the area's beaches but also its reputation. Sensible building height limits were eventually put in place but construction of second, third and fourth homes for celebrities spread uncontrolled to the east and west. More booms and busts followed, with crashes in 1982, 1989, 1998 and 2001. And today the area is a Los Angeles-style sprawling concoction of neighbourhoods running 80km up the coast from Punta Ballena to Laguna Garzón.

It's hard to imagine Punta, as it is known locally, seeing yet another growth spurt. Yet, according to the local planning office in its region, Maldonado, a total of 1.5m sq metres of residential construction has been authorised from 2005 to the end of this year, 40 per cent of which is high-rise and 60 per cent of which is detached housing.

"After the [2001] crash Argentinians started investing in Uruguay because they felt their investment was safer in property here than the bank there, so from 2002 prices and demand here for real estate started rising," explains Juan Sorhobigarat, director of Terramar, one of about 200 estate agencies riding the property surge in the region.

Although most of Punta's tower blocks are stylistically bland, its houses are most certainly not. Buyers typically purchase a plot and then let their architectural fantasies run riot, resulting in an eclectic array of self-conscious piles ranging from sleek modern to mock-Tudor to 1960s structures with thatched roofs plonked on top. Now a host of new developments of apartments and stand-alone homes are adding to the creative mix.

Acqua (*pictured right*), on the edge of the Parque Golf and San Rafael districts in the city of Punta, is, for example, a sleek, Jurassic stone-clad monolith at odds with its heterogeneous, suburban environment. Designed by New York-based Uruguayan architect Rafael Viñoly, its full 26-metre height is concealed at the back, with mega-terraces boasting infinity pools at the front, in line with local sea-front height restrictions. The idea is "34 houses within a building" and unit sizes range from 290 sq metres to 1,700 sq metres, with ceiling heights of up to 9 metres in the duplexes.



About 60 per cent of the residences have already been sold – at prices from \$980,000 to \$7.5m – and 80 per cent of them have gone to Europeans, says Zsolt Agárdy, director and chief executive of the developer, Odélis. "We expected to sell 60 per cent to Argentinians and 40 per cent to foreigners but I think that's because of the project's concept of space, which the Europeans spotted immediately. Funnily enough, we sold the biggest units fastest. When people saw those large apartments they went bananas. Either you do something very, very affordable at the bottom end or you go to the top."

Joseph Kavana, chief executive of Miami-based K Group Holdings, is also working on a residential project that

he hopes will change attitudes about high-rise homes in Punta. He has taken over an existing 20-storey building on Roosevelt Avenue, a relic from the 1982 crash, and partnered with the Yoo brand, a joint venture set up by London-based developer John Hitchcox and Philippe Starck, to refurbish it. He admits that with 25 more tower blocks rising nearby, the competition is fierce. "What was very attractive to us was the location of this building, the perfect condition of the structure and the fact that we can finish way earlier than other people," he says. "We have experienced a slowdown in our sales activity during the last quarter of last year, so obviously the credit crunch is having its effect. However, our sales associates are telling us that international buyers feel that properties in Punta del Este are still underpriced when compared to other places."

Prices range from \$139,000 for a 57 sq metre one-bedroom flat to \$499,000 for 200 sq metre, three-bedroom penthouses, complete with etched glass balconies. In the first three weeks of off-plan sales (when the building was wrapped in a huge image of Starck), 130 of 200 units were sold, many to investors such as Renos Xippas, who bought four units on the 20th floor and two penthouses on the 21st, paying \$4,500 per sq metre. "For that price you couldn't buy a garage in London," he explains.

Even in Jose Ignacio, a bohemian neighbourhood 35km from Punta's centre where the Colombian singer Shakira has a *chakra*, or small farm, and British novelist Martin Amis owns a holiday home, there is new development in the form of Village del Faro, parcels of land with basic infrastructure provided. Punta-based developer Ancamen started by building five homes on spec and Ian Hindmarsh, a hotelier from the UK and frequent visitor to South America, paid \$350,000 for a four-bedroom, 260 sq metre property with a swimming pool on 1,080 sq metres of land in June 2006. After building a 120 sq metre extension, he estimates it's currently worth at about \$750,000.

He and his partner now live between Punta and Europe, spending six months in each place, but they plan to stay longer in Uruguay in the future if Hindmarsh's work allows. "I really like the quality of life here. It's beautiful and it's really safe," he says. "I leave the doors open in the house when I take the dogs out. And I couldn't dream of a house like this in Europe. The price of it would be ridiculous. We have a view of the village and the lighthouse. On the other side we look out over the top of the forest, the sand dunes, beach and ocean. It's another world."

Alex Vik, a Norwegian whose mother is from Uruguay, and his wife, Carrie, an American, are equally passionate about the Punta area. They bought their first beach house in La Barra in 2000 and then migrated up the coast to Jose Ignacio, where they are now building a private resort with 12 suites available to rent, which will also serve as their part-time home. "We fell in love with the area instantly during our first trip 20 years ago; the ambiance is incredibly positive," Carrie Vik says. "It has been well known among South Americans [but] we're so thrilled to see the area is now being discovered by the world beyond."

Margret Holzer de Baez is another case in point, having moved from the UK to Punta four years ago. She now runs Uruguay Property Partnership, a real estate agency and relocation consultancy serving the growing number of foreigners following in her footsteps. They do so not only for the laid-back lifestyle but also for tax reasons since Uruguay does not tax income earned abroad and taxes money earned locally at much lower rates than in Europe and the US.

"My life in England was a lot of hard work and hassle with very high income and stealth taxes and nothing to show for it at the end of the month," she says. "I thought to myself: 'Why don't I put all my international experience and connections to better use?' So I looked at the globe and thought: 'Uruguay it's got to be.'"

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#### Estate agencies

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