



# **THE INVESTMENT MIGRATION MARKET: TRENDS AND OPPORTUNITIES FOR INVESTORS**



# ZN O H C D D O R H N

The investment migration industry has experienced exponential growth in recent times. The industry, which is projected to hit a \$100 billion value by 2025 has been driven largely by the desire of High Net-Worth Individuals (HNIs) across several countries, to acquire a second citizenship, or what is called the golden visa/passport for various reasons. One major factor, which has fuelled the desire of HNIs and the increased demand in the industry is the advent of the COVID-19 pandemic. The pandemic revealed how volatile the world is, and the need for diversification and viable options for humans.

In this article, we explain what investment migration is, how it works, its advantages, the factors to be considered in planning along this line and other key issues.

# WHAT IS INVESTMENT MIGRATION?

Many countries now offer individuals the option to become citizens of their country. Individuals who have the means and resources can become citizens through investment.

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Investment migration is the term used to describe the process through which HNIs acquire dual or multiple citizenships or permanent residence in certain countries through strategic investments in those countries. This can be accomplished through different types of established investment options including real estate, government bonds, donations to government supported programmes, establishing a business, development funds, etc. Investment migration is similarly known as citizenship or residency by investment.



# HOW INVESTMENT MIGRATION WORKS

Offering residence or citizenship in return for investment is mutually beneficial for successful applicants and their destination countries. Investors 'buy into' a country, bringing valuable debt-free capital that can be invested in vital infrastructure. Investors also bring international skill sets and experience, which can diversify the economies of host countries, thereby creating positive options for all members of society. It is billed as a "win-win": The country gets the much-needed foreign investment and, in return, the new citizens have new passports that may open up more of the world to travel or live in.

Many countries that offer residency and citizenship programs through investments, have different requirements and benefits. In this section, we provide an overview of some of the most common options offered by different countries.

- 01 Real Estate Investment**

This option entails investing in commercial or residential property in that country. The requirement can vary from total ownership of a property, fractional (shared) ownership in a major development or a lease for a required duration. In all real estate options, the initially invested amounts must be maintained for a minimum period, usually ranging from three to five years. After the period, depending on the country, you can then sell the property and gain from it.
- 02 Government Bonds**

Purchasing government bonds is one of the ways to obtain permanent residency or citizenship without risking capital or being personally involved in a business enterprise. The government of the respective country guarantees the bonds, and your full investment is returned without accruing interest. The minimum holding period would usually depend on the country.
- 03 Business Enterprise**

This involves establishing a business enterprise in the country of choice. This option is most appropriate if you desire to expand your entrepreneurial empire by owning and running your own business in a different country.



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## Non-refundable donation to a government-supported programme

This is the most common type of investment. This type of investment requires a sizeable donation to an approved fund or charity in a particular country.

# FACTORS DRIVING INVESTMENT MIGRATION

There are several factors that drive investment migration, especially among Nigerians. Some of the common ones are highlighted below:

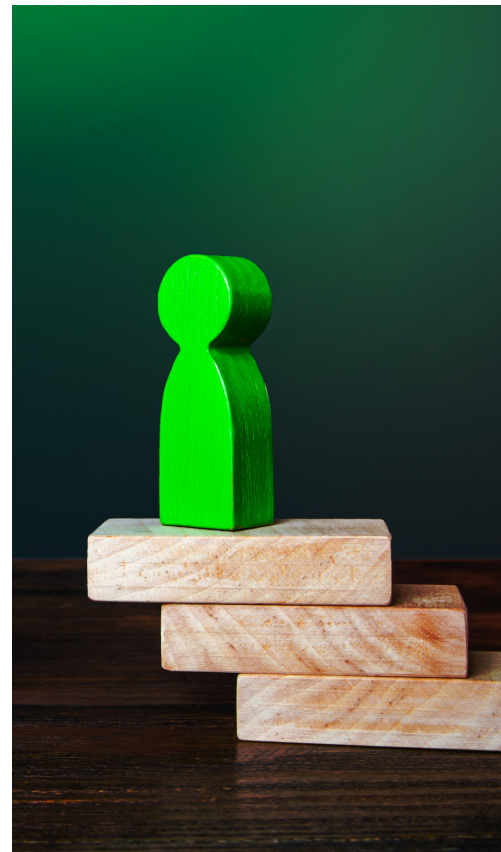
- **Political and Economic Instability:** Across the world, there have been wars, terrorist attacks, Bandits, kidnappers, and several other groups causing mayhem to the society. This has resulted in political and economic instability in some countries. Investors from the affected countries now use investment migration as a haven to escape the incessant political and economic instability in their primary country of residence.
- **Investment diversification/Mitigation of risk:** The common saying – do not put all your eggs in one basket – is apposite here. In the wake of constant instability, investment migration has grown from being a luxury to a necessity. Savvy investors have begun to realize that diversification is as relevant to lifestyle planning as it is to wealth management. By spreading their assets across a range of markets and jurisdictions, over time they are more likely to harvest returns. The more jurisdictions a person has access to, the more diversified his assets and the lower his exposure to both country-specific and global volatility will be.
- **Value of local currency:** For many investors from Africa, the low value of their national currency is a strong factor for investment migration.

- **Value of Passport:** The passport of most African countries provide little access to travel the world visa free. Adding to that fact, it has become increasingly difficult for many individuals, especially Africans to secure foreign visas. In a report published by Quartz Africa, British lawmakers reported that, African citizens are more likely to be denied UK visas, than people from other continents. In the same vein, in Canada, the Canada Broadcasting Corporation reported that the Temporary Resident Visa (TRV) approval rate for African applicants fell by 20% in the last 5 years. Investment migration provides a viable alternative to visa application by offering an individual (and their immediate families) the opportunity to legally acquire a new citizenship and take advantage of the numerous benefits that come with being a citizen of a particular country, especially if that country has a large international economic membership base.

## ADVANTAGES OF INVESTMENT MIGRATION

Investment migration not only opens the door to visa-free travel, but also comes with a whole host of other advantages. Inherent in the factors that drive investment migration discussed above are some of its advantages. For the sake of emphasis, we have highlighted notable ones as follows:

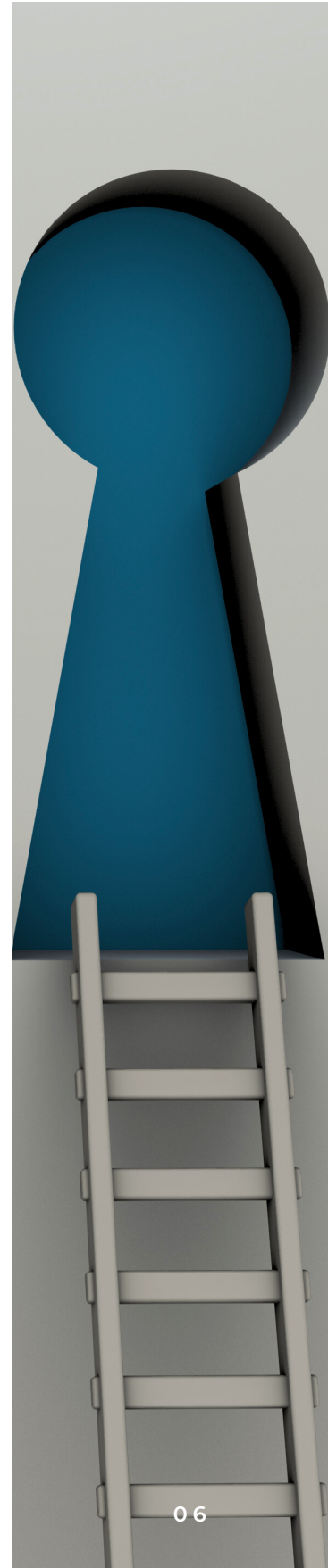
1. Access to global mobility
2. Wealth creation
3. Improved quality of life
4. Economic and political stability
5. Access to better education and healthcare services
6. Provides viable option in cases of war, civil unrest or insurrection.
7. Secures your legacy and that of your family.



# KEY CONSIDERATIONS IN INVESTMENT MIGRATION

The major purpose of an investment is such that adequate returns are generated at the end of the investment cycle. Investment migration is not just a wishful thinking but requires detailed planning and careful preparation. It is fundamental to consider certain elements before making the ultimate decision. Some of the elements to be considered are highlighted below:

- **Political and economic stability:** Without political and economic stability, a country is on the brink of collapse. As one who is planning an investment migration, it is very important to consider the political and economic stability of the desired country of destination, to avoid running into unpleasant situations.
- **Capital requirement/investment options:** It is important to know the capital requirement and investment options of the country you want to invest in and acquire its citizenship. Different countries have varying minimum threshold of capital requirements that must be met before one qualifies for the privilege of permanent residency or citizenship.
- **The Country's Geographical Location:** If you plan to reside in the country or spend extensive amounts of time in that country, for business, then the geographic location, climate and infrastructure are important things to consider.
- **The Country's International Economic Membership and Visa-free Travel Arrangements:** If your goal is to secure visa free travel to as many countries as possible, then you must ensure that your target country is one that will enhance the achievement of that goal. Not all countries can offer you this and as such, you need to consult immigration experts within the investment migration space.



- Tax Implication of Investments: Some countries offer better tax policies than others. You must carefully consider the tax laws and policies of the country you wish to invest in. This is to ensure that while you are generating returns for the government you are also achieving your goal. The things to consider under this heading include tax rates, tax incentive schemes for new capital investment, inheritance tax, capital gains tax, among others.

The considerations for taking an investment migration step are not exhaustive, but having a clear objective will ultimately help you make an informed decision.

## CONCLUSION

Investment migration presents a golden opportunity to acquire the citizenship of another country or gain permanent residency there. It has grown from being a luxury to a necessity. Several countries around the world, now offer investment migration option as a means of acquiring their citizenship. However, as a potential investor, the requirement of due diligence cannot be side-lined. It is therefore important to get adequate advice before making the decision on the type of investment to make and which country to invest in.

At Jackson Etti & Edu, our immigration advisory team is available to assist HNIs to acquire citizenship by investment and provide adequate advice on the most viable option for each individual.



# Key Contacts

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