

## EUROPEAN UNION ECONOMIC CRISIS

# Jolt felt here



Arnold Haake shares tips for managing foreign currency exchange rates during the European Union economic crisis at the European American Network luncheon Tuesday. YVONNE MCCLELLAN / THE NEWS-PRESS

Tourism, real estate could be affected, experts say.

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The European Union's economic crisis is rife with uncertainties and, as it evolves, it could impact Southwest Florida's economy.

That was the buzz at the European American Network luncheon on Tuesday at the Bonita Bay Club. About 25 members and guests gathered to learn about the state of the European Union and what economic effects it could have in the U.S. and in the region.

"If there is inflation in Europe, the value of the euro is going to go down, Europeans won't be able to buy as many American goods," said Nikolai G. Wenzel, a speaker at the event and visiting assistant professor of economics at the FGCU's Lutigert College of Business.

Even before the economic crisis in Greece, it appeared American banks were relatively isolated – not having much European debt, he said.

But inflation in the euro-zone could also translate to a drop-off in tourism and fewer

U.S. exports to Europe as well as currency risks for American investors, he said.

Even though the euro is currency, it's also political. Countries fudged or lied about their economic standing when they became part of the union, and although bailouts and mutualized debt were not part of the plan, bailouts happened, he said.

Wenzel said there's been talk of euro bonds, bonds issued by all of the countries in the union, and there's been talk of a common fiscal policy.

While the union finds its footing, the Southwest Florida real estate market may suffer, said Arnold Haake, a former banker in the U.S. and abroad, and president of the Commercial Real Estate Opportunity Fund of Southwest Florida.

Europeans interested in investing in Florida real estate may choose to hold onto their funds and wait for the crisis to settle or, if the dollar strengthens they might decide to invest in property to reduce their foreign exchange exposure, he said.

"If you have to exchange currencies, you're probably going to lose," Haake said.

Those exchanging currencies might come across higher exchange rates or they might have to pay bankers a fee for the exchange, he said.

If you can't avoid a foreign expenditure, Haake recommends power cost averaging – a hedging strategy when you exchange currency regularly on a monthly or quarterly basis to get a good mix of high and low exchange rates in the long run.

Jorge Castro, president of Kapital United LLC in Naples, said he believes the small percentage of Europeans interested in investing in property in Southwest Florida will still come.

"The ones that were planning to invest, they're still going to be investing because they have other motives too," he said.

But Southwest Florida has had a longstanding appeal for Europeans, said Gerda Hansen, honorary consul from Austria.

Hansen, who attended the event, said there is a consular core in Tampa representing 28 countries and there is huge international interest in Southwest Florida, especially as the U.S. government offers more incentives to foreigners.

"Florida has a specific romantic attraction for them," Hansen said.

But it's difficult to anticipate what will happen with the euro, Wenzel said.