

# Huge Demand for Investment Migration by North American clients



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## Can you tell me a little bit about Henley & Partners in North America?

Henley and Partners North America has been through an interesting journey over the course of the last couple of years. We’re based in Montreal where I’m the managing partner and I head North American operations. Some of the principal cities that we cover are New York, Miami, Los Angeles, and we’re starting to do a lot more work in Texas, and also getting into the Mexican market to some degree. What’s also interesting about the Henley and Partners North American office is the fact that it was the fastest growing office amongst all the Henley offices around the world in the last 12 to 18 months. We’re seeing some tremendous momentum and it’s a very exciting time to be running this office.

## What are the investment migration trends you are witnessing with your clients?

The drivers that we’re seeing as to why one would be interested in an alternative citizenship vary. It could be for a tax optimization purposes. There’s a growing segment of the American population that is considering expatriation, and there’s a lot of interesting planning that could be done on that front. It could also be lifestyle. A lot of people want to retire in Italy, in Switzerland and other parts of Europe. It could also effectively be asset protection. We’re seeing a lot of interest around that. Last but not least, it could also be legacy planning. When you acquire a European citizenship, for instance, you are giving your children, grandchildren, future generations, the ability not only to enter the labour market in Europe, but also have access to the educational system as well, the healthcare system, and it’s a value, it’s an asset that carries through from generation to generation.

## What’s been the impact of Covid-19 on the investment migration industry in the US market?

We certainly have seen a significant impact on the US market. What we do is we monitor the amount of demand, and we actually saw an increase

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in enquiries in the US market of 235%. If you compare it to some other countries such as the UK, which saw an increase of 40%, Canada, which saw an increase of 74%, something very interesting in particular happened in the United States. And I think that part of the reason was the drop in rankings of the US passport. Henley & Partners has what's called the passport index, which is an index of all the passports around the world, and we rank them based on the mobility that one could acquire from that passport. And what's interesting to note is that the US passport which traditionally has always been a top ranked passport, ranked 185 which is a score that we offer, has dropped to 75 in the midst of the pandemic.

You may recall there was a travel ban on Americans, and for the first time in generations, Americans felt claustrophobic, felt that they couldn't have the mobility that they are accustomed to, and people started seeing the value and importance of a second passport in a completely different lens. A good example is Saint Kitts for instance. Their passport remained steady throughout the entire pandemic. If an American had a Saint Kitts passport for instance, they would have visa free access throughout Europe, and a lot of the mobility rights as one compartment of that.

So we certainly have seen a paradigm shift. In addition to that, we also saw that there was a lot of divisiveness within the American society. There has been a lot of controversy around how the Trump administration was handling the COVID pandemic, and a lot of Americans started realising that we're planning 5, 10, 15 years ahead, but we're not sure what the future of this country is going to look like. We want to make sure that we have a plan B in case an

unforeseeable situation occurs. And this is how we position ourselves when we talk to our clients, that at the end of the day, acquiring a second passport doesn't mean you're relocating your family, your business, your community somewhere else. What it does mean is that you're just planning for an unforeseeable situation like an insurance, and you have an exit strategy should something occur, which is something that once you reach a certain wealth threshold is an increasingly important exercise that we encourage one to do.

### **Are there any other benefits you have not mentioned?**

There's actually a long list of benefits from acquiring second citizenship. We talked a little bit about the tax plan or the citizenship renunciation aspect of it, which still remains a very robust source of demand or interest from the US based population, particularly as we're seeing Biden with his tax reforms, we're seeing an influx coming from there. But there's also a new form of migrants, which we call climate migrants. A lot of individuals are now seeking new destinations in preparation for the change in the climate crisis that we're facing, the forest fires, and they're looking for a place which has fewer natural disasters. So interestingly enough, New Zealand happens to be one of these very popular destinations that seems to be sheltered from a lot of the natural disasters, just forest fires, flooding, earthquakes, et cetera, et cetera.

In addition, another element that we are seeing sometimes is as geopolitical tensions are rising, we are seeing that some Americans prefer to travel under a different passport than that of an American,



particularly Americans who travel to China or Russia, to some other countries that they prefer to travel on a different identity. So that is also an interesting source of clientele. And lastly, as I said, it's really about not necessarily an immediate change, but planning of a change. When a lot of the family offices that we work with, they're planning, three, four, five generations ahead, seven generations, a lot could happen in seven generations.

I always like to share a thought that our CEO Juerg Steffen often uses as an example, and that is that of Switzerland. One may recall that in the late 19th century, a lot of Swiss individuals were leaving the country because it was going through an economic recession, and it was a very difficult time to be a Swiss. Fast forward to today, Switzerland is one of the wealthiest countries of the world. And so literally in a span of seven generations, Switzerland went from one of the poorest countries in Europe to the wealthiest, and this could happen to anyone and to any country and to any individual and hence the importance of an alternative citizenship.

### **You have mentioned many countries – but what are the most popular destinations with US clients today?**

By far the most popular destination is Portugal for a variety of different reasons. But one is that when you do a cost benefit analysis, it is the one that makes the most amount of sense. You could acquire a Portuguese golden visa with an investment of 350,000 euros, either in a form of a VC investment or purchasing an apartment or a real estate, so it's very accessible to the mass market. And of course, Portugal is a beautiful country, growing country, and it leads to a citizenship within five years with very low requirements, and that's also an important factor. One only needs to be in Portugal for seven days a year for a period of five years to meet the residency requirements, and they're eligible for a citizenship within five years time. No other country offers this type of benefit or fast track to citizenship.

Typically or traditionally it's a 10 year wait to acquire citizenship, and during that wait, one needs to live in that country for at least six months

of the year. Portugal for many reasons has been extremely popular and a great destination for many. Malta has also been a very popular destination for a fast track access to an EU passport. It's not as accessible as Portugal because the capital threshold is significantly higher. So you're looking at about a million dollars all in capital commitment for Malta, but part of Shengen, part of the EU, so definitely very appealing on that front as well.

And I'll finish by saying that if I would choose a number three, it would probably be Saint Kitts and Nevis. A Saint Kitts and Nevis passport is a quick passport, you could get that in a couple of months, very interesting and friendly tax jurisdiction, a lot on the asset protection side as well that could be very interesting for certain individuals. And what's also interesting is that for a lot of our crypto clients, which I haven't really addressed yet, but a lot of people who've generated wealth in the crypto space, there is a lot of very interesting trading platforms that they could operate on in the Caribbean. So we've seen an up to demand on that front as well. ■

