



Top 5 Latin American Real Estate Markets

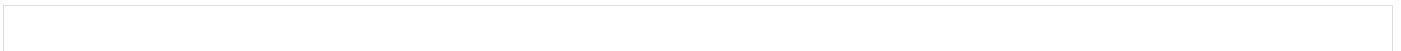
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For investors who want to explore foreign real estate, some of the best opportunities are just south of the border in vibrant Latin America. NuWire has selected our Top 5 Latin American real estate markets, all of which offer spectacular landscapes and appealing lifestyles at affordable prices.

The market appears especially ripe for picking as Latin American governments implement programs to attract foreign investment and improve their economic growth potential. Investors can also take advantage of the growing number of resources available for locating and purchasing real estate in Latin American countries.

1. Chile



Chile is a hidden gem that doesn't get the press and investor excitement it perhaps should. With the most stable and advanced economy in South America, Chile enjoys a high standard of living. Chile ranked eleventh—one spot behind Canada—in terms of the country's degree of economic freedom, according to the 2007 Index of Economic Freedom put forth by The Heritage Foundation and the Wall Street Journal.

“Chile has two things not easily found in Latin America, stability and security,” Charles Spencer, editor for AllChile.net and general manager of Spencer Global Consulting, said.

In addition, Chile's tourism has begun to pick up speed: the World Trade & Tourism Council projects growth of around 12.3 percent this year. Real estate values in Chile are also steadily climbing, and not as a result of an “artificial real estate bubble,” Spencer said.

Chile's capital, Santiago, is a booming metropolitan center in its own right, with first-class infrastructure. More than a third of Chile's population resides in the metro area of Santiago. The capital is a business hub for Latin America and welcomes an abundance of business travelers. However, the bustle of activity in the manufacturing and mining businesses has created a considerable amount of air pollution, particularly in the Santiago area, a drawback that prospective real estate investors will want to keep in mind.

2. Brazil

Brazil is the largest country in South America—only slightly smaller than the entire U.S., according to the CIA World Factbook. By virtue of its size, [Brazil offers a wide variety of investment opportunities](#); from cities such as the modern, urban Sao Paulo and the beach resort city of Rio de Janeiro to vast areas of farmland and timberland, there are opportunities for large and small investors alike.

Although Brazil still struggles with social problems such as income inequality and poverty, the country's outlook remains positive, as indicated by the country's impressive economic strides during the past few years. The growing success of its economy is reflected in the government's efforts to attract foreign investment, especially in development of the Northeast coastal areas of Brazil.



Demand has already driven up property prices in Sao Paulo and Rio de Janeiro

“The Brazilian government initiated a large public investment program for the Northeast around 10 years ago [in order] to capitalize on the region’s exceptional natural resources,” Marco Sangez, online marketing executive for Brazil Real Estate, said.

Specifically, the State of Rio Grande do Norte, and areas near the city of Natal are hotspots in the Northeast region of Brazil, Sangez said.

Brazil’s two major cities, Sao Paulo and Rio de Janeiro, have already been discovered by investors and tourists, and the demand has driven up property prices. However, there are still millions of acres of terrain for investors to purchase and capitalize on.

In addition, the competitive currency allows for low overhead costs and increased productivity and profits for international investment from countries such as the U.S. and the U.K., Alexander Willi, owner of bahiarealestates.com, said.

“International expatriates who relocate or holiday in Brazil are also finding that their money goes [much] further, making it an affordable tourist destination or a cheap retirement country,” Willi said.

As an added bonus, Brazil accounts for 14.9 percent of total freshwater resources in the world, outranking all other countries, according to AQUASTAT. Brazil is also the largest producer and exporter of ethanol in the world, according to the Economic Research Service of the U.S. Department of Agriculture, placing the country in an excellent position for future economic growth.

3. Uruguay

Uruguay’s real estate market offers special advantages in terms of the country’s social and economic structure. “Uruguay is the safest country, has the least economic disparity, and the most highly educated population in Latin America,” David Hammond, realtor for ParadiseUruguay.com, said. “It is the second least corrupt country in Latin America, behind Chile; [it also] has good health care, and is one of the most affordable places in the world to live.”

Uruguay is the fifth wealthiest country in Latin America, with a per capita GDP of \$10,900, according to the CIA World Factbook. The average per capita GDP for all Latin American countries, in contrast, is \$7,200. Uruguay is famous for its cattle ranching and meat industry. The country has seen healthy economic growth over the past few years, with 12 percent growth in 2004 followed by 7 percent growth in 2005 and 2006.



Montevideo's housing market mixes old and new, from hip apartments to colonial homes

The capital city of Montevideo is a major hub for investment and home to approximately half the country's population. It is a relatively modern city where investors can find a variety of residential facilities to choose from, from elegant apartments to old colonial homes. Montevideo is only a three-hour ferry ride from Buenos Aires.

The city of Punta del Este, on Uruguay's southern border, has also attracted a large amount of foreign investment. The city is considered by some to be a playground for the rich.

"Punta del Este is the continent's premiere beach resort and the favorite New Year's spot for the world's most affluent and influential leisure travelers," Hammond said.

Although Uruguay may seem like paradise, there are both geographic and economic factors that might impede the country's real estate market growth. Uruguay's terrain is almost entirely flat and has little elevation, which leads to frequent flooding, the only serious type of natural disaster inhabitants are likely to encounter. In addition, Uruguay's economic success is closely linked to that of Argentina and Brazil; if either of those economies begins to struggle, Uruguay's economy will likely follow suit.

4. Peru

Peru has been generally overlooked as a place for major investment; consequently, property prices have remained low. Prices may rise as the country becomes the subject of more media attention. Peru made headlines in 2006 when it had the best stock market performance in the world, with a staggering gain of 182 percent, according to the annual review of world stock market performance by Thomson Financial.

Investments in Peru present low risk and chances of good return, Doron Weisbarth of Lima Real Estate, said.

"A severe housing shortage and short construction cycles ensure strong prices, easy sales and quick returns," Weisbarth said. In addition, "local, Peruvian banks provide 70 to 75 percent of the financing and close scrutiny of the builders, [so] investors enjoy smaller risk yet."

The investment climate is made even more favorable by the rapid growth of Peru's economy, at an estimated rate of 8 percent in 2006. Peru's tourism industry is also gaining speed thanks to attractions such as Machu Picchu, announced as one of the New 7 Wonders of the World in July.



Peru has successfully attracted foreign capital with investment-friendly policies

In addition, Peru's government has extended investment-friendly policies to attract foreign capital.

“In order to lure the private investor, Peru's strongly democratic government beefed up protections for private investors, removed any restrictions on money transfers in or out, and allowed for foreign entities to own real property,” Weisbarth said.

The capital, Lima, receives the lion's share of investment in Peru. Lima is home to around 8.6 million people, roughly a third of Peru's entire population, and is the source of approximately two-thirds of the country's total economic production. The city is almost entirely industrialized with most, if not all, of the comforts found in the United States, and offers a diverse selection of residences, from colonial mansions to beachfront bungalows.

Earthquakes, however, present a potential liability for real estate investment in Lima; investors should take this under consideration before deciding to purchase property there.

5. Nicaragua

Although Nicaragua is known for its history of political instability and conflict, the previously war-torn nation is desperately trying to attract foreign investment. Government incentives have made [Nicaragua real estate](#) appealing to investors, as Nicaragua's attractions continue to draw more tourists and expatriates.



Nicaragua could become an ideal retirement and vacation destination for millions

“Because Nicaragua has historically been overlooked by travelers and real estate investors [in comparison] to Costa Rica, Panama, and Mexico, prices have remained extremely affordable,” Henkel Smith, president of Water's Edge International Realty, said. “Nicaragua's real estate market is definitely still in its infancy, but we see things changing as the number of foreign visitors and investors continue to buy up properties.”

The country has an abundance of natural resources, beautiful landscapes and a government that claims to be welcoming towards foreign investment and tourism. Assuming the government's expressed attitude towards foreign investment is genuine, Nicaragua appears to be an investor's dream, offering an ideal retirement and vacation destination for millions of people, especially Americans

and Europeans.

On the other hand, some investors might find Nicaragua's political structure to be intimidating; those who perceive President Daniel Ortega's position of power as threatening have been discouraged from entering the market. Nevertheless, optimistic investors believe that Ortega's personal investment in business and tourism projects around the country are a sign that he plans to take a different path this time in office, and that the President is now trying to make amends for his violent past as a young Sandinista revolutionary.

Nicaragua's investment hotspots are Granada, a colonial town on the bank of Lake Nicaragua, and San Juan Del Sur, a booming fishing village located on the Pacific Ocean just north of Costa Rica. Although a profusion of new developments are happening along the Pacific coast, most of the country awaits significant advancements in infrastructure, providing investors with opportunities to buy property in almost any price range.