

COSTA RICA



A Pathfinder Report
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BACKGROUND

Costa Rica

Capital City: San José

Official Language: Spanish

Population: 4,509,290

Area: 19,730 sq miles/51,100 sq km

Independence from Spain, 14 September 1821; independence from Federal Republic of Central America, 1838

Currency: Costa Rica colón

Flanked by Nicaragua to the north and Panama to the south, Costa Rica is the third-smallest country in Central America. What it lacks in size, however, it makes up for in ecological diversity. Its Caribbean and Pacific coasts boast long stretches of pristine beach, jungles teeming with exotic wildlife and coffee-growing highlands that are lush and cool. Throw in some crystal-clear lakes and waterfalls, and a few active volcanoes, and you can see why Costa Rica made such an attractive destination for 2m tourists last year.

Guanacaste province's Gold Coast combines cattle country and gorgeous beaches. Drier than most parts of Costa Rica, it is one of the most developed—and expensive—property shopping spots. The most upscale hotels and resorts are found here.

Costa Rica's essence is found outside the Central Valley, and Gold Coast, though, in the Caribbean coast, Arenal, and the Southern Zone. The Caribbean coast is under developed, and a melting-pot of Afro-Caribbean culture—music, food, and laid-back atmosphere. But change is afoot with a major marina development in Moin, and planned infrastructural improvements.

Arenal would be complete with a 50-square-mile lake, and forests home to many species of birds, monkeys and butterflies... but its centerpiece is a live volcano. By day, it smokes and spits chunks of ash and rock; at night, the lava flows fiery-red down the volcano's slopes. Soaking in a hot spring is the perfect way to end a day here. Property prices are surprisingly low, even for lake and volcano views.

The Southern Zone is the most intriguing. Almost two-thirds of the land is preserved in parks and wildlife refuges. Ballena National Marine Park is a hotspot for humpback whales; Corcovado is awesome in itself, reputedly the largest area of primary rainforest left in the Americas, and home to numerous endangered plant and animal species. Beaches are mostly deserted-- Playa Uvita is amazing...miles of sand beach, with often nobody around, and yet this is one of the top six beaches in Costa Rica according to Frommer's. Limited infrastructure and accessibility kept the district hidden from all but the most adventurous—until now.

Climate

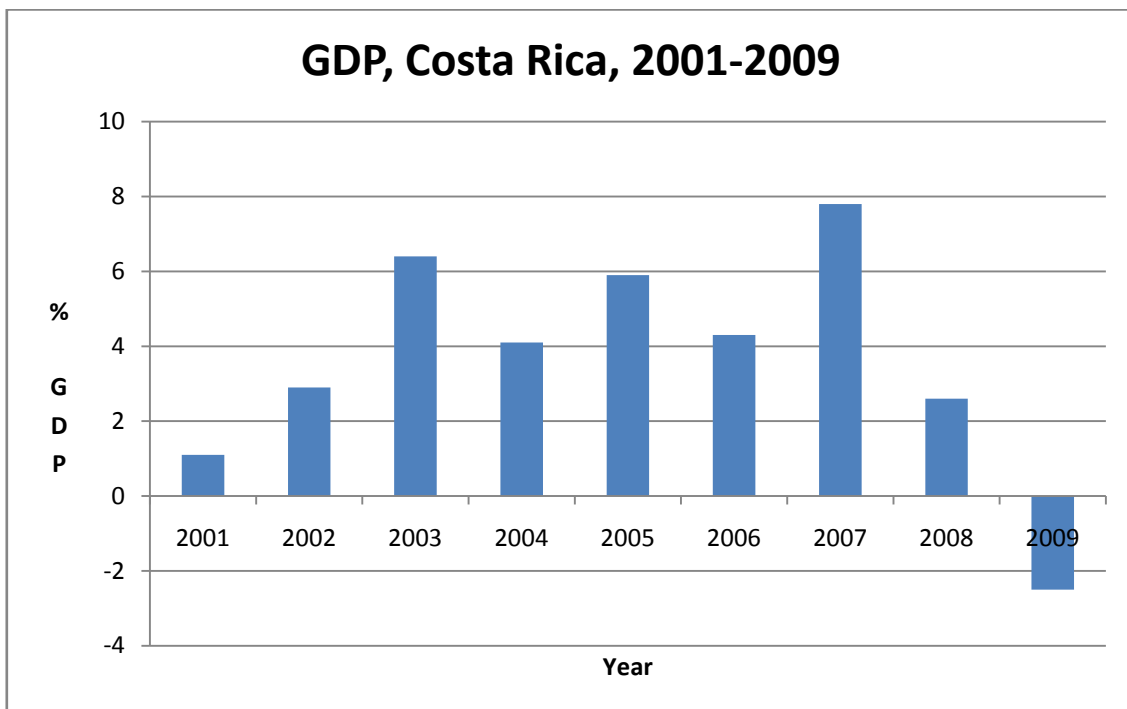
Although a tropical country, with temperatures averaging 70-81F year-round, you'll find the climate varies depending on what part of the country are in. You won't need heating or air conditioning if

you live in elevated locations such as the Central Valley, and the Caribbean coast receives more rainfall than the Pacific.

Economy

Manufacturing and industry overtook agriculture (coffee, bananas, and pineapples) as Costa Rica's major contributor to GDP in the 1990s. Intel Corporation, for example, invested \$300m in a microprocessor plant, generating 2,000 jobs.

The standard of living in Costa Rica is one of the highest in the region. Direct foreign investment continues to grow, attracted by political and economic stability. Tourism, an important source of revenue, surpassed 2m visitors in 2008.



Real estate overview & property picks

Costa Rica regularly topped *International Living's* index of retirement havens in the 1980s, and the country quickly became the number one destination for retirees and property investors. Prices soared, and the property market boomed in the 1990s. Many expats chose to settle in the Central Valley to enjoy the cooler weather, and proximity to San Jose's international airport, hospitals, and schools.

Tourists and property shoppers continue to travel the beaten path...the Gold Coast, Central Valley, and Central Pacific Coast. Historically, a lack of infrastructure, bad roads, and developers focused entirely on the Pacific coast, meant that the Caribbean coastal area had stayed under the radar. But a combination of public investment and a huge new marina project revitalized interest.

The World Bank agreed to extend a \$72.5m loan in late 2007 to revitalize the Caribbean province of Limon—known as the Forgotten Province. There are also government plans for a \$600 million modernization of the ports of Limon and Moin.

The new marina development in Moin plans a \$40 million, 500-slip marina, two breakwaters, a shopping center, 800 homes, a yacht repair area, and a luxury hotel. Based on what happened with Costa Rica's only private marina, Los Suenos, on the Pacific side, you can expect to see cafes, restaurants, bars, boutiques, springing up before long in Moin and the surrounding area to service the marina clients and cruise ships. Expect to see more aggressive marketing of the Caribbean coast as a destination, to a well-heeled clientele, and property prices rise, reflecting the pricing of the marina residences.

One way to take advantage of the projected upswing in property prices is Grand View Estates, located an hour and a half's drive from San Jose, through the Braulio Caurrillo national park, and only thirty minutes from the Caribbean coast. The development boasts views of the Caribbean and the surrounding rainforest.

The 1,300 ft elevation means cooling ocean breezes, and although this particular spot does not get as much rainfall as the Caribbean coast itself, it is not dry and dusty—rather there is lush tropical forest, five rivers, two waterfalls, and streams.

Lots start at \$40,000. Buy here today and you are getting in at Forgotten Province prices. [Post-marina, that won't be the case.](#)

Property Purchase Legal Fees, Transfer Fees and Registry

The Purchase and Sale Agreement

Whether the purchase is by way of purchasing as an asset, or the shares of the corporate registered owner, a Purchase and Sale Agreement is required to be entered into. This document is usually prepared by the purchaser's attorney and will cost between US\$350 and US\$500 to prepare.

Purchasing Property as an Asset

When purchasing a property as an asset or by way of shares of the corporate owner the legal or notary fee for the legal due diligence and transfer of registered title to the property is set on a sliding scale based on a percentage of the purchase price of the property. This legal fee scale translates to approximately 2% on the first US\$100,000 of the purchase price, 1.5% on that part of the purchase price which is between US\$100,000 and US\$200,000, and 1% on any amount over US\$200,000.

In addition, when purchased as an asset, Property Transfer Taxes of 1.5% of the purchase price and Registry Fees of approximately 1% of the purchase price are payable at the time of closing.

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The Southern Zone, too, is off the beaten track in terms of tourism and property shoppers. Getting there was tricky. Road-wise, you have two choices: the Costanera Highway, or the Inter-American. The Inter-American crosses the Hill of Death—not an appealing choice. The Costanera seemed better—but until recently you faced hours rattling, bouncing and jolting along unpaved sections, and trying to negotiate hazardous bridges.

Thankfully, the upgrading and re-paving of the Costanera was finished in January 2010, cutting the drive time, and making the ride more comfortable. This is the start of the Path of Progress in the area. The next stage is the airport.

The current airport, Palmar Sur, is an open-sided hangar, with wooden benches, and one woman running the show. For snacks or drinks, head to one of the local shops close by. Though you might want to skip the drinks--the bathroom facilities are...well, interesting. The planes are truly tiny—the cramped seats far from luxurious.

The government have settled on Palmar Norte as the site of a new international airport, and allocated funds for construction. The airport contract is out to tender.

According to the official timetable, the first phase of construction is scheduled to be completed in 2012. The new airport will be able to handle international flights, but only planes with a capacity of less than 50 passengers. Later, the airport will be expanded so it can service larger passenger planes.



Costa Rica has proven its ability to attract tourists and real estate investors to areas close to international airports. Take Liberia in Guanacaste.

Property prices increased dramatically in Guanacaste once international carriers began flying to Liberia airport. Property developers snapped up beachfront and ocean view land. High-end resorts and developments raised the bar, such as Peninsula Papagayo with its Four Seasons hotel (Costa Rica's most expensive). A one-twelfth share of a three-bed villa here will set you back \$225,000. A residence in the Papagayo development comes with a hefty price tag.

In the southern zone, right now, \$235,000 buys a half-acre lot and custom-built home at Pacific Lots, one of the longest-established projects in the southern zone. The developer fell in love with the panoramic views and nature of this area while vacationing in Costa Rica in 1989, and purchased a huge parcel of land. Her family said she was crazy. When she returned home, though, and showed her friends and relatives photos of the property, they all wanted chunks of it...an acre here, an acre there...turning what her family thought was a whim into a stunning development.

You'll find more than one hundred custom-built homes, serviced with roads, water, electricity, satellite TV, and Internet, all set on over 14,000 acres of meadows and rainforest. Home sites start at \$55,000 for a half-acre, and the lack of build requirements means you can buy now, and sit back and watch, as the completion of the airport and new road drives up property prices. The developer has a fly-buy program in place, too. [Read more here.](#)

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