

NICARAGUA



A Pathfinder Report
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BACKGROUND

Capital City: Managua

Official Language: Spanish

Population: 5,891,199

Area: 50,193 sq miles/129,494 sq km

Independence: from Spain, 15 September 1821

Currency: Córdoba

Bordered by Honduras to the north and Costa Rica to the south, Nicaragua is the largest country in Central America. Fifty-nine percent of its population of 5.5m live in urban areas, including 1.2m in Managua, the capital.

Close to twenty percent of Nicaragua is designated as national parks, nature reserves and biological reserves. Bosawas Biosphere Reserve alone protects 1.8m acres of rainforest—7% of Nicaragua's land area. Largely unexplored, innumerable species inhabit Bosawas, from harpy eagles to pumas to tapirs.

Climate

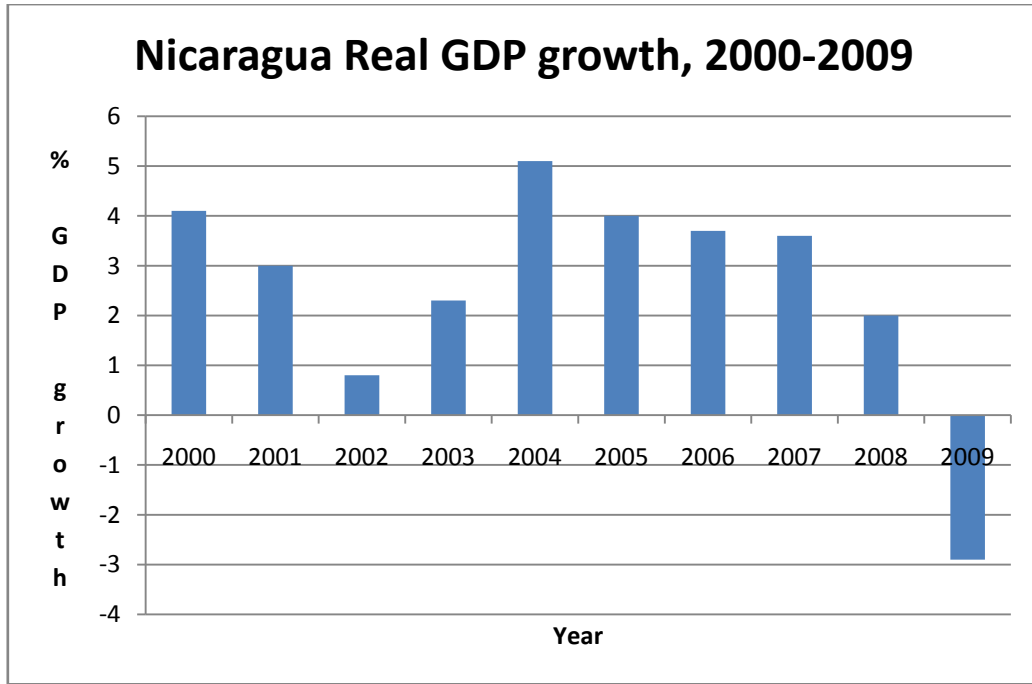
The climate is tropical in the lowlands (daytime averages 85-90F), cooler in the highlands areas (daytime averages of 70-75F). Rainfall varies greatly-- the Caribbean coast receives up to 6,500mm annually—six times the level of parts of the central highlands.

Economy

Nicaragua suffers widespread underemployment and the second lowest per capita income in the Western Hemisphere. Managua generates a third of the country's GDP.

Economic growth splits into three periods: 1960-1977, a stable period, with growth averaging 6.4%. Between 1978 and 1993, Nicaragua had a civil war, hyperinflation, and economic decline. GDP shrank by 25% in 1979 alone. The current period shows a steadier trend, but GDP remains one of the lowest in Latin America. In 2009, GDP growth was negative.

Agriculture, timber and fishing contribute a fifth of GDP, and services, half. Remittances from Nicaraguans living and working overseas are an important source of income (adding \$655m to the economy in 2006). Since Daniel Ortega's re-election, foreign investment has slowed significantly.



Real estate overview



Nicaragua's Pacific beaches and colonial cities have been drawing tourists and real estate buyers for years. Fueled by foreign buyers, the real estate market underwent a boom from 2004-2006. Developers sat tight during the flattened real estate market following Ortega's election. Buyers sat

on the sidelines too, fearful of Ortega's left-leaning politics. Those fears did not play out. However, with a market heavily reliant on property buyers from the U.S., Canada and Europe, the worldwide economic slowdown hit Nicaragua particularly hard.

Developers, faced with a lack of sales, placed prime real estate on the market, or came up with new inventory...smaller homes, and more affordable lots. One of the biggest issues though when buying pre-construction in Nicaragua right now is that you are betting on the fact that the developer is going to deliver what's in the glossy sales brochure...that the pool will be installed, the internet access will arrive, the clubhouse will be built, and that the electricity and water will work.

We therefore recommend that you stick to buying what you can see. Buy in established developments, with decent infrastructure already in place. Gran Pacifica and Rancho Santana are two such developments.

Real estate picks

Gran Pacifica, west of Managua, started as cattle pasture. Now, the development boasts sidewalks with hand-made clay bricks, cobblestone streets, water, underground electricity, and a fiber-optic system supplying TV, Internet, and telephone services.



Forty houses and condos, and fifty under construction, dot the landscape. The clubhouse and pool are up and running. And the first 9 holes of the Tommy Haugen-designed golf course opened for play in December 2009. Despite the progress, casita lot-and-home packages start at \$123,000. For more information, [click here](#).

Rancho Santana is known as the Grand Dame of beachfront communities in Nicaragua. Five pristine beaches offer some of the world's best surf...the extensive woodlands are perfect for hiking and horse-riding...and the beach bar is the perfect place to end the day, with live music and a brilliant, scarlet sunset.

A generous 600 of the 2,700 acres have been set aside as a nature reserve for residents to enjoy. You'd be hard-pressed to find a more beautiful spot—particularly for as little as \$47,000, the price of a home site here. And construction on the Seagate beachfront condos is well underway—the first residents recently moved in. A sea-view condo starts at \$288,000.

Santana's wireless Internet service is installed and in use by residents. The underground utilities are in, bringing power and water beneath the nicely maintained and curbed roadways. And the sparkling ocean-side pool is already a favorite place to relax and watch the surf roll in.

If you want a change of scenery you can meet friends and family in the restaurant. There are stables with horses available for riding, mountain bikes, a tennis court, a workout center, and a nature trail. Members of Rancho Santana's community are already enjoying their own private playground in a safe, secluded haven.

Attorney/Notary Fees.....1%*

Closing Costs:

Transfer tax.....1%

Municipal Revenue tax (IMI 1%).....1%

Property Registration Fees.....0.5%**

Broker commission..... 6%-9%

*Approximately (depends on each lawyer/notary)

** Maximum US\$515

Transfer tax

Transfer of property's ownership is subject to a withholding tax or "transfer tax" of 1% to be made by the seller, considered as an advance payment corresponding to income tax over profit made by the transferor. The tax base of the withholding tax will be the highest value between the price of the transfer established in the transfer deed and the cadastral value established by tax authority. It is important to mention that it has been a common practice that the buyer pays the "transfer tax" in order to proceed with registration of the real estate conveyance.

Municipal Revenue Tax (IMI)

In some municipalities of the country, the transfer of property is also subject to a municipal revenue tax of 1% over the highest value between the purchase price established in the transfer deed and the cadastral value established by municipality (30% to 60% of the market value).

Registration fee

The cost of registration varies depending on the value of the transaction of the real state property. The fee is 0.5% of the purchase price established in the transfer deed and it cannot be less than C\$50 (approx. US\$2.50) or higher than C\$5,000 (approx. US\$250.)



Rancho Santana merits a serious look. I don't expect these amazing values to last for long, so [click here to find out more.](#)

Another real estate option is to buy in the colonial city of Granada. Founded in 1524, Granada is a bustling tourist hotspot rich in colonial heritage. Europeans and Americans have been quietly snapping up the old crumbling houses here for restoration as family homes or boutique hotels. Here, a 2400 square feet restored four-bed, three-bath colonial house is currently for sale for \$180,000, complete with views of the nearby Mombacho volcano.

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