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Real estate market shows signs of improvement

By Garland M. Baker
Special to A.M. Costa Rica

Up and down the coast of Guanacaste, real estate circles are buzzing with talk that properties are selling again and that there are buyers in the market.

Linda Gray, vice president of Coldwell Banker Costa Rica, which includes 10 franchises said, "Real estate sales and activity since the start of the New Year 2013 has increased over 2012." A representative of Century 21 Beach Area Properties in Tambor echoed this view: "Business is better this year than last." He also said Ticos are in the market buying second homes.

This could be related to the fact there is new home financing with competitive interest rates available from local banks for nationals. The threshold for housing termed social interest was increased to 58.6 million colons or about \$118,000 as related in a [news story](#) Aug. 19.

A trip across the gulf of Nicoya by ferry and up the coast from Paquera to Manzanillo and back again last week with a jaunt to Jacó and Quepos showed quite a bit of building going on. People are apparently expecting a better tourism season this year, which starts in December.

If the signals are true, this is good news, perhaps the best since the days of [skyrocketing real estate prices](#) when people thought there was no limit on how high prices might go. The market burst in 2007 to 2008, but there were [danger signs](#) appearing as far back as 2005 to 2006.



Most markets run in cycles. Real estate is no different. Analysts believe property markets run in around [15- to 20-year cycles](#). Four to five of the years are recession or a downturn and the rest has activity slowly creeping up again. If this is true, Costa Rica is five to six years into the down cycle and it may be time for the real estate market to go up again.

One expat interviewed on the road trip said he felt it was too early to start talking about a turnaround, but the buzz and the building give another impression. A local construction worker out of Paquera does not think things are any better. He believes local municipalities stifle building and overall progress. It seems the government has done its best to discourage some investments. Zoning plans for concession properties on the beach are at a virtual standstill in most areas of

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the country. Some have not been renewed or canceled outright.

The Barcelo group in Los Delfines appears to be fixing up its properties in a big way. One person speculates they are planning to offer time-sharing and factional ownership to improve sales and overall tourism in the area. The gated community is one of the best in Costa Rica with impeccable grounds, golf course and security.

So is the market going up, down or stay the same? According to news on the Internet, housing sales plunged in July in the U.S. relinquishing gains.

Analysts attribute the loss to rising interest rates. Ms. Gray wrote in her newsletter, "I am hearing from associates in California and Atlanta that homes priced right are selling within weeks. I am also hearing that loans are being given for 100 percent of value plus closing costs." Mortgage lenders are probably trying to boost the market so people borrow at the higher rates. This is not great news because it is one of the reasons the real estate markets of the world blew up in the first place.

If the U.S. economy is getting better, Costa Rica's soon follows. There is an old adage here that if the U.S. gets a cold, Costa Rica gets pneumonia. This is not as true now as it was in the not-so-distant past, but the economy of the U.S. does impact this country as it does the rest of the world.

There are signs people are at their wits end, capitulating and selling cheap to leave as soon as they sell. This is another sign a market is about to turn around. It is also a signal to buy not sell. Most prudent investors know money is made buying not selling, especially in real estate. There are also bunches of shady deals out there where properties have hidden problems. If a deal is too good to be true, readers should watch out. They

always should get good advice from a legal professional. They need to find one who knows what he or she is doing. Some do not know up from down.

There is significant building in the Jacó area. Croc's Casino Resort is making a significant investment there. It is also bustling with activity even in low season. Jacó is somewhat of a gauge of things to come because of its proximity to San José and Juan Santamaría airport. The new highway makes the hour and a half drive a pleasure. One San José hotel has made an investment in Jacó and will shuttle tourists back and forth.

Air traffic is on the rise, another good metric. In 2012, it was up 104 percent from 2009 and 5.6 percent from 2011 to 2012. The trend is up. It will be interesting to see this year's numbers to see if the trend continues.

People arriving to buy property and invest in Costa Rica come in many sizes and shapes with interests just as varied. Some want a retirement home or vacation retreat. Others are looking for a good investment. Whatever the case may be, buying at the tippy top of a market during a shark eating frenzy is not the time to buy. The best time is at the bottom when things are just about to turn around.

Is this that time?

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