

Prices heading up along the beach

By Kenneth D. MacHarg

Wanna buy a beach house? Now is the time since prices, at least those along the Pacific coast, are only going to go up.

That's the advice offered by several real estate agents with experience in Costa Rica who have seen prices on houses and condos rising, especially along the Pacific beaches.

"We are so busy we can't keep up," affirmed Yolanda Goulet, the manager of Continental Americas Realty Group in Esterillos along Costa Rica's Pacific Coast. "We are going through a boom and have more qualified buyers now than we had during the last tourist season," she said.

Goulet explained that generally tourists "fantasize" about owning property here but often don't follow through. Buyers who are here now, however, are more serious about purchasing a condominium or beach property.

The northern Pacific coast has developed sufficient infrastructure to support the development of housing and retirement communities, condos and luxurious resort projects.

"Ten years ago there was no infrastructure, it took me seven years to get a phone and the roads were terrible," Goulet said. "Now, the phone lines go all the way to the beaches and the government is building roads and putting in modern bridges."

Economic conditions are also helping the area's boom. "The world markets, with low interest rates and more fluid money are helping people to buy property here," explained Kevin Olson of Century 21 Real Estate in Jaco. "A real estate friend in California told me that he thinks North Americans will continue to look to Costa Rica to buy property."

Olson estimates that 60-70 percent of buyers of up-scale properties are from the United States and Canada.

Saying that he can't keep an inventory of property because it sells so fast, agent Danny Henderson, who is an agent with Carico Real Estate Company in San Jose, said that real estate sales are experiencing a "snowball" effect that started along the northern beaches and now is spreading into property along the Nicoya Peninsula.

"It started in Flamingo and Tamarindo where property is now pretty expensive and has spread to Nosara in Nicoya where construction costs have risen from \$10 per square meter to \$60 or \$70 per square meter," he said.

"Costs along the northern beaches have now bypassed those in Escazú," he explained.

Prices can range into several million dollars for some homes, but the agents agreed that most homes will sell in the area of \$250,000 to \$450,000. But, Goulet warned that prices have risen more quickly in the past three years.

“Some people have paid \$200,000 for a two or three bedroom home on an acre in mountain developments when you can get the same price for property along or near the beach.

Those kinds of prices are rare further south along the Pacific coast where, Goulet said, the area is more desolate and there is no phone service or infrastructure to support major developments yet. However, she said that she expects that area of the country to continue developing over the next few years.

Commercial property sales are also strong along the Pacific zone. Not only are big companies developing massive complexes, but small hotels ranging from four to twelve rooms are in demand. “People are buying older hotels and upgrading them,” Olson said. “Whatever we market does very well.”

Improved clarity regarding Maritime Zone construction has helped investors who want to buy property close to the water. Costa Rican law prevents construction of private homes with 250 meters or 2 ½ city blocks of the water line at high tide. However, Goulet, whose company specializes in the sale of Maritime Zone properties, said that the law is clearer and enforcement better organized so purchasers are not in as serious a danger of losing their property as they might have been in the past.

However, Goulet warns potential investors to be cautious when looking for property.

“It’s pretty secure now, but a lot depends on the people you deal with,” she warned. “I try to warn people that buying property here is not like buying in the U.S. People need to keep an eye on their property and have a lawyer check the registry at least twice a year.”

Squatters are seldom a problem along the coastline; however some communities can try to take private land to establish an ecological corridor. “You need to get legal advice that you can trust.”

In San Jose, realtors say that the market is also very active and increasing in value. “Among the upscale properties there is a big-time trend,” said Les Nunez, president of Remax First Realty in the Sabana area.

“Any time an economy starts to pick up, the commercial real estate market leads the way,” he explained. “Then, that market pulls up the residential market.”

Currently, Nunez reports a lot of construction of commercial property such as small to medium sized shopping malls. “This is happening especially in the area that we call the golden triangle, Santa Ana, Escazú, Rohrmoser and Cariari.”

Nunez described real estate activity on the west side of San Jose as very hot while that on the east side in areas such as San Francisco de Dos Rios as “chugging along.” “The west side is on fire while the east side is cooling down,” he said.

Nunez attributes some of the growth to the influx of investors from Venezuela, Colombia and Argentina who are building commercial centers and buying houses. “That’s not all drug money either,” he said. “Most of it is legitimate investment. There has been an influx of Latin Americans buying property.”

Nunez and Henderson have seen a shift in buying and renting patterns among landlords and clients. “There isn’t an oversupply,” Nunez said. “But the lines have shifted.”

He described many buyers as downsizing their desires and moving when their lease is up from \$2,000 a month apartments to those costing as low as \$800 to \$900 per month.

In addition, landlords are lowering their expectations. “A three bedroom condo that cost \$1,500 a month in a gated community a few years ago is going for \$1,200 now,” he said.

Henderson has seen the slide in condo prices in the San Jose area as well, some dropping as low as \$150,000 from a previous selling price of \$500,000.

“It’s a strong buyer’s market right now,” Nunez said. “There is a lot of inventory and the supply is bigger than the demand.”

But, Nunez cautioned, there are some pockets where sellers are getting their asking price.

Starting with a reputable real estate agent is a key to the successful purchase of a property. “Every taxi driver here is a real estate broker,” Henderson warned. “Make sure your agent is a member of the Costa Rican Board of Realtors, and that he or she has been here for a while and is reputable.”

Goulet agreed. “There isn’t a lot of licensing here and some people will say anything.”

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