

Real Estate Investment: Latin America 2011



Real Estate Investment:

Latin America 2011

Countries Covered

Brazil

Mexico

Peru

Colombia

Panama

Argentina

TABLE OF CONTENTS

INTRODUCTION.....pg 4

COUNTRY INFORMATION

Brazil

Commercial.....pg6
Leisure/Tourism..... pg8
Residential..... pg8
Brazil's North East.....pg 8

Mexico

Commercial.....pg10
Leisure.....pg10
How's Mexico Doing.....pg 11
ALI Speaks with Coldwell Banker
Tourism Hotspots of the Future.....pg12
Ecological Luxury: Ensueño 10.....pg 13
Residential.....pg14
Courting the Baby Boomers.....pg14

Peru

Commercial..... pg15
Leisure/Tourism.....pg16
Residential.....pg16
Outside Of Lima.....pg16

Colombia

Commercial pg18
Leisure/Tourism..... pg18
Residential.....pg19
Hotel Boom.....pg19

Panama Pacifico

A Portal for Business Expansion Overseas.....pg21

Agricultural Investment in Argentina

Why Argentina?Pg25
The Mercosur is the Region to Watch.....pg26
Agricultural and Cattle Land Opportunities.....pg27

Lending & Mortgage Markets

A Boom in the Making.....pg31
Interest From Abroad.....pg32

Investing in Latin America

What Extranjeros Need to Know.....pg33

Real Estate Listingspg35

Business Directory.....pg36



INTRODUCTION

Historically, the fragile economies of Latin America are among the worst hit in a global recession. This time things are different: though the region has experienced a sharp downturn in last 18 months, the impact of the global credit crisis was considerably less painful than in the US and Europe. The Latin American economy contracted by -1.7% in 2009, but signs of a recovery emerged in the final quarter, and while the developed world frets about a double dip recession, data so far in 2010 suggest the rebound is even stronger than first anticipated. In July, for example, the IMF raised its growth outlook for the region to 4.8% in 2010 – nine months earlier the forecast was only 2.9%.

The combination of high growth, a low fiscal deficit, current account surplus and a relatively healthy banking sector is attracting investors to the developing world, and Latin America in particular. Furthermore, political stability in the region has increased significantly in the last ten years, relative to the chaos of previous decades, and many governments are following a more business-friendly policy agenda.

Against this favourable economic and political backdrop, Latin American real estate is rousing considerable interest as a stable, and potentially profitable, investment option. Property

markets, on the whole, are not contaminated with bad debt and distressed assets, as the relatively underdeveloped lending markets insulated the region from the worst of the global credit crunch. Rather than slump, as in the US and Europe from 2008, the upward trend in real estate prices was temporarily interrupted.

But now the trend is back on, supported by favourable demographics that are likely to spur long-term property value appreciation. Unlike much of the developed world, the population is growing in Latin America, and as strong growth creates jobs,

Emerging Market Growth 2010 (%)

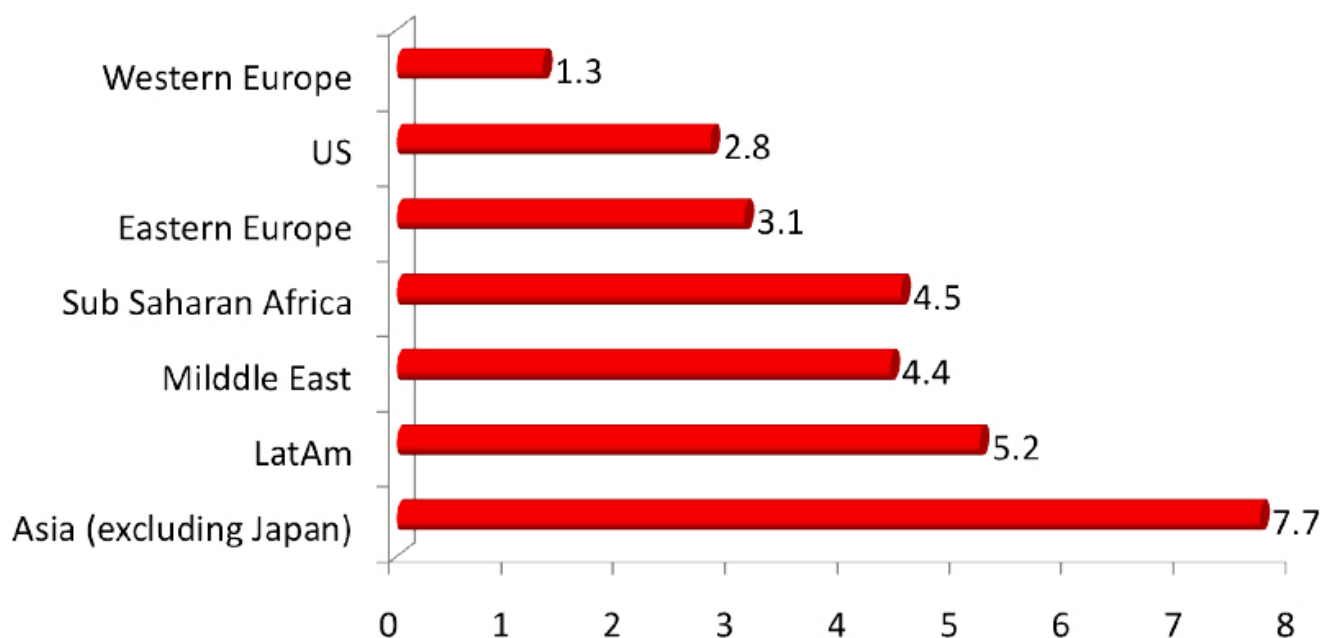
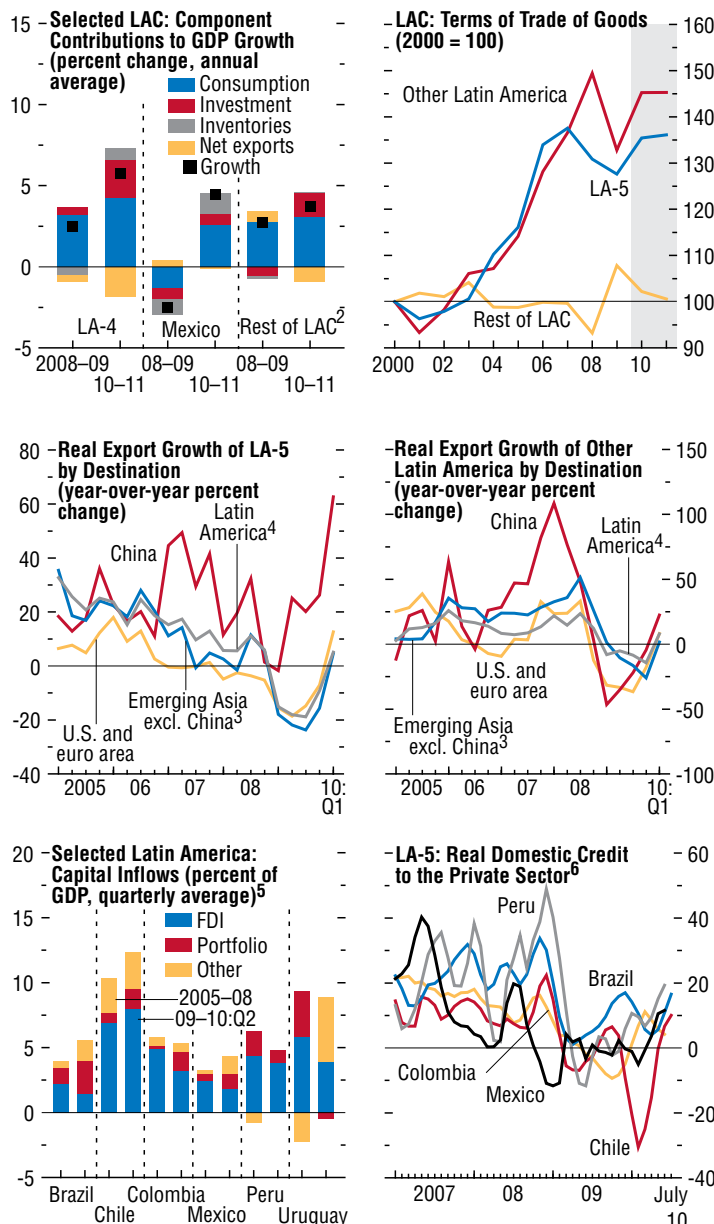


Figure 2.9. Latin America and the Caribbean (LAC): Advancing with Strength¹

A proactive crisis response and favorable terms of trade have driven Latin America's speedy recovery. Commodity exporters are also benefiting from increasing demand from emerging Asia, particularly China. Capital inflows have picked up sharply in some economies. Although inflows have boosted the equities market, the recovery in private credit has remained sluggish.



Sources: CEIC EMED database; Haver Analytics; IMF, *Balance of Payments Statistics*; IMF, *Direction of Trade Statistics*; and IMF staff estimates.

¹LA-4: Brazil, Chile, Colombia, and Peru; LA-5: LA-4 and Mexico; Other Latin America: Argentina, Bolivia, Ecuador, Paraguay, Uruguay, and Venezuela.

²Rest of LAC in this panel excludes Antigua and Barbuda, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines due to lack of data on GDP components.

³Emerging Asia: ASEAN-5, China, India, and NIEs. See Figure 2.3 for list of NIEs and ASEAN-5.

⁴Latin America: LA-5 and Other Latin America (see footnote 1).

⁵Data for Peru only up to 2009:Q4. Data for Colombia and Uruguay only up to 2010:Q1. FDI = foreign direct investment. Other investment includes financial derivatives.

⁶Annualized percent change of three-month moving average over previous three-month moving average.

drives up wages and foments consumerism, demand for housing will increase. This entire process is supported by government schemes—usually based around subsidised mortgage lending—designed to facilitate house buying among the low and middle income groups that represent the vast majority of the national population.

A Bright Future

A property boom supported by a strong banking sector and not over dependent on foreign money is what makes Latin America so interesting for real estate investors right now. The Global Property Guide recommends Latin America as a place to buy real estate in its mid-2010 report: “Many Latin American countries are seeing the sort of institutional reforms that grew the mortgage markets in Eastern Europe, and raised valuations so much. These reforms will encourage the growth of the mortgage markets, encouraging the mass purchase of housing.”

The GPG focuses on residential property, but there are also options in commercial and leisure real estate as the region raises its international profile. A quarterly global commercial property survey by The Royal Institute of Chartered Surveyors (RICS) says that the Latin American market is in a ‘bull run’. This is supported by a report on global office rents by real estate consultancy CB Richard Ellis, which notes that “Latin America is holding up better than the rest of the world and is the only region posting positive gains, with an average 3.4% increase.”

An Unbalanced Continent

Though headline data is encouraging, it is impossible to examine this vast and complicated region as a single entity. Pockets of political and financial instability remain, with several countries either too risky or too small for any meaningful investment inflows. In its latest regional outlook report, the IMF warns that “strong growth prospects as a whole mask important differences across countries”. Hugo Chavez’s Venezuela, for example, is highly unpredictable and often openly hostile towards foreign investors, with expropriation of property a real risk. Argentina is another big market that is shrouded in uncertainty, not least due to the lack of credible economic data.

With this in mind, this special report will focus on four of the strongest and most exciting Latin American markets for real estate today: Brazil, Mexico, Peru, and Colombia. These countries are categorised as high growth and low debt, making them extremely attractive in today’s fragile investment climate.

Alternative Latin Investor spoke with Maximo Lima, a partner at Brazil’s largest private equity firm, Prosperitas, who said these four countries were currently the most reasonable to do business in Latin America today, based on demographics, the macroeconomic structure and institutional framework.

COUNTRY INFORMATION

BRAZIL – Regional Powerhouse

Latin America's largest economy is rapidly evolving into a global powerhouse. Strong economic and population growth, an abundance of natural resources and a relatively stable political environment are among the factors driving demand for real estate. On top of that, the Brazilian middle class is growing rapidly, bringing large inflows of domestic money into the property market. The latest Emerging Trends in Real Estate 2010 report (jointly-produced by PriceWaterhouseCoopers and Urban Land Institute) claims that the outlook for all types of Brazilian real estate is good, with affordable housing and retail the biggest growth sectors going forward.

Commercial

According to experts consulted by Alternative Latin Investor, there was very little distress in the Brazilian commercial real estate market during the economic crisis. Maximo Lima says this was partly due to the country's overall resilience but mainly because of the historically low levels of debt in the domestic property market.

"Brazil is a fairly unleveraged country, at least on the real estate side, so no one really has any leverage on the deals ... when the market goes down a bit, people can happily sit out and not have to sell assets at distressed levels because the banks aren't knocking on their doors."

As a result, he describes the experience in Brazil as a pause in the market rather than a downturn, and as soon as the economy picked up again in the second half of last year, trading resumed at prices very similar to pre-crisis levels.

Flavio Mantesso, business director at Eccelera, says office rents in São Paulo and Rio de Janeiro, the two cities that account for over half of the country's commercial real estate sector, only declined in one quarter of 2009 before stabilising and rising again before the end of the year.

In some cases this rise has been spectacular. For example, office rents in top-end areas like Faria Lima in São Paulo have increased by more than 40% over the last two years. In the latest of CBRE's semi-annual Global Office Rents publication, released in May, São Paulo was the tenth most expensive city worldwide (Rio de Janeiro was 12th). The two cities also topped the table for the biggest increase in rents over the last 12 months.

And there are few signs that this trend will change in the near future: according to a global commercial property survey for Q210 conducted by the London-based Royal Institute of Chartered Surveyors (RICS), Brazil leads the world rankings when it comes to both transaction activity and future rental expectations.

Maximo Lima estimates that the market will not stabilise again until end-2011 or perhaps the first half of 2012, due to simple demand and supply dynamics, accentuated by the time lags involved in commercial real estate (and particularly the office sector).

Though the market hiatus was ultimately brief, the uncertainty it generated was enough to bring construction starts to a standstill for at least two or three quarters. And with office buildings taking several years to deliver, says Maximo, this leaves Brazil unable to meet resurgent demand for office space: "When the economy picks up as quickly as ours did a year and a half later, the existing available inventory and the vacancy rate was already very low and got absorbed very quickly. So today the market is behind and we are seeing rents rise very rapidly." A report on office real estate by Jones Lang LaSalle showed the vacancy rate for top grade offices in São Paulo fell by 2.5 percentage points to 8.5% in Q210. In Rio de Janeiro, vacancy rates are even lower, at 5.1% in the first half of 2010.

Flavio Mantesso explains how the city's geographical limitations make supply especially tight in Rio, with just a thin strip of land between the sea and mountains on which it is possible to develop. This makes Rio a special case, as rents can continue to rise even when vacancy rates are creeping upwards. "His-

Latin America and The Caribbean: Office Rents and Occupancy Costs

RENT—LOCAL CURRENCY/MEASURE			TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE*	
	<i>Current per local measure</i>	<i>% change 12 months</i>	<i>Current per local measure</i>	<i>% change 12 months</i>
Bogota, Colombia	COP 63,500 sq.m. p.m	0.8	COP 70,000 sq.m. p.m	0.7
Buenos Aires, Argentina	US\$ 35.00 sq.m. p.m.	-10.3	US\$ 46.67 sq.m. p.m.	-2.2
Caracas, Venezuela*	VEF 332 sq.m. p.m.*	33.9	VEF 348 sq.m. p.m.	34.4
Guadalajara, Mexico	US\$ 26.00 sq.m. p.m.	11.1	US\$ 29.74 sq.m. p.m.	4.0
Lima, Peru	US\$ 17.50 sq.m. p.m.	2.9	US\$ 20.20 sq.m. p.m.	5.2
Mexico City, Mexico	US\$ 30.38 sq.m. p.m.	1.3	US\$ 36.42 sq.m. p.m.	3.3
Monterrey, Mexico	US\$ 30.00 sq.m. p.m.	6.4	US\$ 34.26 sq.m. p.m.	3.7
Montevideo, Uruguay	US\$ 28.00 sq.m. p.m.	0.0	US\$ 36.11 sq.m. p.m.	0.0
Panama City, Panama	US\$ 24.50 sq.m. p.m.	2.1	US\$ 28.23 sq.m. p.m.	3.8
Quito, Ecuador	US\$ 14.00 sq.m. p.m.	16.7	US\$ 16.50 sq.m. p.m.	0.0
Rio de Janeiro, Brazil	BRL 133 sq.m. p.m.	19.8	BRL 153 sq.m. p.m.	17.7
San Jose, Costa Rica	US\$ 21.00 sq.m. p.m.	-16.0	US\$ 24.00 sq.m. p.m.	-12.7
San Juan, Puerto Rico	US\$ 20.00 sq.ft. p.a.	0.0	US\$ 35.63 sq.ft. p.a.	2.7
San Salvador, El Salvador	US\$ 30.00 sq.m. p.m.	11.1	US\$ 35.40 sq.m. p.m.	10.2
Santiago, Chile	UF 0.64 sq.m. p.m.	0.0	UF 0.74 sq.m. p.m.	-1.3
São Paulo, Brazil	BRL 140 sq.m. p.m.	18.6	BRL 160 sq.m. p.m.	15.9

Source: CB Richard Ellis

torically in Rio we haven't had any nominal decrease in rents in the last ten years – in São Paulo we have cycles, but in Rio nominal rents haven't decreased."

Flavio says this may give Rio the edge when it comes to investment returns, particularly given the impulse in demand that hosting the Olympic Games in 2016 will bring the city. "If vacancy rates move the same in São Paulo and Rio, Rio may offer better risk-return profile. The returns that Rio can offer more than compensate the increase in risk."

This extra 'risk', according to Flavio, is largely down to size: Rio doesn't have the same stock or quality of assets as São Paulo, leaving the vacancy rate and rents more vulnerable to an influx of deliveries.

Given the lack of space and available inventory, the prevailing real estate strategy in these two main cities is value-add, such as renovating and refitting low-grade office buildings in the downtown areas.

Maximo Lima says those looking for superior returns need to look at greenfield investments, as due to the prevalence of

stratified titles, it is hard to buy good-quality office buildings. To find a building that is of good quality with a single owner at a good price is very difficult to do. In his opinion, the most opportunistic strategy for the people who are comfortable with it—and know how to do it—is to go out and buy land and put up their own building.

While geographical restrictions and legal obstacles may limit these types of opportunities in São Paulo and Rio de Janeiro, other areas of the vast country are expanding rapidly, paving the way for new commercial property development.

A strong manufacturing sector and a burgeoning middle class are driving real estate activity in the industrial and retail sectors all over the country. General Motors and Ford are just a few companies planning to expand operations in Brazil, with factories and warehouses concentrated in the South. Meanwhile, according to ABRASCE, Brazil's council for shopping centres, 12 new malls are due to open in the second half of 2010, and another 29 with almost 10 million square feet are due in 2011.

Brazil's vast interior, dominated by the Amazonian rainforest, is another area where increased economic activity—predominate-

ly in the agricultural and clean energy sectors—is creating new demand for commercial (and residential) property.

Maximo Lima says his firm is developing a major shopping centre in Rio Branco, a town in Brazil's far North-West, near the Amazon jungle. From there, the closest mall is 1,000km away, and not even in Brazil (it's in Peru). This means very little competition in an area where job creation is accelerating and the population is likely to grow in the coming decade.

Another mall on Prosperitas' portfolio is in Maceió, in the North-East. "There you have a metropolitan region of 2.5-3 million people with one mall [...] it doesn't really take a genius to figure out that you can put another one in."

For Maximo, the key is matching the asset to the location: office buildings aren't in big demand the North-East right now, but shopping malls are. The same goes for warehouses in the South, where the industrial and consumer base is strong.

■ Leisure/Tourism

The leisure and tourism property market was probably the most affected by the economic downturn as the number of foreign buyers looking for holiday homes abroad shrunk dramatically. Foreign developers found themselves cut off from funding from back home and trying to sell to a market that no longer existed. But surging internal demand has cushioned the blow for the sector. Martin Gajewski Jr. from Reuters Insight and Bauhaus Capital Partners Brazil, who works predominately in the North Eastern region of the country says the global crisis accelerated a major shift in the Brazilian leisure property sector—with the internal market becoming the driver of growth.

"Second homes and holiday homes have seen a great increase of internal property buyers – Brazilians themselves, from the South of the country. They love the North East, they love to purchase a beachfront property, whether a home, condo or resort hotel and spend their holidays in these stress relieving properties, where the climate is steady, its summertime the entire year and it's not as congested and saturated."

This stirring of demand for domestic travel among a huge population is a big draw for developers, particularly in the hotel sector. Major hotel chains Hyatt and Hilton have announced plans to increase their presence in Brazil, with the former interested in building 50 new hotels in the next decade.

Many of these hotels will inevitably be built in the cities due to host matches in the upcoming 2014 Football World Cup, when millions of people from all over the world will visit Brazil. However, both chains stressed that they have a longer-term strategy in Brazil, with internal demand a powerful driving force.

The key challenge for resort developers is to adapt projects that might have originally been intended for foreign investors for the Brazilian consumer. As Martin says: "Investment in tourism properties now needs to focus on internal demand—you have to tap into the local market in order to survive in today's property game in Brazil".

■ Residential

Residential real estate represents one of the biggest growth opportunities in the coming 15-20 years, due to a combination of low interest rates and stable inflation, and support by major government social programs.

■ Brazil's North East: An Exciting Frontier

Though the big cities in the South East have traditionally drawn most of the investment in Brazil, the north east region is now the fastest growing in the whole country.

Traditionally an area popular with European tourists and second-home buyers, the region is now a hive of activity in the residential (particularly low-cost housing), leisure and retail real estate sectors.

According to Martin Gajewski Jr., who's based in Fortaleza, the North East offers property investors more favourable ROIs than anywhere in Brazil. Property value appreciation in the region is around 20% a year on average, with several places seeing increases in the 25-35% range.

The major urban centres such as Fortaleza, Natal and Recife face a major housing shortage, and thus big residential development spurred by a massive Federal Government program to make it easier for lower income groups to buy a house. The large population of these cities is also drawing retailers to the region, which remains underserved by shopping malls. Salvador in Bahia State is another important hub, both for tourism—the city is world renowned for its carnival celebrations—and increasingly for commercial real estate.

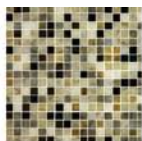
Martin says 'forgotten' cities such as Belem, São Luiz and Parnaíba are also experiencing dramatic growth as they begin to catch up with the rest of the country. And for somewhere less developed with real long-term potential, he recommends João Pessoa, where prices remain low, like "Fortaleza city 12 years ago".

The ambitious 'Minha Casa, Minha Vida' (My House, My Life) program seeks to address a chronic housing deficit by building 3 million new homes and subsidising the mortgage payments on a means-tested basis for lower-income families. The government hopes to have signed the first million contracts by the end of 2010, providing a huge stimulus to the construction industry. It also presents a major opportunity for property developers operating in the affordable housing subsector, who will also benefit from tax incentives under the government plan.

Yet despite the massive boost to supply, Minha Casa, Minha Vida will not cure the housing shortage, which is estimated to be over 7 million. So demand for residential property in urban areas is expected to remain strong for two decades at least.

As with tourism, the relatively poor and undeveloped North East is a hot spot for the surge in demand for—and construction of—affordable housing under the Minha Casa plan. This area, according to Martin Gajewski Jr., is playing 'catch up' with the rest of the country, and recording growth rates several percentage points above the national average (see box text).

Foreign investors looking to tap into this remarkable rate of expansion need to move quickly, yet cautiously. Martin says a common strategy for foreign investment funds is to acquire or to tie into a joint venture with a strong-performing local building company who knows the market well and—most importantly—knows who to deal with.



evolving into a greener ideal of luxury

6 luxury villa-style condominiums built into the La Ropa hillside overlooking Zihuatanejo Bay.

Sustainable Materials.
Mindful Ecological Building Practices.
Renewable Sunsets.

www.ensueno/D.com



Playa la Ropa, Zihuatanejo, Mexico

MEXICO – Learning to Look After Itself

The second-largest economy in the region was one of the worst hit by the recession due to its proximity to the US and a glut of supply following years of frenzied construction. However, a strong recovery is underway, led by manufacturing and the growing purchasing power of locals. Indeed, the newly rich in Mexico's big cities played a major part in softening the blow to the property market—particularly in the leisure sector—when money stopped flowing in from the US. The domestic market will become more influential going forward, but in the meantime the risk of a double-dip in the US remains a concern, especially in industrial real estate.

■ Commercial

After several years of rapid expansion, the Mexican commercial real estate market landed with a thump in 2009. The crash in demand arrived even as more supply was being delivered to the market, exacerbating the impact on vacancies and weighing heavily on prices. Michael Krause from Hines says this made developers put their commercial projects on ice, where many remain today because there is still ample supply to serve whatever demand is coming back.

Despite this, Michael says the market for distressed commercial property is limited, with very few banks or lenders forced into a fire-sale of their real estate assets. Often developers with land that has yet to be built on are simply holding on and waiting for market conditions to improve. And now the outlook for Mexico is currently very positive, especially for office and industrial real estate, though the threat of a double-dip recession in the US looms large.

Industrial real estate is likely to be one of the main beneficiaries of the new investment vehicles being developed now in Mexico. For example, PREI's newly-launched USD \$241 million Prumex Industrial III Fund hopes to purchase top-grade industrial space near the US border, in Central Mexico and along the Riviera Maya. Another fund is the USD \$260 million AMB Acción Shelf 2, which plans to accumulate industrial properties that can be leased to both Mexican and US firms looking to mitigate risks by renting, rather than buying, warehouse space.

US manufacturers have a strong presence along the main corridor connecting Mexico's major cities with the North, as well as a large number of factories and warehouses around the border area itself. Lawrence McDaniel says major US firms like Costco use logistical hubs in Mexico to store and distribute products more cheaply across the border. This subsector is highly dependent on the level of trade between the two countries – in other words, it will be paralysed if US consumer demand falls again. For this reason, developers are wary of speculating on new space, with PREI reporting that new deliveries in the top six markets are down from an average of 4 million square feet to just 500,000 sq ft.

In the market for office space, the country's three biggest cities—Mexico DF, Guadalajara and Monterrey—still dominate. Despite considerable development, demand for office space remains high, epitomised by Banco Santander's announcement last month that it would invest US \$110 million in a 42-story office tower in Monterrey, with a view to investing in more high-class real estate developments in the coming years.

In the capital, Lawrence McDaniel says there is a major shortage of class A office buildings, even though occupancy levels sometime suggest otherwise. This is because of a substantial number of poorly-planned office buildings constructed in parts of the city that are undesirable, often due to weak transport links.

"I know quite a few office buildings like that, and when you add those to the inventory, the vacancy rate goes up because they were poorly conceived projects, but on the other hand, where I am in Santa Fe, there's not much office space available here... and when you go into the city centre there is very little class A office space."

Lawrence says this lack of space and an undersupply of institutional-grade buildings means most of the real estate business today is in renovating existing inventory. He says that due to overcrowding and geological complications, there are limited places where you can build the "big, pretty building that pension funds want."

And then there are internal city dynamics, with traffic congestion a serious problem. Serious transport bottlenecks on the main routes into the city centre prompted the rise of a new business district in the Santa Fe suburb, where most of the Fortune 100 companies in Mexico are now based.

In the downtown area they abandoned there is now a hive of construction activity as the authorities encourage the revitalisation of the inner city. However, Lawrence notes that access to this development is limited to a fairly small number of real estate property companies who play at level and institutional investors who understand Mexico well enough to invest that kind of money into this region.

■ Leisure

Mexico's tourist industry faced a perfect storm in 2009. On top of its wide exposure to the US-led global credit crunch, it was the epicentre of the swine flu epidemic and received a large amount of negative publicity due to violence in areas controlled by drug cartels.

continued on pg 12

■ How is Mexico Doing?

The Mexican market can be divided into Mexican buyers and foreigners buyers; currently the majority of foreigners are from either the US and Canada. Based on all of the issues facing the US market, the Mexican Real Estate market has taken a tough hit, with prices readjusting, in some places up to 50%. This opens an exciting window of opportunity for the investor seeking to find property in this market.

Mexico continues to be a great investment for Americans as hot destinations here are very well locked in and remain constant. In the wake of the crisis the majority of buyers haven't downgraded their choice of property, preferring to put their plans on hold for the time being, causing a lull in the market. In the past, many US buyers funded their vacation homes by taking out a second mortgage on their home, an option which is no longer viable.

In Puerto Vallarta and Cabo San Lucas, historically top destinations, the pre-crisis average sale price was around USD \$650,000, now properties are selling at an average of USD \$250,000. However, these are the two markets that are going to recover most quickly and they continue to be strong markets even in the face of the crisis. The market hit hardest by the crisis was Puerto Peñasco because of the current economic situation and the security issues that have been publicized about Mexico. Cancun is also hurting, as it is a very expensive market and it competes with other US destinations.



It should be pointed out that the economic situation and the negative press that Mexico has received are the two most negative factors in terms of the real estate market. The recovery is very bounded with the US economy, however Mexico is seeing some activity from Canadians who are coming down to take advantage of this opportunity.

As we have seen, Mexico was hit hard by the economic downturn of the past two years. Its strong coupling with the US was reflected in the loss of American buyers, however it is also this coupling which has created a strong basis for the expat real estate market. Coastal paradises such as Mazatlan and Puerto Vallarta, have created a property market which will be able to rebound from the crisis, unlike new regions of Latin America which are becoming popular but lacking in this crucial foundation. As the influx of Canadians, with their dollar strong, and less affected economy, can afford the US dollar priced Mexican market, and are keeping things afloat till a US recovery revitalizes 2nd home buyers and retirees.

Most of the projects started before the crisis have been detained, so there exists a gap between projects that have already been started and new developments. Coldwell Banker has been doubling their efforts to show clients that Mexico is still a very attractive destination. They suspect that US buyers will remain on the sidelines for some time to come and the true recovery will become noticeable around 2012.



Lawrence McDaniel describes the impact on leisure real estate as a “miserable train wreck”, especially for project developments in luxury resorts like Los Cabos that were targeting the newly rich from the US. These people ended up losing a lot of their new-found wealth during the crisis, and abandoned plans to buy second homes abroad. Meanwhile, the super rich, who do still have money to invest, are more interested in exclusive, custom-designed projects rather than large-scale resorts.

Bruce Greenberg from MV Consultants adds that among the US tourists that are still coming to Mexico the paper wealth of those arriving has fallen dramatically in the last two years. As a result, he says a lot of the complexes that were being built are no longer the correct product today: “In Mexico there are only 20,000 unfinished beach condominiums in the beach resort communities...but if and when the marketplace starts turning around again, those people have to go back and say ‘I need to build something smaller and more affordable’.”

Foreign developers, who are struggling to secure their positions at home, are proving slow to respond to this major shift. For an interesting example, Mexico’s largest construction company, Empresas ICA, recently took management control of a luxury

golf and hotel resort in South Eastern Mexico following what they described as “continual failures” on the part of the Spanish developers.

For Bruce, the key challenge is to recover the cycle of progressive property purchases that Americans typically entered into in Mexico. People would typically first visit for a vacation, and then if they liked the beach and culture, they’d buy a time share so they could come down more often. After a few seasons, many of these time share owners would upgrade to buying their own condominium.

In the meantime, domestic tourism and second-home buying represents an opportunity that has been largely ignored in the past. Just as in Brazil, the Mexican consumer has been the saving grace of a lot of the projects that were initially built for ‘gringos’. Bruce says that smart Mexican developers are going to begin to tailor new (and existing) projects to his countrymen and target a market that has been overlooked until the crisis stemmed the traditional flow of foreign money.

Tourism Hotspots of the Future

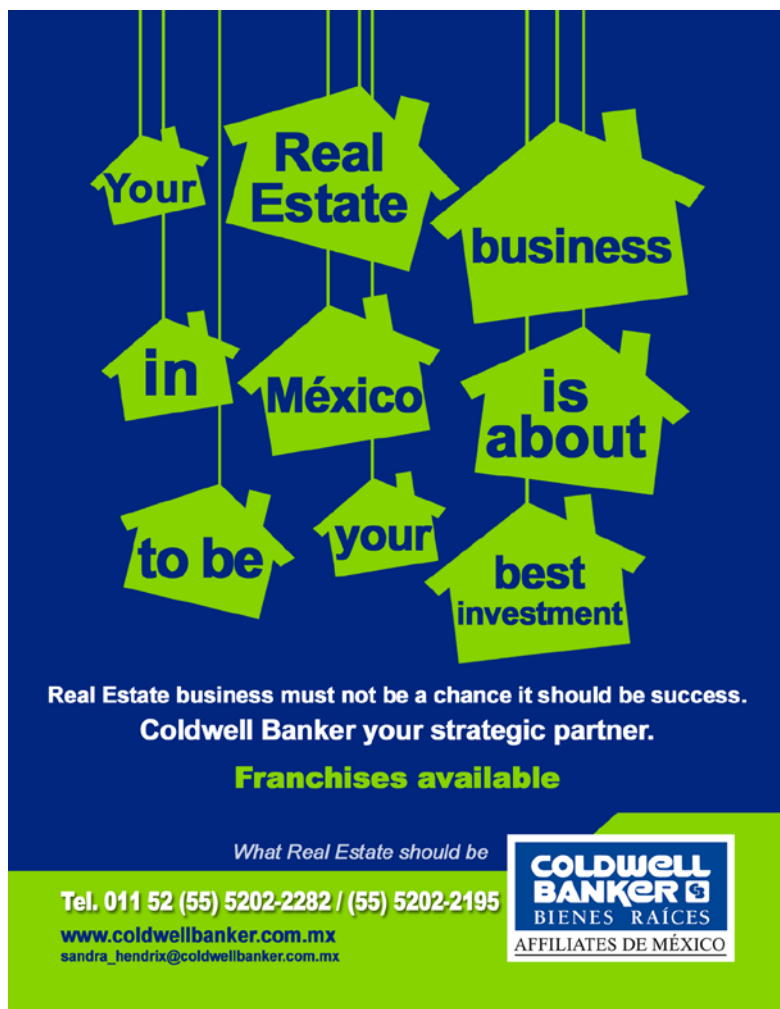
Luis Miranda, President and CEO at IMRES (International Marketing and Real Estate Services) and Boomers Abroad, says many developers are turning their attention to new developments in the smaller towns around traditional tourist hotspots. He says the typical tourist destinations such as Cancun, Playa del Carmen and Cabo San Lucas have become more expensive, so people are looking to find nice places to live where you don’t have the crowds and it’s more affordable.

Places like Puerto Morales on the Maya Riviera, Lo de Marcos in the Nayarit region, and Todos Santos and La Paz in Baja California are catching the spill over from the nearby tourist hubs. People staying in these places are close enough to the established spots to have the access to the city and its nightlife, shopping centres and airport, but they can choose when to do it.

The Costa Maya—the stretch of coast running South from Tulum to the border with Belize is another area with huge potential for growth. These beaches have very little development, but infrastructure upgrades, including a new international airport near Tulum, are forthcoming, and will make the area more accessible to tourists.

On the Pacific Coast, Luis picks out Manzanilla in the Colima State as a popular spot, particularly among Canadian tourists, whom Luis says tend to seek out locations where Mexican traditions and culture are well preserved. The area north of Puerto Vallarta is also undergoing something of a development boom right now, according to Heidi Wosak, with strong interest from residents of Mexico DF and Guadalajara.

continued on page 14



Real Estate business must not be a chance it should be success.
Coldwell Banker your strategic partner.
Franchises available

What Real Estate should be

Tel. 011 52 (55) 5202-2282 / (55) 5202-2195
www.coldwellbanker.com.mx
sandra_hendrix@coldwellbanker.com.mx

COLDWELL BANKER
BIENES RAÍCES
AFFILIATES DE MÉXICO

Mexican Paradise Found: Modern Luxury meets Ecological Responsibility

Carved into the lush Mexican coastline - Mexican designer Andres Saveedra and his team have found a way to turn the dream of luxury beachside condo living into an ecologically sound reality. Ensueño 10 has created 6 luxurious yet ecologically responsible condominiums in Zihuatanejo, Mexico. The 6 villas are gracefully distributed on the sloping hillside overlooking Playa la Ropa and Zihuatanejo Bay. The town of Zihuatanejo has existed for hundreds of years as a fishing village and now thanks to the influx of tourism, retains its history while celebrating a feeling of culture and movement. There is access to major transport, hospitals, excellent education and even "Culture Night" on Sundays – featuring shows in the town square.

The development's strategic location on the cusp of a beautiful enclosed bay protects the area from fierce windstorms as well as provides stunning daily sunsets. Each home has multiple indoor/ outdoor space – the front areas are all open air with sliding glass windows with shutters – boasting a UV film inside glass to help reduce air conditioning costs and save interiors from sun damage. Saveedra's goal is to combine sustainability with a luxurious, modern design. He employs clean aesthetic, textures, rough walls in the kitchen, mosaics in the hallways, a mixture of rough and smooth textures for the tables and polished concrete for the floor, which is both ecologically sound and looks fantastic.

Designed with a long term living experience in mind, the complex boasts a gym, business center, and even a private bodega for each home owner that is at the parking lot level for bikes and surf boards. There is a great outdoor "palapa" space for parties with a grill, pool, and bathrooms. Built into the mountainside, there are elevators that run up and down the cliff,

which avoids the hassle of carrying things up and down stairs. The lobby of the condominium is much like a hotel – serving those homeowners who choose to rent out their property as a vacation destination. There are even washers, dryers, and lockers available.

Ensueño 10 is the only development in the region that has been certified by the US green council as a green build. They decided to use only 26% of the land with buildings-leaving much of the area for green space and gardens. The "green roofing technique" which employs gardens on top of the buildings helps to keep the buildings cool,

reducing energy costs. All of the units are furnished with energy star kitchens and other smart appliances such as a "tank-less" water heater, which keeps 40-80 gallons of water hot at all times. All unit customization options have been carefully researched to assure their ecological sustainability. The team involved in this project is primarily local and has had the pleasure of learning as they build – Ensueño's mission state-

ment is "evolving towards a greener ideal of luxury" – and this has been reflected in their process of learning, making wise decisions and thriving in challenging economical times.

Two of the six villas have already been sold and the entire project is scheduled to be complete by March of next year. The Ensueño team is committed to attracting outside investment and making Zihautuejo a tourist destination while continuing their goal of developing small, ecologically sustainable projects along the Mexican coast.



■ Residential

The Mexican housing market was hit more than other Latin American markets during the global crisis, due to its close ties with the US and its more established banking sector. Cities in the north, near the US border, suffered disproportionately during the downturn due to the additional problem of increased insecurity. Tens of thousands of homes in the north have been abandoned as people attempt to escape the most violent areas. The negative image of the region and added supply of housing means prices in these areas are more depressed than in other parts of the country.

The recovery in 2010 has been impressive, in line with the wider economy. But since the end of 2008, trends in residential real estate in Mexico can be clearly divided between the market for locals and that for expats and retirees.

Tom Hellyer, an investment strategist and Latin American real estate consultant based in Mexico, says the country's major cities are posting strong growth as the economy recovers. "The Mexican middle class is as strong as it ever has been," he told *Alternative Latin Investor*, "and they are hungry for housing."

This means robust growth in major metropolitan areas. Tom says new developments are likely in suburban areas, with town-house style properties becoming increasingly attractive for Mexicans living with their families or in a cramped downtown apartment in a big city. Satellite cities around the capital such as Querétaro, Cuernavaca and Puebla are also witnessing strong growth as more and more educated people come to the area in search of better paid jobs.

As employment and growth rates increase, there is also a large number of people in the low-income bracket who are gradually entering the middle classes as the country develops. Tom Hellyer estimates that the middle class still only represents around 15% of the total population, providing a great deal of scope for social mobility.

Mortgage lenders Infonavit and Fovissste—the country's largest—are stimulating demand for housing among lower income groups. Offering subsidised loans and finance to employees, the two agencies combined aim to issue over a half a million mortgages a year through to 2012. Lawrence McDonald adds that portable housing is a major subsector that banks are focusing on at the moment.

While domestic demand for property remained relatively buoyant, the market for residential properties and developments

targeting international buyers—typically in coastal regions—was paralysed by the crisis. These popular expat and tourist spots experienced dramatic growth in the years preceding the economic crisis, and speculative investments led some areas into a phase of 'hyper development'.

In Puerto Vallarta, for example, when the crisis began two years ago, there were some 5,000 existing condominiums, but around 20,000 in some stage of development. In areas such as this, there were definite signs of distress in the market.

According to Heidi Wosak, designated broker and CEO of Mexican real estate firm Century 21, condos in some areas like this are selling at 50-70% of their 2006 value, with banks dumping batches of 15-25 units at a time. These bargains are starting to draw buyers again, though Heidi says prices here will not return to pre-crisis levels for 3-4 years in a best-case scenario.

Courting the Baby Boomers

Real estate for older foreigners is an interesting subsector in the residential market, especially as the 'baby boomer' generation in the US reach retirement age. Many of these people lost a lot of wealth during the credit crisis, and so are looking for a more affordable retirement option. Even the higher earners are considering what their money can get south of the border.

While other Latin American countries offer a high standard of living at a relatively low cost, Mexico's proximity to the US gives it a huge advantage as retirees want to stay within reach of their families back home.

Lake Chapala and San Miguel de Allende are already popular spots for retirees. Raul Ofarill says Mérida is a "perfect retirement spot" that is just now being discovered by Americans and Canadians. Located in the Yucatan peninsula, it is considered the safest city in Mexico.

Tom Hellyer says another major sector to watch for future growth is assisted living residential communities. These large facilities—which include apartments for those who are independent and mobile, and those who require daily or full-time assistance—can be run much cheaper in Mexico than the US, and the climate is better too. Tom says a lot of people are talking about the potential of this sector, but, as yet, the money hasn't begun to flow. When it does, he is confident it will be in huge amounts, making this a great opportunity for investors who want to get in early.

PERU – A Rising Star

Peru is the region's growth star: it was one of the only Latin countries to post positive growth in 2009 (0.8%) and real GDP expanded 10.1% year-on-year in Q2 2010. Strong mining and manufacturing sectors are making an important contribution, but the biggest driver is the sizzling construction industry. As unemployment and poverty rates tumble, increased wealth and confidence among Peruvians is spearheading a property market boom, while stellar growth rates and considerable scope for development attracts foreign interest, especially in commercial and tourism real estate. The government is supporting this transition by opening up the country to international trade and investment, and has recently signed important free trade agreements with the US, EU and China.

Commercial

Peru emerged as another top performer in the RICS commercial property survey in Q210. The country led the rankings when

it came to expectations for capital values (100% of surveyors expected an increase) and lettings in the third quarter.

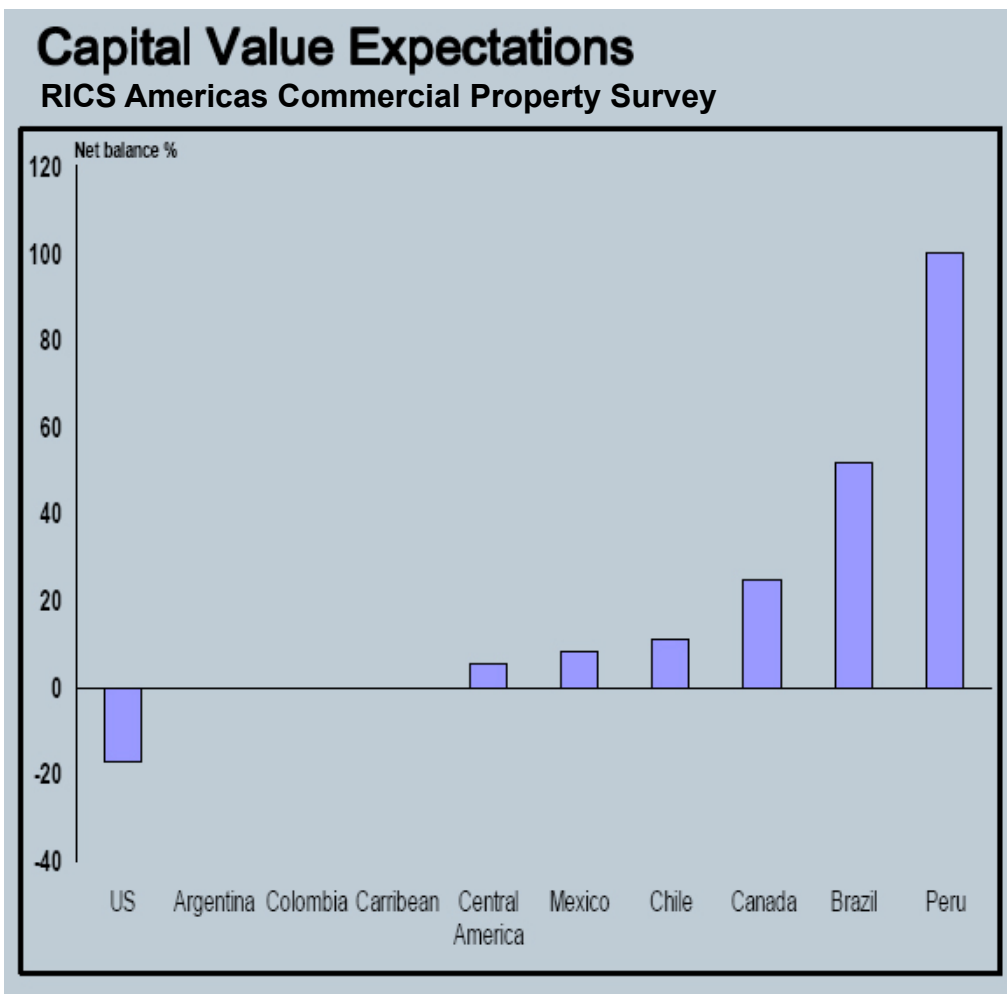
Roberto Persivale, co-owner at financial consultancy Ase-sorandes, thinks severe traffic congestion in Lima will encourage big developments in office buildings in new parts of the city. At the moment San Isidro—a district that is by the ocean on the city's Western edge—is the main area for office blocks, especially international and class A buildings. But Roberto expects a new central business district (CBD) to develop on the other side of the city because commuting from Eastern residential suburbs can take over an hour due to traffic.

Mayoral elections in October, and a presidential election next year, could hold things back due to the increased uncertainty of future policies. After that, Roberto expects a surge in construction activity, with most of the new development on the Eastern side of the city, "It is going to be really fast once elections are out of the way, and once the world recession begins easing off, you are going to have international firms asking for more space and expansion."

Eric Rey de Castro, Managing Director of the Colliers International offices in Peru, says strong demand for quality space in Lima already means that the capitalisation rates are high, at around 15% in the office sector. And he believes it will remain around this level as the property boom continues in the coming years.

Commercial real estate is traditionally centralised in Peru, but Roberto Persivale says big supermarket chains are driving the spread of retail property to other areas of the country. This is a trend that only started in the last 5-6 years (before that there were no major supermarket chains outside of Lima), and now they are probably in 10 other cities. Once the major supermarkets appear, home improvement stores and department stores follow, encouraging the development of commercial shopping centres into the regional areas.

Roberto adds that most of these stores are domestic or Chilean, with very few US or Mexican household names in Peru. This could change, go-



Source: RICS Americas

ing forward, as the free-trade agreement between Peru and the US encourages closer business ties.

The country's booming manufacturing sector, which the government expects to grow 6.5% in 2010, will spur demand for additional industrial space. Meanwhile, the state is sponsoring large-scale infrastructure upgrades to help connect different areas of the country and facilitate the transfer of goods. This is likely to mean that more logistics properties will be required as commodities from both inland Peru and neighbouring Brazil are exported to Asia via the port of Lima.

■ Leisure/Tourism

The tourism sector in Peru is still relatively small – though it is expanding rapidly. The Ministry for International Commerce and Tourism recorded just over two million foreign arrivals into the country in 2009, a surprising increase of 4% on the previous year despite the global economic crisis.

But Roberto Persivale estimates that around half of these entrants are either business travellers, Peruvians now living abroad, or low-spending backpackers. With that in mind, hotels catering for business travellers have a positive outlook, especially if new commercial districts pop up in other areas of Lima.

In September of this year, Hilton Worldwide announced that it would introduce its famous hotel brand to Peru—starting with a 230-room luxury hotel in Miraflores, Lima—via a partnership with local property developers J.G.J. Proyectistas S.A.C.

Outside of the capital, the main centres for luxury resorts are in Cusco, the gateway for the country's most popular attraction Machu Picchu. In one of the most high profile projects, Marriott Hotels will open a top-end hotel in the city in mid-2011. Southern Peru, Arequipa, near the popular Nazca Lines, also has some high-end hotels. However, Roberto says there is a lack of local investment in hotels, especially from pension funds, something his organisation is trying to rectify.

This may be the beginning of change already. The increasing popularity of 'jungle tourism' in the Amazon is prompting leading hotel chains to investigate new development options. Catherine Lanseros, a spokesperson for Orient Express Peru, recently told the Financial Times the company is looking to expand to areas outside of Lima and Cusco, with towns in or near the Amazon jungle at the top of the list.

A factor that could accelerate this new investment is a rise in domestic tourism, as incomes rise and the government promotes internal travel while upgrading the country's rundown transport infrastructure. Domestic tourism is major business in Argentina, Brazil and Colombia, providing an important buffer against more volatile international tourism and encouraging new construction projects at major attractions. Travellers from other Latin American countries are also expected to represent a larger proportion of arrivals in the future.

Another key sector – foreign retirees – is constrained by the high altitude at the country's main tourist sites. But, again, there are real opportunities for new developments geared towards this potentially lucrative sector, according to Roberto Persivale. "There is the valley which connects Cusco and Machu Picchu, which is around 1,500m...Orient Express has just bought a good boutique property there and there is plenty of land in a very nice area. I'm sure there is going to be a golf course in the next ten years."

■ Residential

Lilian Melgar, of Peruvian Global Services SAC, says the word crisis doesn't come close to describing recent trends in Peru, where housing prices have stabilised after rising steadily over the past 6 years. In Lima, apartment prices actually rose by 10% to around US\$800 per square meter throughout 2009, according to BBVA Research. And demand remains insatiable: international consultancy Trinsa says housing sales in the capital rose 30.7% year-on-year in the second quarter of 2010.

A recent article by Global Property Guide identifies San Isidro and Barranco as important areas for high-end, luxury property. Surco, which is further outside the city centre, is popular for both high-grade apartment buildings and detached housing.

Lilian says the Northern Metropolitan area of Lima is a hotspot for residential development right now, particularly for middle and lower income groups. These groups of society are entering the housing market in large numbers as government programs such as MiCasita and Techo Propio, help first time buyers gain access to credit. BBVA Research estimates that the housing shortage in Peru stands at approximately 300,000, which should mean strong demand for affordable housing in the coming years.

Outside Of Lima

Dolf Zijlstra was born and raised in Holland, but he and his Peruvian wife see huge investment potential in real estate in Peru. The key is an extended period of government stability, after the devastating decade of the first widespread terrorism by extremist groups and then brutal repression under Alberto Fujimori in the 1990s. Peruvians believe in the potential of their country once more, and with strong growth leading to wealth increases for many, locals are starting to consider long-term investments in their own country.

Talking about the city of Huancayo, some 500 kilometres from Lima, Dolf says the population growth in recent years has been spectacular, as more and more people flock from the countryside to the country's major cities. This rapid urbanisation creates demand for all kinds of real estate—from affordable residential housing to shopping centres—to serve the influx of people and the growing middle class.

According to Roberto Persivale, a similar pattern is emerging in Peru's other secondary cities, including Arequipa, Trujillo and Chiclayo.

Many of the new opportunities are outside of the city centres, says Dolf, where cheaper land prices draw developers and satellite towns are constructed. The price of land ripe for development is rising at 5-10% per year, significantly above the returns offered by banks right now. The key factor is finding the right location—a place where land is still relatively cheap but where people are willing to move to.

This also goes for leisure property developments, which are springing up as the tourism industry grows. Proximity to airports and major highways is the most important criteria here, and Dolf recommends small scale projects as the cost of attracting visitors to new places is still high.

COLOMBIA – A Country Reborn

As it emerges from a volatile and violent past, Colombia has become another interesting destination for real estate opportunities. Like Peru, it managed to avoid most of the recession, and the sector is benefiting from falling interest rates and stable inflation. There is also a certain degree of catching up to do after so many years dogged by an image of drug cartels, guerrillas and kidnappings. Real GDP growth is expected to fall in the 4-5% range for 2010 and remain solid going forward, as the middle class continues to swell in the coming years. In addition, years of pro-market reforms have made it relatively straightforward for foreigners to invest in the country. A recent report by the University of Rosario y Colombia and Chilean firm Inteligencia de Negocios ranked Bogotá as the sixth most attractive city in Latin America for investment.

Billionaire investor Sam Zell recently declared Colombia the “next best” Latin American market, as new President Juan Manuel Santos continues to support economic development and change the country’s image for the better. Some of the most exciting prospects in the near future lie in the burgeoning tourism sector, especially along some of the less developed stretches of Caribbean coastline.

Commercial

Colombia’s robust economic growth is attracting international companies to the capital Bogotá, where demand for commercial real estate is strongest. Businesses that locate here face few obstacles to entry compared to other Latin American countries, and gain access to a low-cost, well-educated workforce just a three-hour flight from Miami.

Despite this strong demand, a glut of supply could depress prices in the short term. According to the national statistics office (DANE), half of the commercial buildings under construction in Bogotá in 2009 were offices. A report on Bogotá office real estate by Jones Lang LaSalle suggested that the city could face an oversupply of top-grade office space in the near future, as several major projects began years before the crisis hit come to near completion. Vacancy rates spiked from 1% in 2008 to almost 10% by the end of 2009, and are expected to remain elevated until the economic recovery matures.

The upmarket Santa Barbara neighbourhood, in the North of the city, accounts for around a third of all office space in the capital, and is where most international firms are currently based. With room for expansion in this area limited, other areas such as El Salitre are attracting new development of class A office towers.

The retail sector is also vibrant, with sales up 15% year-on-year in June according to data from DANE. Local media estimate

that there are up to 60 malls currently under planning or construction throughout the country, and it is international chains that are driving the sector forward. Chile’s Parque Arauco, for example, recently singled out Colombia (along with Peru) as the country where it expects to see the most growth in the next five years.

Industrial activity is also expanding rapidly in Colombia (output was up 4.9% year-on-year in the first seven months of 2010), especially in the mining sector. The government’s commitment to signing free trade agreements with other countries—Canada the latest deal waiting to be formalised—is helping to spur trade and local production. The state is also creating many free trade zones on the outskirts of major cities and along the main arteries of the road network, creating space for new industrial parks. Javier Eduardo Rojas Ruiz from Finca Raíz de Bogotá SA expects new industrial development in and around Bogotá, Medellín, Bucaramanga, Barranquilla, Buenaventura, and Villavicencio. Cali, Colombia’s third city, is also a potential hotspot for industrial real estate in the coming years, as it remains somewhat behind Bogotá and Medellín in terms of supply.

Leisure/Tourism

Tourism is taking off in Colombia, with arrivals up over 10% in 2009, a terrible year for the industry worldwide. The government hopes the number of foreign tourists will hit 5 million by 2014, although this is a highly ambitious target considering the figure stood at less than 2 million in 2009. This influx of foreigners means that the Caribbean coast is primed for real estate development according to Mauricio Jaimes of

Symbolic Skyscraper

The development of one of the largest and most ambitious urban tower complexes in downtown Bogotá is the most obvious symbol of the new wave of development in the capital.

The 66-floor BD Bacatá building—the tallest in Colombia—will include grade A office space, apartments, a shopping centre and a hotel. Local developers involved in the development are working in an alliance with New York-based real estate firm Progidy Network, an example of the joint ventures that are becoming a popular option for international investors in Latin America.

The BD Bacatá building is part of a wider revitalisation project underway in downtown Bogotá. Major office blocks, shopping centres, apartment buildings and hotels are in the pipeline, alongside large-scale infrastructure upgrades. Financing for the plan is estimated to be split 20:80 between the public and private sectors, respectively.

buycolombiarealty.com. Internal tourism has always been strong, and so the basic infrastructure and accommodation facilities exist, but Colombia's improved international image has drawn major hotel brands to the country in recent years.

However, he warns of overheating in Cartagena, the most famous tourist destination, and now one of the most expensive places for real estate in South America. Mauricio says: "It was one of the first cities that started to have a high demand in terms of foreigners, so that impacts prices, and right now I would say the market [in Cartagena] is overvalued."

Other areas, however, are only just being discovered by international travellers, who are arriving in their droves as Colombia sheds its reputation for kidnappings and guerrilla groups. One of these places is Santa Marta, on the North East coast, which has some of the most attractive tourist surroundings and beautiful beaches in the country. It used to be a vacation spot for Colombians, but now that it's beginning to feature developments at international standards, Mauricio thinks it will become more attractive for foreign investors.

Major works to upgrade public infrastructure will also help funnel tourism to new areas of the country. Major highways connecting the area West of the Andes Mountains with the interior of the country are springing up, providing easier access to the less developed beaches on the Pacific coast.

And there are other new locations that could see strong growth in the future: the coffee producing region, for example, is developing into a popular tourist attraction, following the successful example of wine tourism in other countries. The Chicamocha Canyon in the North East was shortlisted as a natural wonder of the world in 2009. Also, that vast Llanos Orientales grasslands in the country's East is ideal for the increasingly popular eco-tourism industry.

The increased number of tourism arrivals could also open up a relatively new real estate target market: foreigners retiring in Colombia. Javier Eduardo Rojas Ruiz says people visiting the country are often seduced by its beauty and affordability and are now considering settling there permanently when they leave work.

He sees potential in both tourist centres such as coastal resorts and the up and coming coffee-producing region, as well as the capital Bogotá. The supply of specialist properties such as retirement communities is very limited at the moment, and therefore represents an interesting opportunity for investors looking to find a niche in the Colombian market.

Residential

Colombia's favourable country-specific dynamics meant that the housing market was barely affected by the global credit crisis. According to data from the National Bank, used house prices

Hotel Boom

The hotel industry is one of the biggest beneficiaries of the surge in foreign tourist arrivals, and is one of the most dynamic real estate sectors in Colombia right now, as major international chains are plowing money into the country's main commercial and tourist centres.

Four Seasons, Sheraton, Hilton, Holiday Inn, Ibis, and Orient Express are just some of the hospitality leaders expanding their Colombian operations. Aside from the rising demand from incoming tourists, hotel development is being driven by generous tax incentives. New and redeveloped hotels could be exempt from paying income tax for up to 30 years under the government's pro-business scheme.

The results are impressive: between 2006 and 2009, the area under construction for hotels in Bogotá rose tenfold, according to a report by Invest in Bogota. Investment in the sector is expected to hit US\$1.2 billion in 2010, up a third from a year earlier, with most developments concentrated in Bogotá, Medellín, Cali (the three biggest cities) and Cartagena (the principal tourist attraction).

Despite scintillating growth in recent years, the capital could continue to see major development. Global real estate firm Jones Lang LaSalle listed Bogotá as one of the top four South American cities for hotel investment (alongside Lima, Santiago and Buenos Aires).

Colombian hotel association COTELCO, however, is lobbying the government to improve infrastructure in more remote areas of the country so as to divert some of the investment in hotels away from areas in danger of becoming saturated.

rose over 10% in 2009. New housing starts were delayed by the downturn, but there were barely any cases of developments being abandoned.

Mauricio Jaimes says developers learned a lot after a major housing crisis hit the country in 1999. New projects are typically part-financed by income from pre-sales, and sometimes construction doesn't even begin until enough units have been sold to break even. After the crisis hit it took longer to reach this break-even point, but there was very little debt or need to liquidate assets.

As with the other Latin American countries covered in this report, government social policies aimed at addressing widespread poverty and a major housing deficit have provided a fillip from the residential property market. In 2009, when a lot of private sector construction projects put on hold, government-sponsored developments grew rapidly. State support also helped protect the sector from a downturn due to the significantly lower sums of money being sent by Colombians living abroad to their

families back home—a large proportion of which was traditionally used for real estate purchases.

Now the market is recovering, and while housing sales are up strongly across the board in H110, demand is particularly strong in the social housing sector (Vivienda de Interés Social, VIS), which is benefiting from state provisions aimed at facilitating house buying for those with low income. According to the Colombian Camera for Construction (CAMACOL), sales under the VIS scheme were up 29% in the first half of the year, even as non-VIS housing sales fell by 6% in the same period. This low-income sector is likely to remain the most dynamic in 2011 as the government plans to spend US\$200 million to subsidise interest rates for mortgages and stimulate the construction of new development projects.

The traditionally working-class districts in the South of Bogotá (such as Bosa) are where VIS housing is expanding at the fastest pace. In the district of Usme, a major operation called Ciudad Futuro (Future City) involves the construction of 53,000 affordable houses, alongside new schools, hospitals etc, over the next 20 years. Another area set for huge development in the coming decade is Soacha, a large suburb just South West of Bogotá city. The biggest urbanisation project already underway is Ciudad Verde (Green City), which will include some 30,000 houses.

However, even large-scale projects like these won't fully relieve a housing deficit estimated by CAMACOL to be at almost 300,000 in the capital alone. As such, demand for this type of housing is expected to remain strong over the coming decade.

Panama Pacífico

A Portal for Business Expansion Overseas

“I would say Panama Pacífico is the best example of a partnership between the government and private corporations. It's working and it's working well”

Panama is moving up in the world. Since the opening of the Panama Canal in 1914, this Central American hub has offered essential services to the world of global commerce and cultural exchange. Aside from its location, Panama's advantages include stable leadership, solid infrastructure, offshore tax breaks, and a dollar-based economy that fosters a 6 percent annual growth in gross domestic product and provides a world-class business and residential environment. With the development of Panama Pacífico – the second largest investment in the country right after the canal expansion project – this multi-use destination is creating jobs, enticing foreign investment and providing unparalleled advantages to a country on the verge of stepping into the spotlight on the world stage. This new vibrant business, commercial and residential community is built upon the 1,400-hectare site of the former Howard U.S. Air Force Base, and ideally located at the mouth of the Panama Canal and the Pacific Ocean.

When the Howard base was decommissioned in late 1999 and the land was turned over to the Panamanian government they commissioned the World Bank through the International Finance Corporation to do an international study. The results of this study recommended that a Special Economic Area be developed on the property. This then became the first Special Economic Area of its kind in Latin America. In 2005, the World Bank team led the search to identify a master developer for the area. Eighteen companies submitted; the process narrowed down to five, and two submitted bids. London & Regional Panama was the company awarded the right to develop Panama Pacífico in April 2007.

As a Special Economic Area, Panama Pacífico offers unrivaled incentives to foreign companies looking to establish themselves in the region. These include tax, labor and legal benefits, in addition to the convenience of an onsite government office to fast track the process of establishing a business here. This “One-Stop-Shop” provides eleven government institutions in one location. It doesn't matter if you have to go to the bank, register yourself with the labor ministry, or get a visa for one of your



employees – you can do it all in one place, in probably 1/10th of the time you would do it in any other place in the country, or maybe even in the world. This area was specifically created to drive multi-national investment into the country. And to say that they have been successful is an understatement. Companies such as 3M, Dell, Caterpillar, VF Corporation, SamTec, Aggreko and Wartsila have all set up shop in this new development. Also involved are shipping companies from all over the world including Spain, Italy, Singapore, Finland, and Norway.

The largest percentage of corporations investing in Panama Pacífico is foreign companies. Some had already been established in the Central American region and moved here looking to take advantage of the area's benefits; some are brand new companies, and others are launching into the lucrative Latin American markets for the first-time - Dell opened here just 7 years ago. Caterpillar already had an office in downtown Panama City, but is now building one of their five world-wide training centers for large equipment here, specific to the Latin American region. VF Corporation (VFC), the largest apparel manufacturer in the world, just opened their Latin American headquarters onsite less than a month ago. 3M came here in 2008 to manu-

facture four products and export them to all of Latin America. A second division of 3M is in the midst of setting up shop onsite in the coming weeks.

In total, 62 companies are registered in Panama Pacifico, of which 35 are open and operating presently. The others are in the process of getting their registrations approved, and moving in, and another 10 to 15 are in the process of contract negotiations. By the end of 2010, around 75 companies will be registered, on-site or moving in.

As far as the physical space available in the development - the first two warehouse buildings, totaling 21,000 square meters, were just completed a year ago in November 2009 and are now full. Two more warehouses were completed this past July and they are full. Another 35,000 square meters of warehouses are under construction with delivery planned between next summer and fall. These buildings are already pre-leasing, and significantly committed. Two new Class-A office buildings totaling 10,000 square meters in the International Business Park were inaugurated this past April, and are 90% leased. A third office building of 12,000 square meters breaks ground this month, and will be available for move-in as early as December 2011. Finally, two residential projects are also underway - one 126-unit neighborhood of executive homes from \$400,000 to \$700,000, and a 78-unit mid-rise condominium building with prices from \$155,000. New residents will move in as early as September of 2011. More residential communities are currently in design, and plan to break ground in the first quarter of 2011. In the coming years, approximately 400-500 housing units will be built every year.

In addition to offering enticing incentives for business, Panama Pacifico has built an impressive eco-friendly residential area

that offers an incomparable lifestyle in a tropical setting. The community's master-plan calls for a tapestry of homes in a variety of styles, sizes and prices, a future world-class golf course, and hundreds of hectares of open space.

The master plan of Panama Pacifico allows residents to live, work and play in the same location. The property boasts - walkable, livable, new neighborhoods in Panama, onsite business parks, retail centers and entertainment venues, an interconnecting trail system and onsite amenities such as shopping, dining, recreation, entertainment and schools, in close proximity to Panama City.

Master developer London & Regional Panama (LRP) saw the future of Panama Pacifico as a strategic place for developing a new city. When the government created the law making it a Special Economic Area in 2004, The Republic of Panama facilitated the development of the area with the selection of a qualified private partner in LRP. In terms of the original investment, USD \$705 million is the minimum total actual development, but the projection of economic impact over the life of the project is \$4 billion. The current total invested is \$96 million dollars as of mid October, with the expected number to be \$140 million by summer next year. The development has already created over 3,700 jobs and is estimated to create 35,000 – 40,000 jobs when the project is fully built-out. That is important for Panama and obviously one of the things that the government saw as important in the development of this new global business hub. Panama Pacifico is a prime example of a successful partnership between the government and private enterprise. Here, it's working and it's working well.

For more information on Panama Pacifico visit - <http://www.panamapacifico.com/> or contact Juan B. McKay, Communications Officer at London & Regional Panama, at jmckay@lrp.com.pa



Every company finds a good fit in Panama Pacifico.



SPECIAL
ECONOMIC
AREA

Seven years ago, Dell was one of the pioneers in the Panama Pacifico Special Economic Area, and in the contact center industry in the country. Panama Pacifico offers an incomparable location, infrastructure, and legal benefits that help us provide the best service to our customers.

Martín Álvarez

Regional Director for Central America and the Caribbean
General Manager Dell Panama



Former Howard Air Force Base

Tel +507 316 3555

info4@panamapacifico.com

www.PanamaPacifico.com

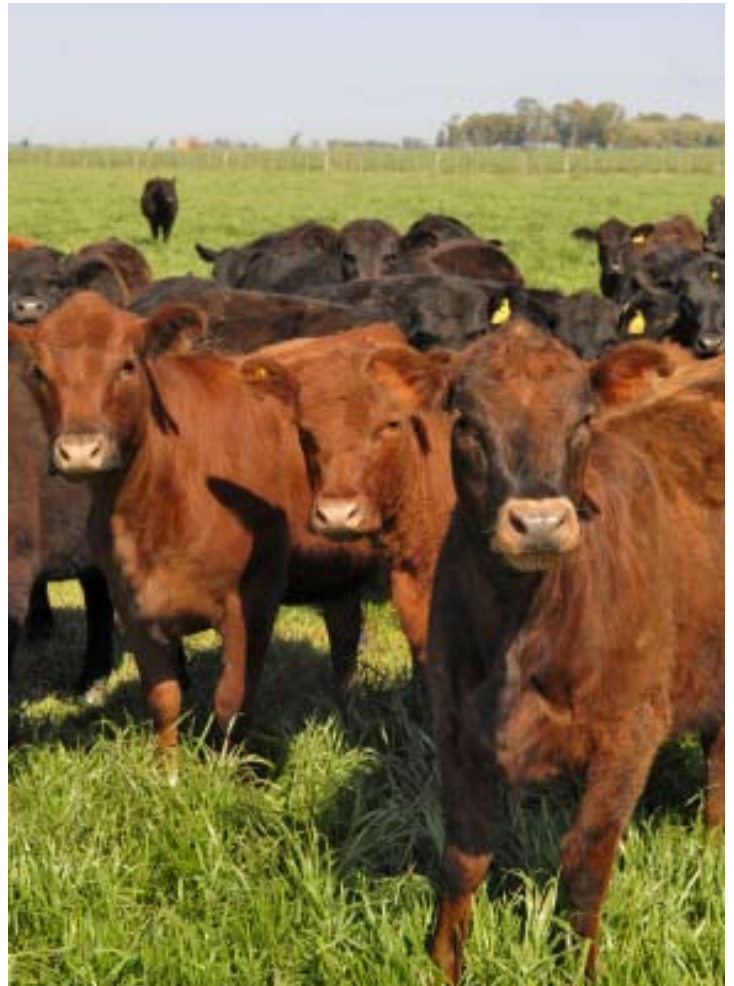
Agricultural Argentina:

Now is the Time to Invest in Argentina

If you take an average of currently producing land and land with the potential to produce, Argentina has the best land in the world and is on course to be a leading global economy. The country has grown steadily for the past 7 years and has weathered the recent global crisis significantly better than most countries. In fact, despite Argentina's absolute lack of credit, which has been non-existent for the last decade, it is still forecast to show GDP growth of close to 7% this year.

The underlying problem and opportunity for investors is credit. There is essentially no bank credit available. Thus, an agricultural property valued at \$20 Million USD – which can get you between 4,000 and 20,000 hectares of prime producing land, costs \$20 Million USD in cash—unless a buyer can negotiate seller-financing. However, if buyers are able to invest without the luxury of bank financing, Argentina today is one of the best land investment opportunities available today. Agricultural land investments have the estimated potential to generate between 3-8% annual yields by renting them out for farming or cattle or a much higher yields of 8-15% if the farm is operated. The richness in the land is reflected in the products available, the vegetables, fruit, wine, beef, olive oil, sunflower oil and cheeses are incomparable from a quality standpoint. With the highest quality land and decent distribution, Argentina today is trading at an enormous discount compared to global prices.

From a global, macro standpoint, which countries will feed the rest of the world well into the future? The answer is that Argentina, Brazil, Paraguay, and Uruguay have some of the best potential and due to their cost of labor, excessive levels of water, and quickly improving logistic advantages, they will continually have real cost advantages on a large scale. Plus, as many other global commodities, particularly food commodities, continue to appreciate, coupled with global concerns over inflation and a weakening dollar, where should high net worth individuals and institutions invest their capital? It is only too logical that for institutional and sovereign funds, investing in Latin American agricultural land is not only a hedge against inflation and a solid portfolio diversification, but it is an exceptional capital appreciation opportunity.



Between now and the upcoming 2011 election in November, one can expect a volatile outlook for Argentina and will likely continue to scare off many outside investors for the next 12 months – this, however, is truly the opportunity. If investors want to enter the market before Fortune's article in summer of 2012, they should be studying the Argentine market now. How can it be a mistake to invest in a strategically located piece of agricultural property in Corrientes or Entre Rios, along the Rio Plata, Rio Uruguay or Rio Parana and within close trading proximity to Brazil, Paraguay and Uruguay? It is difficult to make a case against large parcels of high quality agricultural and cattle land with prime operating production going for \$700-\$1500 USD an acre that will yield 3% to 15% and undoubtedly appreciate at above average rates over the next five to ten years. Not to mention their benefits of being beautiful – many of which include estancia facilities, access to fishing, hunting and other outdoor activities.

■ Why Argentina?

After extensively analyzing Argentina, Chile, Brazil, Paraguay, and Bolivia – although it may be viewed as somewhat contrarian, Argentina today presents the best value and risk/reward ratio in the region. Many have their eyes on the Mercosur market (which includes Argentina, Brazil, Paraguay and Uruguay), where Brazil is undoubtedly the star, but Brazil has already witnessed enormous appreciation and entering that market with an investment today of \$10M USD, for example, is the equivalent of entering a BMW dealership with \$3,000 USD. Brazil is flush with credit and foreign and local capital. A strong case can be made that now is the time for investors to exit positions there and arbitrage again into other markets like Argentina. For the weathered Latin American investor, able to deal with higher levels of security and legal risk, Paraguay and Bolivia also present some extremely compelling agro-investment opportunities, but it is not recommendable for the average investor to enter these markets unless they are a part of a larger, diversified fund. Chile and Uruguay, both viewed as hyper-safe capital refuge markets, have also witnessed enormous appreciation and although both markets are promising, Argentina has many exceptional investment opportunities and much less competition.

As for the country, Argentina has now been out of favor since 2001, when it defaulted on USD \$174 billion in global debt. In 2005, it managed a major debt swap, although at a significant discount, and is close to completing a new agreement on the unresolved remainder. Once complete, the media should have better things to say. The political game changer is Nestor Kirchner's sudden death on October 27, 2010—a shock that will take time to process, but local consensus believes that many will view this event as one of the catalysts for change and allow much greater openness and pro-active attitudes toward foreign policy and pro-export policies for a country that has been on a very tight leash under the former President since the early 2000's.

Nonetheless, Argentina has been a difficult story to promote, given the Kirchner regime's protectionist and seemingly self-serving policies, including many examples of roller-coaster tax policy decisions that have come close to crippling several of Argentina's most important export industries, including beef and soy. Argentina is now in a pre-election year and we can expect the next 12 months to be inflationary and politically disruptive as the current administration continues to try to isolate the opposition. The government pulled some irrational tactics with the agro sector two years ago, increasing agro export taxes but trying to place 50% rates on soy, but backed down on their harshest measures after the Vice President and the entire agro community stood their ground—fortunately, the worst, from an agro-policy standpoint, appears to be over. Very positively today, Congress has been pro-actively pushing for major shifts in the policies toward agro-retention levels and it is believed by many that Argentina may soon see restrictions lifted on wheat (now at 20%), corn (now at 23%), and soy (now at 35%)—with a possibility of these levels one day soon even reaching 0%. Such policy shifts will clearly lead to greater agricultural development and obviously only further improve the already very attractive yields.

Argentina is still Argentina: it has flirted with first world status on numerous occasions but never ceases to continue to get caught up in third world problems, but it undoubtedly has the potential to be a leading global economy and will inevitably play a major part in global food production. Corruption, yes – political quagmire, yes – but Argentina is not Venezuela, although it remains priced as if it were. Poverty at 25% of the population, coupled with real concerns over inflation, is also a problem, but this problem is shared by Brazil, Peru, Colombia, and other South American countries that have high rates of poverty as a percentage of their population base. Regardless, 2011 will undoubtedly be a challenging year, with the election following an eight-year Kirchner administration stronghold on this market that is fighting to hold onto their golden throne. With the former President's sudden death recently, it will be much more difficult for President Cristina to win in 2011. Nevertheless, whether the Kirchners win or not, Argentina is a solid investment value today and any further price pressures should only be viewed as an opportunity to get in, not out.

Today, in comparison to 10 years ago, Argentina's neighbors are also all doing incredibly well and global tourism also continues to flood into Argentina, estimated to continue growing 10% per year through 2020—both of these are very powerful influences that are inevitably contributing to many positive influences on this economy. However, the lights still remain off for foreign investment, though, which is when Soros and other experienced Latin Investors claim is the time to get in. In terms of private equity in Latin America, Brazil leads, followed by Mexico, Peru, Colombia, and Chile. Argentina, a country that could easily be second or third on this list, has remained on the black list. Through local sources, the sentiment seems to be changing quickly though and numerous large deals are again getting

done with private equity groups quietly laying investments back into agro and other sectors. When lights come back on, this market has the potential to move quickly. When attitudes openly change, the catch-up effect will be fast and aggressive. That being said, now in 2010 and early 2011 should continue to be a very good time to enter this market and many fortunes will be made over the next five years in Argentina.

■ The Mercosur is the Region to Watch

The Mercosur is on fire. The Mercosur region, the Nafta-like trading region in the southern cone, includes Argentina, Brazil, Uruguay and Paraguay. These economies are growing without trying very hard, meaning that despite the political and economic obstacles that have traditionally plagued the region, these economies appear to be located in the right place at the right time and are showing very strong expansion today—but there is no doubt that Brazil is a neighbor you want, and this is the main reason why these four countries are poised to be the top performing economies in Latin America in 2010. According to the UN Economic Commission for Latin America and Caribbean (ECLAC), Brazil will lead in GDP growth of 7.6%, followed by Uruguay and Paraguay at 7%, and Argentina with 6.8%. ECLAC forecasts Peru at 6.7%, Chile at 4.3%, Mexico with 4.1%, and Colombia with 3.7% in GDP growth in 2010.

All of these economies are growing internally and benefiting from both Brazil's exploding middle class that is demanding cars and local import, and the global demand for agricultural exports. Brazil has enormous momentum today, but also has the benefit of several decades of sustained credit and enormous levels of foreign investment. Brazil also has a strong middle class, which has emerged to become similar to the strong US middle-class of the 1960's and 1970's – remember when every American family could finally afford color TV's, a nice car, and put 25% down for a house—this is Brazil today. The Mercosur should experience exponential expansion and global integration over the upcoming decade; in large by riding on Brazil's coat tails, but Uruguay, Paraguay and, of course, Argentina should not be overlooked. Historically, the growth rates along the border markets witness above average returns and growth rates. As in the case of Texas, for example, Houston, Dallas and San Antonio are indisputable economic powerhouses, as are the Texas border markets, as there are major cross-trade synergies due to their proximity to Mexico. The same thing is happening in the Mercosur markets, look at Uruguiana, Brazil across from Paso de los Libres, Corrientes, Argentina. The rice, soybean and agro business have resulted in a market that is quickly becoming a hub for the region, and not just for agricultural businesses, but technology too. These markets are sitting opportunities for logistics, commercial real estate, and other trading related business, and real estate in these areas are exceptional investment opportunities today.

■ Real estate opportunities in Argentina

First of all, Argentina is one of the great tourism markets and if tourism in Argentina were a stock you could buy on the stock

market, it would be rated as a strong buy. Aside from its beauty, is it becoming increasingly easy to travel and you have a wide range of alternatives from ski resorts to whale watching on the beach, to three different wine regions and of course, the city of Buenos Aires, a city of 12 million people which is a mix between Paris and Prague, located in South America.

Real estate investment opportunities range by type and, of course, region. Many foreigners have bought apartments in Buenos Aires, and with some rehab and smart design, relisted these apartments for rent on sites like Oasis and BA Apartments, and continue to generate remarkable returns by renting these to the exploding foreigner market that pay USD for periods of four days to four months—growing into a solid alternative to hotels. Despite this, the hotel development business continues to grow throughout the country with many unique opportunities still available for the fast expanding tourism market. Commercial real estate is another area worth deep analysis, as opportunities exist in new segments like Prologis-level logistics along the Mercosur agro corridors, self storage (groups like Mas Espacio are visionary pioneers bringing exceptional self-storage services to a starved market), and parking. The creation of US and European-level, operating platforms in these segments offer unlimited growth opportunities at a time when similar segments in the US are already tapped out and are clearly in their more mature phases after 20 years of overzealous lending practices that have resulted in far more inventory than demand, especially in front of what appears to be a Japanese-style sloth of a market—yet these opportunities remain virtually untapped in Argentina.

Recreation properties such as fishing and hunting ranches, as well as many of the wine / polo communities for retirees and other users are still a very good value, but buyers need to be careful to identify the right projects. The province of Buenos Aires has numerous unique development projects that offer 50 to 300 home sites within beautiful estancia communities where owners can live the estancia lifestyle, play polo, and live well. Home sites range from \$50,000 to \$200,000 USD for sizable properties 3000 square meters to 2 hectares (20,000 square meters) with minimal HOA dues. Building costs also remain low, and from a quality of architectural and building material standpoint, it is a great value where you can still build for well less than \$100 US per foot. Mendoza and Salta are two other prime locations that should continue to be a very good long-term opportunity. In Salta, the Estancias de Cafayate project is a true gem as many people have discovered the uniqueness of Salta, which is similar to New Mexico and is quickly becoming recognized as one of Argentina's leading wine regions. For outdoor lovers who like the mountains and fishing, Patagonia is more expensive than it was ten years ago, like everywhere else, but it is still the best value in the world for what it is. Beautiful areas like San Martin de Los Andes and The Chimehuin River Region, for example, are much like the Jackson Hole/Telluride Markets of 1970's. For the adventure-minded, there are a lot of properties and border

towns (with Chile) between Bariloche and Mendoza where you can still find the land deals of 1995. In this area you get fishing and the Wild West.

■ Agricultural and Cattle Land Opportunities

As global food consumption demand continues to grow, Argentina will remain a critical link in the global food production chain. In 2008, it produced 46.2 million metric tons of soy, corn (21.3M), maize, sugarcane (20.5 M), wheat (16.3 M), sunflower seeds (4.6 M), citrus fruit (3.2 M), sorghum (2.9 M), grapes (2.8 M), potatoes (2.6 M), barley (1.5 M), apples (1.2 M), rice (1.2 M), green tea and yerba mate (1.1 M). In terms of meats, it produced 3.4 million metric tons of beef, poultry (1.5 M), seafood (0.7 M) and pork (0.3 M).

It is estimated that 10 million hectares in Argentina remain ripe for conversion into agricultural land, as compared with probably 50 million hectares in Brazil. However, particularly in Brazil, access into many of these areas will remain cost prohibitive until values can justify the infrastructure required to reach and operate in these locations.

In Argentina, the underlying quality of land, access to water, the rapidly improving agricultural industry infrastructure, the transportation channels, the basic lower cost structure, and most importantly, the cost of land today are why Argentina is more attractive than most of the other markets. This is still true of soybean land, citrus land, rice land, and cattle land—all of these sectors are undervalued from a global price standpoint. For example, costs in Argentina to produce a ton of soy are often a third to a half of equivalent costs in Brazil. Plus, soil quality is superior in Argentina—in Brazil you often need to spend on average \$500 USD per hectare in fertilizer costs alone, unlike zero in Argentina (in many cases)—yet land costs in Brazil are twice that of Argentina. Returns in Brazil today are 3-5%, plus a more modest level of land appreciation that should follow inflation rates, but with a combined annual yield of 7-8%, it is likely more preferable in Brazil today to invest in other sectors like commercial real estate where returns are higher and there is significantly less brain damage than acquiring remote land in Brazil and converting it—much more complex and lower returns.

In Argentina today, groups with expertise in hydrology, the development of pivot irrigation, with the vision to acquire land with excellent soils and underground water resources and be able to make the capital investments required to convert these properties can generate annual yields of 15%+ and be worth a fortune in five to ten years in Argentina. Such development investments are not insignificant, and can easily be \$2500 USD per hectare, but by removing the water risk from the equation (ie. Drought), the end result is a very solid cash flowing investment with a logical take-outs, if they want to sell, by the large, global agricultural holding companies that recognize the need to increase their positions in Argentina.

■ Where is the Beef?

Argentina is to cattle what Cuba is to cigars. From a quality standpoint, if you could invest in the Cigar industry, you would want to own a tobacco farm and operation in Cuba—the same goes for cattle land and beef in Argentina. Major value arbitrage and potential upside exists in cattle land today. Plus, from an underlying global macro standpoint, beef is a global commodity to be invested in over the upcoming five years. What is quite unbelievable is that on a global basis, free-range cattle are becoming an endangered species and cattle numbers, across the board, are down. This is not a problem for die-hard vegetarians sipping lattes in San Francisco Starbucks, but this is a problem for the global beef market and consumers in Japan, China, Europe, the US and even Brazil and Argentina.

The global beef sector is driven, in large, by a few key inputs (fuel, feed, and labor), which have gone through the roof in major beef markets like the US, Europe and Australia. Feed lots across the globe have been going out of business, as their underlying cost drivers like corn, fuel, labor and land costs have all increased over the last years. In Argentina, however, these inputs remain cheap and should for the foreseeable future. Many of the big beef producing countries have also sold off many of their breed stock cows (the females) over the last years of hardship that has also resulted in what should be a four-year shortfall of new beef production; and countries like Brazil, for example, also emerging as a major global supplier, is losing most of its exportable supply to the fast-growing middle class consumer that is consuming most of the domestic production. In Argentina, rising prices, a two year drought, export restrictions, as well as more cattle land being converted over to soybeans, have also created the perfect, tragic storm for local cattle populations, and led to the slaughter of many cattle in Argentina.

According to many cattle traders in Buenos Aires, beef is in a crisis mode—Argentina's herd has fallen in number from 57.5 million head in 2008 to 48.9 million today. This 20% decline is one of the reasons why supermarket beef prices are up and the price per kilo for a live cow has literally doubled over the last year. In the global beef business, the Mercosur is where you want to be located; the four Mercosur countries will supply 2.9 billion tons of beef this year in 2010, which represents 40 percent of the global market. Brazil is the second largest exporter globally, followed by the US, and Argentina has recently fallen to eighth position behind Uruguay due to the government's export restrictions. Argentina is also still unable to export to the US, but many people believe that local export restrictions, and very possibly policies with the US, should improve and at least with only 440,000 tons of beef out of Mercosur's total of 2.9 billion tons, many locals believe that things cannot get worse. Regardless, the macro outlook for beef is very strong.

The strategic opportunity is in the premium, for-export "grass-fed" beef segments, in which one can effectively still create a long-term operating platform for producing leading quality beef in what should remain the lowest global cost environment avail-

able. As global demand for healthy, premium grass-fed beef continues to grow, coupled with a global export market that can only improve for Argentine beef producers, taking a position in the Argentine beef sector today is not unlike those that invested in the potential for the Argentine wine sector in the late 1990's, and are now unable to keep up with the global demand for low-cost, deep value Argentine wines. Watch visionary groups like Estancia Beef that have brought cutting-edge technology into inventory management, time-to-market logistics, and smart export strategies that are putting the freshest and highest quality beef in boutique grocery stores internationally at highly reasonable prices. At a time when an average hamburger in the US has meat from as many as 1000 different cows, consumers are demanding quality and can now get it from companies like Estancia Beef that sell beef from both Argentina and Uruguay.

From a quality standpoint, Argentina has the best quality. The cattle in Brazil and most other equatorial markets are sub-par from a true quality standpoint. This point is not to be underestimated in terms of its longer-term importance. The Brahman and Zebu breeds can withstand the heat and nasty bug environments, for example, they can twitch their skin to fend off bugs, but their meat is sub-par and better for stews and hamburger—as a beef connoisseur might claim. The British breeds (Red/Black Angus, Hereford, and Short-horn breeds) are indisputably the premium beef and these more sensitive breeds need more temperate climates, which are available in certain parts of Argentina.

■ Land Investment Opportunities

The underlying land value is a large part of what makes these opportunities interesting.

Excellent cattle land can still be acquired for an average cost of \$1000 USD per hectare (or \$415 per acre). Land in close proximity to Buenos Aires that can support 1 cow per 1.2-1.4 hectares will cost around \$2500 USD per hectare. Similar quality land in Entre Rios and Corrientes will cost \$1500-\$1800 per hectare. For 30-40% less receptivity in land, exceptional properties can be found for \$700 in parts of Santa Fe, \$400 in Formosa and as low as \$300-\$500 in parts of Salta. The main way cattle land is measured, however, is the price for kilo added. For example, on an exceptional cattle property in Buenos Aires or Entre Rios, a cow can add 110 to 130 kilos in 12 months just grazing on native grass. Therefore, depending upon the underlying value of the land and the holding / production capacity, values are calculated as the USD per kilo added. Therefore, what you see is that costs per kilo at the above prices in Buenos Aires, Entre Rios, and Corrientes are still between approximately \$18 and \$24 USD per kilo added, which is very attractive from a global cost basis, and as low as \$10 USD in Santa Fe, Formosa and Salta Provinces, although they are more remote.

Although the deep value opportunities of 2003-2007 are getting harder to find, many solid value opportunities exist now. Numerous large acreage buyers are reaching further into less accessible provinces like Formosa, Chaco, and parts of Salta. The

opportunity in these markets is buying large tracts, between 10,000 and 50,000 hectares of undeveloped land, with good underlying soil and water, for \$200 to \$400 USD per hectare, investing another \$200 to \$500 per hectare in clearing the land, developing water wells and irrigation, laying out fences, introducing high quality grasses and converting these prime lands into \$900 to \$1500 USD per hectare cattle land or agricultural operational land. Adding value through the conversion of land is particularly interesting due to the enormous productivity increases using advanced technology available today in terms of equipment, chemicals and high producing seeds.

This trend has occurred throughout South America, but significant investment opportunities exist now in many parts of Argentina, and as these regions gradually gain better processing facilities and transportation infrastructure, major value creation will continue to occur.

Another very attractive region is the Entre Rios / Corrientes provinces, which are located 3-7 hours from Buenos Aires by car and are some of the best areas to be focused today, from a rangeland, price/value, and logistics standpoint. An added benefit, that also adds major marketing value to the right buyer, is that this region also has some of the best dove, duck and perdiz hunting in the country, as well as dorado fishing, all of which continue to be in demand from a tourist standpoint. Here you can buy cash-flowing, improved and unimproved cattle land that can over time be converted into higher-yielding agricultural land along the fast growing transportation corridors for the Mercosur, which spans the Corrientes, Misiones and Entre Rios provinces. Here you can still find 1,000 to 40,000 hectares of extremely high quality agro/cattle land properties for \$900 to \$2,000 per hectare (\$290-\$850 USD per acre). Many of these will give the buyer a 3-8% net annual yield, in dollars, but also can yield much higher returns if the owner takes an active operating position and/or is willing to invest in further improving the properties into rice production, corn, and soy. Many of these properties also sit on world-class hunting and fishing resources, which also means there is water. Water is good and if you can make long-term bets on land with exceptional water resources, you should experience above-average appreciation on your land costs. If bought right, many values should double here over the next four years, if not appreciate even more.

For the less adventurous investors who are looking for solid value and slightly lower yields, there still remains major opportunity in acquiring existing agricultural land in Buenos Aires province, west and north-west of Buenos Aires. Here it is harder to find properties than can be developed into higher uses, like converting remote, non-working land into cattle land, or cattle land into rice land. This region is for the class-A Agro investors and here you find the Saks Fifth Avenue of agro land, that can still be bought for \$3,000 USD to \$10,000 USD per hectare (\$1250-\$4500 USD per acre). Here you are buying the best of the best—as the Province of Buenos Aires is an agro industrial Mecca and if you find well-located property, the best soils, with good highway networks/distribution, and ideally a proximity to

small towns—you can't go wrong. You are buying a bond that will pay your grandkid's retirements and generate very attractive annual yields for any portfolio.

As mentioned, Argentina exports are limited by internal and global restrictions that are mutually protectionist, but it is certainly still a sector in its infancy from a global export standpoint, and has enormous room for improvement and should only become more efficient as greater technology and controls are applied to all parts of the vertical beef cycle. Global consumers are increasingly demanding quality food products, such as grass-fed beef and best quality produce. As for grass-fed beef, international consumers will certainly take as much Argentine beef as they will be able to get (one day). Over the next 12 months, however, as prices remain this attractive, will be an optimal time to take a position in Argentine land, and perhaps most interestingly, high quality cattle land.

Sometime also in the next five years, the credit markets will have to come back in Argentina – even though no one is waiting for the banks today -- Development occurs and capital remains in real estate.. When you add credit into the equation, that is also a game changer here, and it is only a matter of time. In Paraguay, for example, one can buy land with 40% down and 60% financing for eight years at 6%—this is through BNDES, the extension from Banco Itau . It is only a matter of time until local and Brazilian banks offer similar terms in Argentina and when this happens, the final result is clearly very interesting for property valuations and investment in the country. When there is no underlying banking foundation, capital takes refuge in real estate, as a hedge against inflation, and it remains a place to earn your 5% per year and wait for capital appreciation, which has continued to come generously for those in real estate. In Buenos Aires - when people wake up to the underlying value of owning Argentine income-producing real estate, without a financial structure – just wait until credit comes back into this economy. The economy will be stimulated and many land rich, cash poor owners will be able to add leverage to their portfolios and reinvest in higher-value opportunities. Therefore, this added leverage is a wave of internal investment capital that will hit this economy hard when Argentina turns the credit corner.

■ Conclusion

Real estate remains a very interesting segment today in Argentina that still remains generally undervalued on a global basis and a well capitalized group that is able to move quickly can negotiate extremely favorable terms. There are many opportunities in urban real estate development, recreational land development and lot speculation, and, in particular, the agricultural and cattle land sector. There is an enormous opportunity to generate exceptional real estate investment returns over the next four to

eight years through the acquisition and improvement of strategic land assets in Argentina. Real estate investment, including residential, remains an all-equity investment as local credit remains non-existent, yet seller financing can be quite attractive. Argentina is not a market with significant levels of credit or existing bank debt, which is one of the reasons why the credit-driven, global financial crisis has not had a major impact on this economy. It is also, therefore, not a real estate market in which you can buy the debt as a strategy for owning the equity, as the majority of all local real estate is all equity and thus bought without the luxuries of bank financing. There are two positives, however, first, that seller financing is often available, which is worth noting, and, second, that financing will exist within several years, as it has in the past and does now in almost every country in Latin America, including Paraguay and Nicaragua, as two extreme examples. As the political environment improves and both global investment and credit returns to Argentina, we will witness change in many ways, but perhaps the most important segment may be the emergence and revival of the long lost middle class that will only further lead a trickle effect that will continue to be felt throughout the region. Argentina coming back online in the region will foster many types of opportunities.

Don't forget that Argentina has also become one of the leading global tourist destinations over the last decade (it has been rated #1 by Lonely Planet and Buenos Aires is consistently ranked in Travel and Leisure's List of the Top 10 Cities) and, as an example, as its' wines have made their way into most grocery stores across the globe, representing perhaps the best quality / value ratios in the market, Argentina, the country, is suddenly becoming a well-known brand also representing quality and value. It is therefore surprising that despite the recent surges in global investment acceptance and interest in Latin America, specifically in Brazil, Chile, Peru, and Colombia, Argentina still remains relatively unnoticed and generally out-of-favor--comparisons are still being made to highly unstable countries like Venezuela, Ghana, and Ethiopia. As a result, the majority of diversified Latin American portfolios still do not include Argentina in their mix. This will change and you can bet that Fortune Magazine or Barron's will cover Argentina as a Rising Star in 2012—just wait! So, while the lights remain off, now is the time to seriously evaluate investing in Argentina, and if the 2011 elections provide a further pricing hiccup, be ready to move even more aggressively into Argentina—your grandkids will thank you.

Argentina investment article provided by Homer Luther, a global real estate professional and entrepreneur working in Buenos Aires who is actively advising investors in the region.

Azuero Peninsula's Hotel La Luna: For Sale

Details

Rooms: 10 each 24 sq meters
Lot : 2003 sq meters
Pool: 54 cubic meters
Restaurant: 70 sq meter fully licensed (includes bar)
Additional: Manager Apartment and Stand Alone Reception
Private 5000 gallon back-up water tank
Affiliations: ATP member, Panama Tourism Association
Beach: 20 meters from hotel

Area: Playa Uverito

Playa Uverito is 2 miles outside Las Tablas, the number one place in Panama for the yearly Carnival celebrations. Once a year this town of 30,000 swells by 400,000 with no decent hotels in the area. A few generously rated 2-star establishments which charge a minimum of 200USD a night during Carnival. Playa Uverito itself is just now being discovered by expats moving to Panama with property prices doubling over the past three years and foreigner population growing even faster. Paved road and telephone is being introduced this year, making it a perfect time to invest. In addition, 30 minutes away in Pedasi, two very large real estate developments, with 1 hr flights to Panama city started in May of this year. These multi-million dollar investments will have a substantial effect on property values in the region.

Owner/Designer: Luca Varisco

Born in Milan, Luca studied at an institute focused on hotel/restaurant management spending the last 30 years in the industry perfecting his craft. His projects in the region include:

Developed Stella Restaurant and Hotel Tamalimo:
The restaurant has won on a national level, three golden spoon awards, 3 star Michelin ranking,

Opened Hotel, La Pagoda, a Japanese style construction with 5 suites.

Built The Hotel Estrellas de Bocas,

Built Hotel La Luna and the Eclipse Restaurant. The architecture of the hotel is unique, and in 2008 it won a national award as the best building of a commercial micro-enterprise.



For more information please contact Nate Suppaiah at 202-905-0378, or nate@caprg.com

CAPRICORN
Research Group

LENDING AND MORTGAGE MARKETS

Capital and lending markets throughout Latin America remain relatively underdeveloped. The waves of financial, debt and currency crises that buffeted the region in the 1980s and 1990s restricted the amount of institutional money being funnelled into real estate.

Furthermore, having been badly burnt, governments across the region subjected banks and financial institutions to draconian rules and regulations. This restrained development in the domestic lending market and discouraged foreign banks and funds from establishing a presence in the region.

All of the local experts interviewed by Alternative Latin Investor for this supplement commented that the presence of funds in the real estate market was fairly limited. Major domestic pension funds in Brazil, for example, hold only around 2.5% of the total commercial real estate market.

Mortgage markets are also undeveloped. The percentage of mortgage in real estate to GDP reached 3-4% this year in Brazil. In the US the ratio was above 100% just before the housing slump, so there is still a huge amount of catching up to be done. In Brazil's case, mortgage penetration is low even by South American standards (Chile is estimated to have a mortgage-GDP ratio closer to 20%).

Meanwhile, Lawrence McDaniel in Mexico says that the banking sector in general covers realistically around 10-15% of the economy, with the formal banking sector serving only the top 7-8% of income groups. Lawrence adds that this means the leasing business in Mexico is "nascent".

These low ratios actually insulated the region from the fallout of the subprime mortgage crisis, which devastated the balance sheets of many US and European banks. However, now with demand soaring and access to finance limited, developers are struggling to keep pace with real estate investment needs.

■ A Boom in the Making

Lending markets throughout Latin America—and in Brazil, Mexico, Colombia and Peru in particular—look set to explode into action in the coming years. Whereas punitive interest rates and frequent bouts of inflation in the past meant there was no appetite for long-term lending, strong growth, prudent economic policies, and regulatory reform are stirring credit activity. At the end of Q1 2010, mortgage lending in Peru had grown 47% over a year earlier, according to the association of bank (ASBANC). In Brazil, the annual increase was even more

dramatic at 77% based on data for the first half of the year. Some experts estimate that total mortgage loans could surge to almost R \$450 million by 2015, a startling six-fold increase on current levels.

This growth is being supported, even driven, by ambitious social housing programs such as Minha Casa, Minha Vida (My House, My Life) in Brazil, and Techo Propio (A Roof of Your Own) in Peru. These state-funded programs use subsidised interest rates and tax exemptions to help low and middle income families buy property and ease the chronic housing shortage that plagues many countries in the region.

In Mexico, the single biggest issuer of mortgages is the federal fund, Infonavit. According to its own data, the fund has issued 1.41 million mortgages since December 2006, around four times more than the private sector. Infonavit also said at the end of September that it is on course to hit its target of 475,000 new mortgages in 2010, with the majority going towards low-income groups.

The hugely oversubscribed support programs are bringing large swathes of the population into the housing market for the first time, fuelling unprecedented demand for mortgages. In response, lending markets are slowly becoming more liberalised, with more sophisticated investment instruments beginning to appear.

■ A Rise in Institutional Investment

In the big-government Latin American states, the first step to capital markets liberalisation is via new or improved legislation. Here we are seeing some major changes. In Mexico, the Calderon government is reforming the taxes applied to *fibras*, Mexico's version of real estate investment trusts (REITs), in the hope of making the securities more attractive for investors. Another piece of significant regulation allows pension funds (known as *afores*) to hold some real estate assets in their portfolio. This has set off a flurry of activity as real estate investment firms try to tap into the estimated US \$100 billion pension fund industry.

Though the *afores* are still prohibited from direct investment in private equity and venture capital, the possibility of investing in these asset classes via Capital Development Certificates (CKDs as its Spanish acronym) is now a reality. At the end of Q1 2010 local pension funds had the equivalent of US \$97 billion in assets under management and only 1.1% allocated to CKDs.

However, judging by early evidence, this ratio is likely to increase rapidly over the next few years. In August alone, AMB Property Corp.'s Mexico branch launched a real estate fund with US \$260 million of pension fund money, while Prudential Real Estate Investors (PREI) raised a further US \$241 million. Both funds will focus on industrial real estate developments and properties. Maite Igareda, chief operating officer of PREI-Latin America, stated that "this fund provides Mexico's *Afores* and other major qualified investors with an opportunity to make direct real estate investments in Mexico."

Pension funds in Brazil are also holding more and more real estate assets, as the government relaxes limitations to the amount they are able to hold. Real estate investment trusts (REITs) are another investment vehicle likely to experience major growth in the coming years, especially given the low starting point (REITs in Brazil are estimated to have assets under management of just US \$3 billion)

The handful of large pension funds in Peru are already investing in real estate, according to Eric Rey de Castro. However, their assets under management (estimated by Eric to be at around US \$300 million) are far smaller than the amounts moving in Brazil and Mexico.

■ Interest From Abroad

Flavio Mantesso, investment manager in Brazil, thinks there could be some opportunities for international financial firms as the country's lending market becomes more sophisticated and plays catch up with developed markets. "The securitization market is increasing here ... it is small compared to US, and in its early stages, but its growing at high rates and we are starting to see international players look at the lack of institutional debt markets here and consider opening divisions of debt here".

Lawrence McDaniel in Mexico also thinks there are gaps in the lending market to 'second-tier' developers created when international banks shut down operations as the magnitude of the US-led crisis became apparent in Q4 2008. This could represent another opportunity for smaller international financial institutions, with Lawrence estimating that as an investment idea it has around a "three-year shelf-life". The big concern, he

adds, is if there is enough demand to justify the added transaction costs and added risk premium for foreigners doing business in Mexico.

Most of the money coming into Latin America from abroad continues to originate in the US, though levels have shrunk drastically in the last two years.

There are also signs of increased flow of capital from Asian and Middle Eastern countries—though the latter is predominately the oil-rich United Arab Emirates. For example, earlier this year Elysian International, a real estate investment firm based in the UAE secured its second major development in Brazil—a five-star megaresort in Rio de Janeiro worth an estimated US \$100 million.

As political and business ties improve, money is also moving between countries within Latin America: Lawrence McDaniel says he's noticed a lot of activity by Brazilian and Colombian companies in the Mexican real estate market. He notes that it is a Brazilian company that appears to have a monopoly on driving the construction of major sports complexes in Mexico.

Chilean companies are also highly active in the Peruvian property market, as their country's domestic market is relatively small. Parque Arauco recently announced it was selling its stake in a major shopping centre based in central Buenos Aires in order to fund its expansion in Peru and Colombia. The company plans to open a mall in Northern Peru in 2011, to go along with the US \$140 million shopping centre scheduled to open in Bogota in 2012.

However, according to the experts Alternative Latin Investor consulted for this report, the foreign presence remains relatively limited in these countries. In fact, Maximo Lima says the anticipated flood of foreign capital pales in comparison with the money circulating the domestic market these days. He says it is the money coming from within Brazil that will play a key role going forward: "the pension funds in Brazil were out of the market for a long time and they've come back and are buying stable assets and they've been pushing up pricing."

This view is echoed in other areas of the continent. Strong growth, falling unemployment and poverty, and the economic troubles in the US and Europe has given Brazilians, Mexicans and other citizens of Latin America more confidence to invest and save in their own countries. Others who left the region during its turbulent years are now reconnecting with their roots, and bringing money back with them.

INVESTING IN LATIN AMERICA

What Extranjeros Need to Know

The region's new-found resilience to external shocks and a robust growth outlook have caught the eye of international investors. The UN's Economic Commission for Latin America and the Caribbean (ECLAC) division estimates that FDI inflows into the region will rise 40-50% in 2010.

Though the potential is clear, and the interest obvious, international investors looking to enter the Latin American real estate industry must still navigate a number of barriers to entry. Firstly, understanding local culture and attitudes towards real estate investment and business in general is critical. That requires a solid understanding of Spanish (or Portuguese).

According to Martin it is of upmost importance to have a local partner that is not only capable but also knows the market inside out – who to deal with, who not to deal with and how to go about it. Local regulations can vary considerably across municipalities, even in the same province, and it is vital to work with someone who understands local politics.

Roberto Persivale says foreigners need to work with people on the ground who have a feel for local culture and politics. "I would advise most investors to hire local advisers and also tie in with local ventures. I think it's very important with real estate venture to have the local gut feeling and expertise... usually they are very regional-based, and you can lose a lot of money in real estate if you don't really know the cultural part."

Although change is underway, Latin America has a reputation for onerous bureaucracy and corruption. Below are some key considerations for investors in each of the countries examined above.

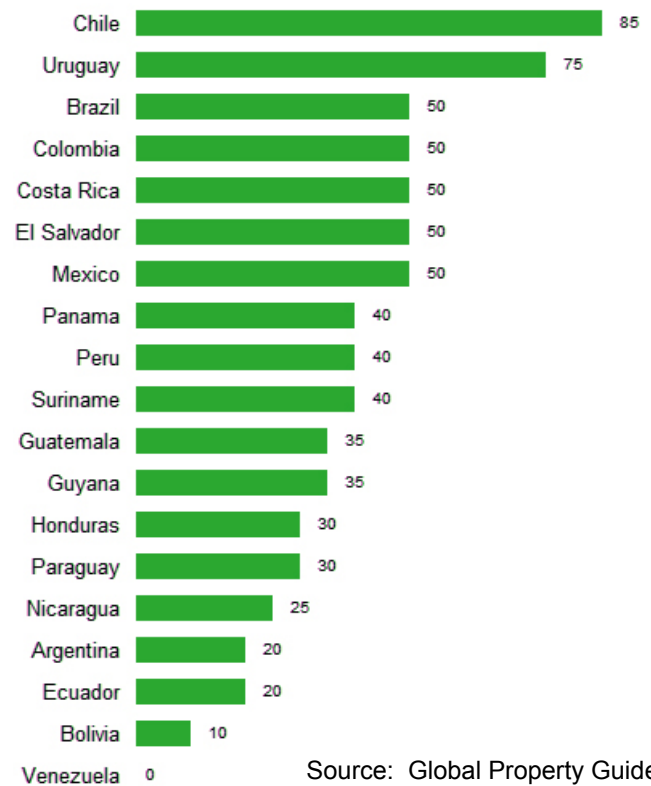
Brazil

World Bank doing business rank 2010: 126th (out of 183 countries)

According to the WB report, the pace of reform in Brazil's business environment has not kept pace with its progress in other areas. Despite emerging as a global frontrunner in terms of growth, it barely improved on its Doing Business rank for 2009 (127th) and compares unfavourably to the regional average when it comes to the number of procedures required to obtain construction permits and register a property.

High levels of red tape and bureaucracy can make any inward investment a long, drawn out affair. The Heritage Foundation's Index of Economic Freedom also ranked Brazil poorly in the Latin American region, noting that an inefficient judiciary undermines the stability of contracts.

Latin America: Property Rights Index



Source: Global Property Guide



Source: Jones Lang LaSalle

Foreigners are prohibited from buying property close to national borders or in areas deemed relevant to national security. A government drive to safeguard the country's natural resources from international companies could also have implications for the real estate market. Earlier this year President Lula moved to restrict foreign ownership of land intended for agricultural purposes so as to secure 'food security' in Brazil.

On the other hand, Jones Lang Lasalle ranks Brazil behind only Chile among Latin American states in its global real estate transparency index for 2010. The report notes that government taxes have become more transparent for both domestic and foreign investors, with all municipalities required to publish a general tax rate table. The creation of a second real estate index based on publicly-traded real estate development and investment firms is also a positive sign, and is likely to help boost investor confidence in industry data and developments going forward.

Over 60's can apply for retiree visas in Brazil, provided they have a proven \$2,000 USD a month income, plus another \$1,000 USD for every additional dependent after the first. Investor visas can be applied for with a commitment of \$90,000 USD (approximately US \$90,000), which includes money for a property purchase.

■ Mexico

World Bank doing business rank 2010: 51st (out of 183 countries)

Regulatory reform stalled in Mexico during the deep recession of 2009, and the country lost ground compared to others in terms of ease of doing business. Like Brazil, foreigners are restricted from buying property near international borders. This obstacle also applies to coastal areas— foreigners must go through a local bank trust (fideicomiso) to own property. Also this is relatively straightforward and provides the same rights as direct ownership, it also requires a large degree of confidence in the Mexican banking sector that some investors don't have.

Foreigners in Mexico can apply for a long-term non-immigrant visa (known as FM3), which allows them to stay in the country for a fixed term (usually 12 months), which can then be renewed until a total of 5 years is completed. One of the main criteria for qualifying for this visa is to prove self sufficiency whilst in the country, though there are no set minimum amounts.

■ Peru

World Bank doing business rank 2010: 56th (out of 183 countries)

The pro-business government has helped streamline the number of procedures required to register property in Peru, with the whole process usually taking no more than 16 days.

Of the countries featured in this report, Peru is ranked highest in terms of economic freedom by The Heritage Foundation. However, its score for property rights falls below the regional average, with corruption and weak rule of law still major issues.

In Peru, an investment visa requires a minimum initial capital injection of \$25,000 USD, accompanied with a two-year business plan that pledges to create at least five jobs.

■ Colombia

World Bank doing business 2010 rank: 37th (out of 183 countries)

For two years running Colombia has been featured in the WB's list of top market reformers, and is the highest ranked out of the four countries covered in this report. In 2010, the country leaped 27 places when it came to the ease of registering property, with the cost of doing so brought down to just 2% of property value (compared to 5.9% average in Latin America). According to the survey, Colombia is also one of the fastest places in the region to build a warehouse.

Property rights for foreigners are explicitly protected in the country's constitution, which provides added security in a region where expropriation is always an underlying fear.

There are also generous incentives to encourage investment in particular areas of the country (in 'Free Zones') or industries. In free zones, income taxes are a reduced 15% and VAT is eliminated from raw materials, inputs and finished goods brought into the free zone from other parts of Colombia. The tourism sector has its own special tax exemptions for up to 30 years on new hotel projects or remodelling of existing hotels.

Investors can apply for a special visa in Colombia, provided they supply proof—signed by the Colombian Central Bank—of an investment of approximately \$125,000 USD.

Azuero Peninsula's Hotel La Luna: For Sale
Listing Price: USD\$950,000



- 10 rooms each 24 sq meters
- Lot 2003 sq meters
- Pool 54 cubic meters
- Restaurant 70 sq meter fully licensed (includes bar)
- Manager Apartment and Stand Alone Reception
- Private 5000 gallon back-up water tank
- ATP member, Panama Tourism Association
- Beach 20 meters from hotel

Playa Uverito is 2 miles outside Las Tablas, the number one place in Panama for the yearly Carnival celebrations. Once a year this town of 30,000 swells by 400,000 with no decent hotels in the area. A few generously rated 2-star establishments which charge a minimum of 200USD a night during Carnival. nate@caprg.com, 202-905-0378

Casa Puesta Del Sol, Pedregal de Cabo San Lucas
Listing Price: USD\$2,695,000



- 5 bedrooms, 5.5 bathrooms
- maids quarters
- Guest casita: kitchen, dining room, 2 bedrooms
- Google earth: 22 52 27.35 N, 109 55 23.08 W
- Construction: 542 sq mt.
- Terrace 129 sq mt
- Pool 41sq mt

Beautiful home with a very unique Mexican flavor and soothing Pacific Ocean views. From the main door entrance, an expanse of saltillo tiles mark the open foyer verging the entertainment/living area, inviting guests to feel at home. Abundant use of stained glass, decks and a few steps down to the ample pool. jfeinstein@pedregal.com, www.cbiveras.com, Toll free: 866.805.4938

Beach Front Apartment- Santa Marta Colombia
Listing Price: USD\$243,000



- Dining room,
- Kitchen,
- Terrace overlooking the sea.
- Direct access to the beach,
- Infinite swimming pool in the top floor
- Private security 24 hours

Beach front apartment located in the exotic Playa Salguero beach, 10 minutes away from Santa Marta airport, the most promising area of the Colombian Caribbean. 2 bedrooms, 2 bathrooms, 1,356 square feet. New construction to be delivered in December 2010. www.buycolombiarealty.com, mauricioj@buycolombiarealty.com, (57) 313 889 57 09

Eco-Luxury Condos -Spectacular Ocean Views
Listing Price: USD\$348,000 - 598,000 USD



- 6 villas with bay view
- Ecological innovations
- Custom finishing
- Lap pool & gym
- Gourmet kitchen
- Private terrace
- Business center

The gently sloping hillside over Playa la Ropa is the natural home to the six villas that make up Ensueño 10, a luxury development that is both environmentally friendly yet modern. With a view of Zihuatanejo Bay, fresh tropical breezes will be your favorite air conditioning and spectacular sunsets your favorite decor. website: www.ensueno10.com, contact email: info@ensueno10.com, contact phone number: +52 (755) 553 2662

Business Directory



Axia Capital is a boutique investment and advisory firm headquartered in Mexico City, specializing in Mexican affordable housing, industrial leasing, and alternative consumer credit.
Lawrence@axiacredit.com / 55-5545-0812



COLOMBIA REALTY, INC
REAL ESTATE - COMMERCIAL - BUYERS - SELLERS

Colombia Realty is the number one foreign focused real estate agency in Colombia. helping buyers in finding the best properties from beach front to mountain fincas across Colombia. With the amazing security, prices and quality of life Colombia has to offer, it is quickly becoming the top retiree and investment destination in South America - www.colombiare.com / info@colombiare.com



E360 is supporting real estate development with research based solutions. The team has over 35 years of real estate experience representing over \$10 billion in revenues world-wide. E360 has extensive expertise in research, market positioning and storyline creation, capital structuring, as well as sales and marketing strategy development and execution - www.element-360.com/ / info@element-360.com / 775-770-4450



Panama Pacifico, a mixed-use, business, residential and recreational center. For those expanding business overseas, retiring in Latin America or simply visiting this beautiful locale, our sustainable, mixed-use business center and residential hub provides a balance of world-class amenities, infrastructure and services - www.panamapacifico.com / jmckay@lrp.com.pa / 507-316-3500



Pacific Boutique Properties sell and rent vacation homes and resort properties on the Pacific coast of Mexico, in Puerto Vallarta and Punta Mita and along the Riviera Nayarit. A young and dynamic company with a small multilingual and internationally educated staff, Pacific Boutique Properties is a member of AMPI (Mexican Association of Professional Realtors) and the Puerto Vallarta Multiple Listing Service MLS - www.pacificboutiqueproperties.com / cm@pacificboutiqueproperties.com / 52-329-295-5536



ADIT Brasil - The Association for Real Estate and Tourism Development of Brazil - is a non-profit entity that has the purpose of attracting international investments to Brazil, aside from promoting the country as a secure investment destination. Focused on generation business, the entity is a bridge between the Brazilian professional and international investor, and has the role to guide them towards secure and lucrative business transactions - www.adit.com.br / Jornalismo@adit.com.br / 55-82-3327-3465



BuyColombiaRealty is a company specialized in marketing and promoting real estate in Colombia to international markets. We provide to international buyers a full range of services in the process of buying and investing in real estate in Colombia. We are a channel for developers, agents and brokers in Colombia to expand its overseas market - www.buycolombiarealty.com / mauricioj@buycolombiarealty.com / 57-313-889-5709



Ensueño 10 is an eco-luxury development by Saavedra Diseño y Construcción that marries the natural beauty of Mexico's La Costa Grande and modern design. Each of the 6 villas will be finished in consultation with owners for a customized tropical space that can be used as a private home, vacation retreat or rental opportunity - www.ensueno10.com / info@ensueno10.com / 52-755-553-2662



Coldwell Banker Affiliates de Mexico has been in the Mexican market since 1999. Currently we operate 54 offices in Mexico and have established the brand as the preferred name for brokerage operations in Mexico. We have been recognized and honored by business magazines as the best franchise by the business magazine Expansion - www.wellbanker.com.mx / sandrahendrix@coldwellbanker.com.mx / 52-55-5202-2282