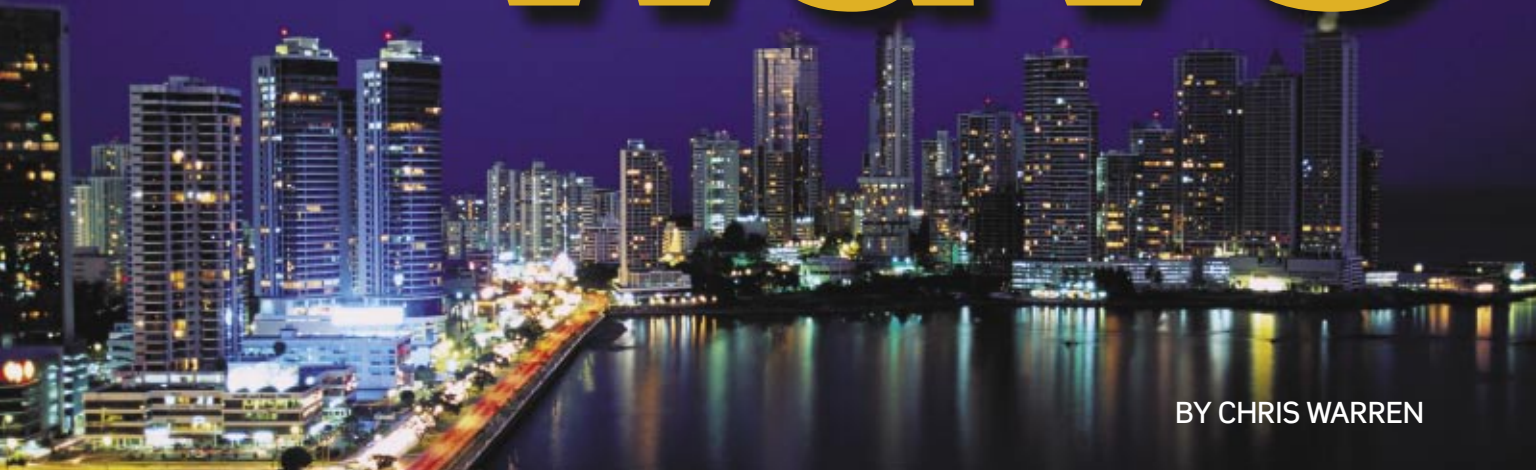


catch the wave



BY CHRIS WARREN

Surprise! The best real estate buys aren't where you might expect

DAVID PULU/CORBIS (SURFER);
SERGIO PITAMITZ/CORBIS (PANAMA CITY)

Suzan Haskins has a tip for people interested in finding the world's undiscovered beachfront property: follow the surfers. Long before any condo or resort developers arrive, surfers stake out remote beaches

in their quest for good waves, says Haskins, who is the Latin America editorial director for InternationalLiving.com. "The surfers come first and then the mainstream follows," she says.

During the past decade or so, the surfing crowd has been moving in to

typically unexpected places like the Central American countries Nicaragua, Panama, and Honduras, as well as the Dominican Republic in the Caribbean. Even today, the beachfront idyll has yet to be disturbed in some of these spots. "The thing about Nicaraguan beaches is

that they are just deserted. You can walk for miles and be the only person on the beach,” says Haskins, who recently relocated from Panama City to San Juan del Sur, an increasingly popular destination on Nicaragua’s Pacific coast.

Lately, though, word has spread well beyond surfer and backpacker circles about the appeal of these little-known beachfront escapes, prompting a wave of construction aimed at second-home buyers and retirees from North America. A number of factors have coalesced to spur this beachfront real estate boom. For one thing, American baby boomers, a generally adventurous group with significant amounts of disposable income, are far more likely than previous generations to consider a second home or even retirement outside the United States.

Perhaps equally important, particularly for those focused on a second home as an investment, is the relatively lackluster appreciation in recent years of vacation getaways in traditional U.S. markets like Florida, California, Nevada, and Arizona. “We have a phenomenon in the United States that occurred in 2006; the four principal second-home markets have gotten pretty flat,” says Mitch Creekmore, a senior vice president and director of business development for the Houston-based real estate information and transaction management company Stewart Information International and co-author of the book *Cashing In on a Second Home in Central America*. “Second-home buyers still have the income and still want to invest, and they’re looking at markets outside

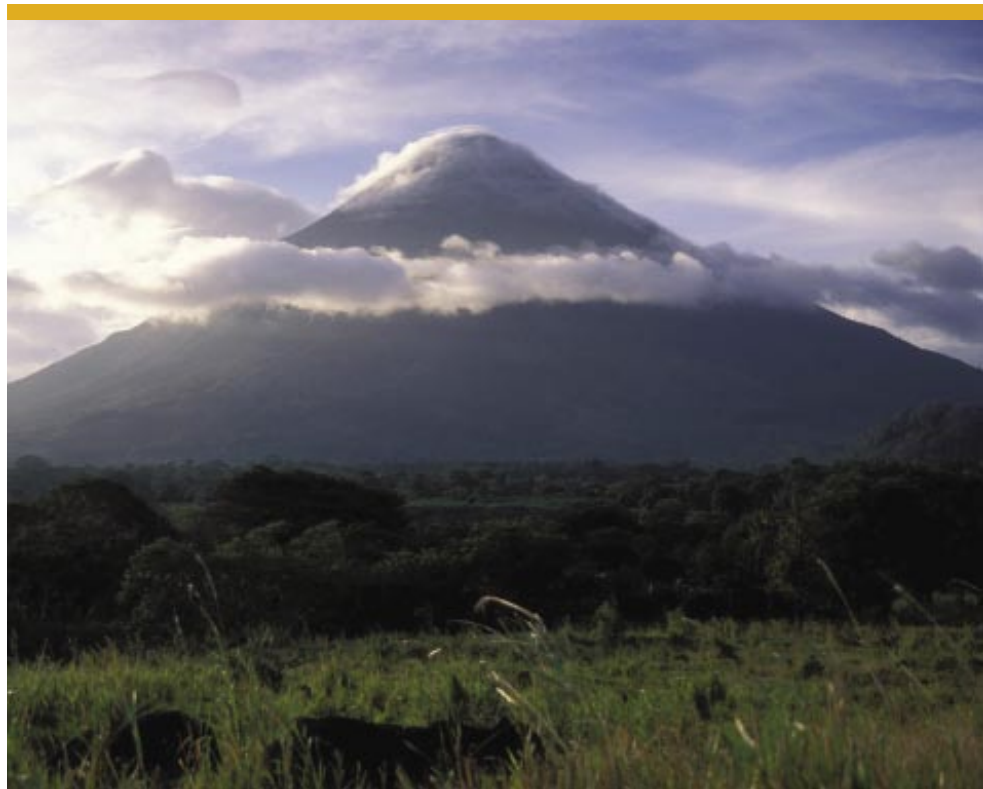
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the United States. And certainly Central America is viable.”

It has become more viable because the real estate markets across the region have matured. This makes it easier for foreign investors to get secure title insurance and, increasingly, mortgage financing. Michael Skalka, chairman and CEO of Stewart Information International, also points out how easy it is to get to and from these countries, and how welcome you are once you arrive. “And we are so spoiled in Houston. We can get anywhere in the Central American region in two and a half hours to four hours max,” he says.

On the following pages, you’ll find a sampling of some of the least known yet most promising beachfront second-home markets in the hemisphere.



nicaragua: biodiverse and beautiful

Aram Terry originally went to Nicaragua with purely altruistic motives. After graduating from college, the Nashville, Tenn., native spent two years in Nicaragua with the Peace Corps working on small-business development. But Terry was so taken by the country that when his Peace Corps stint was over he decided to stay and open his own small business: Aurora Beachfront Realty, a real estate brokerage specializing in oceanfront vacation property.

For Terry, the reasons to stay and build a life and a business in Nicaragua were compelling. For one thing, he found the country to be well stocked with natural treasures, like rain forests, active volcanoes, and, of course, beaches. “The southern coast to me is the most attractive part,” says Terry, whose company is based in San Juan del Sur. “It’s really hilly and there are these rocky bays with white sandy

beaches. You have the lakes close by, and it creates a constant offshore breeze.”

It’s not just surfing that attracts potential second-home buyers. The reef off the country’s Caribbean coast attracts divers from around the world, and not far inland from San Juan del Sur

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is Lake Nicaragua, a magnet for adventure travelers looking to kayak, hike, mountain bike, or simply relax and explore Granada, a well-preserved colonial town on the lake’s shores. In total, 17 percent of Nicaragua’s land is devoted to nature preserves, and 7 percent of the

world's biodiversity can be found in this relatively small nation. This bounty of attractions and activities is enticing North Americans to purchase beach-front second homes in Nicaragua.

Some exceedingly good bargains are also part of the appeal. Indeed, Terry's company offers spacious three-bedroom condos in a development built right on the beach south of San Juan del Sur that includes a clubhouse, restaurant, and pool. The cost is about \$275,000. Terry says it's also possible to get half-acre lots with views of the Pacific Ocean for as little as \$35,000. Beyond the increasingly popular San Juan del Sur, Haskins of InternationalLiving.com says large, four-bedroom houses right on the water are available for \$100,000.

Financing Considerations

These low prices are due in part to the fact that Nicaragua is very much still a developing country. While travel to and from the United States is easy, the country's infrastructure still needs some work. "It's not for everybody. It's not for people who are going to be complaining about the roads, or power going out," says Terry. It's also difficult, though not impossible, to get mortgage financing, which means many buyers must use equity from their U.S. homes and pay cash. Title issues are also more complicated, and both Terry and Haskins urge potential home buyers to enlist legal help to guide them through the process.

Not surprisingly, Nicaragua also has an image problem, the result of revolution and civil war. But Terry doesn't see these events of recent years as having much, if any, impact on the market for second homes in the country. In fact, if anything he sees a potential silver lining should development slow up a bit. "The rate it was going was unsustainable, and things were getting developed ahead of infrastructure," he says. "I would like to see a different approach to developing that is more community aware, instead of a pure pillaging."

panama: a beachfront bargain

Don King had a dream. After working as a marine biologist in Micronesia for four years, King (no, not the boxing promoter) decided he wanted to open a resort in the tropics. So, along with a couple of college buddies, King started to scope out potential beachfront sites in Central America, including countries like Belize, Honduras, and Costa Rica. But he learned something unexpected during his research. “Both the ex-pats and the Costa Ricans themselves who live near the border were saying you should be looking in Panama,” he recalls.

The reason: Costa Rica had been so successful at making its beachfront real estate appealing to North Americans that

In Panama there is plenty of activity in the beachfront second-home market, which has emerged seemingly instantaneously.

bargains were becoming harder and harder to find. Panama, on the other hand, has many of the same attractions as Costa Rica — including mortgage financing, title insurance, and an easy process for buying a second home — but at much lower prices. King discovered this when he landed in Bocas del Toro, on the Caribbean side of Panama. Having come from south Florida, where oceanfront lots typically cost \$1 million plus, he was shocked to find that he was able to buy a property with 300 feet of beach frontage for less than \$50,000.

King was even more thrilled by what was available in the town itself. “I really fell in love with it. I am a marine biologist and there is a beautiful marine sys-



tem here, a tropical forest, and two indigenous tribes,” he says. “I thought it was perfect.” Instead of opening up a tropical resort, though, King opted to set up a real estate company, Bocas del Toro Realty Services, which offers beachfront second homes and condos for as little as

\$90,000. The money King generates from his real estate company goes to fund a wide variety of local projects he’s launched, including a school to educate indigenous people, an experimental farm, and a number of environmental conservation initiatives.

Elsewhere in Panama there is plenty of activity in the beachfront second-home market, which has emerged seemingly instantaneously.

Panama has many of the same attractions as Costa Rica — including mortgage financing, title insurance, and an easy process for buying a second home — but at much lower prices.

“Three or four years ago we would not have considered Panama to be relevant in any regard; it wasn’t on our radar screen,” says Christopher Hill, CEO of Stewart Title Latin America. “And almost overnight it has become a major player.”

Part of that emergence is due to an aggressive upgrade of the country’s infrastructure, as well as the generous Pensionado program, an initiative developed by the Panamanian government to lure North American retirees to the country. Immigrants with a guaranteed income of \$500 a month receive steep discounts on everything from entertainment to home-closing costs. “These draw the seasoned baby boomers who are tired of the cost of living in the United States or other more discovered countries,” says Asia Sherman, manager of public relations with Azueros.

The allure of Panama can also be attributed in part to the plethora of appealing coastal locations. There are a host of beachfront areas two hours southwest of the capital off the Pan-American Highway. As in Nicaragua, she adds, it’s possible to find modestly priced homes near relatively secluded beaches on this stretch of the Gulf of Panama.



honduras: a diver’s (and movie star’s) paradise

It was divers, not surfers, who first flocked to Roatán in the Bay Islands off the coast of Honduras. “They have been popular with divers for years,” says Haskins. And there are still plenty of reasons for divers, and others, to flock to Roatán. “It’s a

rainbow-colored fish. It’s just heaven on earth for a diver,” Haskins adds.


People also come to Roatán for its old-world charm. “Roatán is not an island that has, or ever will have, high-rise hotels or condominiums lining the beaches,” says Steve Hasz of Roatan Life Real Estate. “People come here not for glamour, but for a Hemingway-like version of Key West,” he says.

As confirmation of Roatán’s emergence as a hot spot, recent visitors include celebrities like Michael Douglas, Richard Gere, and Cameron Diaz.

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And word about the quality of the beachfront property available in Roatán has clearly gotten out. According to Michael Cox, owner and manager of Roatan Brokers Real Estate, a tremendous amount of real estate activity is taking place on this island of about 80,000 inhabitants, including the construction of two golf

courses, one of them designed by Pete Dye. “There is somewhere north of \$500 million in current proposed



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construction, including the extension of the current pier for Royal Caribbean, and a second pier for Carnival,” he says. “There are also something like 4,000 condos under planning or under way, and a 912-room hotel.”

Cox has seen this kind of beachfront development before. In the 1960s, he was in Maui trying to sell half-acre

waterfront home lots for \$5,000. People then thought he was crazy, saying nobody would ever travel that far from the mainland United States to get to a vacation home. “I’m basically doing the same thing now as I was doing then. People are always looking for a second home and a place to retire in a better climate,” he says. “This has everything Maui had, plus the barrier reef — one of the top dive spots in the world — and gambling. And it’s closer to 90 percent of the United States than Maui is.”

The Stars Are Coming

As confirmation of Roatán’s emergence as a hot spot, Cox points to recent visits by celebrities like Michael Douglas,

Richard Gere, and Cameron Diaz. Of course, with the growing interest in Roatán, prices have increased during the past few years. Today, many beachfront condos cost between \$249,500 and \$2.2 million.

With so much activity in Roatán, bargain hunters have also begun to look elsewhere in Honduras, where prices are still quite cheap. On the other Bay Islands around Roatán — Utila and Guanaja — prices for condos, homes, and house lots are generally much lower. On the Honduran mainland too, particularly in the beachfront town of La Ceiba, more and more real estate is for sale at bargain prices. The Honduran government has made it extremely easy for foreigners to buy property, and in many places it’s possible to get title insurance from a company like Stewart Information International. Financing, however, is more difficult to obtain.