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# GLOBAL PROPERTY ADVISOR

## PROPERTY INVESTMENT INDEX



2022-2023

WHICH OF THESE **6 GLOBAL MARKETS** IS RIGHT FOR YOU?

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If you have any doubts, questions, or concerns about property investment in any of these global markets, don't hesitate to get in touch with our more trusted contacts...

# In Our Second Annual Global Property Investment Index, **We Are Chasing Cash Flow**

Dear *Global Property Advisor* Member,

Where is the best place to invest in property overseas?

That is perhaps the most asked question we get from *GPA* readers. It is a question we try to answer this month with our second annual Global Property Investment Index.

However, you need to ask yourself this specific question: “Where is the best place to invest in property overseas for me and my portfolio?”

Years ago, I came across a compelling investment opportunity of pre-construction condos in a market that was generating 15% net yields or more in existing newly completed condos. The expectation was that those yields would continue even when the new construction that was underway came online for rental.

The market was Ulan Bataar, Mongolia, where prices were affordable and everything lined up for the investment.

The commodity boom was in full swing in Mongolia, with lots of mining companies setting up and sending

executives and other workers who needed places to live. Hence the demand and the high rental yields.

While the investment was compelling (and I have to say I have a romantic vision of Mongolia, but still have never been there), the idea of chasing 15% rental yields in a country that is not on the way to or from anywhere did not make sense for many investors. Even with proven yields that almost double the high end of my general yield expectation, the other risks were simply too high for any investor that could not afford to lose his entire investment.

It seems that market is still generating good yields... rents are still high compared to prices, but prices have come down.

More importantly, traveling to check on the property could be fun once, but the trip would be long and expensive. Dealing with your management company with an 8-to-12-hour time difference would be complicated.

Maybe an investment like that fits your portfolio needs and your risk tolerance, but probably not. →



Chasing yields can prove profitable, but the property must fit the needs of your portfolio, which includes capital required, country risk, currency risk, and location. You need to be able to administer your entire property portfolio without stretching yourself too thin.

Another market that offered 15% and higher yields when I first dug into it was Medellín about a dozen years ago. At that time, short-term rental owners were getting as high as 18% net yields. Property prices were low in U.S. dollar terms, making the market enticingly affordable for investors. However, there were very few short-term rentals available, skewing the supply curve and making nightly rental rates for apartments as high or higher than hotel rates.

The out-of-the-norm yields attracted foreign buyers, which added to the supply side. While the larger supply dampened the market, it was the short-term rental law limiting short-term rentals of less than 30 days that pulled yields down for most rental owners. Property prices went up, knocking yields down based on the higher values of apartments.

The currency weakening over time did not help the overall returns for dollar investors, but property prices kept up with the currency depreciation of the peso. My apartment in Medellín is worth more in U.S. dollars today than we have in it, but not enough in annualized returns to write home about. The play in Medellín was the rental yields.

Buying a property for the rental yields should be your focus rather than expecting—hoping for—outsized appreciation in the short term. It is hard to predict that kind of appreciation, so relying on it for your profit is more speculation than investing.

The markets we looked at for this year's index have potential for appreciation, but that is not something we want to rely on. They all have rental yield stories that make sense with net yield expectations ranging from 4% to 10%.

While we have ranked each market based on their potential net yields, i.e., the highest yielding market is the winner, the second-highest is the first runner-up, etc.... do not ignore the “losers.”

Remember your portfolio and your risk tolerance.

The winner this year is expected to give you double-digit yields... and maybe even good appreciation. However, consider the risks (economic, currency, market location), and consider the required administration (do you need a local bank account or not, travel time to check on your property, maintenance management).

I have passed on excellent investments over the years because the property did not really make sense for my portfolio. I did not invest in Mongolia even though it was compelling for me, because I knew it would be a distraction... even if it did end up throwing off 15% a year cash flow. I have skipped investments that only required a small amount of capital due to the oversized administrative time required compared to larger investments.

Maybe none of this year's index finalists make sense for your portfolio, but probably at least one does.

I have personally invested in three of the markets on the list: Panama City (since 2003), Ceará, Brazil (since 2018), and Northern Cyprus (2022).

For my portfolio, Montenegro could make sense to add; it is in the same region as other properties I own, and I continue to look for cash flow in euro. Las Terrenas and the Azores are interesting, but probably do not suit my personal portfolio.

Only you can decide what makes sense for your portfolio, so look at this year's finalists and see what you think...



Lief Simon  
Editorial Director

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# Lief's Criteria

## 🕒 Market Risk Factors

For market risks, we considered the size of the market, the role foreigners play in market, the amount of leverage (i.e. volume of mortgage financing), and the country risk—both the political and economic views.

## 🕒 Market Momentum

Here we looked at where the market is in its cycle as well as the effects of the pandemic.

## 🕒 Ease Of Buying

Buying property in any of the countries in the index is straightforward—especially as you should be using a local real estate attorney. You can own property as a foreigner in all the countries in the index. However, some countries have special requirements or restrictions for foreign owners.

## 🕒 Liquidity

Investing in property and getting a nice yield is great, but if there's no market when you want to sell, you can find yourself waiting to liquidate. For this category we look at whether a market is mostly foreign buyers, local buyers, or a mix. The best scenario is a market where you find a mix of foreign and local buyers.

## 🕒 Property Costs

Whether prices are high or low in a market can be very subjective. You need to look at the projected rental yields as part of your analysis. However, some markets offer outright cheap properties from a capital requirement perspective, so they got higher scores.

## 🕒 Foreign Exchange Controls

You don't want to put your money into a country if you can't repatriate it. Repatriation itself isn't an issue with any of the countries in this index, but you must follow the reporting rules in the countries that have some kind of controls.

## 🕒 Residency Benefits

Real estate can be a door to residency in a country whether you're looking to move there full-time or to simply have a backup option for a country to live in. It's not a primary motivator for the investor, but it can be a nice side benefit where available.

## 🕒 Average Closing Costs

Closing costs overseas can be a surprise to many North American buyers. The ultimate amount of closing costs will include a variety of fixed fees and percentage. The biggest one will normally be the transfer tax.

## 🕒 Available Financing

Financing is available in all the countries in the index... in theory. However, whether you're a legal resident can play a role in the ease of or even ability to obtain financing. Also, the local interest rates can be unappealing in some cases.

## 🕒 Real Estate Trading Currency

Some real estate markets price property in U.S. dollars (or euro or pounds) rather than their local currency for reasons such as stabilizing real estate prices. These markets offer less risk in a way, but the underlying currency can still have an effect on property prices.

## 🕒 Rental Returns

Here is where the money meets the road. We look for net yields in the range of 5% to 8% on rental properties. You can find lower and higher, but lower generally means a mature, stable market. Higher means either a market in transition where rental income is outpacing appreciation or some other market anomaly that you should expect to eventually revert to the 5% to 8% range. That could mean prices appreciate faster than rental rates or it could mean a change in the market like large amounts of new inventory that lower occupancy rates across the board.



# Rankings

This year, we have decided to rank our global property markets from two perspectives: with an average grade considering all our criteria, and based on just your rental return potential.

We know many of our *GPA* readers are looking to invest in a full-time retirement home overseas, or a second home that you could rent part-time. A lot of you are also seeking to invest purely for profit.

With both rankings you will get a better idea of which market (or markets) fits your needs the best.

Our winner for the best rental return potential is Ceará, Brazil. This is an often ignored and undervalued market where you can find “pocket money” property investments and earn double-digit rental yields. However, it ranks last when compared to the other markets when considering the rest of our grading criteria. This is mostly due to Brazil’s FX controls and the potential risk the Brazilian real poses. These risks are overshadowed by affordable prices, high returns, and great residency benefits. It would not be on our list if we did not believe in this market’s value.

The winner, when considering all our criteria, is the Azores, Portugal. This has been a top country for foreign investment due in great part because of their highly sought-out Golden Visa. Recently, with popular areas such as Lisbon, Porto, and the Algarve out of the game, investors are setting sights in new regions that until now have been mostly overlooked. The Azores is not only full of natural beauty, but you can find a lower cost of living and property prices than in mainland Portugal and reduced tax rates... while staking a claim in one of the most popular destinations in the world.

Keep reading to find out more about the top global property markets to invest in right now.

RANKING BASED ON JUST

## Rental Return Potential

- 1** [Ceará](#)  
📍 BRAZIL
- 2** [Montenegro](#)
- 3** [Northern Cyprus](#)
- 4** [Panama City](#)  
📍 PANAMA
- 5** [Las Terrenas](#)  
📍 DOMINICAN REPUBLIC
- 6** [The Azores](#)  
📍 PORTUGAL

RANKING BASED ON

## Average Of All Criteria

- 1** [The Azores](#)  
📍 PORTUGAL
- 2** [Las Terrenas](#)  
📍 DOMINICAN REPUBLIC
- 3** [Panama City](#)  
📍 PANAMA
- 4** [Montenegro](#)
- 5** [Northern Cyprus](#)
- 6** [Ceará](#)  
📍 BRAZIL

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# 1

## Ceará

📍 BRAZIL

Brazil's Ceará (seh ah RAH) state sits on the country's northeast coast, just a couple of degrees south of the equator. It's famous for its beautiful beaches with white sand, huge rolling dunes, and sparkling waters fringed with palms.



Responsible for Ceará's strong national tourism numbers over the past 20 years (including during the pandemic) is its capital, Fortaleza. It offers the advantage of being a major city—one of Brazil's most populated—with attractive beaches accessible from its downtown.

Thanks to this, plus its vibrant nightlife, resorts, and bustling beachfront boardwalk full of shops,

restaurants, and small parks, international visitors are starting to take notice of Fortaleza as well.

We like to think of Brazil as being “one step beyond Latin America,” as its culture and language are just a bit more unfamiliar and exotic to North Americans. This country is exciting, romantic, and diverse...→



But it's also more accessible than ever before, with new and more user-friendly visa policies for foreign visitors and increased international connections to Fortaleza's airport. It helps that the Brazilian people are just as warm, friendly, and fun-loving as the stereotypes would have you believe, too.

With its near perfect climate and spectacular beaches, North Americans and Europeans both want a piece of this paradise.

Today, the dollar stands strong against the Brazilian real, making it a great time to buy.

Most important, this is an undervalued market on the rise.

## The Market's Risk Factors

### Currency Risk

There are two factors at play in this real estate market: the value of the properties themselves and the Brazilian currency. An increase in the value of a property can either be multiplied... or cancelled out by a corresponding shift in the currency.

The exchange rate could work to your advantage. With a strong dollar, you get the most bang for your buck.



Coco Park, the biggest urban park in Fortaleza

If you ever decide to sell, doing it while the dollar is weaker can turn a good gain into a spectacular gain. That said, knowing exactly how and when exchange rates will change is not possible, and it could end up being a matter of luck. But based on past trends you could make a sound prediction.

During the pandemic, the dollar got to an historic high of 5.90 Brazilian reais per U.S. dollar. We predicted then that the dollar was near the end of its upward trend in the cycle. At the time of writing, the exchange rate is 5.21 Brazilian reais per U.S. dollar. The dollar has not yet returned to pre-pandemic levels of 4 reais per U.S. dollar, but it's getting there. It has kept falling as the economy recovers from the effects of the past two years. Investors who got in last year and in 2020 can already see gains in dollar terms for their investment. →



Even though the dollar has lost power, it is still strong against the Brazilian real and working in your favor.

It's an exciting time to invest in Brazil. Its economy has faltered in recent years, so you stand to gain twofold... from the recovery of the economy as well as the eventual rebound of the currency. When the recovery comes, the economy should help to raise prices in reals... while the recovering real should further raise the value of your investment in dollar terms.

But remain wary of the currency risk. We think the trends will be on our side, but currencies can go either way, without apparent logic.

## Ease Of Buying

Brazil encourages foreign investment at all levels but especially in real estate. By law, Brazilians and foreigners are on almost equal ground regarding property ownership and tenant rights. Here are some things you should keep in mind when purchasing a property in Brazil:

- **You need a CPF.**

The CPF is a tax ID number you get at the Brazilian Treasury, necessary for most major transactions in Brazil. You can get this both in a Federal Revenue post in Brazil or in the Brazilian consulate of your country. By granting a power of attorney, your lawyer can also take care of registering your CPF. The CPF is important because without it the property registry deed can't be in your name, thus you will not be considered the owner of the property. A common saying in Brazil is "He who doesn't register is not the owner." You will also open a Brazilian bank account with your CPF.

- **Get a local lawyer to help you with your purchase.**

He will be in charge of reviewing the sales contract to make sure it doesn't include any terms that are not



Aerial view of Fortaleza

beneficial to you. The lawyer will also take care of notarizing the sales contract, so the sale becomes legally binding. If buying a previously owned property, the lawyer will perform any debt and background checks. If your goal is also to get residency, that same lawyer can assist you with the necessary transactions.

- **If the property is in a rural area, some restrictions for foreigners may apply.**

For rural properties, foreign ownership is limited to 25% of the total rural municipality area and 10% of the rural municipality area owned by citizens from a single country. Depending on the size of the land, you may need to request an authorization from the Agriculture Ministry. →



## The Property Buying Process

- 1 Make an offer. The seller and the buyer will agree to a price and general terms.
- 2 Your lawyer then will prepare the *promessa de compra e venda*. This will be drafted in Portuguese so your lawyer can prepare a translation for your benefit if you don't speak the language.
- 3 The *promessa de compra e venda* is then presented to the seller.
- 4 Signing of the *promessa de compra e venda*. This will be done in the presence of a notary. The notary will prepare the deed or escritura, collect property tax, and do the due diligence of the paperwork. Once the notary gives the green light, you can proceed with the rest of the transaction.
- 5 Make the down payment. This is usually transferred directly to the seller in the period specified in the *promessa*.
- 6 The deed will need to be registered in the Real Estate Public Register Notary of the county the buyer is acquiring the property. The property notary will issue the title in the buyer's name.

## Property Costs

The average price per square meter in Ceará is US\$2,000. Right now, we are on the right side of the window of opportunity to get in early and at a discount, for strong appreciation.

A killer deal in the Ceará coast are beach bungalows going for a cash price of just **US\$77,000**. Next to pristine beaches you will get a 37-square-meter bungalow with one bedroom and one bathroom. It includes a small but functional and modern kitchen, a personal plunge pool, and a private terrace area for outdoor dining and entertaining. They're also located within a community with shared amenities such as a



Skyline in Fortaleza

soccer field, running trails, cabanas, restaurant, a bar, and a convenience store and bakery... adding more value for your investment. This is the perfect property to rent for profit.

If you are interested in land, you will be able to find beachside lots at premium prices. These lots are vacant, and depending on which one you choose to purchase, they are located either one or two blocks from the white-sand, clear water beach... just a short walk away. When buying so close to the shore, rising water levels and climate change are always a concern. These lots stand on land that's slightly raised over the sea level, eliminating any dread over this matter. This is not the case with any other comparable lots in the region. Prices for these start at **US\$22,900** for a 320-square-meter lot, making the price per square meter of land US\$71.56.

## Market Momentum

Brazil is a huge country—it's the world's seventh largest economy and geographically about the size of mainland United States. Unlike the States, however, Brazil's middle class is still growing at a rapid clip—about 1% annually, equal to 2 million people a year.

Hotels in Fortaleza have the highest occupancy rates in Brazil, and its international airport is one of the →



busiest in the country. This is in great part because of an increase in international destinations offered at the airport, plus the government eliminating the visa requirements to enter the country for visitors from the United States, Canada, Australia, and Japan in early 2019.

Historically, the coast of Ceará has lacked infrastructure. But Brazil's sandy coasts have experienced an explosion of development as a result of these changes. At the same time, this progress is attracting more international tourism, which prior to the pandemic broke records for both tourism volume and revenue.

In 2017, US\$73.3 million was assigned to revitalize Fortaleza and the northeastern coastline as part of the Fortaleza Sustainable Urban Development Project.

New direct flights from around the world are creating greater access and stronger international tourism. Traffic from Europe to Fortaleza is expected to increase 40% over the next couple of years as a result.

We expect continued strong growth in the value of properties in the state of Ceará and its main city,



Canoa Quebrada Beach

Fortaleza. They have been dramatically increasing for the past decade (in local currency terms) all over the city, not just on beachfront properties. You can currently see a capital appreciation of 10% to 15% in the state of Ceará. In Fortaleza's off-beach sector of Aldeota, the cost per square meter (for two-bedroom apartments) grew from 3,700 Brazilian reais to 6,950 Brazilian reais over the past five years. That's an 88% increase, or 17.6% annually. And the beachfront areas have grown even faster.

In the long term, this will become a mature and developed market, and the best opportunities to get in on it are happening now.→





## Liquidity

Brazil's property market is huge, and you will be able to find buyers from all over the world. As the coast of Ceará gains popularity and value, being right in the Path of Progress, foreigners are starting to pay more attention to the area. Locals have always loved this part of the country for local tourism—one of the reasons the area's rentals have continued to thrive even during the pandemic.

During 2020 and 2021, there was an increase in demand for high-end beach developments, a trend coming after the shifts in lifestyle that surged because of the pandemic. Developers and real estate agents expect demand to keep growing in the coming years.

If you ever decide to sell, you won't have an issue finding another foreign buyer or a local one.



Skyline in Fortaleza

## Real Estate Trading Currency

Brazil's official currency is the Brazilian real, which is also the real estate trading currency.→



The city of Fortaleza, State of Ceará, Brazil

## Foreign Exchange Controls

Brazil's most notable downsides are its currency controls and the inability to use dollars or hold dollar-denominated accounts within Brazil. However, transferring money is not a difficult process, and your agent or lawyer will be able to handle the declarations easily for you.

## Average Closing Costs

Property transfer tax: 2% to 4% of the value of the property.

Deed and title registration fee: 3% of the value of the property.

Notary fees: 1.25% of the value of the property.

Legal fees: 2% of the value of the property.

Real estate agent fee: 3% to 6% of the value of the property (paid by seller).

## Available Financing

Brazil is mostly a cash market for foreigners. Although there is a huge mortgage market, this only applies to Brazilian residents and nationals. Developer financing is another option. The developers we have worked with in the past in this country offer great deals that often include financing.

## Rental Returns

On the coast of Ceará it's easy to find incredible property deals that will work in your favor if you wish to use them as short-term rentals. ROIs of more than 10% are possible here. This is a breakdown on your

possible returns for beachside bungalows in a prime location, with a furniture package included and its on-site rental management that make this investment completely turn-key.

Cash Price	US\$77,000
Title Deed Transfer	US\$5,000
Furniture and Appliances Package	US\$10,000
Total Price	US\$92,000
Daily Rental Rate in U.S. Dollars	US\$68.63
Estimated Occupancy Rate	65%
Annual Rental Income	US\$16,281.86
Vacation Property Rental Management (25%)	US\$4,070.47
Annual Utilities	US\$352.94
Annual HOA Fees	US\$1,882.35
Annual Property Taxes	US\$423.53
Net Annual Rental Income	US\$9,605.51
Net ROI %	10.44%

With the currency exchange still working in the dollar's favor, not only can you get pocket money beach properties in Ceará, but returns are high, as well.

## Residency Benefits

Many second homeowners in Brazil decide to use their property part-time and stay at most 180 days a year in the country with their tourist visa. Most find the process of getting residency too cumbersome. That said, if you want to go that route, there are several ways to gain permanent residency in Brazil.

Something to be aware of is that when a foreigner is granted a "permanent" visa (*visto permanente* or *visto*



*definitivo*), the visa doesn't grant permanent resident status from the date of issue.

Rather, a *visto permanente* should be thought of as a visa that sets you on the road toward permanent residency and citizenship.

Although there are several types of *vistos permanentes*, the most likely options would be via either a retirement visa or an investment visa.

## Brazil's Retirement Visa

To qualify for a retirement visa, you or your spouse must be at least 60 years of age. You must be able to demonstrate a monthly pension or annuity income of at least US\$2,000 (or the equivalent in other currencies). That amount must be transferred into Brazil monthly.

To apply for a retirement visa, it's best to contact the Brazilian consulate in your current home country. You will be granted the visa for two years, and after this period it must be renewed. You can renew at the Ministry of Justice or the nearest office of the Federal Police. These bodies handle immigration matters in Brazil.

The retirement visa is attractive, as the monthly income requirement is within the reach of most retirees. Benefits of holding a retirement visa include:



Coco Park sidewalk in Fortaleza

- A national ID card, which in turns allows you to open a local bank account, among other things;
- Access to public services, such as the public health care safety net;
- The right to work legally, if you wish to;
- The ability to leave and re-enter Brazil freely;

Those 60 and over (*peças de terceira idade*) also have the right to ride city buses and metros free of charge. In addition, they receive discounts of up to 50% on many entrance fees. Most places give preferential treatment for seniors.

Since 2019, beneficiaries of deceased pensioners can also obtain the temporary visa for retirees. Previously only retired persons were eligible. →



## Brazil's Investor Visa

Another avenue to permanent residency is an investment visa. Buying property in Brazil might make you eligible for the investor's visa under certain circumstances.

With the investor visa you will be able to live and work in Brazil. It's popular among those who wish to develop a business in the country. To be eligible for this visa through real estate investment, you need to meet the following requirements:

- The property must be located in an urban area;
- The property price must be at least US\$150,000 (in the state of Ceará); in other areas the minimum is US\$200,000;
- The property must be already built or in construction.

Documents required by the Brazilian immigration authorities include the title deed to the property if it is already built to prove that you are the owner of the property and that it is free from liens or restrictions. If the property is under construction you must present the contract of sale, a copy of the construction permit, and a copy of the duly registered memorial, plus a copy of the receipt that proves that the investment amount was transferred to a Brazilian bank. Passport, birth certificate, and a clean criminal record apostilled in your home country (translated to Portuguese) are other documents required for all visas.

With this visa, you will be allowed to live in the country for a period of two years, which can be renewed for another two years. After four years you will be granted the permanent visa. During your first two years, you must stay in the country for at least 30 days. →

## Market Opportunity

We have introduced several projects in Brazil's Canoa Quebrada before, from villas to townhouses to bungalows... Today, we bring you beachside lots. Investors will get an individual title deed for each lot—you'll be the true owner of the land right on one of the most beautiful stretches of beach in Brazil. The lots will have no ongoing costs or upkeep, unless you're planning on building on the lot. However, you don't have a requirement to build in your lot at all. You can decide to do so which would add value to your investment, you could flip it more easily, or you could rent the property for profit.

Prices start at US\$22,900 for a 320-square-meter lot and go all the way to US\$57,400 for an 898-square-meter lot.

→ [Go here for more details on this exclusive offer.](#)





# CRITERIA

## For Ceará, Brazil

Our grading scale goes from 1 to 10, with 1 being the lowest grade and 10 being the highest grade.



Market Risk Factors	5
Ease of Buying	6
Property Costs	9
Market Momentum	7
Liquidity	6
Real Estate Trading Currency	5
FX Controls	5
Average Closing Costs	6
Available Financing	3
Rental Returns	10
Residency Benefits	8

RENTAL RETURNS  
SCORE

10

TOTAL SCORE **6.36**  
(BASED ON ALL CRITERIA)



## 2

# Montenegro

This tiny Adriatic country of some 600,000 people dispersed over 13,800 square kms (5,300 square miles)—slightly smaller than Connecticut—is located in Southern Europe, nestled in between Croatia and Albania.

Overlooking the same stretch of water as Italy, and boasting calm inlets and a pristine landscape, the ultra-wealthy treat this yachting paradise like their own riviera...



Real estate here is significantly more affordable than neighboring Croatia's—yet equally as spectacular. Both Croatia and Montenegro offer dazzling beaches on the Adriatic Sea, majestic mountains, and a history that goes pre-Roman. Montenegro, however, is a fraction of the price. On top of all that, Montenegro's tax climate is favorable, with low capital gains tax, property tax rates, income tax rates, and real estate transfer tax.

Today, Montenegro is 16 years into its independence and on the cusp of EU entry... and it is again attracting many foreign property buyers.

The government has a vision for the future of Montenegro, and the Bay of Kotor in particular, with a focus on massive developments that target the 1%. Today, luxury penthouses here sell for millions... the →



shopping center includes high-end brands like Dior, Rolex, Burberry, Balenciaga... and A-listers flock here to berth their super yachts.

This part of Montenegro is quietly transforming itself in a luxury travel destination, ranking #15 among the world's top destinations for billionaires.

And while we might not be looking for somewhere to park our yacht, surprisingly enough, we can own here—which means we stand to profit as Europe's "Secret Rivera" takes its spot in the limelight.

All we need to do is step back a few minutes from the marina to a hillside location nestled between high-end Porto Montenegro, and UNESCO protected, old town Kotor on the other side... the city of Tivat.

## The Market's Risk Factors

### The Accession Of Montenegro To The EU

Montenegro applied to become a part of the European Union in December 2008, with negotiations starting on June 29, 2012. Montenegro has received support from



Embankment of Tivat city

EU member officials and its accession could be possible by 2025.

In the last decades, Montenegro has developed considerably. It has opened its economy and became a WTO member, it has no major issues with its neighboring countries, it joined NATO, and it is the only aspiring member country that is showing 100% alignment with EU foreign policy.

A big part of the surge in foreign investment in the last decade is the country's official status as a candidate to join the EU. However, to advance in the accession negotiations, Montenegro still needs significant progress to make in several areas, including the rule of law, and the fight against corruption and organized crime.→





Montenegro, with or without the official EU-country badge, is a country that proves to be favorable to invest in. But if you are looking to eventually get an EU passport, it should not be your first choice.

## High Dependence On Tourism

Tourism is one of Montenegro's top industries, making up at least 25% of the country's GDP. Although a growing and thriving tourism sector plays a strong role in a country's economic force for job creation and consumer spending, an economy too reliant on tourism becomes especially vulnerable to global crises such as the recent COVID-19 pandemic and the Russia-Ukraine war.

Montenegro's GDP recovered in 2021 and 2022 after a disastrous weakening of both external and domestic

tourism in 2020, and it is expected to further rebound because of new construction projects and high private consumption.

From a foreign investor's point of view, a strong tourist industry will keep your returns high, but be prepared for a downturn when situations such as the ones mentioned above arise.

## Ease Of Buying

Montenegrin real estate law is based on reciprocity; whatever a Montenegrin can do in your country, you can do in theirs. In the case of the United States, any foreigner can purchase without restriction, meaning a U.S. citizen can also purchase without restriction in Montenegro. →



Ancient coastal town Perast, Bay of Kotor, Montenegro



In the case of Canada, restrictions are made on a provincial level and mostly concern agricultural land. That said, the country may ask for documentation from your home state or province that confirms a Montenegrin can purchase in that jurisdiction without limitation, and this can be almost impossible to get... Reciprocity aside, a registered company is needed for the purchase of land; ownership can then be transferred to the individual if desired.

Buying in Montenegro as a foreigner is as easy as it gets. With the introduction of notaries in recent years, the process is safe and transparent for both the buyer and seller.

Montenegro's constitution protects private ownership and this includes equal treatment of foreigners.

## The Property Buying Process

- 1 Once you find your ideal property buy and have discussed the purchase price with the seller, your first step will be to hire a local licensed lawyer. The lawyer will work on the property deed and negotiate contract terms.
- 2 To take the property off the market, a deposit is required. This will be typically held by the agent, but at times the seller or lawyer.
- 3 The Sales and Purchase Agreement will be signed by both parties in person in the presence of an appointed notary, but you can also give power of attorney to your lawyer or representative. If you are working with a seller that does not provide the contracts in English or your first language, it is mandatory that a licensed interpreter be present during the signing and all discussions prior, and to provide a written translation of the contract.
- 4 The purchase price is paid via bank transfer. Depending on the conditions agreed upon in the



The sea promenade in Tivat, Montenegro

contract, the payment will be received by the seller directly or the notary's escrow account.

- 5 After the purchase price is paid in full, the notary will send all the pertinent documents to the Land Registry for the title change to be processed.
- 6 You will need to pay the purchase tax or title transfer tax within 15 days of the completion of the purchase.
- 7 The property will be registered in your name within a few weeks.

## Property Costs

### Kotor

The average price per square meter in Kotor is 2,200 euros for new construction and about 1,300 euros in the secondary market.

### Tivat

The average price per square meter in Tivat is between 1,500 euros and 2,700 euros for new construction, and 1,275 euros in the secondary market. Luxury projects can go from 3,500 euros to 6,700 euros per square meter, and go as high as 7,200 euros per square meter in →

Porto Montenegro. Back in 2021, the average price per square meter for an apartment was between 1,650 euros and 3,350 euros.

In Tivat you can find high-quality projects with a myriad of amenities with net yield projections that push into the double digits.

Rental and property management companies are not popular among the country, so if you buy with the intention of renting for profit, this might prove difficult if you are not living in Montenegro. However, some developers (including the ones we recommend) have created projects with a serviced apartment concept, turning your investment turn-key and hassle-free.

Montenegro has no short-term rental restrictions, making it an ideal place to buy for profit.

## Market Momentum

The pandemic hit Montenegro's economy hard, as in much of the countries around the globe. Its GDP declined by 15.3% in 2020, but bounced back vigorously in 2021 with a growth rate of 14%—one of the highest in Europe.

Montenegro has become a high-interest place for property investment, more so in the last couple of years. With the recent global crises (a pandemic, war, inflation, supply chain issues), foreigners are more interested than ever in securing their plan B, and this Balkan country has caught many eyes around the world.

Because of this surge in demand, property values and prices have gone up. Our sources tell us the property market was not hindered by the crises, but more likely it has helped this market's growth. →



Historic town of Kotor with Bay of Kotor



The vacation rental market for Montenegro has historically come from Serbia and Russia. Big resorts were built for this market farther south in Montenegro in places like Budva. That has changed since their independence, and as their EU entry date gets closer, more and more tourists are making their way from Central and Western Europe, opening the vacation rental prospects that get you attractive double-digit yields.

Tourism and real estate are part of the top industries in Montenegro, and together they have brought about 3.5 billion euros to the economy in recent years. According to the World Travel and Tourism Council long-term forecast, an average annual growth rate in tourism revenues of 6% is expected in the following decade.

In 2021, Montenegro welcomed about 2.5 million tourists. Tourist stats for 2022 are currently available until July 1, and until that date, a little more than half a million people have visited Montenegro. However, this number from the Statistical Office of Montenegro only provides tourist arrival numbers for visitors staying in collective accommodation (hotels, motels, vacation facilities, boarding houses, resorts, etc.), and excludes visitors staying in private accommodation



Embankment and port "Porto Montenegro" in Tivat

such as apartments, houses, and rooms for rent. With records for half of 2022 still missing, plus those staying in private accommodation, this year's tourist stats could well be on par or much higher... an impressive feat for such a small country.

In the first quarter of 2022, foreign investment in real estate in Montenegro amounted to 158.89 million euros. This is almost a 141% growth compared to the same period last year.

Montenegro's undeniable tourist success and real estate market growth is certainly excellent news for property investors looking to rent for profit. →





## Liquidity

If you are looking to part with your Montenegrin property, it is likely you will sell it to another foreign investor looking to rent for profit or a foreign retiree looking to relocate at least part-time to the country. The properties that would most benefit an investor or retiree will not meet the needs of a local Montenegrin, which is why it is unlikely they will be part of the potential buyers, unless it is a local investor.

Montenegro's main foreign investors come from Russia, China, the United States, Lebanon, Italy, Norway, Austria, Hungary, Serbia, the United Arab Emirates, Azerbaijan, and Turkey. A big pool of potential buyers already exists, and more are expected with the soon-to-come EU accession.

## Real Estate Trading Currency

Montenegro's official currency is the euro, which stabilizes financial flows and results in lower transaction costs. It is used for all transactions, including property purchases.

## Foreign Exchange Controls

Montenegro has no foreign exchange controls. However, they do check the source of external payments.

## Average Closing Costs

Budget in an additional 4% to 5% to your property purchase price for overall closing costs.

The purchase tax or title transfer tax in Montenegro is 3% of the value of the property, which is determined by



Embankment of Perast town

the tax office. This tax must be paid within 15 days from the date of completion of the purchase.

You can expect to pay at least 1200 euros for legal assistance in Montenegro. Hiring a lawyer for a property purchase in Montenegro is not legally required, but we strongly advise you do. This fee includes but is not limited to the title deed survey, the negotiation of the terms of the purchase contract, and the registration of the buyer as the new owner. The final cost will depend on the services you request.

Notary fees depend on the agreed price of the property, and could range from 350 euros to 500 euros, plus the VAT of 21%. Additional fees related to the Land Registry application could arise. If the notary's escrow account is used for these payments, a service charge will be added. →



Depending on who you are buying property from, you might need an interpreter for the written translation of the contract. The fee is about 20 euros per page, and if you need an oral translation as well, it is about 50 euros per hour. If you are buying from a local or a developer who does not offer this service or the documents are not already in English (or another language that applies in your case), hiring a licensed interpreter to be present at the signing of the Purchase Contract while in the presence of a notary is obligatory for any non-resident.

Sending money in and out of Montenegro will depend on your banking institution, but fees can range from 0.25% to 1%.

The agent's commission is paid by the seller.

Once you are a registered owner, you will pay annual property taxes. This fee will depend on the size and

location on your property, but it will range from 0.25% to 1% of the value of the property.

Rental income and capital gains are taxed at a fixed rate of 9%.

## Available Financing

Unfortunately, Montenegro stopped providing loans to foreigners, either residents or non-residents, a couple of years back. However, options for developer financing are available with our main contacts on the ground. It is most common to pay a 30% down payment and pay the rest in installments while the project is under construction.

If you are looking to buy from the secondary market or a ready-to-move home, it is likely you'll need to pay the total purchase price in cash. →



Adriatic sea coast in Budva Riviera. Pržno village, Montenegro

## Rental Returns

By getting into this market with a pre-construction project from a reputable developer, you will have the best chance of getting a true bank for your buck. Ready-to-move units for new buildings in Montenegro go for much higher... reducing your returns. This does not mean they are not up to the mark, as buying in the right location and project keeps those ROIs in the golden 5% to 8% net returns range.

This is an example of the returns you can get by buying into a luxury residential accommodation with hotel-like amenities and services (at a pre-construction price) in Tivat, Montenegro.

<b>Price of unit</b>	79,958 euros
<b>Furniture package</b>	9,500 euros
<b>Yearly occupancy rate</b>	44.58%
<b>Nightly fee</b>	70 to 150 euros
<b>Annual gross income</b>	18,087 euros
<b>Annual management fee</b>	2,713.05 euros
<b>Annual operation, furniture, and advertisement fees</b>	6,511.32 euros
<b>Net annual income</b>	8,862.63 euros
<b>Net ROI</b>	<b>10.25%</b>

## Residency Benefits

Montenegro is one of the few countries where you can get legal temporary residency (for one year) by just buying a property... any residential property at any price (unlike the Golden Visa programs in Europe that have minimum real estate purchases of 250,000 euros and up).



Bay of Kotor, view of Tivat city and Lovćen mountain

However, to maintain your residency you do need to stay in the country for 11 months of the year, and leave for no more than a month to be able to renew your temporary residency. The spouse and children under 18 years old of the holder of a residency permit are also entitled to residency.

## Documents For Temporary Residency Application For Property Owners

- Registration in a tourist office, which needs to be done on your first day of arrival.
- A copy of the first page of your passport, with the photo. Your passport must be valid for at least one year from the date of application. →



- Copy of the property title deed, not older than six months prior to your residency application.
- Health insurance policy covering a minimum of 30 days from the application date.
- Proof of funds from a bank statement from a Montenegrin bank of at least 3,650 euros per person per year.
- Proof of clean criminal record in the country of origin for anyone 16 years old or older.
- Proof of application fee payment.

All documents must be submitted and received in person.

After five years as a temporary resident, you can apply for permanent residency (*stalni boravak*), valid for five years and extendable. This gives you the same rights as



Vacation resort in the town of Tivat

a Montenegrin, except for the right to vote. Municipal authorities in any given city may assert their own set of required documents before accepting an application. If you do apply for permanent residency, you cannot leave the country for more than 6 continuous months, and no more than 10 months in total.

## Market Opportunity

Situated in Tivat, this development offers views of the blue Adriatic Sea to the front and the mountains behind. Like most European properties, the studio unit sizes are small, about the size of a hotel room. This works best for a short-term rental, and allows you to get into a property starting from 118,000 euros. You or your renter will have a slew of on-site amenities: an infinity pool, gym, Zen spa, yoga room, and more. Plus, the developer has secured a private beach exclusively for use by owners and guests here.

Also, you read it here first: A new investment opportunity in Montenegro is coming soon... starting at under 80,000 euros. Stay tuned.

➔ [For more details, you can get in touch here.](#)



# CRITERIA

## For Montenegro

Our grading scale goes from 1 to 10, with 1 being the lowest grade and 10 being the highest grade.



Market Risk Factors	7
Ease of Buying	8
Property Costs	8
Market Momentum	7
Liquidity	6
Real Estate Trading Currency	8
FX Controls	10
Average Closing Costs	8
Available Financing	3
Rental Returns	10
Residency Benefits	10

**RENTAL RETURNS  
SCORE**

**10**

**TOTAL SCORE 7.7**  
(BASED ON ALL CRITERIA)



## 3

# Northern Cyprus

Cyprus is an island country in the Eastern Mediterranean Sea with a rich history spanning more than 10,000 years... making it one of the oldest civilizations in the Mediterranean.

You can find here a myriad of museums, historical sites, monuments, and galleries. Because of its unique geographical position—at the crossroads of three continents—the country is a multicultural, multilingual, and multireligious place.



Our area of interest, with low capital entry points and double-digit net rental yield potential, is the northern part of the country...

Here you get all the perks of a Mediterranean lifestyle but for a much more attractive price. This country has all the right ingredients for a dream retirement and fantastic investment opportunities.

We can argue that the northern part of the island is the most beautiful in the country, boasting incredible castles, colonial villages, and miles of untouched sandy beaches.

As well as attracting sun worshippers, it has a strong casino industry (hence its reputation as the “Las Vegas of the Mediterranean”) and a burgeoning medical→



tourism sector. All of this means an increase in demand for tourist accommodation.

This northern area of the island country is a strong contender for a retirement destination, a second home, and property investment.

Northern Cyprus is beautiful, underrated, with a favorable climate most of the year, affordable property that gives you high ROIs, low cost of living, and a standard of living that is up to par with what you would get back home.

## The Market's Risk Factors

### Political Risk

Since 1974, Cyprus has been divided in two—the Turkish Cypriot side in the north and the Greek Cypriot side in the south. Its capital Nicosia is the last divided capital in the world.

The division happened after troops from Turkey invaded the northern part of Cyprus after a short Greek Cypriot coup, caused by *enosis* (the movement for reunification with the historical Greek homeland). Turkey took over 37% of the island. Eventually, both parties agreed to a ceasefire, and the ceasefire line became a UN buffer zone, known as the “green line,” still in place today.

This part of the island then became the de facto Turkish Republic of Northern Cyprus in 1983. As it's



Salamis ruins in Famagusta

only recognized by Turkey, we will be referring to the area with its geographical name—simply as Northern Cyprus. Please note that this does not mean the northern area of Cyprus is a part of Turkey, nor the southern area of Cyprus is a part of Greece.

Traffic across the green line in Nicosia became limited until 2003, when the Turkish Cypriot Administration eased travel restrictions, allowing Greek Cypriots to cross over. A year later, the Republic of Cyprus joined the European Union, abolishing restrictions for EU citizens. Currently, anyone is allowed to cross over the green line.

Currently, the north and the south are seemingly at peace. In April 2021, the United Nations held a meeting in Geneva to resume talks of reunifying the island country, after the previous attempt in negotiations fell through back in 2017. Involved were the two Cypriot parties, along with their guarantor countries: Greece, Turkey, and the United Kingdom. However, despite these efforts, not enough common ground was found among both sides that allowed formal negotiations. →





Our man-in-the-ground in Northern Cyprus tells us that 74% of its population voted in favor of the reunification of the island. For locals, the reunification will mean wages paid in euros instead of the Turkish lira. He tells us that reunification will only mean good things for the country.

For the foreign investor, however, this will mean a significant rise in property prices. Gone will be the days of pocket money opportunities on this side of the island. This means the window of opportunity is getting smaller, and the time to invest is now.

## Economic Risk

Northern Cyprus is not an economically independent and self-sufficient state, and although they are not a part of Turkey, they depend on military and economic assistance from them. The economy is limited both by the lack of international recognition and because all foreign trade operations can go only through Turkey.

The main branch of its economy is the services sector, which includes tourism, education, and trade, earning Northern Cyprus 69% of its GDP. In the last decade (pre-pandemic), the number of tourists rose steadily, receiving more than 2 million annually. Despite the international non-recognition, Northern Cyprus's economy was experiencing strong growth, unlike Greece and the Republic of Cyprus.

Northern Cyprus's economic growth has been influenced by:

- Aid from Turkey,
- Low taxes,
- Low prices,
- Increased interest in the country from foreign investors in the business and real estate sectors.

Northern Cyprus is attractive for foreign investors because it has economic free zones and free-trade zones, such as Famagusta.



Northern Nicosia

The region is also one of the world's leading entertainment and leisure centers, with clubs, casinos, and luxury hotels... which attract the large amounts of tourists that visit each year.

The Turkish lira is the currency of Northern Cyprus, and developments in the Turkish economy and the Turkish Lira are two factors that would affect the Turkish Cypriot economy. The Turkish lira has been devaluating every year since 2012 because of a credit-driven economy dependent on imports, dollar funding, and a loose monetary policy. In the last year, the lira has lost 13% of its value.

The devaluation of the Turkish lira is favorable to you if you are earning income in U.S. dollars, making the cost of living in Northern Cyprus extremely affordable. At→

the time of writing, the lira has dropped to a record low of 18.59 Turkish liras per 1 U.S. dollar.

For the property investor, fluctuations in the local currency do not affect your investment. The value of the property is in British pounds, and rental income is earned in British pounds.

## Developer Risk

With any property purchase, especially pre-construction projects, you will encounter developer risk. Our contact in Northern Cyprus, however, seeks to minimize this risk by only working with financially free developers. They can finance themselves and don't owe any money. They also do extensive research on their previous projects and ensure developers have a stellar track record. This means making sure projects were completed on time, that they delivered what was promised, if the projected returns were accurate and realistic, etc.

By working with him and his team, you'll get decades' worth of experience in the Northern Cyprus market, as well as their international real estate connections and partnerships.



Gazimagusa Beach in Northern Cyprus

## Ease Of Buying

In Northern Cyprus, foreign individuals or married couples can purchase one property or up to three properties in a maximum of 14,400 square feet (1,338 square meters) of land per person. It deems married couples as one person unless they have different last names. However, by purchasing with a trust company, there are no limitations. If you wish to purchase more than one property, using a trustee or registering the title deeds under a local company name are options that you can discuss with a local lawyer to ensure the safest and most affordable option for you. →





Foreign nationals and companies must request permission to acquire property in Northern Cyprus. You will need a valid passport and a clean criminal background record from the local police department. This step can take up to a year to complete, but it is mostly a formality as you can go ahead with the purchase and even live in your new property while the Permission to Purchase is being processed. Your local lawyer can help you with this application and follow it up until completion.

When scouting for a property, as part of your due diligence, you should make sure that the property you've decided on has a freehold title.

Once you have chosen your desired property, you make an offer. If it's accepted, you sign a reservation contract

and pay a fee ranging from US\$1,000 to US\$5,000. If you are buying sight-unseen, you can pay the reservation fee through wire transfer or credit card. You will provide a digital copy of your passport and fill out contact information.

You will need a trusted local lawyer that has experience with overseas transactions. They will be of need when signing the sales contract, the permission to purchase application, and the permanent residency application. The lawyer will do an in-depth search on the property, check building permits, handle procedures with local government offices, and more.

If you're not present, the sales contract can be approved, signed, and stamped through power of attorney at the local Land Registry office. →



A view of old Kyrenia town and Kyrenia harbour

When signing the sales contract, the buyer will pay a down payment between 30% to 60% of the sales price, depending on the construction stage of the project. Within 21 days of signing, the contract should be registered in the District Land's office, where you will pay a 0.5% stamp duty. By registering the contract, you are securing the property under your name, becoming legally binding. You can now take possession of the property. If you wish to take title of the property, it gets transferred after you pay the property in full.

The remaining payment is due according to terms set out in the contract, which can vary. If you are buying pre-construction, paying in installments is usual. With a resale, the buyer is expected to pay in full once the seller transfers the title deed.

## Property Title

One of the issues the complex history of Northern Cyprus brings with it is questions about title. These are the four types of title...

- Pre-1974 Turkish Cypriot or foreign ownership. These titles are straightforward and have no potential problems.
- Pre-1974 Greek Cypriot Exchange Land. This land was titled to Turkish Cypriots by the Northern Cyprus government in exchange for land lost in the south by the Turkish Cypriots. These titles are considered rectified by the 1983 Northern Cyprus constitution and are freely transferrable to foreigners. This title can be fine but ask questions. Many Greek Cypriots have been compensated already for their land. Others are still waiting. This is one of the contentious items that needs to be resolved for reunification.
- Tahsis (TMD) Deed. This is land owned by Greek Cypriots pre-1974 that was titled to a Turkish Cypriot refugee from the south or to a Turkish mainland settler. Stay clear of this kind of title.



A street view in Kyrenia

- Leasehold. These are properties owned by the Northern Cyprus government that they grant a long-term lease for 49 years. Leasehold is common in many countries, but North Americans aren't generally familiar or comfortable with this type of property.

## Property Costs

Famagusta is one of the main tourist cities in Northern Cyprus and the home of the main state university in the country. Famagusta remains a classic Northern Cypriot city and, until recently, lacked the modernity that makes Kyrenia so popular.

However, this is where the Iskele region is developing at an incredibly rapid rate. It now has dozens of elite apartment complexes and resorts. →



The average prices here range from US\$900 to US\$1,000 per square meter.

About 30 minutes from the Famagusta center, Iskele Long Beach is the “it” place to be. Attractive to any age group, this beach has the longest coastline in the region, with modern infrastructure where you can enjoy cycling, surfing, skating, and more outdoor activities. It offers fishing docks, sports fields, outdoor sports infrastructure, picnic and lounging areas, food stalls, beach bars, and restaurants. It’s famous for its seafood restaurants where they get their seafood daily from their local fishermen.

This region boasts some of the best returns in Northern Cyprus. Average prices range from US\$1,200 to US\$1,600 per square meter.

The path of progress from the town of Kyrenia is east along the coast. East Kyrenia has a mountain range running parallel to it that drops to the shore, opening up small, contained beaches in coves. The terrain allows for ocean views from most of the properties built here. Add in strict permitting rules in this part of Kyrenia that restrict building heights to three stories and forbid new construction within 100 meters of the coast, and you are guaranteed a coastline that won’t be overrun by high-rises that would obliterate current views.

Average prices here range from US\$1,375 to US\$2,000 per square meter.



Streets of old Nicosia

## Market Momentum

Northern Cyprus has been growing for the past 20 years. It is a developing country with many rising opportunities for growth because of its location, relatively small population, and rich land availability. All this makes it great for investment with low prices and high rates of return in the long run.

They have excellent higher education universities and, as a result, education is one of their most profitable and rapidly growing sectors. More than 100,000 foreign students live on the island, providing guaranteed rental income.

Progress is happening right now. Because of the sudden surge of interest, infrastructure has already greatly improved, especially in road and air access.→





The property market is booming, which means prices will continue to rise soon.

But because this is still a relatively new place of interest, the property is still incredibly cheap, a fraction of the price of what you could get in the U.K. or even in the southern part of Cyprus. And with the tourism industry attracting more than 2 million visitors each year, about five times the local population, the short-term rental industry is strong.

Oceanfront and beach properties benefit from capital growth the most, between 10% and 20% capital appreciation in the last decades. Foreign investment has been the key to this strong and rapid growth.

Just last year, apartments that sold for US\$50,000 at Iskele Long Beach are now worth about US\$65,000.



Fortress in Kyrenia (Girne), Northern Cyprus

The Northern Cyprus real estate market is one that we haven't seen in a long time. You can buy almost anything, even a resale unit that's 20 years old, and expect to make money whether it's through rental yields, appreciation, or both. →



Kyrenia (Girne) is a city on the north coast of Cyprus



## Liquidity

Locals have been investing more in 2022 than in 2021 in the regions of Nicosia and the Kyrenia City Center. However, their buying power has shrunk due to the devaluation of the Turkish lira, while properties are being priced in pounds.

Foreigners are the pool of buyers who are benefiting from the Northern Cyprus market. If you wish to sell your property, your buyer will most likely be another foreign investor. American and European buyers, specially Scandinavian buyers, are competing against each other for the near-beach or beachfront properties.

## Real Estate Trading Currency

Real estate here is priced in British pounds, and it's rented in British pounds... meaning currency risk is significantly lower than if it was priced in the local currency. However, if your capital is in U.S. dollars, you don't necessarily need to go through the hassle of exchanging your dollars into pounds. Our contacts in Northern Cyprus work with projects that can be priced

and bought in dollars, making the purchasing process that much more convenient.

## Currency And FX Controls

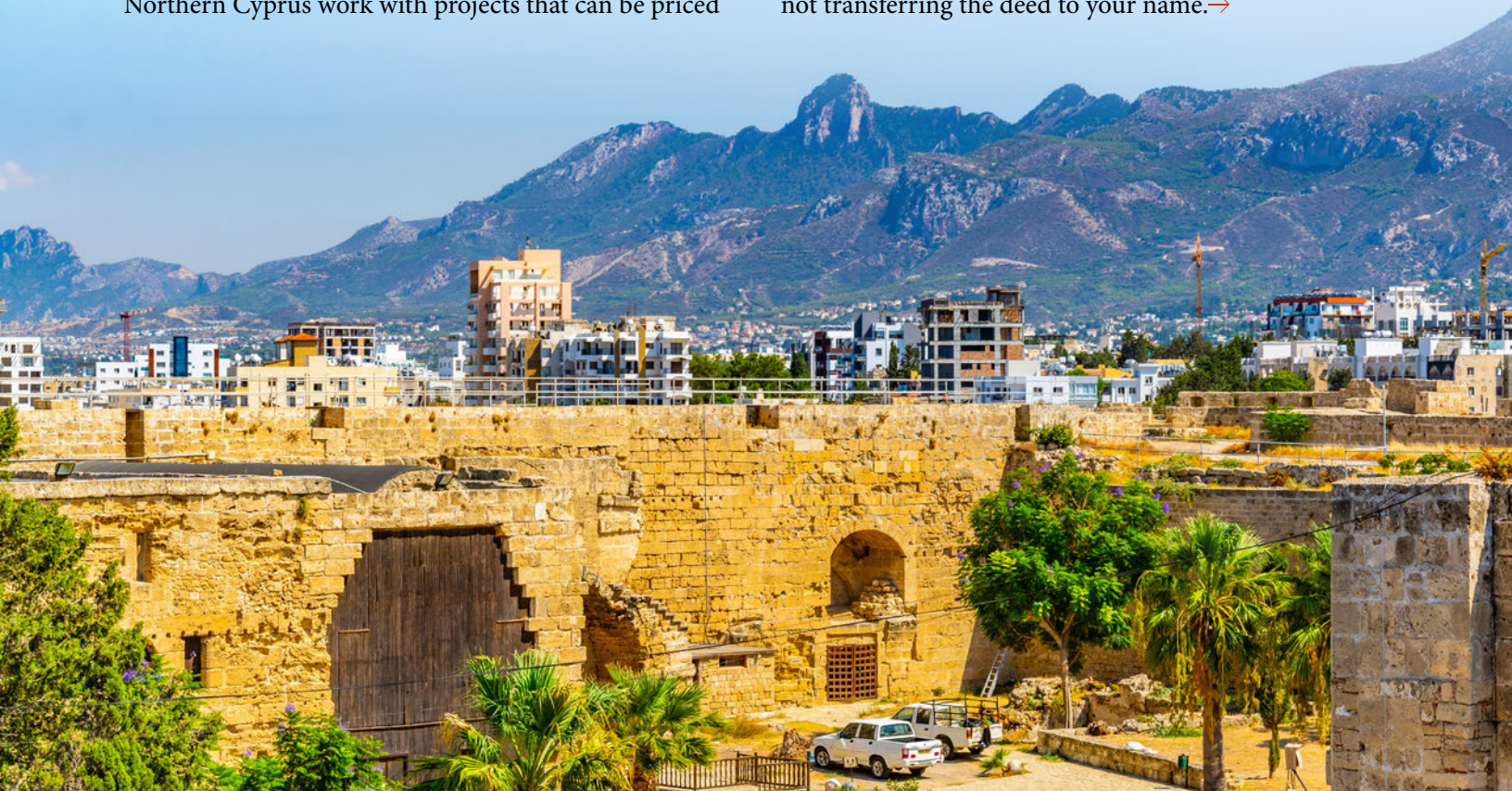
The local currency in Northern Cyprus is the Turkish lira. As mentioned, real estate transactions are dealt in British pounds, and in special cases, U.S. dollars.

There are no capital restrictions in Northern Cyprus.

## Average Closing Costs

In Northern Cyprus, you pay a stamp duty of 0.5% when you register the sales contract.

When they hand you the keys to your property, a VAT of 5% of the sales price is paid to the first owner of the property, plus 3% of the sales price for the title deed transfer on your first purchase. The title deed transfer fee rises to 6% from the second purchase. Both the VAT and title deed transfer fees are one-time payments. If you plan on reselling, you could avoid these two fees by not transferring the deed to your name.→



In some cases, you'll need to pay an infrastructure contribution and utility connections fee ranging from 1,000 to 3,000 British pounds (only the first owner of the property pays this fee). However, it is common for the seller to cover these costs, so make sure you ask about them.

Legal fees can range between 1,000 and 5,000 British pounds, depending on the services you chose.

HOA fees will vary and should be included in the sales contract.

Rental income is taxed at 10%, while capital gains are taxed at 4%, although first-time sellers can exercise the option to be exempt.

## Available Financing

Financing is available to foreigners (for both residents and non-residents) in Northern Cyprus; however, it has incredibly high interest rates. We do not recommend going this route.

Thankfully for LIOS readers, our in-country contacts manage to get exclusive financing agreements with developers with very low interest rates, or in some cases, even with no interest at all. These offers are limited, which we relay to our *GPA* Members first.

## Rental Returns

We've discussed several new developments in Northern Cyprus in the last year, and all of them boast projected net rental returns of 8% or more. It is an out-of-the-box market with potential benefits that are hard to find anywhere else in the region.

Take a look at this price breakdown from one of the projects we introduced earlier in the year...→

Section A	
Purchase Price	\$94,000
Stamp Duty/Contract Registration (0.5%)	\$470.00
VAT 5%	\$4,700.00
Title Deed Transfer 1% (can be 3% next year)	\$940.00
Utility Connection	\$1,950.00
Legal Fees	\$1,950.00
Furniture Pack Ready for Rental	\$9,750.00
<b>Net Cash Investment</b>	<b>\$113,760.00</b>
Section B	
Nightly Price	\$101.00
Occupancy Factor	40%
Occupancy in days	146
<b>Gross Yearly Income</b>	<b>\$14,804.00</b>
Section C	
Rental Management Fees 10% of revenues	\$1,480.44
Income tax 10% of revenues	\$1,480.00
Cleaning	\$293.00
Utilities and Repair	\$1,000.00
Home ownership tax 3tl/sq m	\$25.20
Annual maintenance of the Resort	\$1,092.00
<b>Net yearly rental expenses</b>	<b>\$5,370.58</b>
Section D	
Return on Investment	
Net Income	\$9,433.82
Gross Return on Investment	10%
<b>Net return on investment</b>	<b>8%</b>



In this region, it's still possible to find incredible deals such as this condo right on the path of progress of East Kyrenia with 8% annual net returns.

## Residency Benefits

Purchasing a property in the country with a government-registered Contract of Sale makes you eligible for residency as long as you have a clean background record.

The residency process in Northern Cyprus is very straightforward and painless. While you process your application, you can reside in the country.

These are the requirements for the “Permanent Residency Scheme”:

- The applicants must be present in the government offices at the time of application;
- Your passport and a copy;
- Owning a property or land in the country (the District Land Registry needs to have the Contract of Sale or the title deed of the property in case of purchasing a resale);
- Proof of sufficient funds to support the buyer. Before applying you must open a local bank account and deposit 8,000 British pounds;
- Health tests (obtained from licensed clinics or state hospitals).→



Mediterranean style holiday villa





The residency permit must be renewed every year, following the same procedures, minus the health tests. If moving with children under the age of 18, they are not required to have residency permits.

Getting residency only allows you to live in Northern Cyprus. If you wish to work or set up a business, foreigners can do so by acquiring work and business permits.

Until recently, there wasn't a way to become a citizen of Northern Cyprus unless you had Cypriot parents or got married to a Cypriot. However, a new law in Parliament is now allowing foreign nationals to become citizens after 10 years of residence.



Mediterranean Sea in Northern Cyprus

Taking residence in Northern Cyprus means you are living in a tax-free country. If you work here, your income will be tax-free. If you ever want to resell your property, by not taking title, the sale is also tax-free. →



## Market Opportunity

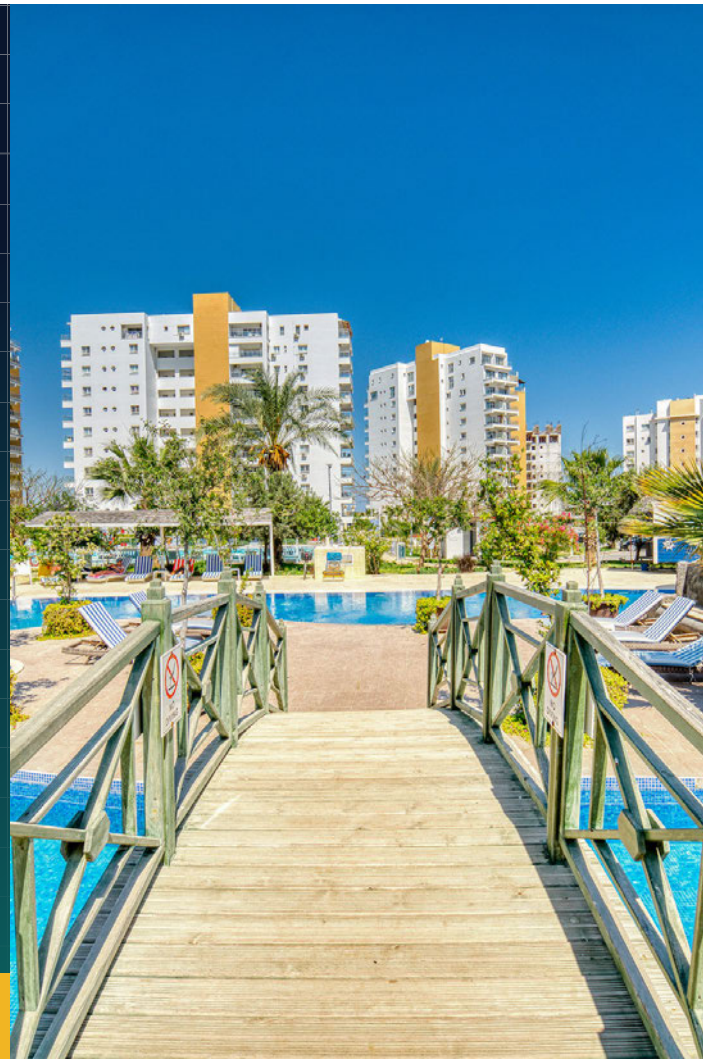
This property is on a prime location where your family (or your renters) can take advantage of year-round sunshine to enjoy a laid-back, outdoor lifestyle with a pristine, warm sandy beach... along with an 18-hole championship golf course, all right on your doorstep. Properties start at just US\$90,000.

Choose to rent your property out when you're not around, and you'll be looking at a 7% to 10% net annual return—completely turn-key thanks to the in-house rental management team.

You'll be positioned right in the heart of the more affluent neighborhoods on the island... And only 20 minutes from Kyrenia, the cultural and economic center of this region.

Catering to the higher-end tourists, here you'll find a choice of great restaurants, luxury hotels, marinas, universities, shops, and a welcoming, cultured community.

→ [Click here to learn more about this opportunity.](#)





# CRITERIA

## For Northern Cyprus

Our grading scale goes from 1 to 10, with 1 being the lowest grade and 10 being the highest grade.



Market Risk Factors	6
Ease of Buying	6
Property Costs	10
Market Momentum	7
Liquidity	6
Real Estate Trading Currency	7
FX Controls	10
Average Closing Costs	6
Available Financing	3
Rental Returns	9
Residency Benefits	10

**RENTAL RETURNS  
SCORE**

**9**

**TOTAL SCORE 7.27**  
(BASED ON ALL CRITERIA)

# TAKE ADVANTAGE OF PANAMA'S HOUSING DEFICIT

TO EARN A FIXED RETURN OF 30% WITHIN 24 MONTHS



- Capitalize on Panama's growing demand for quality, affordable housing for its rising number of working-class families...
- Partner with an established developer with over 40 years in the market with an investment secured by a hard asset...
- Low minimum investment of just US\$59,000...

— CLICK HERE TO —  
FIND OUT MORE



4

# Panama City

📍 PANAMA

Panama City offers a different caliber of lifestyle experience—a more comfortable, well-appointed standard of living than anywhere else in Central America. It's changed drastically over the past 15 years as it pushes always for growth. This city is constantly under construction as it builds and rebuilds, expands, and develops... It's well on its way to becoming the brand-name city it has long aspired to be.



By settling or making an investment in Panama, you can avail of the many benefits that this country has to offer: quick and easy routes to residency, special benefits and discounts for retirement-age expats, life in a U.S.-dollar, low-tax environment...

A major benefit to basing yourself in Panama City specifically is that you'd live within arm's reach of the

best health facilities in the country—the reasons why Panama has a widespread reputation as a medical tourism destination. Nicknamed the Hub of the Americas, you could also take advantage of the capital's well-connected Tocumen Airport, which serves the United States and Canada (as well as a host of other countries) with direct flights daily. →

Panama City has U.S.-style malls and traditional open-air markets, skyscrapers and crumbling Spanish-colonial architecture, five-star restaurants and hole-in-the-wall eateries... a mix of old and new, ultra-modern and run-down, laid-back and chaotic... It's a heady combo and certainly not for everyone... Ultimately, what it offers is the chance to live in a tropical urban setting, a hub of trade and industry, and the only true cosmopolitan environment in Central America.

## The Market's Risk Factors

### Oversaturation Of Long-Term Rentals

In Panama City, you cannot rent out your property for less than 45 days, which creates too much inventory for long-term rentals. Because of the number of options available, this might lead you to decrease your rental rates to be able to compete with the long-term rentals in your area. You'll need to keep up with the market constantly, to determine when demand is changing, so you can make shifts in your rates accordingly.

On the other hand, there are a few developments available with permits to lease units as short-term rentals. This creates a unique opportunity for the investor, placing you in a smaller market where you can profit generously compared to the country's long-term rental market.



Joggers in the Cinta Costera 3 boardwalk in Panama City, Panama

## Ease Of Buying

Foreigners have the same legal rights as Panamanians in property ownership, and the purchase process is straightforward if you are purchasing titled land. Foreigners can easily use a self-directed IRA or an LLC as a local company or in their name to buy properties.

In Panama, untitled land must be owned by a Panamanian citizen for at least two years before it can be owned by a foreigner. After this period, it can be titled and resold.

Foreigners cannot own within 10 kms (6 miles) of international borders, 10 meters (33 feet) of the Atlantic Ocean, or 22 meters (72 feet) of the Pacific Ocean (from the high-tide line). Special permits are needed with some types of waterfront construction. →





Additionally, rights-of-possession titles are common in some parts of Panama, especially the Bocas del Toro region, for example, and this is something all buyers should be wary of. Rights of possession is not the same as a full title, but it can be converted to full title in some cases. To do this, you need the help of a trustworthy attorney who is familiar with the process.

## The Property Buying Process

Buying property in Panama is a straightforward, transparent process. You don't need to be in the country to do it; you can appoint your lawyer or another trusted contact as your Power of Attorney to sign documents on your behalf.

### 1 Find A Property That You Want To Buy

The first step in any property purchase is finding the property that you want to buy. Panama has a wide selection of property types available, from luxury apartments in Panama City to stand-alone houses and villas, condos in high-end gated communities to diverse pre-construction opportunities.

There's no multiple listing service in Panama, and real estate agents don't typically share listings. The best way to find a property is to work with a reputable local agent who is well-versed in the purchase process, though you can also buy property without a real estate agent. Though required by law, not all real estate agents in Panama are licensed and regulations governing their practices are limited.

Unless you're fluent in Spanish and have extensive experience in Panama's property market, you should engage a lawyer to assist you with the purchase process. To find a trustworthy attorney, ask for word-of-mouth recommendations from other expats, or get in contact with [Live and Invest Overseas' recommended attorney here](#). Never hire an attorney associated with the seller.



The Cinta Costera near Avenida Balboa

### 2 Verify The Property's Title

You need to verify the property's title (*escritura*) and get a signed and stamped copy of the Ownership and Encumbrances Certificate (*Certificado de Registro*) from the Public Registry (*Registro Público*) before buying any property. This ensures that the property is titled and that there are no complications associated with it or liens placed against it. Most likely, your lawyer will carry out the verification process.

### 3 Entering Into Agreements

Most property purchases in Panama involve two types of binding contracts: the promise to buy contract and the purchase and sale contract. In some cases, you can proceed directly to the purchase and sale contract; it →

depends on how the sale is negotiated between the buyer and seller.

The promise to buy contract outlines the price of the property as agreed upon by the buyer and seller. As a rule, you should negotiate the price of the property with the buyer and reject the list price. The promise to buy contract also lays out other contingencies, such as the deadline for the transfer of title, the legal description of the property, and whether a deposit is to be paid.

There is a penalty for backing out of the promise to buy contract. Though it's not a legal requirement, contracts will be in Spanish. We recommend getting full translations before signing any contracts or agreements to ensure you understand all contingencies.

Your lawyer or a public notary will draft the purchase and sale contract, locking in the sale of the property at the agreed upon price and terms. It's common for a money deposit of 10% of the purchase price to be paid at this stage.

The notary will draft a new title in the buyer's name (including a description of the property and any special terms that apply) for a minimal fee. Both the buyer and seller need to sign the new title.

#### 4 Making Payments

There are a few ways to make a property payment in Panama...

If you made a deposit on the property and/or if you don't have a bank in Panama, you will likely use a bank or escrow company in Panama to make your payment. When making your deposit, the company will issue an irrevocable letter of payment that states that they will transfer the amount owed to the seller once the title is transferred.

If you have a bank account in Panama, you can wire transfer funds from a U.S. bank to a Panama bank and



Tall residential buildings in Avenida Balboa

then pay the seller with a certified check once all the conditions of the purchase contract have been met.

You can also transfer funds to your lawyer though you should do this in the presence of the notary so that there is an official witness of your payment. Avoid transferring funds directly to the seller as a payment method.

#### 5 Recording The Purchase At The Public Registry

This is the final stage of the purchase process, which your lawyer will carry out for you. It can take anywhere from 2 to 30 days to complete. The purchase is not final until registered at the Public Registry. You must also file the deed with the tax records department. →



The average timeline of a property purchase in Panama is six weeks, though this can vary transaction to transaction.

## Property Costs

Real estate here costs US\$2,695 per square meter on average. You can find units in older buildings from around US\$2,000, while furnished new builds can go up to US\$3,800 per square meter.

One of the most coveted neighborhoods in Panama City is El Cangrejo. In this neighborhood, close to the LIOS HQ, we found a deal in a building with amenities such as a rooftop pool where you can enjoy 180-degree views of Panama City, an events room, an outdoor lounge area, a gym with quality equipment, and a kids' playground area. The units are 145-square-meter, 3-bedroom, 3.5-bath apartments, plus a maid's quarters. These were originally US\$2,300 per square meter, but the new owner is selling them at just US\$2,000 per square meter, at US\$290,000.

Another example is just 15 minutes from downtown Panama City. In here you'll find condos for sale in a luxury beach resort in the closest stretch of sand you'll find from the city. This is a residential tower that shares its location and amenities with a resort at a fully private beach, just for residents and guests. The units are 104 square meters and could be one- or two-bedrooms



Highrise buildings in Punta Pacifica

units. A cash offer is available at US\$275,000, with a US\$2,644 per square meter price. Developer financing is available at US\$320,000, leaving the price per square meter at US\$3,077.

## Market Momentum

This resilient nation pulled through the last 2008 crisis more or less unscathed. And with both the canal and the copper mine adding to its coffers over coming years, we expect the country to continue her upward climb...

The time to capitalize on outstanding real estate deals has never been better. Seeking foreign investment to work with the U.S.-dollar-pegged economy, Panama is offering several quality programs to attract foreign nationals including tax abatements. →



Pre-construction properties are coming online in time to capitalize on the 100% tourist tax abatement incentive and the ability to gain residency in 30 days with an investment of US\$300,000 in real estate. Property tax relief is also in effect and available to individual purchasers. Plus, developers are offering incredible deals on real estate including financing, inventory close-out deals, and cash prices.

It doesn't matter if you are considering a condominium for your own to capitalize on the residency incentive or an investment to build a revenue stream and equity by renting to tourists, buying in Panama will guarantee great returns and value for your initial investment.

## Liquidity

The Panama real estate market—especially the Panama City and City Beach markets—relies on foreign buyers. For years, people have claimed that Panama City is overbuilt, but somehow the inventory gets absorbed and the market continues to grow...

But Panama's real estate market doesn't rely on just one foreign market. North Americans come to Panama and buy for vacation or retirement homes. Political events of the past few years plus the pandemic have Americans looking outside the borders of their home country, and the North American market is strong.

Europeans are buying for second homes like the North Americans... or buying to move to Panama to live. South Americans have come to buy because they see Panama as the most stable market in the region—especially true considering the political context of Colombia and Peru.

Panama has a big and growing middle class—a group not often catered to, as most Panama City developers build for the foreign market or the high-end local market.



Skyscrapers in Avenia Balboa

## Real Estate Trading Currency

Panama's currency is the U.S. dollar, which is also the currency for all real estate transactions. This makes purchasing a property in the country easy and appealing for Americans.

## Currency And FX Controls

There are no currency or foreign exchange controls in Panama.

## Average Closing Costs

Transaction costs range between 7.30% and 9.30% of the value of the property. As the buyer, you are responsible for the legal fees (2% of the property value) and the registration fee (0.30% of the property value) for registering the public deed containing the change of ownership annotation at the Public Registry.

Legal fees for registering a deed can vary: some lawyers charge a percentage of the purchase price; others charge a flat fee. For a property purchase of US\$250,000, the legal fee for registering the deed will be about US\$2,000. Some developers don't charge to register deeds. →





Aerial view of Avenida Balboa in Panama City, Panama

The seller is responsible for the real estate agent's fee (3% to 5% of the property value) and the transfer tax (2% of either the updated registered value of the property or the sale price—whichever is higher. The updated value is the registered value, plus 5% per annum of ownership).

### Capital Gains Tax

Capital gains from real estate sales are taxed at a flat rate of 10% if you are not in the business of buying and selling property. The buyer must withhold 3% of the purchase price or the ratable value of the property (whichever is higher) as an advance payment of tax.

The seller calculates a 10% tax on the profit: if this is lower than the 3% withheld by the buyer, the seller can

request reimbursement for the difference; if it is higher, the seller can consider the 3% as the definite tax.

If buying and selling property is part of your normal business activities, you will be taxed at the standard income tax rates on your capital gains.

Other transaction and closing costs can include a percentage of the transaction fee set aside in escrow and an incorporation fee plus tax if establishing a Panama corporation.

### Property Tax

Property tax applies to all real estate in Panama and is imposed at progressive rates. Under this tax scheme, in effect since Jan. 1, 2019, property with a registered value →



of US\$120,000 or less is exempt from property tax. For property valued between US\$120,000 and US\$700,000, property tax is 0.5% on the difference over the US\$120,000 exemption. All properties over US\$700,000 pay 0.7% tax on the amount over US\$700,000.

To qualify for this scheme, the property must be registered as “Patrimonio Familiar,” property destined for permanent family habitation by its owner, or as “Vivienda Principal,” property destined for permanent residential habitation by its owner. If you own more than one property, only your primary residence (Patrimonio Familiar) has the right to receive the new tax schedule.

All additional residencies, land, commercial, and/or industrial properties will be taxed according to this schedule:

- Valued up to US\$30,000: exempt.
- US\$30,000 to US\$250,000: 0.6% tax on the amount over US\$30,000.
- US\$250,000 to US\$500,000: 0.8% tax on the amount over US\$250,000.
- Values over US\$500,000: 1% tax on tax on the amount over US\$500,000.

## Available Financing

In the current climate, even as a resident, you’ll have trouble getting a loan at all in Panama unless your income is generated in Panama and maybe not even then.



Independence square in Casco Viejo

That said, non-resident property investors in Panama have been able to get financing of up to 70% LTV. However, historically you’ve needed to put down at least 30% to 40%.

The term of the loan could be up to 25 years, depending on the age of the applicant—there’s an age restriction for applicants at the age of 75. In other words, in order to qualify for the full 25-year loan term, the applicant would need to be 50 or younger. The interest rates range from 5% to 7.75%. Banks here also require applicants to purchase a life insurance policy for the amount of the mortgage naming the bank as the beneficiary. Though there are several banks that provide mortgages for foreigners in Panama, we recommend Scotiabank.

Most real estate transactions involving foreigners are in cash. With certain developers, it can be possible to get a loan. At Live And Invest Overseas, we have worked with developers that offer interest rates as low as 4.5%, with deposits from 15%. →





## Rental Returns

This is an example of the possible returns in a condo development just 15 minutes from downtown Panama City, without any short-term rental restrictions. It has access to the closest swimmable beach in the city... and it's private.

Price per square meter	US\$3,800
Administration fee per square meter	US\$4
Management fee	12%
Unit size	90 square meters
Approx. % yearly occupancy	80%
Nightly rate	US\$140
Unit's sale price	US\$342,000
Approx. monthly rent	US\$3,406.67
Management fee	US\$408.80
Monthly program fees	US\$250
HOA fees	US\$360
Approx. electricity costs	US\$100
Cable and internet	US\$50
Monthly income	US\$2,237.87
Annual income	US\$26,854.40
<b>ROI</b>	<b>7.85%</b>

## Residency Benefits

To get residency in Panama, you have four main options: Panama's Friendly Nations Visa, the Retirement Visa, the Self Economic Solvency Visa, and the Qualified Investor Visa.

The procedure to get any residency visa is carried out at the central offices of the National Immigration Service of the Republic of Panama, located at the Ricardo J. Alfaro Avenue. You need to be present in the country at the moment you apply.

First, you'll need to register your passport in the Affiliation Department of the National Immigration Service. Your passport will get a seal with a sequential registration number. After this is taken care of, you will file for the residency application. All this will be carried out by your lawyer, even if you do need to be here for the application. Your lawyer will make sure you have met all the requirements for the specific visa you are applying for.

You will then go with your lawyer to the Migration Department, where you will get an ID card, valid for six months. In this moment your status as a foreigner will change from tourist to resident in process.

During this six-month period, you need to stay in the country while your application is being processed. If for some reason you need to leave the country, applying for a special permit can be granted. It is recommended that you apply immediately for the authorization to leave the country as you are applying for your visa to save you the trouble in case of an emergency. Traveling out of the country during the processing period without the special authorization will be penalized with a US\$2,000 fine.

These are the usual documents you will need for the application of any of the visas:

- A clean criminal record.
- Marriage certificate (if your spouse is being added as a dependent).
- Birth certificate (for your dependents as well if they are children under 25 years of age).

All of these can be sourced in your home country and must be authenticated in your country's Panama consulate or apostilled. →

Documents that you will need to source in Panama:

- Copy of your passport authenticated in a Panamanian public notary.
- Health certificate issued by a qualified physician in Panama.
- Receipt of payment of US\$250 to the National Treasury for your application in a migration category.
- Receipt of payment of US\$800 to the National Immigration Service as a repatriation deposit.
- Six ID-sized photos.

Your lawyer can take care of authenticating your documents at the notary, as well as making your payments.

## Friendly Nations Visa

Citizens of any of the following countries can apply for a Friendly Nations Visa: Andorra, Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Hong Kong Administrative Region, Ireland, Israel, Japan, Latvia, Liechtenstein, Lithuania, Luxemburg, Malta,



Corredor Sur in Panama City, Panama

Monaco, Marino, Montenegro, Netherlands, New Zealand, Norway, Poland, Portugal, Serbia, Singapore, Slovakia, Spain, South Africa, Korea, Sweden, Switzerland, United States of America, Uruguay, and United Kingdom.

Changes were made in August 2021 to the Friendly Nations Visa. The usual procedure was to immediately receive a permanent residency card after the six-month processing period. Currently, you first get a provisional residency card that is valid for two years. After the two years are up, you will need to apply for a permanent residency card. →





The biggest change for the new Friendly Nations Visa is that it requires a real estate investment. You need to acquire a Panamanian property of over US\$200,000 either in cash or through a mortgage from a local bank. Another way in which you can apply for the Friendly Nations Visa is through a work permit. This needs to be approved by the Ministry of Work and Labor Development (Ministerio de Trabajo y Desarrollo Laboral), which can be a lengthy and bureaucratic process.

This visa was redesigned as a way to keep the Panamanian economy active and promote foreign investment and job creation.

### Pensionado or Retirement Visa

With this visa, after the six-month processing period is over, you will be granted a permanent residency card without an expiration date.

Requirements for the Pensionado Visa:

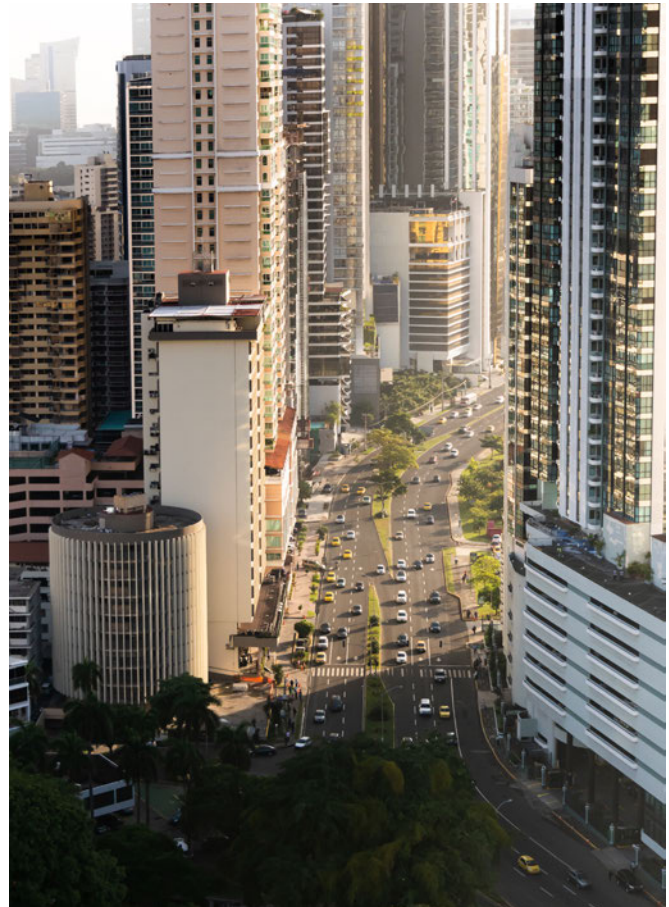
- Receive a pension of more than US\$1,000 a month.
- An accredited retiree status from your home country.
- Proof of your pension.

As a qualified Pensionado Visa holder, you will be entitled to a one-time exemption of taxes on the importation of household goods up to US\$10,000 and a 100% duty exemption on the importation or purchase of an automobile every two years.

### Self-Economic Solvency Visa

This visa requires a US\$300,000 investment as a long-term bank deposit or in a real estate purchase. For this visa, the real estate purchase will need to be made in cash.

For the long-term bank deposit, a foreigner needs to invest a minimum of US\$300,000 in a long-term bank deposit for a minimum of five years, an additional US\$2,000 for each dependent, and the deposit needs



Skyscrapers in Avenia Balboa

to be in the applicant's personal name. The monthly interest earned from the deposit can be deposited into any Panama bank savings account, and the earned interest is not subject to income taxes.

For the real estate investment, an additional US\$2,000 is also needed for each dependent (if applicable). The title of the property can be in either the individual's name or in a Panama foundation's name as long as the applicant is a beneficiary or the founder. Title in a Panama trust or corporation will not qualify you for this visa. The primary applicant must also provide proof of income and that they will be able to economically support themselves and their family.

As with the Friendly Nations Visa, you will be granted a two-year residency permit, and then upon →

expiration you will be able to apply for the permanent residency card.

## The Qualified Investor Visa

For this visa, you will need to make an investment of US\$300,000 as an individual or a legal entity in a property purchase. In October 2022, this amount will increase to US\$500,000. You can also invest US\$500,000 in securities as an individual or a legal entity. Or you can invest in a time deposit with US\$750,000 for a five-year period.

For this visa, you can start the process outside of the country. The approval of the visa will take approximately one month, and it does not require a processing card. Aside from the investment amount, you will need to pay a fee for US\$5,000 to the National Treasury, US\$5,000 to the National Immigration



Punta Pacifica

Service, and US\$1,000 to each of the mentioned institutions for each of your dependents (if applicable).

The benefit of this visa is that you get permanent residency immediately—no need to wait two years. As mentioned above, it's also considered a fast-track to residency as it just takes about 30 days to get the visa.→



## Market Opportunity

Just 15 minutes out from downtown Panama City you can find a luxury beach resort, right on the Pacific, surrounded by lush jungle...

It's the closest stretch of sand you'll find to Panama City—and it's private. Only owners and guests can enjoy time at the beach and all the top amenities of the resort. The developer is heavily discounting the final apartments, which are 1-bed, 1.5-bath units that can be converted into 2-bed, 2-bath units. The usual list price starts at US\$420,000... but with our exclusive discount the starting price is left at US\$329,000, with financing available. A cash offer is available starting at US\$275,000, giving you a whopping US\$175,000 discount.

→ [For more details, go here.](#)





# CRITERIA

## For Panama City, Panama

Our grading scale goes from 1 to 10, with 1 being the lowest grade and 10 being the highest grade.



Market Risk Factors	7
Ease of Buying	9
Property Costs	8
Market Momentum	9
Liquidity	7
Real Estate Trading Currency	10
FX Controls	10
Average Closing Costs	5
Available Financing	6
Rental Returns	8
Residency Benefits	7

RENTAL RETURNS  
SCORE

8

TOTAL SCORE **7.82**  
(BASED ON ALL CRITERIA)

5

# Las Terrenas

📍 DOMINICAN REPUBLIC

This Caribbean escape has more than just good-value property...

If you are interested in miles of golden-sand beaches and clear, blue waters, friendly locals, small town vibes, a wide array of international cuisine, and outdoor and water activities, Las Terrenas could be your Shangri-La.



In the 70s and 80s, the French were the first group of expats that decided to trade their rough winters with Las Terrenas' gold-sand beaches. They started building their own little houses, and throughout the years, have left their mark and influence.

On 2008, a new highway spanning 106 kilometers from Santo Domingo to the Samaná province was

inaugurated. This cut the six-hour journey by car down to two-and-a-half hours and opened up the northern coast of the country.

Today, the Las Terrenas community is a mix of locals and expats, the latter historically from France, Italy, Spain, and Germany. It has become one of the main tourist hot spots of the Samaná province. →



Las Terrenas has been growing exponentially over the past decades, and the pandemic only seemed to accelerate this. Every year, new businesses and developments establish themselves on this beautiful coast of the Dominican Republic. What was once a hard-to-access area is now a tourism hub, easily accessible by air and land and with all the conveniences to make it a part- or full-time home.

The market is hot, but opportunities to stake a claim in this Caribbean paradise still exist.

## The Market's Risk Factors

### Land Ownership

If you are considering buying land to develop in Las Terrenas, one market risk to consider is land ownership. Always do your due diligence to make sure the land has gone through the processes of proper title transfer and that it's even possible for you to own it. In most urbanized areas you will not have issues regarding bad title, but always seek legal assistance with this.

### Ease Of Buying

This country has no restrictions on foreign investment. It has an open-door policy, which is one of the reasons it's so popular with foreigners. The Ministry of Tourism



Real estate in Las Terrenas

is heavily involved with and encourages practices that will bring people to the DR.

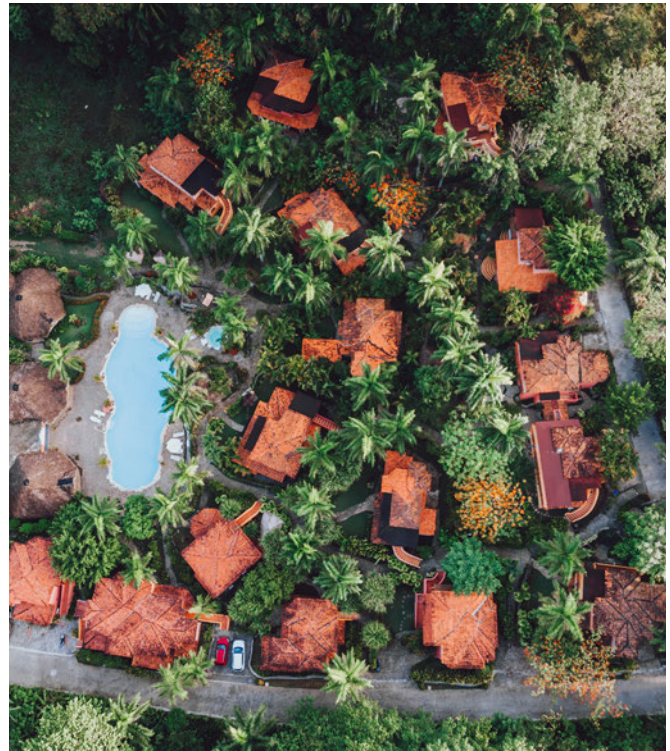
### The Property Buying Process

In the DR, properties are not quoted or sold in pesos but U.S. dollars. You might see lower-end properties quoted in pesos, but this is uncommon. Higher-priced items such as cars or luxury goods will be quoted in dollars as well. Your day-to-day items in grocery stores, clothing stores, or restaurants will be sold in Dominican pesos.

Buying property in the DR is as simple as choosing your ideal property, having a valid passport, the money, and not much else. Open-door policy. This does not mean you do not need legal assistance, and we highly encourage any buyers to find an attorney that will deal with any due diligence before you sign any documents or make a payment. →



- 1 Once you find the property you wish to purchase, a verbal agreement is reached by the buyer and the seller on the price.
- 2 An attorney or public notary will then prepare a Promise of Sale, which will be signed by both parties. This is a formal, binding contract that contains a complete and detailed description of the entire transaction up to when the purchase price has been paid in full and the property is ready to be conveyed to the buyer. After signing, you'll pay a deposit for the property. Do not sign this document if you are asked to pay a large percentage of the price of sale without any security or direct interest over the property, and if payments are not conditioned on the availability of clear title or adequate progress of construction.
- 3 Both parties will then sign the Deed of Sale in the presence of a public notary. If you are paying cash, you could go straight to this step without signing the Promise of Sale first.
- 4 The authenticated Deed of Sale will be submitted to the nearest Internal Revenue office, where a request for the appraisal of the property is made. They'll review if the seller is in compliance with his tax obligations and select an inspector for the appraisal.
- 5 When the property is appraised and its taxes paid, the Deed of Sale, the Certificate of Title of the seller, and other documentation provided by Internal Revenue are submitted at the Title Registry office for the jurisdiction where the property is located.
- 6 The sale is recorded and a new Certificate of Titled is issued in the name of the buyer. The title transfer process can vary from a few days to two or three months, depending on the Title Registry Office where the sale is recorded.



Aerial view of Spanish style villas

## Confotur Properties

Confotur stands for Consejo de Fomento Turístico, which translates to counsel for encouraging tourism. In October 2001, the Dominican Republic's National Congress approved a law granting tax exemptions to encourage tourism development in undeveloped areas that have high potential to become tourist hot spots. With this law, Confotur was created, with the goal of managing all applications of this law.

Both developers and individuals who buy in these projects under Confotur get perks. These incentives apply to new construction only.

The area alone doesn't trigger Confotur benefits. Developers and builders need to apply for them. If you are looking to buy a property with these tax exemptions, make sure they are covered by this law, which a reputable lawyer will be able to confirm for you. A lot of Confotur projects exist in the northern part of the country, including Las Terrenas. →



The above-mentioned 3% transfer tax is waived if buying property with Confotur. Plus, Confotur grants a property tax exemption for 15 years from the date it was granted to the developer. Usually by the time a buyer acquires the property, about 10 to 13 years of property tax exemption will be left.

If you are developing, you can get an import tax exemption on machinery, materials, and equipment meant to improve the project as long as it's verifiable that it's been five years since construction.

## Property Costs

On average, the price per square meter in Las Terrenas is about US\$2,000 for construction and US\$450 per square meter of land. Most developments at the moment are happening on beachfront property or if not beachfront, just a couple minutes from the beach. When you go inland, away from the beach, the land becomes hilly in many areas, meaning properties with great views.

## Market Momentum

Industry professionals tell me that sales are through the roof right now. This market is the hottest it's ever been. They barely had any inventory to show me when I requested to see new developments or get information on pre-construction buildings. Las Terrenas is a thriving safe haven and plan B destination.



Las Terrenas, Samana, Dominican Republic

Las Terrenas has been more popular with European expats, but after the pandemic, lawyers and agents have received an influx of Canadians and Americans looking to get residency and by property along this coast. Puerto Plata, Sosua, Cabarete, and Las Terrenas are hot spots for North Americans right now.

Our trusted lawyer in DR gets requests every day from people seeking legal services to live and invest in the country, and not only from retirees. Her clients include many young families from Canada and the United States.

Historically, yearly capital appreciation in this town has been of 4% to 8%. With the pandemic boom, these last two years agents have seen appreciation of 10%, 20%, and more. This rapid increase is another effect of the pandemic and will not last in the long term in that capacity. Insiders believe it will stabilize, and the appreciation will keep going strong. Las Terrenas is not yet as much of a household name as Punta Cana, but this shows that the secret is out.→



## Liquidity

If you are ever looking to sell your investment in Las Terrenas, it's very likely that you will do so to a foreign buyer. Currently, Americans and Canadians are fighting for the top spot for the #1 foreign buyer in town.

## Real Estate Trading Currency

The official currency of the Dominican Republic is the Dominican peso. The exchange rate at the time of writing is 54.76 pesos per US\$1. Properties and luxury items are paid in U.S. dollars, but your day-to-day expenses will all be in pesos.

## Foreign Exchange Controls

The Dominican Republic doesn't have any foreign exchange controls.

## Taxes And Average Closing Costs

A one-time transfer tax of 3% (of the government assessed value of the property) is paid by the buyer.

Legal and professional fees are usually 1% to 1.5% of the sales price. This includes all disbursements, due diligence, and titling into your personal name or corporation. Real estate fees are paid by the seller or developer.

Property tax in the DR is 1%, as appraised by government authorities. This value does not usually reflect a true market value assessment, it's generally lower. This 1% tax is only for properties over 6,858,885 Dominican pesos, (about US\$130,000 at the time of writing).



A mansion in Las Terrenas

This property tax must be paid every year on or before March 11, or in two equal installments (50% on or before March 11 and 50% on or before Sept. 11).

Farm properties, homes whose owner is 65 years or older and has no other property in their name, and properties owned by companies (they pay a separate tax on their company assets) are exempt from paying this property tax.

There are no restrictions on foreigners inheriting title to real estate in the Dominican Republic. Inheritance tax is 3% of the appraised value of the estate.

## Available Financing

Formally, banks express that you do not need to be a resident to be able to get a mortgage. However, this depends on your relationship with your bank, the bank branch, and bank representative. According to our source, it does not seem to be a difference in the bank's eyes if you are resident or not, as they still see you mostly as a foreigner as Dominican law does not oblige residents to actually reside in the country for any amount of time. Overall, as the Dominican Republic is very pro foreign investment, getting financing shouldn't prove to be too complicated a task. →



## Rental Returns

Property owners in Las Terrenas are mostly on the short-term rental market. In a lot of cases, it's because they like to use their property for several months throughout the year. Pure investors will choose this route because this is where you can see big returns in Las Terrenas.

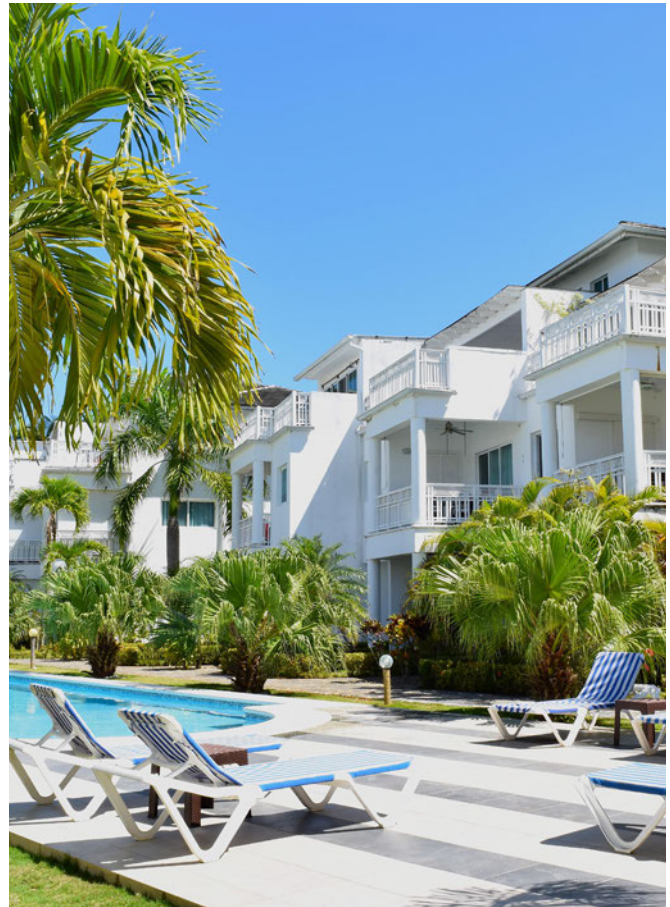
Las Terrenas has no short-term rental restrictions, and it's fairly easy to find property management. Many of these condo residences have management in-house and come furnished, making an investment here as turn-key as they come.

Here is an example of the returns you can get in Las Terrenas...

<b>Price of unit</b>	US\$285,000
<b>Price per square meter</b>	US\$1,965.5
<b>Monthly occupancy rate</b>	50%
<b>Nightly rate</b>	US\$182
<b>HOA fees</b>	US\$150
<b>Maintenance</b>	US\$80
<b>Utilities</b>	US\$180
<b>Property management</b>	US\$629
<b>Net annual income</b>	US\$20,292
<b>Net ROI</b>	<b>7.1%</b>

## Residency Benefits

First, you need to apply for a Residency visa (RS) from your country consulate. This visa lasts for 60 days and



Holiday apartments in Las Terrenas

it's valid for just one country entry. Once you are in the country, you must go to the Dirección General de Migración to start your residency process.

To apply for residency in the Dominican Republic, as well as to receive your physical residency card, you need to be present in the country. However, after you get your residency card, you don't need to stay in the country any amount of time to keep it.

If your residency card expires while you are out of the DR, make sure to enter the country without showing the card, or they will take it away. Citizens of most countries are allowed to enter the Dominican Republic visa-free if it's for a tourist visit of less than 30 days. Once you are in the country you can start the renewal process. If you do let your residency expire, it does →

not mean you lose your residency. However, you'll receive a penalty for every month you're overdue.

When you get residency, you will receive a residency card and also an ID card (your *cédula*). These cards are emitted by two different institutions. The former by the Dirección General de Migración, and the latter by the Junta Central Electoral. If your *cédula* expires, you get charged a penalty up to six months after its expiration date. This means your *cedula* could be expired for more than six months, but you won't get charged the penalty after month six.

There's much hearsay about how the legal processes in the country are constantly changing, however this is technically not correct. The law hasn't been



Beach in Las Terrenas

changed since 2004. In practice, it changes because the government administration changes. Every new director or minister has a goal to try to change ways for the better. At least, that's the intention anyway. →



Holiday apartments in Las Terrenas



Always work along with a reputable lawyer to avoid any misunderstandings and unnecessary issues.

## Residency Requirements

- A valid passport for a minimum of 18 months;
- A residence visa (RS);
- Apostilled birth certificate;
- Two front-facing headshots and two right-profile headshots;
- Certificate of no criminal record from your country of origin or the country you've been residing for the last five years;
- Proof of income;
- Dominican bank certification;
- An apostilled or legalized marriage certificate, declaration of singleness, or proof of living together;
- Medical examinations.

Fees for this visa include a deposit of 22,000 Dominican pesos (about US\$400), an issuance of residence card and proof of ID for 2,500 Dominican pesos (about US\$45), and 4,500 Dominican pesos for medical exams (about US\$82).

There's a processing time of about 45 working days.



Villas in Las Terrenas

## Types Of Residency Visas

### *Rentista Visa*

You can apply for the *Rentista* visa if you are a beneficiary of a monthly income or permanent income for a minimum amount of US\$2000 from a foreign company.

### *Pensionado Visa*

You can apply for this visa if you receive a minimum monthly pension of US\$1,500 by a government, official agency, or private company of foreign origin. →



## Foreign Investment Visa

This visa is intended for those making economic investments in the DR for a minimum amount of US\$200,000.

Aside from the above-mentioned requirements, for the Foreign Investment visa you will need to provide a letter of incorporation into the Foreign Investment Program and a certificate of foreign investment.

This visa includes a single file payment of 30,000 Dominican pesos (about US\$544), and a deposit of investment record CEI-RD for 2,500 Dominican pesos (about US\$45)

According to current legislation, a person investing in a property or in a Dominican corporation, and the *pensionado* and *rentista* residents are all foreign investors. They are all considered investors because they are all bringing money into the country—spending money here that they made abroad. They all get categorized with an investor’s residency visa, and only when checking through the Immigration Department will someone realize if the individual is a *pensionado* or *rentista* and not an investor specifically through investment in property or company.

Resident investors have the following benefits:

- Transfer tax exemption on your first property (3%).
- Property tax exemption (1% of the registered value of the property).
- Income tax exemption.
- The first shipping container that enters the country with your household items has a 50% discount. This last point needs to be considered from a logistical stance to determine if it's worth it or not. For the discount to be applied, you need to be present at the moment your container arrives. If you haven't received your card yet, and your container arrives, you will need to pay for it to be stored at port if you



Seaside resort in Las Terrenas

want to receive your discount. At the end, you might end up paying the same or more.

- If you want to ship your car, you can get a 50% shipping discount only if it's been five years or less from its fabrication date and has been in your name for at least a year before shipping it.

## Citizenship

You need temporary residency for five years before being able to apply for permanent residency. Once you get your permanent residency, you need to maintain it for at least two years to qualify for a citizenship.

Under the Investor’s visa, *Pensionado* visa, and *Rentista* visa, you get fast-track to permanent residency. This lowers your wait time to citizenship from about seven years to just two years. →



# CRITERIA

## For Las Terrenas, Dominican Republic

Our grading scale goes from 1 to 10, with 1 being the lowest grade and 10 being the highest grade.



Market Risk Factors	7
Ease of Buying	8
Property Costs	7
Market Momentum	8
Liquidity	6
Real Estate Trading Currency	10
FX Controls	10
Average Closing Costs	8
Available Financing	8
Rental Returns	8
Residency Benefits	7

RENTAL RETURNS  
SCORE

8

TOTAL SCORE **7.9**  
(BASED ON ALL CRITERIA)

## 6

# The Azores

📍 PORTUGAL

Portugal is a top global retirement destination, mostly because of its excellent weather and premium quality of life. But another key reason for its popularity is the tax benefits the country offers both EU and non-EU citizens and its low-hassle residency options.

Ever since the Portuguese government changed their Golden Visa rules, investors have started looking for other key areas to make their property investment in.



The Autonomous Region of the Azores is an archipelago in the Atlantic Ocean composed of nine volcanic islands and an islet cluster, the first in the world to be certified as a sustainable tourist destination because of its natural beauty and strategic location. The islands are popular for their varied gastronomy scene, favorable taxation, security, lower cost of living, and friendly, authentic population.

The Azores is one of the regions of Portugal where you can still buy property for a specific amount and be eligible for their high-demand Golden Visa.

This property market is booming and will continue to grow. Even during the pandemic, the demand for houses exceeded the existing supply in Ponta Delgada, the economic capital of this region. →



Before the new changes to the Golden Visa, the Azores was largely ignored as a destination to invest in. Therefore, you will find that this region has incredibly affordable property prices compared to mainland Portugal. Now, all eyes are on the Azores.

The secret is out. This is your chance to invest in this growing market with an enviable lifestyle, low prices, and jaw-dropping natural beauty.

## The Market's Risk Factors

### High Dependence On Tourism

Portugal's market is susceptible to global crises, such as the COVID-19 pandemic. Tourism (accounting for 15% of the country's GDP) is a key factor in the success of the country's property market and when affected can cause severe consequences for investors.

For this crisis, real estate risks have been lower than in previous cases. Demand for properties in Portugal is still rising, and in many areas (such as the Azores) the demand outstrips supply. As Portugal continues to be one of the world's most stable and developed countries, its popularity and demand to live and invest here does not seem to falter much even in troubled times.

### Ease Of Buying

Buying and selling real estate in Portugal is a simple, transparent process, but it takes time. When acquiring property in Portugal, foreign individuals and companies are given the same rights as Portuguese citizens.



A house near the shore of Azores

The Portuguese Land Registries supervise the registration of ownership, title, description of properties, charges, encumbrances or liens, mortgages, and third-party interests.

In Portugal, apartments are usually sold under the *Regime da Propriedade Horizontal*. This means that unit holders are the exclusive owners of their apartments and co-owners of common building grounds such as the roof, ground floor, entrance hall, stairs, any gardens, parking areas, and pools. A common fund is generally set up to pay the expenses of maintenance, fire insurance, security services, and any other common expenses.

The property market in Portugal is well-established. There are no restrictions on foreigners purchasing real estate, and transaction costs are generally low. Most property is sold freehold. The country's property registry system is centralized and reliable. The law protects property, property rights, and the right to access and use one's own property. Portugal also allows co-deeding of properties, even between unrelated parties. →



## The Property Buying Process

To start the purchase process, you will need a personal fiscal number from the local tax office—if you have a local bank account then you were automatically assigned a temporary one.

While many countries overseas do not require credentials for real estate agents, Portugal does. You will find agents in the city with licenses issued by the government.

The process itself is straightforward:

- 1 Upon finding a property you wish to buy you will negotiate and agree offers via email and exceptionally may be required to sign a letter of intent (usually when a holding deposit is requested, mainly in larger cities).
- 2 Once a price has been agreed to by both parties the lawyer will then write the promissory contract with the seller (*contrato de promessa de compra e venda*). In order to complete the promissory note, you'll need the following:
  - Property Registration Certificate (*Certidão de Teor*)
  - Property Tax document (*Caderneta Predial*)
  - License of Use (*Licença de Utilização*)
- 3 You will have to put down a deposit, usually 10% to 30% of the total purchase price (you may need a lawyer to negotiate a deposit in the lower end). The deposit is forfeited if the purchaser does not proceed; if the vendor withdraws from the transaction, double the deposit is paid back to the purchaser.
- 4 The buyer pays the remaining balance of the purchase price, transfer tax (IMT), and any attorney or notary fees.



Looking towards Pico Island from Faial Island in Azores

- 5 Once everything has been paid (usually within about four weeks of signing the promissory note) you will be able to complete and sign the deed (*escritura de compra e venda*).
- 6 Finally, you will have to register the deed at the public land registry and tax office. This should be done as soon as possible after signing the deed.

### Important Notes

Reservation agreements have become frequent, used as a broker's tactic to lead buyers to commit funds to the deal as soon as possible. These agreements are said to grant the buyer time to decide on the acquisition as the seller would refrain from offering the property to anyone else. A refundable fee might be agreed →



upon both parties. However, these agreements usually lack enforceability.

Promissory contracts on the other hand are regulated by law, although the terms are agreed by the parties. If the contract is breached, the non-defaulting party may seek to enforce the contract or terminate the contract and receive compensation, determined by the original deposit. If the non-defaulting party is the seller, they would retain the deposit, and if it is the buyer, they could claim twice the amount of the original deposit.

During the process of buying a property in Portugal, you should validate the credentials of all parties and advisors involved. All real estate brokers must be registered with the Associação de Mediadores Imobiliários and hold a license number. Buyer-side

realtors are uncommon in the country, and they receive a commission paid by the seller and do not act on behalf of the buyer.

We advise that you seek independent legal advice before signing any documentation. All steps of the acquisition process can be done by a lawyer with a valid power of attorney.

## Property Costs

The average price per square meter for an apartment in the San Miguel Island is 1,114 euros, and 1,229 euros in its capital, Ponta Delgada. In some municipalities of Ponta Delgada, the average price per square meter ranges from 1,474 euros to 1,553 euros. →



Ponta Delgada and Atlantic coast on Sao Miguel island, Azores



In other islands it is even more affordable, with prices per square meter of 890 euros in Terceira, 864 euros in Pico, and 998 euros in Faial.

If you are looking to buy a bigger property like a villa, with ocean views and amenities, this could average between 500,000 euros to 600,000 euros.

## Market Momentum

Forbes has listed the Azores as one of Europe's best places to live, invest, and do business. Before the pandemic, about 650,000 tourists traveled to the Azores each year (about three times the population of the archipelago).

The real estate market in the Azores is expanding in large part due to a high demand by American investors who are attracted to the region because of its convenient geographical position in the Atlantic Ocean, in the middle of North America and Europe. The region has quality infrastructure—its ports, airports, and roads network have made it accessible to travel between the islands, mainland Portugal, and the rest of the world. Plus, a massive submarine fiber optic cable infrastructure keeps the islands globally connected.

Special tax conditions for the Azores also keep investors coming to this nature haven. As of July 1, 2021, the VAT rate in the Azores is 16%, compared to 23% in mainland Portugal. Certain goods and services are taxed at a reduced 9% and 4% VAT rate.



North of Sao Miguel, Azores Islands, Portugal

The Azores has historically come on top for price growth among Portugal's regions. Pre-pandemic, property prices in the Azores increased by 4.1%, while in Lisbon they increased by 2.7%.

Airports in the Azores registered 252,483 passengers disembarking in July 2022, which is 52.3% more than in June 2022, and 15.1% higher than in pre-pandemic July 2019. In fact, the number of tourists arriving by air in July is the highest in the last five years.

Overall, in the third quarter of 2022, the Azores registered 36.4% increase in the number of tourists arriving compared to the same period in 2021.

Portugal continues to see positive trends as the country lifted its COVID-19 entry rules, and is still one of the world's most popular destinations. →





## Liquidity

Back in 2019, most foreign buyers in the Azores were Americans and Canadians, many of them Luso descendants. In 2020, more northern Europeans entered the Azores market, plus a healthy number of domestic buyers. Last year, the trend for Luso descendants from around the globe buying into this market for their holiday home, while renting it for profit for the rest of the year continued.

If you ever decide to sell your property, you will encounter both locals and foreign investors in your pool of potential buyers.

## Real Estate Trading Currency

The euro is currently the only currency that is permitted for buying and selling property in Portugal.

## Currency And FX Controls

As Portugal welcomes and encourages foreign investment, there are no exchange controls in the country. It does not restrict currency holdings for residents or non-residents and limits to the foreign exchange supply do not exist. It is possible for both residents and non-residents to hold deposits in any currency with Portuguese banks.

## Average Closing Costs

Estimate your final closing costs to be around 7% to 8%. These are the costs you will most commonly pay when buying property in Portugal...

### IMT (Property Transfer Tax)

Non-residents are liable to different IMT rates than those of resident taxpayers acquiring their primary



Horta seen from Monte da Guia in Faial Island, Azores

home. Rates are also variable if the property you are purchasing is a second home. The taxable basis of the IMT is the acquisition price or the tax assessed value of the property (whichever is higher).

#### Urban Residential Primary Home Marginal Rates:

- Properties up to 92,407 euros: 0%
- From 92,407 euros to 126,403 euros: 2%
- From 126,403 euros to 172,348 euros: 5%
- From 172,348 euros to 287,213 euros: 7%
- From 287,213 euros to 574,323 euros: 8%

#### Urban Residential Primary Home Flat Rates:

- From 574,323 euros to 1,000,000: 6%
- Over 1,000,000: 7.5%→

### Urban Residential Secondary Home Marginal Rates:

- Properties up to 92,407 euros: 1%
- From 92,407 euros to 126,403 euros: 2%
- From 126,403 euros to 172,348 euros: 5%
- From 172,348 euros to 287,213 euros: 7%
- From 287,213 euros to 550,836 euros: 8%

### Urban Residential Secondary Home Flat Rates:

- 550,836 euros to 1,000,000 euros: 6%
- Over 1,000,000 euros: 7.5%

## Other Transfer Fees

- 5% for rural property
- 6.5% for urban property (non-residential)
- 10% for any property owner residing in a “low-tax” jurisdiction or “tax haven.”

## Registration Fees

These will range between 0.20% to 1.20%. In Portugal, these include notary fees.

## Stamp Duty

- 0.80% of the purchase price

## Notary Fees

- 500 euros



Traditional house in Pico Island, Azores

## Legal Fees

- 0.80% to 2% of the purchase price

Agent fees range from 3% to 6% of the purchase price, but this is paid by the seller. A 23% value-added tax is also paid by the seller.

The registration of purchase and mortgage both have a fixed cost of 250 euros each.

## Property Tax

Rates vary according to municipality and are levied on the tax assessed value of the property.

- 0.3% to 0.45% for urban property
- 0.8% for rural property
- 7.5% for property owners residing in a “low-tax” jurisdiction or “tax haven.”→





## Available Financing

It is possible for foreigners to get mortgages in Portugal, and the terms for non-residents are more generous than in most other EU countries.

You will need to provide the bank with proof of your current income through pension slips, tax returns, and bank statements, proof of address, copy of your passport, Portuguese tax number, the property sales contract, among other documents. The mortgage requirements and conditions may vary slightly depending on the bank, so make sure to compare several to make sure you are getting the best terms.

Portuguese banks have a higher level of scrutiny for buyers with “unusual” income streams such as trusts

and LLCs, and you may be refused a loan based on just that. For them, the best source of income to use as a guarantee is a salary. Passive income such as dividends, rentals, or interest are also not highly regarded as a proper guarantee, regardless of the amount.

For non-residents, the minimum deposit for a mortgage is 30%, with a maximum loan-to-value ratio (LTV) of 70%. Most banks offer loans of up to 65% to 75% of the property value or sale price. For fiscal residents, it is possible to borrow up to 85% to 90% of the price.

Currently, variable rates begin at 3.3% per year based on a 30% LTV. Rates may increase if you require more credit, such as a 60% or 70% LTV. Fixed rates are also available at 4.1% for up to five years based on an LTV ratio of up to 70%.→



Central square Of Ribeira Grande, Sao Miguel, Azores

## Rental Returns

A solid and well-managed property investment in the Azores usually generates between 3% to 7% rental yields. As more of the world discovers the region, with its low prices, natural beauty, and incredible investment potential, we expect yields in this market to reach the golden 5% to 8% ROI range.

Real estate in the Azores is diverse. You could buy a 227-square-meter detached house for 290,000, and rent it for about 1,050 per month. This could earn you a potential 4.3% ROI per year.

A two-bedroom apartment of 78 square meters of living space in the San Miguel Island can set you back about 90,900 euros. You could rent it at 800 euros per month for a potential 7% yield.

## Residency Benefits

Portuguese residency and citizenship are highly sought after. A Portuguese passport gives you access to visa-free travel to over 150 countries. Five years of continuous residency allows you to apply for citizenship and a Portuguese passport—although you will need to demonstrate a high level of Portuguese proficiency to pass the citizenship test.

### The Golden Visa

The Golden Visa (GV) Program was launched by the Portuguese government in October 2012. This program, aimed at attracting foreign investment to Portugal, is a fast-track method for foreign investors from non-EU countries to obtain residency in Portugal.

There are no tax incentives associated per se with the Golden Visa. Nevertheless, a Golden Visa applicant may be eligible for Non-Habitual Resident status (NHR), whereby new tax residents can apply for NHR status and enjoy tax benefits including a 10% tax rate



A small village by the road. Sao Miguel in the Azores

on pension income and reduced or no income tax on other income.

Flexibility is part of the appeal of this residency program. Going this route, you would be required to spend but a week a year on average in the country. The invest-for-residency option suits someone looking for a path to EU citizenship but not wanting or able to spend the majority of his or her time living in an EU country.

If the investment is secured in Portugal, the Golden Visa Residency Permit does not expire, provided it is renewed. You must keep your investment for Golden Visa Residency Permit purposes.

Decree-Law N. 14/2021 of Feb. 12, 2021 introduced several changes to the successful residency-by-→



investment program. The changes focus on minimum investment thresholds and geographic restrictions. The increase in minimum thresholds was transversal to most types of investments.

You can still apply for the Portuguese Golden Visa with a property investment in the Azores, Madeira, and mainland Portugal's interior regions.

The following real estate investments are eligible for applying for a GV:

- Acquisition of real estate worth at least 500,000 euros;
- Acquisition of real estate worth at least 400,000 euros in a low-density or low-income area;
- Acquisition of real estate for a minimum purchase price of 350,000 euros (if the property is at least 30 years old or located within an urban regeneration area and the buyer renovates it);
- The acquisition of real estate for a minimum purchase price of 280,000 euros (if the property is in an eligible zone and meets the requirements in #3).

The application fee for the GV will be about 533 euros per family member, and the residence permit card has a fee of 5,340 euros per family member.

## D7 Or Passive Income Earner Residence Permit

The Passive Income Earner Residence Permit (PIERP) is a good option if you are not willing or able to qualify



Steep street in picturesque village of Los Moinhos, Porto Formoso on Sao Miguel, Azores

for the Golden Visa Program. As its name suggests, it is for people who have income or capital that allows them to live in Portugal and not be a burden to the Portuguese state.

To qualify for this residence permit, you must meet a minimum income requirement. Officially, this is tied to the minimum wage, which is 650 euros per month or about 7,800 euros per year. However, we recommend you have more than this available: you should have between 12,000 and 15,000 euros per year in liquid assets for the best chances of having your application accepted.

The authorities that process PIERP applications have discretionary power, and there have been cases of people with lower monthly incomes being rejected. Each application is its own unique case. Generally, younger applicants need to prove a higher threshold than older people that are just coming to Portugal for retirement. →





The liquid assets you can use to qualify for this residence permit can be pensions, dividends, royalties, salary (if it is not Portuguese-sourced), or capital.

Obtaining your residence permit involves two steps. It starts with applying for a residency visa, which is valid for 120 days. This is your window of opportunity to come to Portugal and then apply for the appointment to convert that into a residency permit.

This residency permit is designed for you to spend most of your time in Portugal. It requires you to spend at least 16 months in the country during the first two-year period. By doing so, you will trigger tax residency. You will have to file taxes in Portugal, though this does not

necessarily mean that you will have a huge tax bill (in some cases, you will not owe any tax at all).

The application process is as follows...

Residency applications must be begun in your home country. In addition to your passport and a visa application, you must do the following:

- Prove that you have made your chosen investment or prove sufficient income for subsistence;
- Be in Portugal legally (have an address to show);
- Show that you are covered by health insurance;
- Provide an affidavit saying that you promise to comply with the ongoing terms of the visa.



Town on the shore, Azores



# CRITERIA

## For The Azores, Portugal

Our grading scale goes from 1 to 10, with 1 being the lowest grade and 10 being the highest grade.



Market Risk Factors	8
Ease of Buying	9
Property Costs	9
Market Momentum	7
Liquidity	8
Real Estate Trading Currency	9
FX Controls	10
Average Closing Costs	6
Available Financing	8
Rental Returns	6
Residency Benefits	9

**RENTAL RETURNS SCORE**

**6**

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**TOTAL SCORE 8.09**  
(BASED ON ALL CRITERIA)

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If you have any doubts, questions, or concerns about property investment in any of these global markets, don't hesitate to get in touch with our more trusted contacts.

## GPA INDEX

# Rolodex

### Brazil

#### [John Palumbo](#)

Brazil Beachfront Real Estate Developers

As an active investor in foreign properties for nearly two decades, John understands the difference between fleeting market trends and true growth areas. His extensive travel, research, and foreign transactions have helped him develop insights on global real estate and procure the ability to identify emerging markets and opportunities.

### Dominican Republic

#### [Lishali Baez](#)

Attorney

Lishali Baez is a graduate from Pontificia Universidad Católica Madre y Maestra law school and holds a master's in Civil Law from Pontificia Universidad Católica Madre y Maestra, along with several studies in immigration law and real estate transactions. Both Lishali and the firm specialize in foreign investment, immigration law, and real estate law in the Dominican Republic.

#### [Rodrigo Santovena](#)

Real Estate Agent

Rodrigo is an agent in one of the first and biggest real estate agencies operating in Las Terrenas. Today, their team is made of motivated professionals giving unmatched real estate services in this market. The agency constantly invests in the latest technology to support its agents to offer you the smoothest buying experience. Their extensive but curated network of partners guarantees that you will not miss out on anything you will need as you close on your new property. →

## Montenegro

### [Neira Garaplija](#)

Country Manager for API Group Montenegro

API Investment develops and undertakes turn-key projects of superior design and construction quality in all aspects of the real estate business, such as concept work, realization, market research, marketing, and facility management services.

## Northern Cyprus

### [Dengiz Kursat](#)

Broker and Negotiator for Avertiss Real Estate

Our trusted contact in this established real estate company with an impressive track record in Northern Cyprus.

## Panama

### [Roberto Guardia](#)

Attorney, Orillac, Carles & Guardia

Guardia began his career in law in 1987, and ever since he has gained a variety of expertise including real estate and consulting. Today he is a founding partner at Guardia & Co., which was established in 2005.

### [Philip James Schlesinger](#)

Real Estate Agent, Philip James Realty Panama

Philip James Schlesinger is a real estate investor in Panama and Colombia, and a partner in several development projects. He has strong relationships with some of Panama's largest development groups and likes to structure insider deals for his investor clients.

### [Liz Larroquette](#)

Premier Real Estate Agent For Empresas Bern

Born in Australia, educated at university and highly traveled with a strong background in hospitality, Liz Larroquette is a premier real estate professional in Panama, specializing in both residential sales and high-end investment properties.

## Portugal

### [Luis da Silva](#)

Algarve Senior Living

Algarve Senior Living is a leading provider of rental-based accommodation and property for sale in Portugal's expatriate retiree market. Luis is a specialist in the Algarve and is knowledgeable about a range of subjects affecting international retirement, including taxes, visas, health, real estate, climate, and languages.

### [João Figueira](#)

Attorney, Gil Figueira & Devillet Lima Advogados

An international tax and business lawyer who is experienced in providing comprehensive and well-rounded advice to international investors and retirees on living and investing in Portuguese speaking jurisdictions.



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