

Paradise and Pitfalls: A House-Hunting Tale

Freelance writer Leah Dobkin describes her search for investment property in Costa Rica.

MY HUSBAND, Tim, and I are real estate investors who buy and fix up old homes for rent or sale in the Milwaukee area. But as the market slowed a bit, we decided to scout properties elsewhere with the hope of diversifying our housing portfolio and finding a retirement home. Good friends had visited Costa Rica last year, so we decided to take a look.

I surfed the Internet, bought books and ordered materials from www.lovecostarica.com. We decided to look into buying a condo or house in a gated community on Costa Rica's Pacific coast. We wanted property that would generate cash flow and appreciate at reasonable levels without requiring much work. That meant a development with access to a management company that would rent and maintain the unit when we weren't using it. We were also open to purchasing land to develop for sale.

On the Web, we saw an offer at www.owncostarica.com to stay two nights free to check out a development, Ventana Del Pacifico, on the southern coast. We accepted. We also contacted the International Ecotourism Society (www.ecotourism.org) because we wanted to find a tour company that would help us locate ecologically and culturally sensitive developments. We settled on Solimar Travel, which arranged our itinerary and helped us identify real estate agents.

For 16 days during the rainy season in July, we rode over bumpy and sometimes washed-out roads to stunning parcels of land with 365-degree views of mountains, waterfalls and ocean, selling for \$140,000. We hiked to new condos, with price tags of \$650,000, that were perched on cliffs overlooking the ocean and a clan of playful monkeys. We also explored single-family houses selling for \$165,000 in gated communities surrounded by rain forest and within walking distance of the ocean.

North Americans and Europeans are flocking to Costa Rica because of its biodiversity, peaceful lifestyle, democratic government and growing economy. And, of course, there's the climate. "There are



The guesthouse at the Ventana Del Pacifico development.

27 microclimates in Costa Rica," says Ryan Piercy, general manager of the Association of Residents of Costa Rica (www.arcr.net; 506-233-8068). "You can choose exactly how much rain and the temperature you want. If you are too hot, move up the mountain; too cold, move down."

But retiring on Costa Rica's Pacific coast requires an adventure-seeking spirit. You may encounter poisonous snakes, all kinds of insects and crocodiles. You'll have to do without movie theaters and shopping malls. Having hobbies helps, or you could slip into the bar-stool culture of some expatriates.

Economic Opportunities

Many retirees we met are financing their retirement and keeping busy by starting businesses based on the booming real estate market. Last July, Leslie and Bernie Davidson of Cleveland bought a lot in Ventana Del Pacifico. The Davidsons, both 60, plan to build a home in 2007.

The Davidsons expect to augment their Social Security, pension and investments with part-time work in Costa Rica. Leslie, a real estate agent in Ohio, intends to sell property. Bernie, who's in sales in the U.S., may start a pool-maintenance business for the 3,000 homes that are expected to be built in the area in the next two or three years. That's in addition to the 1,100 properties sold so far.

Before buying their land, the Davidsons visited the area twice to scout locations. The southern coast has more rainfall than the central and northern coasts, and it has few amenities, such as golf courses. But less development means more potential for appreciation. A hospital is scheduled to open in 2008.

"We were searching for a place with an ocean view, privacy and the jungle," says Leslie. "This has it all, and it's the closest we'll ever get to Tarzan and Jane."

Up the coast, we explored Nosara, a farming and cattle-raising community. In the late 1960s, an American bought and divided the pastureland into building sites. It has been a growing, environmentally conscious enclave for expatriates ever since.

We met Pam and Mike Ellsworth, from Little Torch Key, Fla., who retired to Nosara six years ago. Pam, 55, managed a boutique, and Mike, 60, was a custom cabinetmaker. They bought and rehabbed a one-bedroom house, which is walking distance to the ocean. Mike has a fishing boat, and for a while he took tourists on fishing trips for extra cash. Pam cooks, writes, gardens and makes various crafts.

They are subdividing the land into six parcels for sale, with the goal of making extra money while creating room for neighbors and a support network as they grow older. One reason they moved to Costa Rica was skyrocketing health-care costs in the U.S. Now, they pay only \$1,100 a year for health insurance. They receive inexpensive, state-of-the-art medical and dental care in San Jose, Costa Rica's capital, about 240 miles away, where they can also buy Skippy peanut butter and Häagen-Dazs ice cream.

The Ellsworths love the natural environment and the stimulation of an international community. "Costa Rica allows me time to relax and to stop keeping up with the Joneses," Pam says.

Avoiding the Pitfalls

If you're looking for real estate in Costa Rica, be forewarned: Different Web sites can list the same properties at different prices. There are no reliable multiple listing services, and anyone can act as an agent.

Real estate advertised in local Spanish newspapers tends to be lower priced than in English publications. You can also take a retirement-relocation bus tour (www.liveincostarica.com), which visits condos, single-family homes, farms, ranches, lots and gated communities. The tour also includes a seminar with experts in real estate, law, health care and banking.

Expatriates flock to San Jose's cosmopolitan suburbs of Escazu, Heredia and Rohrmoser and to the Pacific coast communities of Tamarindo, Flamingo, Jaco and Manuel Antonio. However, prices have soared in these areas. Some places are plagued with water shortages, poorly maintained roads and waits of months or years for telephone lines.

Retirees tend to choose gated communities with golf courses, swimming pools, health clubs, restaurants, pharmacies and concierge services. Many offer a management service to rent units. A property can net \$20,000 to \$100,000 a year in rental income, depending on housing type, style and location.

Before buying, you should rent and live in different parts of the country during both the dry and rainy seasons. To find a reputable lawyer who can conduct the proper due diligence, visit www.welovecostarica.com and check with the Association of Residents of Costa Rica. You also can screen lawyers at www.abogados.or.cr (click "Quejas y Suspensiones" for information on complaints and suspensions).

Landowners cannot build within 50 meters of the high-tide line, or within the next 50 to 200 meters unless there is existing housing. If you do build within 200 meters, you can only lease the land from the government. Make sure that the development has infrastructure in place, such as telephone lines, electricity and an adequate water supply.

Costs aren't cut-rate, but your money goes further. Piercy explains: "It's not that you can live more cheaply, but you improve your standard of living. You go out to dinner more, travel more and secure more amenities, such as your own maid and gardener."

Newcomers who speak the language can more easily negotiate costs, fit into the culture and make friends. Buying property during the planning or construction phase can lower the price. Make sure you bargain. Bartering, housesitting and eating local food can save money. If you take these steps, you can live comfortably for \$2,000 to \$3,000 a month, including the cost of household help.

We were impressed with Ventana Del Pacifico, so we reserved a lot for investment. We were convinced it would double in price in five years. But when we returned home, we decided not to buy. A slowdown in the market for our rental properties, plus unexpected repairs on one of our units, made it difficult for us to afford a down payment in Costa Rica.

We also decided that retiring to Costa Rica was not for us. The cost of airfare, our attachments to family and friends, and the lure of land on which we hope to build a log cabin someday will probably steer us in a more northerly direction. But if your yearnings draw you south, these are lessons I can pass on to you: If you buy property in Costa Rica, do so only after careful research. And if you decide to retire there, buy a good pair of rubber boots for jungle hikes. ■