

**DAY GROUP SERVICES – COSTA RICA
PRESENTATION OF THE MARKET SURVEY**

The Market Survey for the Real Estate Market.

**DAY GROUP REALTY SERVICES
COSTA RICA**

*** Tourism and Real Estate**

Costa Rica is one of the most important tourist destinations worldwide! Its natural, social and safety attractions, nature wise as well as socially, economically and politically – the real estate market is related to tourism. In fact, the arrival of foreigners has brought on the desire in many of them to make Costa Rica their second country of residence, because of professional reasons, to live here or because they decide to have a second or third home in Costa Rica, which allows them to live temporarily in an excellent climate when their countries are facing winters.

Although the terrorist act of the twin towers had a negative effect on tourism in Costa Rica in the beginning, which caused a decrease in the arrivals in the country in 2002, by 2003 an important recovery of the visits to the country was experienced, which was the re-initiation of a sustained process of increase in the total arrivals during the following years; in 2005, 1.67 million visitors arrived, of which more than 52% were tourists from the United States.

Also, the majority of foreign residents that buy real estate are of this nationality, many of them retirees. It is estimated that there are 30.000 foreign retirees in Costa Rica, who, with their levels of income, contribute significantly to the consumption and national investment processes

On the other hand, tourism is the largest generator of currency in the country (\$1.35 billion in 2004), which makes it one of the most important motors of its economy, with an important impact on a number of related and derived activities (through the productive chain), including the activity of real estate, from which this projects hopes to profit.

Location:

Jacó (Central Pacific coast of Costa Rica) together with Tamarindo and Manuel Antonio, are the most important zones in receiving private local and foreign investors who wish to have a second home near the beach for enjoyment, or as a short or long term investment.

Real Estate Projects will be a new investment alternative that will join the establishment of large hotel enterprises and developers of residential complexes in the country, such as Marriott Los Sueños, Four Seasons, Barceló, Occidental, Sol Meliá, Best Western, Ramada, Wyndham, Marriot Courtyard, Hyatt among others.

*** Market Interests and pricing**

- Market:

Investors will benefit from the city services that Jacó offers: banks, drugstores, clinics, doctors, restaurants, supermarkets, bars, casinos and nightclubs, etc. The project will benefit from the short distance of other centers of tourist attractions, such as the “Marriot Los Sueños & Golf Resort”, that has one of the best marinas in the country and the Carara National Park, very much visited for its attractive flora and fauna.

Jacó, because it is so close to the Central Valley (where the Capital City of San Jose is located), has also become an important destination for the local tourist and investor. Therefore, the Project will be directed at the local market (investors of the middle high and high classes with sufficient income to invest in a second home located on the beach) as well as at the international tourists and investors, (tourists or buyers from the North American and European middle class that are recurrent visitors who want to own real estate in the country).

On the other hand, the investor in real estate who is interested in profiting of pre-construction prices and in getting profit from the re-sale process will constitute the third niche in the market.

- Players in the Market:

Jacó is one of the most dynamic zones of Costa Rica's Central Pacific territory- In fact, several new developments with different facilities and sizes are being built or are already planned and moving along to be started in the near future

There are 17 complexes in the area, by the names of:

Monte Carlo; Corteza del Sol; La Flor Townhouses; Macaw Ocean Club; La Flor Tower; Jacó Beach Village; Acqua; Bahía Encantada; La Paloma Blanca; Vista Mar; Vista La Palmas and Bahía Azul, which offer a total of 266 residential units. The average number of units per complex is 29 and the range fluctuates between 10 and 78 units. They consist of 2 bedrooms (8 complexes) and 3 bedrooms, 7 projects. Three of them offer 2 and 3 bedroom units, 5 are built in towers: which means, 6 or more floors: Vista Las Palmas 10; Vista Mar 8; La Flor Tower 8; Acqua 8 and Bahía Encantada 6. Three of these towers will have direct access to the beach: La Flor Tower; Acqua and Bahía Encantada.

Prices of Jaco Beach:

The prices of a 2 bedroom unit ranges from \$155.000 to \$450.000, for an average of \$ 361.125. And the pricing of the 3 bedroom units range from \$340.000 to \$734.000, with

an average of \$521.828. The prices per square meter range from \$1.300 to \$4.615, with an average of \$3.043.

The prices of the projects are influenced by three main reasons: access to the beach, the level of finishes and an ocean view. The services that are offered are very similar between them: swimming pools, security, covered parking spaces, granite topped kitchen furniture, air conditioning, balconies with an ocean view, terraces, club house; some have a gym as an added bonus.

Positioning and Target Market of DAY GROUP REALTY SERVICES

- a. The middle class foreigner (USA/CANADA/EUROPE), with a buying power that allows him/her access to this type of condominium, with an average value of under \$250.000;
- b. The local high middle and middle class investors who want to have a second vacation home on the beach;
- c. The foreign investors who buy real estate in large quantities, at pre-construction prices, to re-sell in the future.

CONCLUSIONS FOR DAY GROUP REALTY SERVICES

Our experience in the area and continuous concentration in this area has allowed us to reach the following conclusions:

1. The economic and social/political analysis which has been produced the results that in the short term the panorama tends to be encouraging to boost investments in new productive projects and especially in investment projects in the Tourism Sector.
2. Because of its multiple natural, social, security, economic and political attractions, it is considered to be an important tourist and investment destination internationally.
3. The number of arrivals of international tourists shows an upward tendency in the period 1995-2004, with an average annual variation rate of 6,8%.
4. Tourism is the largest generator of currency in the country (\$1.35 billion in 2004), which makes it one of the most dynamic motors of its economy, with an important impact on a number of related and derived activities (productive linking).
5. The relation tourism/GNP has increased during the past 10 years, reaching an average annual growth of 8,5%.
6. In 2005 1.67 million visitors arrived, of which more than 52,0% were from the United States.
7. It is estimated that there are 30.000 foreign retirees In Costa Rica, who, with their levels of income, contribute to the national consumption and investment processes.

8. Jacó, together with Tamarindo and Manuel Antonio, are the most important zones in receiving private local and foreign investors who wish to have a second home near the beach for enjoyment, or as a short or long term investment.
9. Because it is close to the Central Valley, Jacó is also an important destination for the local tourist and investor. According to the ICT data for 2005, the Central Pacific area is visited by 32% of the international visitors.
10. There are less than 20 real estate developments in the zone. Jacó has a set of services and infrastructure that are typical of a city, such as: banks, drugstores, clinics, doctors, restaurants, supermarkets, bars, casinos and night clubs; the latter provide a very popular nightlife for local and international tourists.
11. The prices of the projects of the real estate/tourism sector are influenced by three main factors: access to the beach, ocean views and the level of finishes.
12. In this area the prices of 2 bedroom condominiums ranging between \$155.000 and \$450.000, with an average of \$361.125. The prices of the 3 bedroom condominiums range from \$340.000 to \$734.000, with an average of \$521.828. The prices per square meter range between \$1.300 and \$4.615, with an average of \$3.043. And the services that are offered are similar.
13. The sector of the economy called "real estate business" shows an important increase in the Central American isthmus over the last decade.
14. The two segments that present development expectations are: a) receptive tourism, made up of people who want to get to know new destinations that are not saturated, but that have a lower level of development than the traditional ones and b) the foreign retirees or foreigners who are about to retire, willing to move to tropical countries, where they can aspire to an adequate level of life at a lower cost than in their country of origin.
15. It is estimated that there is a group of about 77 million people in the United States that were born between 1946 and 1964 ("baby boomers"), who will reach retirement age around 2020 and who are showing an interest in moving to the Central American region and the Caribbean.
16. If we add other factors to this interest, for example the rising prices of real estate in the southern states of the United States (Florida, Georgia, Alabama, Texas), we see that there is potential business in the Central American region, on condition that there is adequate infrastructure, a good location, quality services, natural beauty and the possibility of a comfortable life at a lower cost than in the United States.
17. Residential tourism has become an alternative of growing interest in the last years, in several parts of the world where more and more habitual tourists and families buy a house where they spend as much time as they can each year.
18. The Projects of the Jaco area are minutes from other tourist attraction centres that provide a significant added value: The "Marriot Ocean & Golf Resort" that has one of

the most important marinas of the country and more to come; there is also the Carara National Park, one of the most visited national parks because of its attractive flora and fauna that can be observed from very adequate paths.

19. The services and facilities offered are based on the environment itself and on the behavior of the real estate market directed at tourism, and it coincides with the profile of potential clients, who are:

- The local investors from the middle high and high classes who want to have a second vacation home on the beach;
- The foreign investors who buy wholesale real estate at preconstruction prices, to re-sell it in the future.