

Key Facts: Brazil

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| Population | 178.4 million |
| Capital | Brasilia |
| Language | Brazilian Portuguese |
| Local Time | GMT -3 Hours |
| Climate | Average Summer Temperature 20.5°C |
| Currency | Real (plural Reais) |

Why Invest in Brazil?

Brazil shares a border with nearly every other country in South America and covers almost half the continent. It is the fifth largest country in the world with an area of eight and a half million square kilometers. **In 2050 Brazil will be the world's 5th largest economy; Goldman Sachs.**

"Global real estate will be the only major asset class that could deliver double digit returns over the next five years" Barton Biggs, Morgan Stanley.

Although Brazil is a vast country, there is only a selection of areas that present a good opportunity for property investors. Rio has traditionally been the major draw due to the long history of tourism and the obvious appeal of the city itself. However, the Rio property market is currently suffering a downturn, which on the bright side is not expected to last. The dip in prices may therefore present a good opportunity.

The North East coast is becoming the next property "Hot Spot". This area has some stunning beaches and a balmy tropical climate. The area remains cheap, but it is the centre of Brazil's tourism push. There is a reasonable amount of development occurring to appeal to foreign holiday makers and home owners alike. For a traditional holiday let investment, The North Eastern Coast-line may be the best opportunity Brazil has to offer.

Why Invest in Brazil

1. Growing economy; Brazil is one of the four largest developing economies in the world) the three (others being China, India and Russia) and according to Goldman Sachs, by 2050 Brazil will be the world's 5th biggest economy.
2. Foreign investment is encouraged in Brazil, there are no restrictions with ownership 100% freehold.
3. Lower interest rates and inflation under control (5, 6% inflation in 2005); several economists believe that within a few years, Brazil should have become an investment magnet country. With the decrease of interest rates, a mortgage boom is expected and consequently, an increase in value of it's Real estate.
4. A realistic guarantee of long term future market stability and existing demand (for sale and rentals) which provides security for foreign investors; Brazil has a big population of nearly 180 million that includes more than 1 million multi millionaires who are naturally attracted by European styled holiday homes situated far away from Brazil's vast mega-cities, Along with future domestic economic growth and increasing spending powers of the big Brazilian population, this trend is set to increase.
5. The exchange rate is exceptionally favourable at the moment making it cheap for Europeans (Sterling or Euros) to buy property. **In the past Brazilian currency was artificially linked 1:1 to the US dollar (now it's 2.5:1 one dollar buys 2.5 reais, the currency in Brazil),and most prices still reflect these old price levels.**
6. Under priced real estate market, due to continuous years of recession and lack of purchase power during the 80's and 90's, the price level for real estate is extremely attractive (there are many similarities to how Spain was 20 years ago).
7. 48% increase in foreign tourism between 2002 and 2005 as a direct result of the National Tourism Plan) developed 2003).
8. Brazil is not affected by political wars or terrorism.
9. Extremely friendly people; Studies carried out by the Ministry of Tourism indicate that 75% of tourists who seek Brazil as their vacation destination do so first of all because of the natural beauty. But once they arrive, they find such hospitality that they soon become enchanted with the mixture of colours, races and the cultures of people. In a recent survey, 96% of tourists visiting Brazil intend to return, main reason being the Brazilian people!!
10. Is the world s largest producer of coffee, oranges and sugar-cane
11. Has the largest and most diversified industrial park in Latin America and the Caribbean
12. Is home to the largest forest based industry in Latin America
13. Is one of the largest producers and exporters of rough and processed ore

14. Has large reserves of iron ore, bauxite, manganese, tin and gold
15. Offers an excellent railway and waterway system, alongside a vast coastline, with several harbours
16. Is among the worlds top producer of foodstuff
17. Has one of the most modern and cutting-edge bank systems in the world
18. Has a modern and competitive textile industry, with 30 thousand companies that trade US\$ 21 billion per year
19. Has 22% of the worlds arable land
20. Is the world s first producer of commercial jets
21. Is the third largest producer of shoes in the world, with a highly competitive leather industry
22. Is the third among the producer of soda drinks
23. Is the fourth largest producer of commercial aircrafts in the world
24. Has the fifth largest rubber industry
25. Is the sixth largest market for cosmetics, with US\$ 9 billion of sales per year
26. Has the seventh largest chemical industry
27. Is the eighth largest producer of steel in the world (21 billion tons per year)
28. Is the tenth largest producer of automobiles (1,8 million vehicles per year)
29. Has the tenth largest paper and cellulose industry

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Current evidence shows that property in Brazil is now a highly beneficial market in which to invest. While the tourist infrastructure and economic climate is improving rapidly in Brazil, investors are urged to catch this market at the very beginning while prices remain incredibly low and high returns on investment are inevitable.

Investment Area

Natal

Opportunity:

Emerging market offering low entry prices, good capital growth and excellent coastal rental returns.

Rental Potential:

Yield : 11-18%

Taxation:

1. Capital Gains Tax: 15% determined by the difference between the sales price and the acquisition cost duly reported on the annual income tax return.
2. Cost of Taxes per purchase: 7% = Transfer Tax (VAT) 3% + Notary 3% (1.25% title deeds + 0.75% registration) + Manzanares' fee
3. Income Tax: 15% depending on non-resident taxpayers Country of residence.
4. Urban Rural Real Estate Tax: A very small fee, paid annually,

Purchase Procedure & Legal Costs:

Purchasing off-plan in Brazil is a relatively simple process. There are many options available. We therefore, always recommend you take legal advice with any financial investment.

Typical payment structure:

1. 6,000 euros reservation
2. 30% deposit less reservation fee paid within 7 days of reservation
3. Balance on completion.

Please note: Some developers will insist on stage payments i.e. % @ foundations - % completion of brickwork - % window - % on delivery.

Travel Information

Health advice / risks

It is essential to take out full medical insurance when visiting Brazil as there are no reciprocal healthcare

agreements between Brazil and the UK. Water should not be drunk straight from the tap; bottled mineral water is widely available.

Taxi

The most convenient and quickest route in from both airports is to use one of the several taxi companies available at the airports. There are kiosks for each company close to the main exits where journeys can be prepaid. Airport buses also run to and from the airports to key city points and city centre hotels.

Car Hire

Cars can be hired at airports and in major cities. You should ask for a full explanation of the insurance cover on offer. Stick with one of the major international firms and take an international drivers licence, obtainable from the AA in the UK. Because there are several versions of this licence, make sure it is valid for Brazil (1926 Convention). As an alternative, most good hotels can arrange a car with an English-speaking driver on a daily basis.

Electricity supply

This varies throughout the country between 110 volts and 220 volts. All are on 60Hz (the UK is 50Hz) which can affect the performance of some electrical machinery/equipment. São Paulo is generally 110 volts but occasionally 220 volts. Brasilia is 220 volts; Rio de Janeiro is mainly 110 volts. Lamp sockets are the screw types and plugs are two-pin round or flat.

Social etiquette

Brazilians are mostly very warm and friendly. Shake hands every time you meet or take leave of a Brazilian (even if you have met the person previously the same day). If you are male, remember that Brazil is a Latin country: expect Brazilian men to stand close to you, to hold your hand or arm for extended periods, and to put their arms around your shoulders and hug you. These are normal and socially acceptable signs of friendship. Shake hands with Brazilian women on a first meeting, and expect to be kissed (on the cheek) on subsequent encounters (though this is less likely outside of the major cities and in the North of the country). If you are female, both Brazilian men and women will shake hands with you on a first encounter but may kiss you on subsequent meetings and leave-takings (again, especially in the major cities).

Climate

The climate varies from the steamy heat of the Amazon Basin to the temperate atmosphere of the southern plateau. Winter conditions, from May to October, in São Paulo and Rio de Janeiro are similar to those of a British summer. In the southernmost states they are similar to a British Autumn. In the summer (November to April), conditions all over the country are tropical and temperatures can reach 40°C. In coastal towns the humidity can be exhausting. In the north, January to April is a season of tropical rains, while in the north-east, around Pernambuco, the rainy season is usually April to July. Any time between mid-December to end-February is not recommended for business visits as most Brazilians take their summer holiday at this time and business stops for a week either side of Carnival, usually in late February or early March. The best times to visit are between April and October.

Brazil has good investment potential. We have therefore, selected a variety of investments which offer different advantages and cater for all types of investors depending upon what they hope to acquire and achieve with their investment.

The Overseas Investor carefully selects property investment opportunities from politically stable countries that indicate excellent economic growth, have internationally respected legal systems, stable currencies, attractive tax policies and will provide strong investment yield and growth.

Once you have decided on the type of property or if you would like to discuss further please contact us; call us free on: 0800 0933654 or email on; [click here](#)

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