

Life's Grande in the other Rio

Britons are buying homes in Brazil where the currency is even weaker than sterling

By **Simon Brooke**

Brazil means sandy beaches peopled by the young and the beautiful, exuberant carnivals and a – perhaps depleted – rainforest to explore.

Or it means impoverished shanty towns, vicious street crime and one of the world's fastest growing economies.

Images of Rio de Janeiro or Sao Paulo might spring to mind, but it's the area around Natal, the capital of the north-eastern state of Rio Grande do Norte, which is receiving the greatest attention from developers and property investors.

It offers a tropical climate, long sandy beaches and a national park and is one of the wealthiest parts of the country, thanks to oil. So far, around 5,000 Britons have bought homes there, even though most flights have to be routed via Lisbon. Direct flights are expected to start from Gatwick in winter 2009.

And it is not expensive either. Thankfully, the Brazilian real is an even more flaky currency than

sterling, falling by nearly 11 per cent against the pound since mid-August. Economists believe that slide will continue, even though the economy will grow 4.5 per cent next year, rising to 5 per cent in 2010.

'Natal is attractive to Europeans and Brazilians looking for holiday accommodation as it has a good climate, and a vast new airport, which will be a tourist and cargo hub, is being built there,' says Albert May of international property investment group Profit Finders.

The company is investing in a development of 11,000 homes in the area where the average price per square metre ranges from £635 to

£950, and a typical two-bedroom flat will cost about £80,000. The size of the development in this emerging market is significant.

'We're creating the infrastructure by providing water and electricity because in some emerging markets you get the properties and then have to wait for vital services,' says May.

Experience International has flats available in the Jacuma Beach Resort, near the beach at Natal. Typically for properties aimed at overseas investors and the tourist market in a country that is still developing, Jacuma Beach is gated, with its own bars, restaurants, pool, shops and medical centre. One-bedroom apartments start at £63,700.

'These are long-term investments, but most lettings will be holiday lets,' says Experience's Steve Warboys.

'The Spanish, Portuguese and Scandinavians are more familiar with Brazil as a regular holiday destination

than the British and we expect rental yields of 5 to 6 per cent.'

Richard and Nicola Hobday, both 38, from Esher in Surrey, have reserved a three-bedroom, semi-detached villa in Pipa Beleza, a beachside development near Natal, for £105,000. The couple went through a Brazilian specialist, uv10, and are paying cash. 'We've travelled a lot – Caribbean, Africa, Far East – but after a holiday in Brazil we fell in love with it and thought we should step on the property ladder,' says Richard, who runs an urban regeneration company in the UK.

'Natal is largely unspoilt but it has excellent infrastructure. Flight accessibility and flying times are good, around nine hours, and jetlag doesn't really feature as Brazil is just three hours behind UK time. We intend to holiday twice a year, particularly in the winter sun, and even longer breaks when our daughters Gaby, 10, and Annabel, seven, are old

enough to look after themselves.'

Crime is a concern in Brazil, although Rio Grande do Norte has the lowest levels in the country.

'You don't get the same level of violent crime as you do in Rio; the worst that happens in Natal is pickpocketing,' says Samantha Gore of uv10. Even so, the advice is to buy in a gated or secure development.

South America has also long been a byword for economic mismanagement, and although Brazil's growth prospects are strong – it's now the tenth largest economy in the world and predicted by Goldman Sachs to be the fifth by 2050 – the country's mortgage market is almost non-existent. Only 1 per cent of properties are bought with a mortgage rather than cash, and interest rates can reach 15 per cent. Arranging your mortgage in the UK is essential, but even then it's not all plain sailing.

'We've had increased interest in Brazil, but buying there is not for the faint-hearted,' says Daniel Wright of Foreign Currency Direct. 'You need to get a certificate from the Brazilian Consulate called a CPF which is proof of your identity and which normally takes about two months. You can expect to pay about 2 per cent of the purchase price in fees and taxes.

'Even if you do a buy-to-let, you'll be expected to pay all property taxes, which can amount to about 2 per cent of the assessed value. When you sell you must go through Brazil's central bank or you might fall foul of money-laundering regulations.'

London-based Bill Moores has taken a more ambitious approach than many buyers in Brazil. In 2006, he and his wife Sue bought an eight-bedroom Fifties house in Rio de Janeiro which they are converting into a hotel.

'We wanted somewhere with good weather all year and we looked at

places such as Belize and Panama but Rio has something special about it,' says former PR Moores, 61, who paid £230,000 cash for the property and has spent another £120,000 redeveloping it.

'We're in the Santa Teresa district which is quite bohemian. Buying is very bureaucratic in Brazil, but with views of the Guanabara Bay on one side and the forest behind us it's been worth it.'

● www.profitfinders.co.uk, 0800 634 9844; www.experience-international.com, 020 7321 5858; www.uv10.com, 0845 643 1036.

