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Trouble in Costa Rica's eco-paradise as homebuyers heat up market

The coast's popularity is creating problems for the rainforests and driving up prices



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Zoe Dare Hall

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24

At the Playa Grande Surf Camp on Costa Rica's Pacific coast, visitors — who include New York bankers and Australian wedding planners along with a smattering of the young backpackers you might more readily expect — are lapping up the natural beauty for which the country is famed.


“Everyone's up early to do yoga and surf, then they're back on the beach for 6pm to watch the sunset. Teenagers will talk to you about the turtles that breed here and pick up rubbish. People take wildlife very seriously here, and it rubs off on you,” says Andrea Forder, 48, who splits her time between home in London and the surf hostel she owns with her American husband, Steve Wilgus, on the hooklike Nicoya Peninsula in the Guanacaste region.

It's an area that has among the most centenarians in the world. The Costa Ricans — or Ticos — put their longevity down to *pura vida*, a versatile phrase that can be thrown into conversation to mean hello, goodbye, no problem or thank you, but which essentially sums up the love of life's simple pleasures in a place where the temperature hovers around a constant 30C all year round.

Pioneering environmental awareness, and preservation, has been a cornerstone of Costa Rica's development since the 1970s — and particularly over the past decade. The Central American country is now almost entirely powered by renewable sources and it aims to be the world's first carbon-neutral country. Recently on Twitter, the actor and eco-warrior Leonardo DiCaprio, a regular visitor to Costa Rica, congratulated President Carlos Alvarado Quesada on expanding the marine protection around Cocos Island, a breeding ground for humpback whales, to an area “larger than New York state”. The move helps the country achieve its goal to protect 30 per cent of its forests and marine resources.



The Nicoya Peninsula in the Guanacaste region. The coast saw rising property demand from both foreign and domestic buyers during the pandemic © Hemis / Alamy

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AW² | Kasiya Papagayo

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Faced with rising demand from foreign buyers (mainly from the US and Canada) seeking a new life in this eco-paradise during the pandemic, local estate agents have become well-versed in talking up Costa Rica's green credentials. "It's one of the most biologically intense places in the world," says Robert F Davey, owner of Costa Rica Resort & Estate Properties.

"I recently travelled from my home near the beach in Guanacaste to the rainforest region of Arenal with my son and we were visited by howler and white-faced monkeys, we saw deer, a pizote and in the mountains, scarlet macaws and toucans — all cohabitating like it's normal to be around humans."

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Costa Rica is now almost entirely powered by renewable sources and it aims to be the world's first carbon-neutral country

But Guanacaste's rising popularity with both foreigners and city-living Costa Ricans — who have been making a beeline for the country's coast and tropical wilderness over the past two years — is creating its own problems, both for its environment and for its property market.

María, who declined to give her real name, is a choreographer and actor who lives in the capital city, San José, but is used to driving a few hours at weekends to spend time on the beach. "We were looking to buy a plot in Nosara on the coast at the beginning of the pandemic that cost \$420,000. Now it's selling for \$930,000," she says. "When the borders shut during the pandemic, many young adults and families with children moved from San José to the beach. Once the borders reopened, they were joined by a huge amount of foreigners who have bought beach land and built homes for short lets."

While there is no official source for property data in Costa Rica, Oliver Gamble, 46, who ran a residential property refurbishment business in London before moving with his Costa Rican wife to Santa Teresa in 2015, says "Covid escapees" helped double property prices in six months last year. "Nearly all the beaches have been developed by expats, and Santa Teresa is predominantly foreigners, from all over the world. Properties that had been unsold for years sold and sold again in a property feeding frenzy."



The Monteverde Cloud Forest reserve. Environmental awareness, and preservation has been a cornerstone of Costa Rica's development since the 1970s © Carver Mostardi / Alamy

Davey talks of the current “construction boom”, particularly at the luxury end for new gated communities and branded resorts — which include Four Seasons’ Peninsula Papagayo, where properties cost up to \$25mn. He is also marketing the actor Mel Gibson’s beachfront estate, Hacienda Barrigona in Nicoya, set in 400 acres of privately owned jungle and with a beach helipad, for \$29.75mn.

While Gibson’s rainforest home might be at the extreme end, this kind of eco-friendly, tropical retreat is what people come to Costa Rica for. It’s epitomised by the likes of Kasiya Papagayo, a timber-built, solar-powered resort buried in the rainforest overlooking an untouched stretch of coastline near Matapalo. Its construction was designed to do as little damage as possible. “The idea of not taking down one single tree for the project was more ambitious than the regulations asked for, but we achieved it,” says Reda Amalou from the hotel’s architect, AW2.

Other developments are less conscientious. Although there are strict building codes in Costa Rica, and the planning process is “well organised”, says Gamble — who has built two homes in Santa Teresa and received planning permission within a month — there are clear breaches of the environmental rules. “Many luxury hotels still pump sewage into the ocean, causing beaches to be shut due to water contamination,” he says. “Slowly this is being dealt with, but there are many unsavoury characters in that arena. It doesn’t help that local planning offices are ill-equipped, so there is a lot of illegal activity, such as building without planning or burning the rainforest to improve a view.”

The original expats in Costa Rica, “the yogis and surfers,” he says, “are greener than most.” But more recent arrivals are different. “They have big cars and a big air-conditioned house,” he says. “Locals are seeing no public spending on infrastructure, and have begun to complain.”

In 2017, Dawn Banks moved from Brighton to the laid-back beach town of Potrero, popular with foreigners thanks to its international schools and proximity to the international airport in Liberia. She describes the joys, for her teenage children, of days filled with beach barbecues and surf trips and, for her son, going to school wearing board shorts and no shoes.



Capuchin monkeys in Guanacaste. Strict rules govern the destruction of wildlife habitats but some developments are still breaching the rules © Bill Jensen Greenwater Photography / Alamy

The Banks family own and run the eco-hotel Libelula Lounge and Lodgings, which they bought and extended for around \$800,000. “We’re committed to sustainability,” says Banks, but she increasingly feels like “a small oasis in a developing area,” she says. “More often than not, people are stripping plots of all their trees to clear spaces for their homes, and there are issues with the destruction of wildlife habitats, especially monkeys.”

One way in which the local authorities are trying to curb development, she says, is by withholding water permits. Water shortages and water rationing are common in Guanacaste, and you can only get a building permit if you have an authorised source of water. If you need to drill a well on your property, it can take up to four years to get the green light to build.

While they are waiting to build, or find the right property, many foreigners in the likes of Nosara and Santa Teresa are taking long-term rentals — “and it’s becoming a problem for locals,” says María. “These areas are becoming a bubble, like New York and LA, and it’s not sustainable at all for nationals or locals.” In some areas, including Santa Teresa, she adds, there is “rising tension” between locals and “some divided communities of foreigners who don’t integrate well”.

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Rising prices are even causing some recent immigrants to reconsider their moves, says Gamble. “One friend of mine is relocating back to the US because the rental prices here are too high.”

Costa Rica may be famed as an eco-paradise. But with the surge in demand from foreign buyers and developers, some are worried how sustainable it all is.

What you can buy ...



Santa Cruz, Guanacaste, \$890,000 A three-bedroom, new-build house in Tamarindo on the north-west coast. Accommodation includes a ground-floor master suite with two additional ensuite bedrooms on the first floor. There is also a wraparound covered terrace. For sale with Sotheby’s International Realty.



Uvita, Puntarenas, \$2.79mn A 10-acre estate on the southern Pacific coast, near the town of Uvita. The property has a total of 10 bedrooms and eight bathrooms, including a separate guest house. There are also terraces, a pool and a helipad. For sale with Luxury Portfolio/LX Costa Rica.



Playa Flamingo, Guanacaste, \$7.9mn A villa with 1,200 sq m of living space on a promontory near Playa Flamingo, within swimmable distance of Isla Plata. The architect-designed house is on 1.25 acres, including a pool and landscaped gardens. For sale with Costa Rica Resort & Estate Properties/Costa Rica Christie’s.

Buying guide

- Foreigners have the same rights and obligations as Costa Ricans when buying property, but watch out for water access in beach areas and the subtleties of concession rights when buying within 200 metres of the beach.
- It's advisable to use a SUGEf-registered agent (SUGEf is how Costa Rica regulates industries that hold significant monies of third parties, including escrow and real estate companies).
- Few Costa Rican banks will loan to non-Costa Rican residents, so you either need to be an entirely cash buyer or secure financing in your country of origin and use cash for the purchase.
- Buying costs are 4.38 to 7.38 per cent, including an estate agent's fee of 2.5 to 5 per cent.

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