

# Brazil Real Estate Investment— Why Invest in Latin America’s Largest Country?

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The effects of the economic downturn on the global housing industry have brought into light the importance of analyzing real estate investment destinations from a broader and more detailed perspective. Despite the difficulties in marketplaces across the world, Brazil has continued to be publicized as an “emerging” country that offers investors solid and stable returns. The following are some of the benefits of investing in Brazil:

1. The currency is very stable and no longer pegged to the US dollar. Real estate investment professionals are confident that this trend will continue as the economy grows.
2. Brazil has a financial environment that is conducive to undertaking very lucrative property businesses including low prices, solid yields, credit rating upgrades, controlled inflation, and a healthy banking system.
3. The mortgage market is comparatively lowly leveraged (secured lending represents just 3 percent of the country’s GDP). This puts the Brazil real estate investment industry in a very strong position in terms of growth compared to many other countries, particularly after the effects of the global economic crisis.
4. Brazil is witnessing an increase in the number of global business leaders looking to expand throughout the country while touting its importance as a future economic superpower. The most notable being Sam Zell of Equity International who, in recent years, has acquired large equity stakes in Gafisa (one of Brazil’s most prominent homebuilders); BR Shopping Malls; Bracor (large-scale rental property developments); AGV Logistica (distribution centers) and Brazilian Finance and Real Estate (financial products).
5. Tourism continues to increase, which has resulted in a rising level of hotel and holiday home real estate activity that is widely expected to continue heading towards the World Cup 2014, the Olympic Games 2016, and beyond.
6. Brazil’s increasingly stable political system is actively encouraging foreign real estate investment and other international trading activities.
7. The government is encouraging Brazil real estate investment and leasing in the form of increasingly relaxed laws favoring the rights of landlords.
8. Brazil has a largely self sufficient economy that relies little on exports.
9. The country has leading renewable energy sectors (including biofuels, wind, and hydro-electricity) that have long been excellent alternative investments in Brazil.
10. With the discovery of oil fields amounting to conservative estimates of over 50 million barrels, the country looks set to become a global petroleum superpower.

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11. Social housing projects are encouraging Brazil’s real estate investment industry and having the unprecedented effect of getting millions of people on the housing ladder that would not have been able to, previously.
12. Brazil has ever decreasing unemployment levels and the country’s Ministry of Employment has confidently estimated for one million new jobs to be created in 2010.
13. The housing deficit currently stands at over seven million. This is expected to have long term positive repercussions for the long term growth of the Brazil real estate investment industry.
14. A visible and evidentially rising middle class with increased spending power has resulted in existing homeowners looking for bigger places to live and an increase in second property ownership.

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