RETA
REAL ESTATE TREND ALERT

9 Places to Profit on Our *RETA* Beat This Year

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Introduction

In international real estate investing, when the world is your beat, there's always opportunity somewhere. And it's those opportunities that I investigate in order to bring the newest and best opportunities to profit to you, as a member of my *Real Estate Trend Alert* group.

There's no magic trick to finding profitable real estate opportunities. It takes countless hours of research…lots of travel to check out new locations…strategic thinking…and a strong knowledge of different real estate markets. I do all of this on your behalf, of course. You get to cut straight to the chase: the profitable real estate deals I bring to you in your members-only alerts.

I spend six months out of every year on the road. My scouting schedule takes me across North, Central, and South America; Europe; and Asia. Some of that travel and research comes to nothing. For every opportunity I recommend, there are 200 more that don't make the cut. Sometimes it's because the numbers don't add up…or that a market that looked promising turns out to be less exciting when I've put boots on the ground.

But at any given time, there are locations around the globe that I'm strongly focused on. These are places where I see huge opportunity for us to profit.

As a new *Real Estate Trend Alert* member, I want to get you up to speed on the places that are on my radar right now. In this special report, you'll read about nine places on my beat where I'm strongly focused…where I see the potential for large gains for our group…and where members of our group have already profited—thanks to my recommendations.

Wishing you good real estate investing,

Ronan McMahon

Ronan McMahon

Real Estate Trend Alert

1

Mexico's Riviera Maya—A Caribbean Wonderland of Profit

©Jason Holland/IL

There's a place I've visited more times than I can count over the last decade. It's home to some of world's finest beaches, with sugar-white, powder sand and sparkling blue Caribbean waters.

I've watched it grow from a destination known only to the most adventurous tourists to one that's rapidly on the up. More tourists and expats are coming here every year. But, there are still new pleasures to be discovered. Every time, I find another secret beach…a stretch of sand dotted with palm trees, that's deserted except for the odd curious iguana…the only sound, the swish of the surf.

This destination is Mexico's Riviera Maya—and it's where members of our little group have done well by buying right.

Stretching from Cancún to Tulúm, the Riviera Maya is Caribbean coastline at its finest.

Vacationers fly into Cancún's international, busy airport. Some stay in Cancún. Others head down the coast, along a modern highway toward the city of Playa del Carmen or the hippy-chic town of Tulúm. They come to golf…dine in hip and top-class eateries… shop in boutiques and high-end clothing stores…and more. It's developed here, comfortable, and feels First-World.

And, those vacationers head out to explore the region's natural beauty. This is a wonderland of tropical flora and fauna. Offshore, the world's second-longest coral reef, teeming with brightly colored tropical fish, hugs the coastline. You can dive and snorkel, or swim with turtles. Or, you can trek through a rich jungle interior to visit Mayan ruins.

It's a heady blend of modern comforts, a gorgeous environment, and ancient history. And all that appeals to both the vacationers and the expats who are flocking to this coast.

But, the Riviera Maya wasn't always so developed. Development came first to Cancún. Until the late 1960s, Cancún, a city of almost 700,000 today, was just a coconut plantation, home to some local fishermen and plantation workers.

The Mexican government saw its massive potential though. So, they began to invest and promote heavily to make Cancún a success. They got to work installing roads, water, power, and other infrastructure. The first hotels opened in 1974. In the same year, the new international airport also opened. Early investors in Cancún made a serious killing. Now, the opportunity to do well lies farther down the coast.

The Path of Progress rolled next to Playa del Carmen, a 40-minute drive down the road. (A Path of Progress is the name that I give to the phenomenon whereby an event occurs that will push land and real estate values higher. The particular event changes from case to case. Sometimes it's government investment, like in Cancún. Other times, a new airport or road opens making a beautiful but previous hard to reach place accessible. Or, it could be a new industry opening in a particular location that brings more people and money to an area. Whatever the particular event, when you know how to identify and get ahead of the right Path of Progress, it signals profit ahead for a savvy real estate investor.)

I've found some killer opportunities in Playa del Carmen in recent years as the Path of Progress rolled through here. Playa was once a sleepy fishing village. Now, it's one of Mexico's fastest growing cities.

It's in the middle of an astonishing growth trajectory—and becoming a serious, internationalized city. In some ways it's like the transformation of Miami in the 80s.

Back then, good weather, low taxes, the space, and freedom attracted folks from northern U.S. states to move their business south or to retire in the Miami area.

And that's what is happening in Playa right now.

Like a magnet, it's attracting mobile business people, and entrepreneurs from right across the globe. They come here to vacation, to sell stuff, to buy stuff, and to make stuff. It's a vibrant Caribbean beach city that's roaring ahead unimpeded.

There are stunning beaches right on your doorstep... some of the coast's most popular restaurants and night spots…and a hip, modern vibe.

All of that combines to make Playa del Carmen one of the strongest profit locations on my beat. But, the opportunities to get in and profit are rare. It takes time, research, and boots-on-the-ground insight to find the right deals here. When you do, the potential is massive. And the *RETA* track record in Playa del Carmen is strong.

In 2013, I made my first ever Playa recommendation. I recommended one-bedroom condos close to the city's action from $136,500. Now, one of those condos could list for $230,000…and could be grossing $24,000 a year in income.

Another previous Playa opportunity, Singular, jumped in value by 25% in three months. And rose further in value from there.

Those are strong track records. But more recently, I've made what I think might just be our best Playa opportunity yet—a chance to buy condos in the "Zona Dorada," Playa del Carmen's golden zone of transformation. This is the neighborhood where Playa's sophisticated buyers and renters will want to base themselves.

In five years, I expect the Zona Dorada will be transformed into downtown Playa del Carmen's hottest address.

But members of our little group have gotten in ahead of this transformation. We're getting in at the ground floor…and are set to make serious gains. We've already done well by buying the right real estate at the right price in the Zona Dorada.

In April 2017, members of our little group locked down two-bedroom condos from $193,800. I told *RETA* I expected big rental potential from these condos when the community is built out. Owners of similar condos are making a killing in Playa del Carmen from vacation rentals. One person I heard about is grossing $57,477 a year on a two-bedroom condo. Others are making figures like $41,055...$48,363...and $53,109... a year.

I also told *RETA* members that I expected we would see big gains from capital appreciation. I was proven right.

By late 2019, one remaining condo in the building RETA members bought in was listed for $282,900. Our RETA-only price on that condo type was $203,991. We are fast approaching the six-figure gains I predicted.

These condos are in what will be Playa's most desirable address, right in the heart of the city. But our deal was so much better. We got *RETA* members-only pricing and financing…and we got our pick of the inventory, snapping up two-bedroom condos before even friends and family of the developer could.

I'm working to bring you more opportunity in Playa del Carmen in the future…but it's not the only place on the Riviera Maya where we've seen profit.

Take just one incredible deal we had in Tulúm.

Tulúm is the end of the line for the Path of Progress we're following on the Riviera Maya. Literally. You've got the Caribbean Sea on one side…a huge, protected biosphere reserve on the other…and strict planning and permitting rules on land south of Tulúm. There's only so much development that can happen. And, once Tulúm is maxed out, there's nowhere else for development to go.

The population's growing rapidly…the town's expanding…and tourist numbers are rising. There are new stores and eateries every time I visit. Tulúm is being transformed into a vibrant, chic destination.

And we've been able to profit from that transformation.

On October 21, 2017, I sent *RETA* members an alert to notify them of a brand-new deal I had just finished negotiating. Members of our group could lock down condos in Tulúm's best-in-class community from $154,500.

In June 2019, a price list crossed my desk. A premium condo in Tao Tulum was listed for $449,000. Members could snap up premium condos like this in late 2017 for just $230,556. That's a whopping $218,444 in gains...

These are the sort of profits we're targeting in the Riviera Maya. (To be clear, I recommend that you buy and hold over the medium term. These aren't quick flip buys.)

And our opportunity continues here.

The Path of Progress that has rolled through the Riviera Maya is like a juggernaut. And it's proven to be one of the most successful locations on our beat. Stay tuned for details of how you can profit on the Riviera Maya as and when I find more deals.

2

How to Profit from Tiny Living & a Path of Progress in Brazil

©Daniel Neves

I've been bullish on Northeast Brazil since 2008. I, and members of our little group, have done well on our investments here.

But the news from Brazil that you see in the international press lately is mostly doom and gloom.

News stories talk about the political unrest and economic slowdown that has stalled the country's growth. Brazil's currency, the real, has dropped significantly against the dollar. Many would-be investors have written Brazil off.

All of what's been reported is true…but it doesn't tell the full story of Brazil. This is an important lesson for you as a real estate investor: What you see on the news should not be the only research you do on a country or opportunity. Sometimes digging deeper uncovers opportunity that everyone else has missed.

The truth is, Brazil's on an upswing. As I write, stocks are trading at an all-time high and the country's risk—as measured by five-year credit default swaps—is at the lowest level since 2013. Significant reform introduced by the government is turning bankers and investors bullish on Brazil.

Better yet, the crisis reported in the mainstream press and the decline in value of the real has strengthened our buying opportunity.

My focus has been on two areas in Brazil: the country's northeast, and the economic engine that is São Paulo.

Northeast Brazil has developed at breakneck speed in recent decades. Tourism is on the up. The export market is strong. A free trade zone has been a major boon for the region and is set for more heavy investment.

Fortaleza in Northeast Brazil is a thriving city, home to 3 million people. It's also a domestic tourist favorite, attracting 3.5 million visitors in 2018.

Ninety minutes' drive east along the coast from Fortaleza, you'll find the pretty beach town of Fortim.

A few decades ago, only the rich or the brave could reach this point. There were no roads to get there, no electricity. But the stunning, white-sand beaches on this coast could never stay a secret.

Hippies were the first to discover it, content to live in the beautiful surroundings even without any proper roads or power. Not long after them, Fortaleza's millionaires started to arrive. They quickly realized just how much of a paradise it was—and how private and exclusive.

They knew the bad roads would keep the hordes away. And for these millionaires, bad infrastructure wasn't an issue. They bypassed it all by coming and going by helicopter, flying in from the city Friday evening and flying back late Sunday afternoon.

The rich tried to keep Fortim to themselves. They resisted new infrastructure that would open it up to everyone else. But they lost. A Path of Progress with strong momentum is impossible to stop. It rolled up, along with utilities. Now the highway has been upgraded and it's a quick, smooth run from Fortaleza, 90 minutes away. This will bring more upper-middle-class Brazilians in search of a beach home—both from Fortaleza and from the country's south.

The weakening of the real, Brazil's currency, in recent years, has created even more demand for domestic beach properties. Brazil's upper-middle class used to buy in places like Miami. But with the decline in the value of the real against the dollar, Miami is now crazy expensive. So, the rich and cosmopolitan from the south are coming to the Northeast in greater numbers for vacation and commerce and they're looking to little beach towns like Fortim.

Added to that, a new airport will make this stretch of coast even more attractive to vacationers and property buyers. Until now, a wealthy southerner had to fly into Fortaleza and make the drive to Fortim. But that's all going to change. A new airport in Canoa Quebrada, 15 minutes from Fortim, has opened. Its first commercial flight, bringing visitors from the southern city of Recife touched down just this year.

20 years ago, a major Spanish group were sitting on a land parcel in Fortim with riverfront on one side and miles of beachfront on the other. Their plan was to create a high-end resort aimed at Europeans. It was a good plan. But when crisis hit Europe in 2007, the project unraveled.

This left the land up for grabs, and an established local developer group cashed in. They had an even better plan. They knew that the growing upper-middle class in nearby Fortaleza was an untapped market.

They're not only tapping into the Path of Progress that's making its way down this coast, they're creating a uniquely "cool" destination where the in-crowd will want to be.

Their community will have hotels and five-star amenities…and a residential community called Praia Canoe aimed at the local upper middle class. (We can profit by buying what they will want to own…at the lowest possible price.)

The community is already generating a buzz locally because of a hotelier they've brought on board. Jean-Michel Chaufour, a French trailblazer who owns Vila Selvagem—a hotel that ranks as one of the top hotels in Brazil on TripAdvisor—opened a new hotel and restaurant inside the project. The hotel, Jaguaribe Lodge, features 20 ocean view bungalows. They're on stilts, connected by elevated walkways, to protect the sand dunes underneath. There's also a spa, yoga space, swimming pool, kitesurfing school, and bar. It's already making a name for itself as the chill-out weekend getaway.

Because of Brazil's crisis…the lack of confidence in the market…and the fall of the real…I was able to negotiate a killer deal for *Real Estate Trend Alert* members in 2019.

They could buy lots in Praia Canoe for only $34,700—and got a finance plan that allowed them to spread their payments. They made a down payment of $6,940 and monthly payments of only $250.

Praia Canoe will have its own amenities—pools, sports areas, and cookout spots. Just what newly moneyed and young professionals want in a beach home. The beachfront hotel and restaurant will be a short stroll away through landscaped gardens.

The lots for $34,700 will appeal to folks from Fortaleza looking for a second home for weekends and vacations. Folks come here to relax and swim, fish, ride horseback, or drive a beach buggy along the sand. It's perfect for escaping the hustle and bustle of big-city Fortaleza.

On the lots *RETA* members could buy for $34,700, those well-heeled locals can build their dream home of 1,500 to 2,000 square feet with a pool. This would cost around $100,000, with nice finishes like local granite and hardwood. The home can be comfortable, yet simple, given the amenities on their doorstep.

With the deal in Fortim, we took advantage of three megatrends happening in Brazil...

1. Brazil is rebounding from an economic downturn. Recent business-friendly reform is seeing investors flocking to Latin America's strongest economy—and we have a

chance to ride its next phase of substantial growth.

2. The U.S. dollar is extremely strong compared to the Brazilian reais right now. As I write, one dollar is worth 4.08 reais. In April 2014, one dollar only bought 2.24 reais.
3. We're tapping into the Path of Progress that has been barreling down the northeastern coast. This area is rapidly developing into a trendy, jet set destination, and we'll be sitting on its "money spot."

It's very rare to see such a convergence of investor-friendly trends. That's why I'm predicting that the lots could almost double in value in as little as four years.

Another place where *RETA* members could see the value of their purchase double in four years was in São Paulo.

Our opportunity there was to buy micro condos, tapping into the trend for tiny living. São Paulo is the engine of Brazil, the locomotive pulling the entire economy. São Paulo has the highest GDP of any city in the southern hemisphere and has a population of over 12 million—more than London, Tokyo, New York, or Delhi. It's growing fast, already the world's ninth most populous city. Add in the greater metropolitan area and that rises to 21.1 million.

For decades, a middle-income professional working in the city had two choices… hours of commuting or finding the money for a luxury apartment in a high-rise. But with these micro-condos (little apartments of 110 to 300 square feet), there's another choice.

In the heart of downtown, these little condos make clever use of space and the sharing economy. They often feature shared office space, gyms and social areas and even a library of tools that owners can borrow.

Demand is huge. Beyond the time-sucked professionals there are also students and those simply looking for a city bolt-hole at an affordable price.

We could buy micro condos from just $60,965-- that could be worth about $120,000 as this trend plays out.

In addition, when the micro-condo is built, you could start collecting a rental yield of 14% to 18% on your purchase price.

These are not our last Brazil opportunities. More are coming for us. And I'll tell you about them as soon as I have details.

3

Own a Profit-Making Home in Historic Italy

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Real estate in Italy's major tourist centers is overlooked.

Because of domestic factors like a failing economy, low confidence, and a weak appetite for real estate investing among Italians, you can find cheap real estate.

Because of international factors, like millions of tourists, there is a surging demand.

When I asked a tour guide in Florence when low season is, he told me it's the last couple of weeks of January. That's it. The rest of the year is high season…or super high.

It's got to the point in many of Italy's most-visited cities that tourism is treated as a public emergency. In Venice you are bombarded with signs to keep walking, don't stop to sit down. In Rome, a three-hour queue in the Vatican is normal.

I've spent time pounding the pavements in the most promising neighborhoods in Venice, Rome, Florence, Verona…

And here's the play I've uncovered: If you look in the right place and focus on the right kind of properties you can buy something in a historic Italian city from €150,000 to €250,000 that could make you an annual gross yield of around 15%.

This is a pure income play. It's not without pitfalls. The risks are regulation or taxation. But that aside—barring a world war—it's hard to imagine tourists will stop coming to historic Italy.

The cradle of the Renaissance, the birthplace of opera, the country that gave the world Italian food… Italy is jammed with treasures. Many of its cities are themselves works of art. You can wander along old Roman streets, stand in the shadow of the Colosseum, visit the lavish home of the Pope adorned with priceless works of art…

Italy is a blue-chip tourism destination, the fifth most-visited country in the world. Every year the numbers grow. The population is around 60 million. Last year 94 million tourists went to Italy. Tourists come from Asia, Russia, the rest of Europe and of course the U.S. Italy's tourism sector now makes up some 13% of national GDP.

By owning the property tourists want to stay in, you can see double-digit rental yields.

Despite a surge in demand for short-term rentals and every sign of that demand continuing to grow, real estate prices in Italy have been steadily falling for almost 18 years. I don't see any sign of a reverse in this trend and on every visit I find none of the confidence that tends to go with real estate investing.

That's why the play I like—buying the right kind of property in a historic Italian city—is a pure income play.

But before I get into specific opportunities let's take a look at the terrible state of Italy outside of the tourism sector, because it's the reason we can buy real estate in blue-chip global tourism destinations like Venice and Florence cheaply and bank 15% gross yields.

"The Sick Man of Europe"

Italy is in a terrible state. It has some of the highest debt-to-GDP ratios in the world with an outstanding debt of $2.5 trillion. And 27.5% of its debt (35.6% of GDP) comes due before the end of 2020.

The country has struggled since the 2008/09 financial crisis and it looks to be in a state of almost permanent political crisis. Foreign direct investment has tumbled. Throw in corruption, weak institutions, a brain drain and a lack of confidence among Italians of anything changing, and you have a potentially catastrophic crisis looming.

European banks are very exposed to Italy, especially French banks, and it's the third-largest economy in the eurozone. If Italy ever defaulted it would have enormous implications across Europe.

I see no sign of the tide turning on the long and slow decline of real estate prices.

It's why I have always found it difficult to be enthusiastic about opportunities in Italy. Italy could come apart. Or, it could pull through. If it were not for the unstoppable global trends driving the surge in tourism there would be no opportunity for us.

What You Can Own (And How to Get It)

Italy's historic cities have relatively expensive and glamorous real estate right on the main square and boulevards—real estate the celebrities and industrialists have owned for generations. It's almost never rented or sold. It's just sits there and gets used for cocktail parties when it's opera time in Verona or the annual film festival in Venice.

Day in and day out hordes of tourists walk past and gaze in through windows. Walk a few blocks—10 minutes in any direction— and you will find something completely different. Overlooked real estate no one wants to live in. But millions and millions want to rent…because you are literally steps from those main boulevards and attractions.

For the most part, the biggest opportunities I've found are either small one-beds of around 500 square feet or bigger three-bed condos. (Note that three beds in Venice are very difficult to find, the opportunity there is just the smaller ones.) By biggest opportunity I mean the play to maximize our yield…or percentage of the purchase price we can recoup in income each year.

The key is to find a dated property walking distance to the main attractions.

In most real estate markets, the key metric is price per square meter (or foot). That's not what we're looking for. We want to maximize yield. For example, in a market like Venice or Florence the right 350- to 500-square-foot apartment can generate as much income as an apartment double the size. The yield sweet spot is at that size, 350 to 500 square feet. You want a blank canvas, too. A property that's easily turned into that sleek Airbnb pad, with minimalist décor. This will appeal to the biggest number of people.

In Florence I found a completely renovated Airbnb-ready apartment for €185,000 close to Fortezza de Basso—the largest historical monument in the city. It's close to the other main Florentine attractions. It's got two bedrooms and is 500 square feet.

Let's run conservative numbers: You rent for 250 nights, just under 70% occupancy. That occupancy is extremely high in a normal market but in a place like Florence it's only okay. Take those 250 nights at an average of $150 a night for a total of $37,500.

In Venice, opposite the church of San Canciano, just a 10-minute walk to St Mark's Square I found a 538-square-foot apartment for sale for €199,000. I reckon spend $15,000 on a new kitchen, furniture, and bathroom with sleek clean design and you have a perfect Venice short-term rental.

In Rome, just a four-minute walk from Rome's big attractions, I have found apartments for less than €200,000 that would rent at an average rate of €225 a night. You could also get 70% occupancy in Rome.

And there is opportunity beyond Rome, Florence and Venice and the biggest cities…

Venice saw around 20 million tourists last year. As Venice gets maxed out by over-tourism other cities and towns nearby could get the overflow.

Let's take Verona as an example. It's 90 minutes or so by car from Venice, or an hour on a high-speed train. Verona is stunning. I found it to be a charming, clean and classy city. It's also very walkable.

Tourists come to Verona in their millions and the number is growing. The city is home to many artistic treasures and spectacular museums. It's also close to Lake Garda, and it's a hub for the wine industry.

The play in Verona looks to me to be three-bed apartments going for around €250,000 that I reckon would rent for €300 a night. These are spacious brightly lit apartments that can accommodate a group. In Verona a budget of €250,000 gets you more space…which you can't get for that price in historic Venice or Florence.

The Italian way of buying, selling, renting, and taxing does not make for easy real estate plays. Even Italians find buying a property complicated. The legal system is flawed. Maze-like tax laws put off many foreign buyers. Rental income tax is high in Italy.

All told, figure on costs and taxes taking 50% of your gross...but that still leaves you with a strong double-digit yield. Plus, foreigners can borrow in Italy at the kind of low rates we're seeing in other parts of our European beat.

An apartment in Venice or Florence has intrinsic value. You just can't make any more of these. There are firm barriers to entry. As visitor numbers increase and what they are looking for is short-term rentals, the case strengthens for investing in a small apartment walking distance to the big attractions.

As I uncover more opportunities in Italy, you'll be the first to hear about them.

4

Costa Rica's Off-the-Beaten Track Paradise

©Jason Holland/IL

Costa Rica is well-known for its tourism…and its stunning environment. As well it should be. It's worked hard for decades to position itself as one of the top countries in Central America for overseas visitors. And for its efforts, it's been well rewarded.

Tourism was one of the drivers that led to a major Path of Progress that rolled through much of the country in the 1980s and 1990s. Investment in infrastructure made previously unreachable beach towns easier to get to. Vacationers came…followed by people in search of second homes and vacation rental properties.

There's a lot to appeal to those who visit: Clear-blue skies and long, unspoiled beaches. Surfing and adventure sports. An abundance of natural parks. Wildlife and tropical flowers all around. And some of the friendliest, most relaxed people in the world.

Today, the country's tourism industry is well developed. Costa Rica counts one tourist for every two locals. It's a big part of the country's income.

For the most part, as tourism numbers have risen, so too have real estate prices. When it comes to profiting from real estate, you have to dig deep to find the opportunity. But do it right—buy in the right place in Costa Rica at the right time—and you could make a killing.

Where we'll make a killing is in the country's Southern Zone.

You might not have heard of this region…but the Southern Zone is like a treasure trove of natural beauty. It's a birdwatcher, eco-tourist, or surfers' delight. Take a walk or a drive through one of its massive national parks and you'll see scarlet macaws and tropical flowers…and maybe catch a glimpse of a sloth hanging from a tree…or a humpback whale or dolphin dipping in and out of the Pacific Ocean.

The Southern Zone runs just south of the little beach town of Dominical, all the way to the border with Panama. It's got a dramatic Pacific coastline, where the mountains meet the ocean. It's often compared to Tahiti or parts of Thailand…with unspoiled beaches, hills and mountains covered with thick forest, and wildlife everywhere you look.

All of that beauty is nice to be around…but as real estate investors, it's also important for our profit angle. By buying right in the Southern Zone, I expect we'll do very well.

Most tourists coming to Costa Rica are looking for beaches, wildlife and adventure. You can find all that in spades in the Southern Zone. The thing is, you won't find the tourist hordes you'd expect—or the high-rise towers and cookie-cutter resorts you see in other parts of the country. That's because it used to be hard to get to. And when tourists can't easily get to a place, they don't bother.

The coastal road that ran here until 2010 was often impassable. A friend told me about his first trip here in 2002. He knew he'd need to cross several rivers, so he'd prepared himself for that. But he only found out when he got to the first river that there weren't any bridges. It was a case of trying to gauge the depth, driving across, and hoping for the best. Not a trip that most people would be willing to take without good reason.

That lack of access had the effect of keeping out mainstream tourists. But, the Southern Zone was so spectacular that some came anyway. They were looking for adventure…and a different pace of life. Some set up shop, opening gourmet restaurants (some of the best in the country), French bakeries, delis and well-stocked supermarkets. And, infrastructure followed them.

Today, new roads link the Southern Zone to the capital city, San José, and the international airport. It's a smooth and easy three-hour drive. More tourists and home buyers are coming here these days. And the Southern Zone's Path of Progress—and our profit opportunity—is coming with them.

Our play here is to buy in a best-in-class community. There's really only one:Ventana del Pacifico.

The developer of Ventana, Sylvaine Pilault, bought land many years ago, before the new roads went in. By getting in when no one else was buying here, she got her land for a song.

And, she has another advantage. She's figured out permitting and regulations over the years.

A developer trying to imitate her now simply couldn't match Sylvaine's prices—higher land costs and stricter permits is a huge barrier entry.

We've already had strong opportunity to buy in Ventana del Pacifico. In late 2017, I told members of our little group about one such deal. I'd negotiated for *RETA* members to buy lots from as little as $20,000. That's a fraction of what most people would pay for a lot in Ventana del Pacifico.

Today, walking in off the street, you'd pay $40,000 to own a lot there. So members of our group were locking in 100% gains from the get-go. And, there's more. In five years, I expect values on one of these lots will be as much as $55,000. And further from there as more tourists and second-home seekers come.

In December 2018, members locked down lots with amazing ocean views in Ventana. I recently got word of the latest pricing and it looks like RETA members may have locked in paper gains of as much as 60%.

I'm hoping to bring a similar lots deal to *RETA* members in the future, so stay tuned. I'll reveal the details exclusively to *RETA* members.

5

Colombia's Cultured, Cool City...and Our Play There

©International Living

One of the most charming and world-class cities on my beat is one that suffers from an outdated reputation…and that's creating opportunity for us.

That city is Medellín, Colombia. When I think of Medellín, I think cosmopolitan, learned, and positive. That's what the new Medellín is like. And truthfully, what it's really been like for years. But thanks to an outdated reputation, it's been overlooked.

When I first visited in 2011, I was struck by what a bookish place this is. Upper-middle-class condos were packed ceiling high with mahogany bookcases. On another trip, while strolling to dinner, I noticed a homeless man curled up and attentively reading the financial pages of a broadsheet newspaper. That summed up Medellín to me—even the homeless are well read.

The city is by far the most European-feeling city in Latin America on my beat. It's also the greenest. I'm talking about trees, bright-blooming flowers, gurgling waters that roll down hillsides. It's such a nice city to walk through. And the city's reputation is growing by the year. It's rated as one of the top three places worldwide for digital nomads to base themselves.

But it's only now that news is starting to get out about how livable a city it is. In decades past, it's seen more than its fair share of civil and political unrest. News headlines of drugs, narcos, and murders dominated. Many investors, swayed by memory of those headlines, still steer clear of Medellín.

But that reputation is not the reality today. Medellín is Colombia's third-largest city. It sits in a valley 5,000 feet above sea level. It's chic, trendy, and modern.

This is a city where I could happily spend a lot of time. In fact, last time I was in Medellín, I contemplated the idea of having a seasonal base here. And it's a place where we can buy in an emerging neighborhood and make up to $3,000 a month—on a home that cost $150,000.

That emerging neighborhood is called Laureles. And by following this play, I expect we'll do very well.

Laureles is one of the oldest neighborhoods in Medellín. It's established, with every convenience and amenity you could want. And, more importantly, that a potential renter could want…

The city's year-round mild weather brings in snowbirds, escaping freezing winters back home. Retirees also come, to learn Spanish and cut their living costs. Corporate professionals come on business trips and placements; the city has long had an industrial base with textile factories, fashion design and manufacture, pharmaceutical firms, and a mining sector. Digital nomads visit, too. They're a growing, thriving segment of Medellín's visitor market. They're computer programmers, e-commerce pros, digital marketers, writers, graphic designers. All they need to do their job is a desk, internet access, and a phone. They earn in dollars. But they're spending in pesos…slashing their overhead and bulking up their savings accounts.

They're all looking for somewhere they can rent by the night while they settle in, by the week, or even for three to six months. Close to great restaurants, cultural events, entertainment. And at a price that fits their budget.

That's not the easiest thing to find in Medellín. There are strict rules on short-term rentals. And when trying to rent an apartment longer term you deal with the fiador system. In a nutshell, you need to find a local who "guarantees" the rent. That's hard for most new foreigners to do. There are ways round it—but they usually involve paying the full rent upfront. Even getting internet installed can be a hassle…requiring a Colombian ID. Only those who are committed to relocating to Colombia full-time will want to deal with any of this.

That's not our target market. We're aiming for those who want to rent by the night, the week, by the month. They don't want to be tied down by a long-term lease—they want the freedom to come and go. They want internet on tap and everything they need in place. This is where our Laureles play comes in. Our play is to lock down an older home, close to Laureles' best amenities. You should look to spend around $150,000 all in, including any updating and furnishing that needs to be done.

And, you should look for a house with four to five spacious bedrooms, ideally with their own terrace or balcony, that's close to cafés, restaurants, shopping, and nightlife.

If you're thinking $150,000 won't buy you much in the way of a home…you're wrong. That price point does not reflect the location or its potential. The local market in Medellín prefers shiny new homes, ideally in gated communities or high rises with amenities for their pets and kids. They're happy to pay a premium to get that. New-build condos in Laureles list for as much as double the price per square foot of an older house.

As this is a house, we can rent by the night. You could charge $30 to $50 a night for each room. One tip: you can price on rental sites like Airbnb in dollars. So your income is in dollars—but your costs are in pesos. That adds to your bottom line.

For longer lets, you should look to get $300 to $400 per room per month.

I'd recommend you go for a mix of lets. Rent some of the rooms by the night and others longer term, to give you a balance of income security (from the longer lets) and higher room rates (from the shorter ones).

For the home you spend $150,000 on…I reckon you could get $25,000 to $36,000 gross income a year (with time and the right marketing). At $25,000, that's a yield of 16.66%. Hit $36,000 and you're at 24%.

But you can also buy smart and lock in future potential.

Buy a well-located house with some ground around it…and as Laureles develops, it could be targeted by a developer willing to pay a premium. Medellín is growing rapidly, and it's got a barrier to growth: hemmed in by mountains, it's got a lack of developable land.

As its profile continues to rise, and Medellín's developable land becomes even scarcer, your building could be very attractive to a developer who wants to build condos.

6

The Path of Progress Story in Rocha, Uruguay

©Ronan McMahon

In January 2018, I traveled to Rocha, Uruguay, in search of brand-new opportunity for us. And that's exactly what I found.

Uruguay has been on my radar since I started *RETA* in 2008. Uruguay, on the whole, is a place I like. As a country, it's solid, stable, and welcoming. Foreigners are welcome to come visit…invest…and relocate here.

It stands out in Latin America for its low levels of inequality and poverty, and its high rankings in indices such as Economic Freedom. The middle class represents about 60% of the population.

But in January, I was homing in on one specific region: the little province of Rocha.

What I was looking for in Rocha was a way to play the Path of Progress that's heading along this coast. Right now, it's a slow and sleepy spot…that's got its own unique charm.

For decades, it been the logical next step for development. But there was a barrier to this development: natural lagoons.

Laguna Garzon is one. This huge lagoon is beautiful. It sits between the provinces of Rocha and Maldonado. (Punta del Este and Jose Ignacio are in Maldonado.) But *Ruta 10*, the road that connects Punta with Jose Ignacio, did not cross Laguna Garzon. For decades, you had two options: to take the inland road away from the coast, going on a detour to get around the lagoon. Or take a little ferry.

But in December 2015 a bridge opened that spans the lagoon. It's an impressive piece of engineering—and a tourist must-see in its own right. It's circular in shape, reportedly designed to force drivers to slow down and take in the magnificent ocean and lagoon views.

Most of the $11 million cost of the bridge was financed by Argentine Eduardo Constantini. An avid kite-surfer, he has been coming to Punta for almost 50 years. He sees the bridge as the way to deliver the next wave of development into the province of Rocha.

He's creating a top-notch community on the far side of Laguna Garzon, in Rocha. He's selling lots in his Las Garzas development for sky-high prices. He has 475 lots in total, with prices running up to a million dollars. That's an eye-watering tag (and no, it does not come with a house…you need to build your own).

This project is already having an impact on land prices close by. Farmers, sitting on land that was previously priced purely from an agricultural productivity standpoint, are now listing parcels at prices that reflect future development potential.

The Las Garzas project will put Rocha's name up in lights with high society…the kind of folks who can shell out big bucks for the good life. Development should spill over into beach towns nearby…and that's where we're focused.

The beaches in Rocha are magical. They're the best in the country. The landscape's a patchwork of soft, cream-colored beaches, nature reserves, lagoons, tiny beach towns and fishing villages. Its beaches and beach towns are on the lips of the who's who of real estate in Uruguay.

You won't find major hotels, sprawling residential communities or big shopping malls in Rocha. Surfers come for the unspoiled beaches. Wealthy folk see it as an escape where they can kick back and unwind.

Laguna de Rocha, one of the province's highlights, is amazing. It's part of a nature reserve that covers almost half a million acres with pine forests, rare palms, grasslands, and wetlands that are home to otters, foxes, armadillos, and capybaras.

Two of the nicest beach towns in Rocha are La Pedrera and La Paloma. They're very different. La Paloma is the larger of the two…but still only has a tiny year-round population of 4,000 or so.

La Pedrera is quiet and exclusive. It's also mostly residential, unlike La Paloma which has a bank, supermarket, bus station and cafés, bars, and restaurants. New boutique hotels have sprung up in both towns in recent years, catering to the upscale visitors who spend time here.

Already, it's expensive to stay in this area in peak season. The accommodation I chose was in La Paloma and it was the kind of hotel where you'd expect to pay maybe $60 a night—clean and basic, but with paper-thin walls—but I was paying $180 a night. That's the going rate. (All the nice boutique hotels were full. I try to avoid peak vacation seasons when scouting, but unfortunately the logistics of my trip meant I couldn't do that here.)

There's an interesting anomaly for us: While rental rates are high, land prices are still great value. So we can buy low, build, and then target strong rental income. Or, of course just sit on the land and wait for values to go higher.

If you rent out your home for a little over two months a year you can make a killing. During peak season, you get staggeringly high rental rates. And I reckon there's cream on top that nobody's targeting right now: shoulder season…snowbirds and retirees… folks who will happily stay here outside peak season. You charge a lower rate but could still make good returns. Most folks don't even think about doing this. Once peak season is over, they just shut down their home and don't even advertise it for rent.

I see three ways for us to capitalize on the growth coming here.

If you have money to play with, you could buy beachfront land and sit on it, waiting for development to come, when you can sell it on to a developer for a fat profit. One large land parcel is on the market as I write for $7.72 million. It's 386 hectares (954 acres) with 0.6 miles fronting onto the main highway…and a mile of beachfront. The beach is white sand, with soft dunes. The price works out to $8,097 an acre. The seller has dropped the price in the last couple of years and I reckon there's more wiggle room in it.

But we can get in for less, buying a smaller piece of beachfront land and building on it. This is something two contacts on the ground are planning as I write. One is thinking of building a single-family beach home and renting it out in high season, with some personal use as well. That would give a yield of around 10%. Another contact plans to build six condos on a little beachfront lot. He paid $80,000 for the lot. Construction will run around $140 per square foot. He's targeting $150 a night from these condos in high season. ($150 per night puts you lower than today's market entry point. He's a super conservative guy.) And he'll likely see full occupancy in that period, giving him 12% to 16% returns.

The third play is to buy a lot in a best-in-class community in this zone. Make the right deal in the right community and I figure you could be set to double your money over the next five years. The right community means spacious comfortable lots in a verdant setting with beach access by foot. And, proximity to one of Rocha's attractive beach towns.

Each of these plays could bring you serious profit. Make sure to watch your *RETA* alerts for more details of specific deals as I find them.

7

Our Way to Profit From Los Cabos' Massive Investment

©Ronan McMahon

If you haven't been to Los Cabos on Mexico's Baja California Sur, let me paint a picture for you. Los Cabos is where the bright-blue Sea of Cortez, which teems with colorful fish and marine life, meets the mighty Pacific Ocean. There are miles of Pacific beaches. Dramatic night skies across the desert-and-cacti landscape. Pro-designed golf courses with dramatic clifftop views. A marina filled with yachts and sport fishing boats. Luxury malls with designer labels: Burberry, Cartier, Carolina Herrera, Tag Heuer.

The mega-rich and celebrities have been coming to Los Cabos since the 1940s and 50s. I'm talking names like John Wayne, Clark Gable, Henry Fonda, Bing Crosby, and Burt Lancaster. They came when Los Cabos wasn't a destination for anyone. When there were no modern roads or planes to bring you here. They traveled in private planes or by boat. They spent their days deep-sea fishing, sunbathing on deserted beaches, and relaxing poolside at one of the few hotels here (five-star of course) with fancy cocktails.

They put Los Cabos on the map as a luxury jet-set destination. And helped to transform it into the destination it is today. They brought money, prestige, and their celebrity friends. Los Cabos was transformed from a little sandy outpost to one of the world's most glamorous destinations. The sort of place where you could pay $350,000 easy just for the rights to three weeks a year in a time share. And an additional maintenance fee of $10,000 for those three weeks.

Folks who come here want to come back again and again. Me among them. It's a place where I love to spend time.

But there's another reason for my extended scouting trips. My eye is on Los Cabos because it's on the brink of a major transformation—and we're first in line to profit in a way few other people have even caught on to.

In fact, this transformation is already underway. I first told *RETA* members about it in 2017…about the gigantic investment that was being planned by various groups and interests. As I write, more than $4 billion is being pumped into the area. It's being spent on installing new infrastructure, new golf courses, and 20 new resorts.

Among those are some big names: resorts like Montage, Ritz-Carlton, Four Seasons, Hard Rock, Nobu.

And, they're not spending all that money in the vain hope that tourists will come.

They're working hard to fill their rooms…and pressuring government and tourist authorities to help them. It's paying off. The airport's being expanded and new flight routes added.

They're targeting high-end tourists with lots of money to spend. They'll get them… and their efforts are transforming Cabo.

I've seen this kind of transformation before, first-hand. Berlin's real estate boom after the Wall fell. Dublin's emergence as a multinational hub in the late 1990s. Panama's explosion in 2004/2005. Fortaleza in northeast Brazil in 2009. Values sky rocketed.

Truth be told, relative to its size, I've never been in at the ground floor of a surge like the one I'm seeing in Cabo. It's so big, it's one of a kind.

And, it's creating opportunity for us—an opportunity no one else is looking at.

While this big transformation is happening…and these mega resorts are barrelling ahead…there's a shortage emerging of other kinds of rental accommodation.

There's an accommodation shortage at every level—by the night, by the week and by the month. Try to book a comfortable place at short notice and you'll hit a wall.

You can get a cheap condo…in an older building with limited amenities, tired furniture and outdated fixtures…the kind of place you'll hide rather than brag about to your friends—for $100 a night or so. And, you can find places for $500 a night plus…all the way up to a whopping $15,450 a night.

But there's a sweet spot where demand is big…that's not being catered to. That's where we can swoop in and make a killing on rental income…on the condos we'll be able to lock down tomorrow.

There's a new market of vacationers coming to Cabo—upper-middle-class tourists who are happy to spend up to $200 a night to stay in nice digs. They can get here more quickly and easily than ever before, thanks to new flight routes.

And, there's a shortage of comfortable condos for the corporate market. So we have plenty of renters to target who are actively seeking out what we have to offer.

I expect we'll make a killing…by locking down the condos these tourists and corporate renters will want to be in. *RETA* members have previously gotten in on deals like this for under $200,000—deals I've negotiated exclusively for our group.

Their condos are still being built as I write. When they are finished, I expect they'll rent to the long-term corporate market for up to $1,250 per month… up to $150 a night if renting short term to vacationers…or as much as $2,500 a month if renting to the corporate short-term market.

I'm working on more deals for us to play this transformation as I write. We'll profit by being ahead, not by following the crowds. Let those luxury resorts do the heavy lifting and the big spending to get more tourists down here. We'll profit from their efforts by buying at a tiny price. And, by targeting a sector that's all but overlooked in this frenzy.

We'll target the upper-middle-class vacationer or second home owner with a budget of $250,000 to $500,000 to buy, or up to $200 a night to rent.

That's the wide and deep market we will target. Thing is, we'll do it by buying for far less than $500,000...even less than $250,000. By getting in at the ground floor we are positioning ourselves for some serious capital gains ahead of this transformation. And to profit from rentals.

Stay tuned.

8

Gains in the Algarve, Portugal's Tourist Favorite Region

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Portugal, like Spain, is where members of *RETA* have had some of our best opportunities to play Europe's crisis. And, just as in Spain, the opportunity in Portugal is not countrywide. Where we can play Portugal's crisis story is in the tourist-favorite region of the Algarve.

It's one of Europe's most popular tourist destinations. It has some of the prettiest beaches and most rugged coastlines I've seen. It has culture, art, and history stretching back centuries. Good food—including fresh-caught seafood and incredible wines—for small prices. It's a destination for golfers. And, it has some of the best weather in Europe with more than 300 days of sunshine.

Year on year, vacationer numbers are rising steadily. 2015, 2016 and 2017 saw a record number of visitors to the Algarve's shores. In 2018, tourist numbers were up again.

The Algarve has done well from tourism…as has Portugal overall. Just a few decades ago, Portugal was considered one of Europe's poorest countries. Its primary industries were fishing and textiles. It also got some tourism, but nothing like what it gets today.

Then, it joined the European Union…and subsequently the euro, in January 2002. It was a gamechanger for Portugal. Just as in Spain, cheap money flooded Portugal.

At first, Portugal thrived. Its tourism industry started to boom. But as the economy strengthened, prices rose…as did labor costs. That affected Portugal's competitivity. Before the euro, the country could compete on a weakening of its currency. After the euro, though, Portugal's traditional industries like fishing and textiles struggled in a global economy.

The availability of cheap credit was leading toward disaster. Businesses took advantage of that credit, as did ordinary people. Banks were handing out 100% mortgages.

Those mountains of debt papered over fundamental problems…until it was too late…and the crash came in 2010.

The recession that followed would turn out to be Portugal's worst in 40 years. But, how we played it was different than any other European crisis market on our beat. That's because no two crises are the same.

Unlike other European countries affected by crisis, Portugal's issue wasn't too much real estate—or too much property-related debt on their banks' books.

That meant it took time, patience, and research before the opportunity revealed itself in Portugal. I waited five years for the trigger event in Portugal that signaled opportunity. It came with the implosion of one of their big conglomerates. That in turn led to one of its oldest banks collapsing, Espirito Santo, which led to a big clear-out of their assets.

But when the first fire-sale auctions started in Portugal, I had to pinch myself. I couldn't believe how crazy it was. Bank fire-sale pricing was initially higher than resale pricing! It made zero sense. Who would buy in a foreclosure auction when prices were significantly higher than regular listings? The banks tried to sweeten the deal by offering buyers financing at lower rates. But it still didn't stack up for investors.

Finally, the banks got it together. They lowered pricing. But, we still had to be very selective to find the right deal. I focused on the Algarve—it was the place where I could see opportunity for us to get in below true market value…and to profit from capital appreciation and rental income from acting on the right deal.

Buyers here have seen strong gains on the best crisis deals. Take one condo you could have locked down for €177,000 in 2012. It could now list for €285,000. That same condo could have seen rental income of €29,000, every 12 months since then (up to time of writing). There's still opportunity in the Algarve but as in Spain, good deals are getting harder to find. The Algarve is currently on a tear. Specifically its tourism industry. And that's where our next opportunity is.

It has big headwinds driving it: booming tourist numbers (18.1 million overnight stays last year), great weather and natural beauty, and cheap flight access from across Northern Europe.

A Path of Progress is playing out here, too.

Development of the Algarve started west of one of the region's main cities, Faro, and at Vilamoura, the Algarve's first marina. Resorts, golf courses, hotels, and condo communities sprang up around that. Then development moved farther west towards Lagos.

Now, development is moving east of Faro. Traditionally, this area had been overlooked, even though some of Europe's finest beaches are here. But it was starting to get attention in 2007/2008, just as the real estate market peaked.

That's where I see the next opportunity coming in the Algarve. Pay attention to your email alerts and your monthly *RETA Issues* to see how we'll play it.

9

How to Profit on Panama's Best City and Coastal Buys

©Pathfinder

Before I started *Real Estate Trend Alert*, I invested in Panama. The year was 2005 and Panama was riding high.

The country's booming economy was sucking in folks from around the world… looking to profit from its incredible growth. And I was there to profit, too.

I bought a one-bedroom condo pre-construction in Panama City for $147,630. I sold shortly after completion for $220,000…and made gains of $72,370.

That was an incredible buying moment…and one that wouldn't be repeated quickly in Panama. Because though I kept a close eye on Panama's development, it took me another decade before I was ready to make a recommendation to *Real Estate Trend Alert* members. And boy, what an opportunity it was: the chance to lock down a condo in a true beachfront community close to Panama City.

I've lost count of how many deals and opportunities I've checked out over the years. Many of those promise beachfront. But when I run the rule over those "beachfront" deals, most of the time, they just don't stack up. Either the community or the real estate isn't true beachfront...or, if they are, the homes come with a sticker price so high, it would make your eyes water.

True beachfront...at the right price...in the right location...is exceptional.

And that's what our opportunity at the Playa Caracol community is—exceptional. It's the standout deal on Panama's Pacific coast. And the only Panama beach recommendation I've made to *RETA* members in a decade.

Here's why:

- You get to buy in a true beachfront community close to a major city—and locking in some serious gains. In 2017, I was able to bring *RETA* members an opportunity to buy in a building called The Palms in Playa Caracol. Members bought beachfront condos in The Palms at *RETA*-only prices starting at $199,000. Today, a similar-sized condo farther back from the beach with only a side view lists for $299,000.
- You get to buy right on the beach.
- And we're doing it at pricing no one else can.

The Playa Caracol community is located on the nicest, closest beach to Panama City. You can zip to it in an hour or so from the city.

And buying in a true beachfront community is rare and special at the pricing *RETA* members have gotten in at.

That privilege, of getting to own in a true beachfront community, is usually the preserve of the uber-rich. And doing it for a price tag of under $250,000 is unheard of on this coast. Shelling out $300,000 in communities close to Playa Caracol will get you an ocean-view condo. But you'll need a golf cart...or a yen for hiking...to get from your front door to the beach.

This opportunity was more than worth the wait.

The location's unbeatable. It's an hour from the regional hub that is Panama City, with its skyline pierced by glitzy high-rises. Wealthy locals live in spacious city condos and homes. They shop in fancy malls and dine in gourmet eateries. At the weekend and vacations, they head to the yacht club, the mountains outside the city...but mostly to the beach.

Playa Caracol is where they should go. It's the nicest, closest beach to the city, but for decades it was overlooked. There was no road to get to it and there was nowhere chic to stay. Those well-heeled locals drove right past...

But that's changing. There is now a road and Playa Caracol is emerging as the kind of place those wealthy locals will want to own, live, and vacation in. It's exclusive, with luxury homes, and will offer all the amenities they're looking for.

So besides capital appreciation, there's a strong rental kicker.

There's already a sparsity of rental accommodation in the community: Owners who have taken delivery, furnished and kitted out their new Playa Caracol condos, are mostly keeping them for their own personal use. They don't plan to rent them out.

A couple of the first owners who took delivery of their condos rented long term for $1,550 and $1,775 a month. That's $18,600 and $21,300 respectively gross a year. That's really good for long-term rates in this area.

And some condos are renting short-term, listing on vacation rental sites for up to $293 a night. That's higher than the developer's predicted rates...and very strong for a community that's not yet built out.

Strong returns from a rare opportunity.

But it's not our only opportunity in Panama. In April 2018, I was able to launch a brand-new deal to *RETA* members. They got to lock down condos in Panama City…and I expect their returns will be even better than mine when I bought back in 2005.

Since I made that investment, demand for homes in the city has continued to soar while the land available for development has become more limited. Housing has spread far into the countryside east and west of the city. High rise tower after high rise tower popped up in the downtown core, changing the face of the city forever.

One neighborhood, called Coco del Mar, stayed the same while all this development was going on. Its wealthy residents wanted to keep it exclusive. But faced with an ever-growing need for more homes…and a lack of developable land…city planners eventually caved to pressure and re-zoned this upscale neighborhood.

Now, Coco del Mar is opening up…and we can profit. By getting in on a new wave of Panama City demand…and acting at the right moment. On the deal members acted on in April 2018, I expect they'll make as much as $220,000 in gains from a mixture of capital appreciation and long-term rental income.

And I don't think it'll be our last Panama City opportunity. When the next one is just about ready, I'll let you know in your alerts.