

## Bright prospects in Nicaragua

Print

By Nick Foster

Published: June 8 2007 16:02 | Last updated: June 8 2007 16:02

People often say about Nicaragua that if you come for a day you'll never return but if you stay for a month you'll never leave."

That's the view of Tim Rogers, 31, editor of the Nica Times, the country's fledgling English-language newspaper. Originally from the Boston suburbs but for the past three years a resident of the compact colonial city of Granada, he now falls neatly into the second category. And more foreigners seem to be joining him each day.

Although The Nica Times is still not as established as The Tico Times, its sister newspaper in Costa Rica, there are now enough expatriates in Nicaragua – mainly living in Granada and in the beach resort of San Juan del Sur – to make a publication that targets them commercially viable. "It's a natural progression," Rogers says. "First to arrive were the rugged pioneers. They often lived off a military pension and tended to hit the local bars by 10am most days. Then came people who were ideologically motivated; sometimes they had been associated with the [pro-Sandinista] solidarity brigades back in the 1980s. But in the past couple of years foreign couples with young children have begun to relocate to Nicaragua, attracted by the easy-going lifestyle and sense of community."

It has been estimated that as many as 1,000 expatriates – mainly from the US – now live permanently or semi-permanently in Granada, a small city of about 110,000 inhabitants about an hour south-east of the capital, Managua. (It is difficult to know precisely how many have settled in Nicaragua as a whole since a large number of those who stay enter the country as tourists.) Although this is a drop in the ocean compared to the established North American retirement communities in neighbouring Costa Rica, the influx has inevitably pushed up property prices; typical one-storey colonial houses that sold for \$30,000 five years ago fetch \$100,000.

"In the past year, unrenovated colonial houses selling for up to \$100,000 have risen in price by about 15 per cent," says J. Kirk Hankla, president of Coldwell Banker Nicaragua. He also reports "price hikes of as much as 20 per cent for beachfront building plots on the Pacific coast" over the same period and points to the affordability of local living and the fact that Americans can drive back to the US if they need to as factors that underpin the popularity of local real estate.

Rogers paid \$63,000 in 2005 for the colonial townhouse he shares with his Nicaraguan girlfriend and estimates that he has spent well over \$20,000 on repairing the adobe walls and refitting a new bamboo cane roof under the traditional red tiles, among other improvements. The local permit process is complicated because Granada aspires to become a Unesco World Heritage Site; even so, Rogers was allowed to build a discreet second storey that is now his office, with a breathtaking view over the city's almost uniform red-tile roofs.

Walking back to the town centre in the early evening, I pass dozens of locals relaxing on rocking chairs by their front doors. It is, says Rogers, a colonial city not just in its architecture but also in its social patterns.

Nicaragua is also, of course, poor – the poorest nation in the Americas after Haiti. Much of the country's infrastructure is funded by the European Union, Japan and the US. And although the election of Daniel Ortega as president last year prompted Venezuela's populist president Hugo Chávez to promise that soldiers would be sent to build a new highway connecting Nicaragua's Caribbean and Pacific coasts, "no one is holding their breath", says one European diplomat in Managua.

But individuals can make a difference. Scott Deitler, 50, originally from Connecticut, runs a non-profit group called the Amigos de la Policía (Friends of the Police) in Granada. The organisation, which brings together about 30 of the city's foreign residents, aims, according to Deitler, "to make

the town better for everyone, not just the foreigners". Its initiatives have included advising the police on where to put new stop signs to improve road safety and buying officers new walkie-talkies. It also subsidises petrol for the force's patrol cars – a stark indicator of how undeveloped even urban centres in Nicaragua are. Its meetings with the local police commissioner each month provide a forum for residents to raise issues that concern them.

After six years in Nicaragua, Deitler has no plans to return to the US. He owns a gift shop that sells crafts and local cigars and coffee on the town's main square, mainly to the increasing numbers of tourists who include Granada in their Central American itineraries. "If you have the means to support yourself, there is a high quality of life here," he says. "It is a nice place with little of the stress of the US – a kind of 1950s America but Latin-style."

The city is also finding its feet on the international literary circuit. In February this year it hosted a poetry festival, the third of its kind, with 100 invited poets from 40 different countries reading their works. According to statistics collected by the Costa Rica's INCAE business school, Managua is the safest capital city in Latin America.

Access to the lifestyle Deitler values so highly is relatively straightforward for incomers, even those living on a very modest pension. Foreign retirees over the age of 45 need only demonstrate a monthly income of \$400 in their country of origin, plus \$100 for each dependent. A significant sweetener is the \$10,000 tax exemption on either the import of domestic goods and personal items or a vehicle.

Corruption, though, remains a problem at all levels of the country's government and civil service. "To get things done quickly in Nicaragua, and occasionally to get them done at all, you need to pay off the civil servants or they will drag their feet for ever," one Swiss resident of Granada told me.

There are several other downsides for investors, too. Unclear land boundaries – particularly on stretches of the country's Pacific coast – can be a problem. Worse, perhaps, is the risk that your property might be claimed by others; after the Sandinistas came to power in 1979 they carried out widespread seizures of agricultural and urban properties. The EU has funded a project to improve the country's land registry but, in his book *Living and Investing in the New Nicaragua*, Rogers calls the situation a "legal quagmire". Certainly, a capable lawyer and a thorough title search are essential.

Meanwhile Little Eden Cay, the Caribbean island that is probably Nicaragua's most exotic and exclusive rental, has also sparked its most visible property controversy. New Zealander Martin Thomas bought the 23-acre plot of tropical vegetation and white sand beaches, complete with a plantation-style home, for \$500,000 in 2002 and now lets it out for \$14,000 a week. But his investment has been threatened by the country's top environmental prosecutor, who claims that the resort's installations are illegal and that the island, and several others snapped up in the Bluefields area by foreigners in recent years, are the property of the state (although, to date, there have been no evictions).

Two hours' drive north-east of Managua, the city of Leon is also beginning to attract the attention of foreign bargain-seekers. Bill Jackson and his wife, Emma, both 35 and from Dublin, recently paid just over \$70,000 for a colonial house five blocks from the city's cathedral, the largest in Central America. "Our medium-term plan is to set up a small guest house," he says. "Tourism is already Nicaragua's biggest foreign currency earner and the only way is up."

The couple decided on Leon after a holiday at the city's Convento hotel, probably the most careful colonial conversion in the country and, according to Jackson, the "benchmark" for accommodation that is sympathetic to local building and furnishing styles. They were also attracted to the town's local colour. During one after-dinner stroll, for example, I come across the effigy of the local saint doing the rounds at the head of a procession of some 200 people, with a brass band bringing up the rear.

Still, Jackson is realistic about the downsides of living in a third world country. "I can imagine that 10 years from now water supply will still be a problem," he says. Like many other towns in Nicaragua, Leon is already plagued by an uneven mains service.

More developed is San Juan del Sur, a Pacific Ocean beach resort close to the Costa Rican border, unofficial centre of the country's nascent real estate boom and now a port of call for cruise

ships. Nicaraguan politicians own land in and around the city and a new road north up the coast is set to open up more beaches for development.

Mid-week, when I visit, San Juan is quiet. Frigate birds patrol the town's grey-sand beach, litter marks the high tide line and a keen breeze doesn't quite rid the strand of a strong smell of marine oil. Still, there is buzz around rumours that film star Jared Leto has been spotted house-hunting in the area. And a young Canadian real estate agent who confidently tells me that her lack of experience "doesn't matter in San Juan these days", is bubbling with enthusiasm over market growth. (Agents' commissions average 10 per cent.)

At a bare-boards restaurant at the end of the seafront, Guiseppe, an Italian, tells me that he has been serving sea bream and fried plantains since the days when San Juan was "discovered" by American surfers. "Things have changed since then," he says. But, he adds, pointing to the sun sliding off the horizon, some of the best aspects of Nicaraguan life are exactly the same.

*Coldwell Banker Nicaragua, tel: +505 (0)552-2908: [www.cbnicaragua.com](http://www.cbnicaragua.com)*

Copyright The Financial Times Limited 2007

"FT" and "Financial Times" are trademarks of the Financial Times. [Privacy policy](#) | [Terms](#)  
© Copyright The Financial Times Ltd 2008.