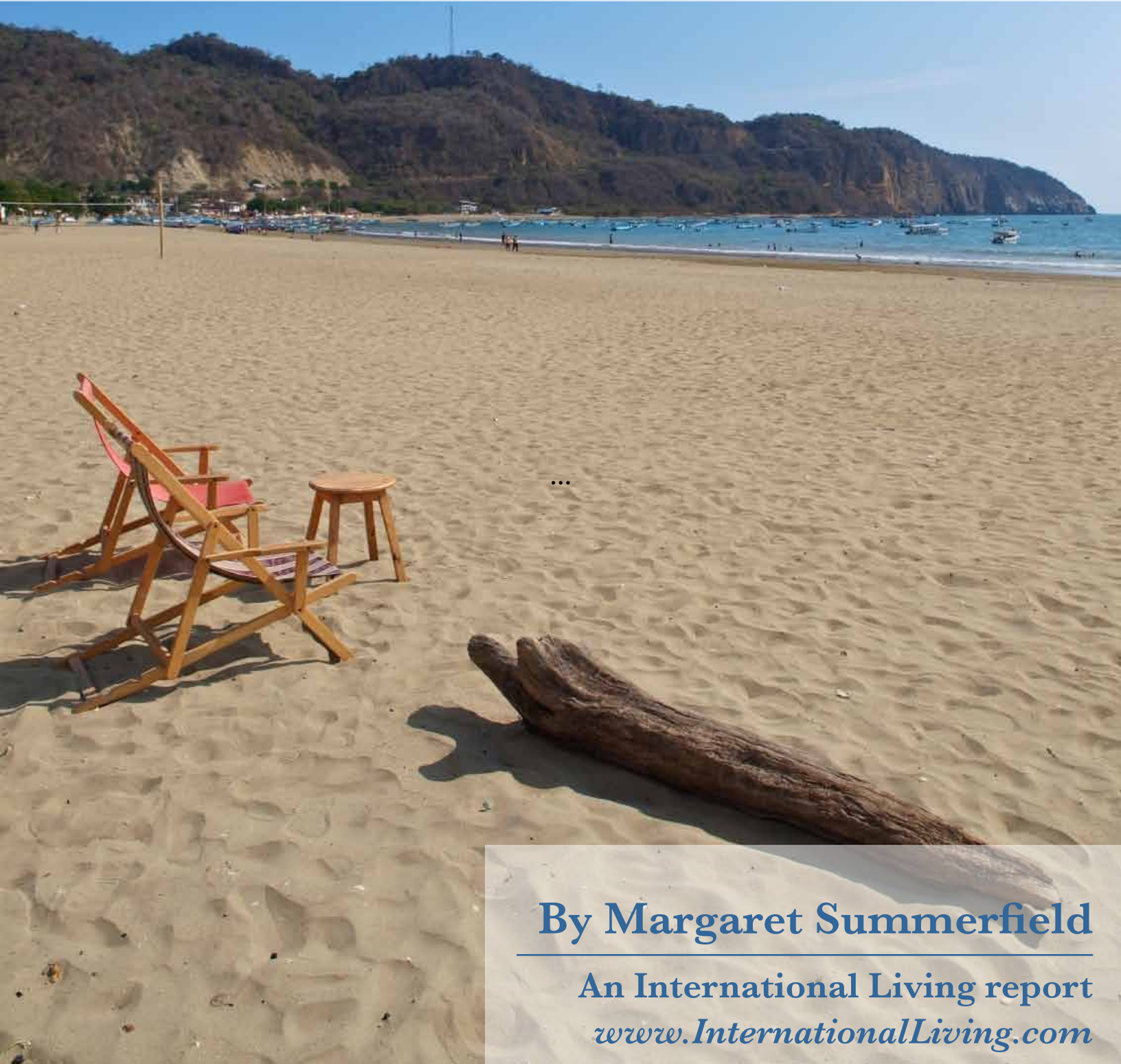


South America's Last Coastal Frontier



By Margaret Summerfield

An International Living report

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Table of Contents

<i>Introduction</i>	4
<i>Map of Ecuador</i>	7
<i>Salinas</i>	8
<i>Manta</i>	11
<i>Bahia de Caráquez</i>	14
<i>Canoa</i>	17
<i>Atacames</i>	20
<i>The North Coast—Ecuador’s Most Promising, and Most Beautiful, Section of Coast</i>	22
<i>Buying Property in Ecuador</i>	25
<i>Contacts</i>	29

Introduction



Ecuador hit the top spot in our Annual Retirement Index in 2012...and here are some of the reasons why:

- The cost of living is incredibly low. Produce is fresh, and there is an excellent choice of fruit and vegetables. An *almuerzo ejecutivo* (executive lunch) for \$2 to \$3 typically includes homemade vegetable or shrimp soup, a juice drink, a main course of meat or fish served with rice and vegetables, and a dessert of fruit and ice-cream. It's not gourmet cuisine—but it's fresh, tasty, and filling. A couple can live comfortably in Ecuador on \$1,500 a month.
- The procedure for residency in Ecuador is relatively straightforward. You can get retirement residency status with an income of \$800 a month. That entitles you to discounts of up to 50% on a wide range of goods and services, from travel to entertainment to utilities. In addition, you can import household goods and vehicles tax-free.

- Better yet, you can get residency by buying a property in Ecuador for \$25,000. That's the lowest residency via property investment that we've heard of (in Panama, you need to invest \$300,000 in a property, by comparison).
- It's a country of great natural beauty, from snow-capped volcanic peaks, to vivid green jungle, historic colonial cities, and the rich diversity of the Galapagos Islands.
- Property prices are highly affordable.
- The currency is the dollar—so comparing property prices, utility bills and grocery costs with those back home is easier. Plus, you don't have the hassle of currency exchanges, or rate fluctuations.

Until now, the attention of foreign expats and property buyers has focused on traditional highland areas, such as Cotacachi, Vilcabamba, and Cuenca. Ecuador's undiscovered miles of coastline escaped scrutiny...but that's slowly changing.

Ecuador's Pacific Coast extends from San Lorenzo in the north to Puerto Bolivar in the south of the country. Traveling the coast, you'll come across tiny fishing villages, modern cities, beach resorts, and surfer towns.

Long sweeping beaches give way to rocky cliffs and points. The northern section around Esmeraldas has a Caribbean-feel, with banana and palm trees, and hammocks on every porch. In the south, you'll find the port of Guayaquil, Ecuador's largest city, and Salinas, a stylish resort town.

The pace of life along this coast is tranquil and slow moving, thanks to the tropical climate.

And best of all, property prices are still affordable here, mainly due to a lack of foreign buyers—until now. Pricing was tied to the relatively small pool of Ecuadorian middle-class buyers. They prefer to invest in property rather than banking their spare cash. This limited pool of buyers had kept property prices on Ecuador's coast low.

But Ecuador's coast is attracting the attention of foreign investors—international developers and individuals seeking a second home in the sun.

And that means one thing: rising property prices.

Looking to the future—with an eye to the past

Property buyers are discovering that their dollars stretch further in Ecuador—and they can afford a southern California-style beach home for a fraction of the cost. With the spotlight gradually shifting from the expat hotspots of Quito, Vilcabamba, and Cuenca, low-priced beachfront will soon be a thing of the past.

As we speak, international developers are hurrying to the coast, to lock down tracts of land for future residential communities. And we're seeing more foreign buyers buying a retirement or second home. They're catching on to the low cost of living and the property bargains on Ecuador's coast.

We've seen this happen before, in Nicaragua and Costa Rica...and we're seeing it now in Ecuador.

Remember Nicaragua, Panama, and Costa Rica back in the late 1980s and early 1990s? Back then, both countries offered miles of unexplored beach, and cheap coastal property. Property prices were set by the local market. Foreign buyers hadn't realized just how affordable beachfront property was or the upside it offered in terms of appreciation.

Once word started to get out about the amazing property values in Nicaragua, Panama and Costa Rica, the stampede of buyers began. Property prices skyrocketed.

Ecuador's coast reminds us of parts of the Pacific coast in Nicaragua, Panama, and Costa Rica before that boom. Ecuador's coast has the same beauty, the same affordability...and the same lack of foreign buyers...until now.

One stretch of coastline in particular is on our radar right now and it's coming to the attention of mainstream tourists and second home buyers.

The time to act is now—while pricing here is still bargain basement.

In this report, we'll look at five established coastal locations, as well as one section of coast that was off the beaten path...but that is now attracting the interest of international developers.

If you missed out on the property booms in coastal Nicaragua, Panama, and Costa Rica, Ecuador's coast is your second chance. Ten, twenty years from now, you'll be the one telling your friends about this fantastic opportunity you seized—not how you let this second chance pass you by.

Author's note: Throughout this report you'll find references to properties and to real estate agents and other service providers. However, inclusion in this report does not constitute an endorsement, guarantee, or warranty of any kind. In all cases, it is important that you do your own due diligence when it comes to any property you consider buying or any service provider you consider using. This applies anywhere in the world, including the U.S. and Canada.

Map of Ecuador



Salinas

Salinas sits on a spit of land, a 90-mile drive from the international airport in Guayaquil on the Ruta del Sol highway. Heading into Salinas, you'll see dirt roads and sidewalks, tiny crumbling houses, and even tinier shops, with the owners watching the world drive past. You might wonder why Salinas ranks as one of Ecuador's top seaside resorts.

Then the scene changes. The beach comes into view...the houses get bigger and more luxurious...and a modern shopping mall appears, followed by high-rise condos and hotels, and a yacht club.



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A fisherman tends to his nets on Salinas beach

It feels like two different worlds. The one by the beach caters to the middle- and upper-class Ecuadorian families who have been coming to Salinas for decades.

World-renowned as a deep-sea fishing port, Salinas regularly holds fishing world records. In the 1940s and 1950s, Ernest Hemingway, Harry Truman, and Pablo Picasso fished here. Hemingway commented, “Salinas had the best damn fishing in the world”.

Salinas Yacht Club splits the 9.5 miles of city beach in two. Salinas Beach, where the hotels are located, is the busy side. In high season, swimmers and sunbathers crowd the sand, along with vendors selling ice cream, sunglasses, and jewelry. You can rent a beach umbrella and chair, hire a jet ski, go deep-sea fishing or whale watching during the day. At night, the trendy casinos, bars and nightclubs open up...and Salinas parties.

Chipipe Beach, on the other side of the Yacht Club, is much quieter. Instead of high-rises or hotels, you’ll see single-family homes. Houses here sit right on the sand. Chipipe isn’t as crowded as Salinas Beach, and its atmosphere is a calm, family-oriented one.

One expat we met in Salinas was an Austrian man who had married an Ecuadorian. The couple bought a second home on Chipipe Beach. The marriage didn’t last, but he kept the beach house. He spends part of the year there. He says he could never afford a similar beach house back in Europe. The money he saves on day-to-day living costs more than cover the cost of his flights. Plus, he added, his stress levels go down the moment he steps out his front door onto the sand—and that’s why he intends to retire here.



©Hugo Ghiara

Salinas' long beach

Property examples in Salinas

- A one-bedroom, one-and-a-half bathroom condo, close to the beach, restaurants, and cafes. It covers 753 square feet and has got a spacious open-plan layout. Better still, it's got an ocean view. And it's not just the price tag that's low. The condo fees average \$50 per month. And the current owner has never paid more than \$100 annual property tax. **Price: \$47,500.**
- A remodel condo boasts a great location, just across the street from the boardwalk and beach in Salinas. It's a spacious 1,700 square feet, with four bedrooms, three bathrooms, and a private parking space. A sitting area in the master bedroom leads out onto a balcony. The condo needs updating, but this is a great price for a boardwalk condo in a resort city. **Price: \$80,000.**
- A 1,500-square-foot boardwalk condo with a large terrace with ocean and beach views. It's move-in ready, although you may want to do some updating in the kitchen and bathrooms. It's close to shopping, restaurants, cafes, bars, and the beach. **Price: \$90,000.**
- A spacious single-family home in the up-and-coming Ballenita, a little beach town around 10 minutes north of Salinas. The home has a nice outdoor yard and a large terrace. Inside, you get 2,000 square feet of living space. The home is just a few short blocks from the beach. **Price: \$79,000.**
- Just outside Salinas, is another yacht club, Puerto Lucia Yacht Club, in the La Libertad neighborhood. It's a destination popular with international sailors. A new development here, Spondylus II, is just minutes from grocery stores, a shopping mall, a country club, the yacht club, restaurants, and medical clinics. The condo community includes 24-hour security, an ocean front social area, a gym, pool, Jacuzzi, sauna, and secure parking. Just steps from your front door you'll find its biggest amenity: The Beach. The first tower is complete. **Price: Starting at \$79,797** for a 748-square foot unit.

Manta

Manta is a busy city, with an expanding port, in the province of Manabí. The seaport is the largest in Ecuador, and the closest in South America to Japan, China, and South East Asia. Manta is an important center for the tuna industry (tuna is one of Ecuador's main exports), with 80 vessels using Manta as a homeport, traveling as far afield as Samoa in the South Pacific. Familiar brands such as Bumble Bee and Van Camp's have factories in Manta.



©Hugo Ghiara

Come in, the water looks great...part of Manta's beach

Since the 1950s, Manta has been a tourist destination for Ecuadorians living inland in Manabí, who would spend two to four weeks a year in Manta, renting a place to stay near the beach. Today, 80 hotels and guesthouses offer a range of accommodations. In 1994, the first cruise liner docked at Manta with 600 people on board. Now, thousands of cruise ship passengers visit the city each year.

In 1999, Manta was declared the “*Primer Municipio Turistico del Pais*” (First Tourist Municipality of the Country). The city has focused its efforts on drawing more visitors to the area.

The two main city beaches are very different. Playa Tarqui is a working beach. It’s home to the fishing fleet and its early-morning market is a bustle of fishermen, seafood buyers for restaurants and stores, and housewives. They still practice the ancient art of hand-building wooden boats on this beach. It’s fascinating to watch the marine carpenters patching a hull, or creating a boat from scratch.

Playa Murcielago, the other city beach, is all about play. Go to this beach in the early morning and you’ll see late-night stragglers heading home from bars and clubs, alongside joggers and walkers starting their day with some exercise and fresh ocean air. It’s busy at weekends and on vacations with local families.

Manta has the big-city conveniences that appeal to many second homebuyers, including malls, medical facilities, banks, and large supermarkets.

As part of its efforts to promote tourism, the city hosts many festivals, including a Theater Festival and Film Festival. The Chamber of Commerce organizes a street party in October, with fairground attractions, and dancing in the downtown streets, with up to 10 orchestras playing simultaneously on different stages.

There’s a small but active community of expats here, too. They host get-togethers, and pitch in when someone needs their help.

While Manta isn’t postcard-pretty—there’s no denying that it’s an industrial port city at heart—the beach areas north and south of here are scenic, and easily accessed on good roads.

Property prices in the city are amongst the highest on the coast, reflecting the city’s popularity with middle-class buyers, and the number of large businesses with a presence here.

Property examples in Manta

- A 1,431-square-foot condo on a high floor with an ocean view. It has three bedrooms, three bathrooms, and parking. It's newly-remodeled with new kitchen appliances. **Price: \$85,000 (negotiable).**
- An 1,147-square-foot condo with ocean views in a modern building in an exclusive neighborhood. High-quality finishes. **Price: \$95,000.**
- A 1,500-square-foot house with three bedrooms and bathrooms in a private community with a gym and swimming pool. **Price: \$85,000.**
- A Spanish-style single family home two-and-a-half blocks from the beach. It's got four large bedrooms, a formal living room, kitchen and dining room and an outside patio. **Price: \$150,000 (negotiable).**

Bahia de Caráquez

La Villa de San Antonio de Caráquez, known as Bahía de Caráquez, is one of Ecuador's cleanest and safest coastal destinations. Situated on a peninsula, on the estuary of the Chone River, the city caters to middle-class Ecuadorian visitors from Quito and Guayaquil who own vacation homes here. It's also home to a growing expat community.

Many of the homes in the town are large, with well-maintained gardens and red-tile roofs. The central plaza is clean and a good vantage point for watching the city go about its business along the boardwalk and the main shopping district.

In the mid-1990s, the then Ecuadorean President, Sixto Durán, had a second home in Bahía. This made the town attractive to wealthy Ecuadorians, precipitating a mini-boom in condo construction, and pushing property prices rapidly upwards. That situation changed in the late 1990s, when an earthquake hit Bahía.

Devastated by earthquakes and floods in 1997 and 1998, the city gradually rebuilt itself, although you'll still see the odd unrestored building today.

Bahía declared itself an eco-city in 1999, implementing programs for recycling, conservation, and environmental awareness; it even has pedicabs (bicycle taxis) that ferry you around. In recent years, roads have been resurfaced, improving the appearance of the town immensely.

Access to Bahía is improving, too. The city is now around an hour's drive from Manta, thanks to a newly-resurfaced road. Manta has an airport with regular domestic flights to Quito and other local destinations and some international flights in high season. A new bridge crossing the River Chone opened in November 2010, connecting the towns of Bahía and San Vicente.



©Margaret Summerfield

Bahía's long malecon is perfect for an evening stroll

The bridge connects Bahía with the new highway (parts of which are still under construction at the time of writing) between San Vicente and Pedernales, which in turn connects with the new highway to Quito, which opened in January 2011. This will make Bahía more accessible and should bring more tourists to this city. And it's triggered development in the town, starting with plans for a big new supermarket and shopping mall.

With the increasing numbers of tourists in mind, the first upscale boutique hotel, Casa Ceibo ([website: www.casaceibo.com](http://www.casaceibo.com)) opened in the town. With lavish use of local materials—stone, hardwood, and works of art—the hotel is luxurious, with a unique style, and can rightly lay claim to being the best hotel on this stretch of coast. Although expensive by local standards, the hotel's attention to detail and award-winning chef create a welcoming, relaxing atmosphere, that would cost significantly more back in the U.S.

Property examples in Bahía

- A 1,968-square-foot condo with an ocean view balcony. It's fully furnished with two bedrooms and two bathrooms. **Price: \$105,000.**

- A 3,000-square-foot house with a 2,500-square-foot roof deck with a wide view of the bay. It's a four-bedroom, three-and-a-half-bathroom house and it comes fully furnished. **Price: \$180,000** (negotiable).
- A four-story building two blocks from the beach with 15 bedrooms. The property has almost 5,600 square feet of living space. It could be run as a B&B or hostel. It has three terraces with ocean views from one terrace. **Price: \$280,000**.

Canoa

Canoa's increasing popularity is in part down to a wide, straight stretch of sand that runs for miles and a Margaritaville atmosphere that makes it hard to resist.

Originally a sleepy fishing village, Canoa is growing rapidly, thanks to its new-found popularity with travelers and surfers. Some international surf competitions are held here, usually from November to April, when the waves are highest—and when it's almost impossible to find a place to stay. The remainder of the year, Canoa is quieter, and you'll easily find a piece of beach to call your own.



©Hugo Ghiara

Fishermen's boats lined up on Canoa's beach

Cliffs and a bluff backdrop the town, and they're perfect for hang-gliding. Local stables offer horse riding.

You'll meet some Americans in Canoa but most of the expats are European. Many came to Canoa on a tourist trip, and the easygoing lifestyle seduced them into coming back permanently.

The town feels like a surfer town, with a relaxed, laid-back vibe. The rustic wood and bamboo hotels, guesthouses, and restaurants have thatched roofs, and it's hard to tell where the road ends and the beach begins.

The restaurants are not gourmet, but they focus on fish and seafood, freshly-caught and simply cooked. The setting isn't upscale—think rustic tables, wood floors, and an open-air view to the beach. But the bill won't be upscale either—\$3 to \$5 buys you a tasty meal of fish, rice, and vegetables. Add a few cold beers, and a flame-red sun sinking into the Pacific at the end of the day, and it's easy to understand Canoa's growing appeal.

The downside of Canoa's increasing popularity is the infrastructure which is struggling to keep pace with the expanding population. The town has no municipal water or sewage treatment, with locals relying on wells, septic systems, and tankers delivering water. The electricity supply is not stable, with frequent power cuts, making a generator a must-have. Residents and business owners are working with the municipality, trying to prioritize improvements and upgrades for these basic essentials.

If you fall in love with the town and decide to purchase a property, remember that there is no planning/zoning. That empty lot next to your tranquil beach home could become a bar, a restaurant, or a disco.

Downsides aside, if your idea of heaven is sunshine, sand, and taking it easy in a hammock with an ice-cold drink, look no further than Canoa—you may find it difficult to escape this tranquil paradise.

Property examples in Canoa

- Two miles from Canoa, there's a 538-square-foot beachfront condo with two bedrooms and one bathroom. The social area has a pool and basketball courts. The condo is furnished. **Price: \$49,000.**
- Close to the center of Canoa, a quarter-acre beachfront lot (and by beachfront we mean right on the sand). **Price: \$65,000 (negotiable).**

- A 2,152-square-foot house, over three floors, a short walk from the beach. The house has four bedrooms, three bathrooms, an office, parking, a water cistern, septic tank, and its own generator. The fenced garden has fruit trees, including papaya, lime, and orange trees. The outdoor terraces have ample space for seating, and the all-important hammocks.
Price: \$79,000.

Atacames

Ecuador's most popular beach is located in the province of Esmeraldas, known as the "Green Province". Although the province sits on the Pacific Coast, its character is Caribbean, from the banana and palm trees to raised wooden homes on stilts, with hammocks strung on the porches. The food is noticeably spicier, too.

Atacames boasts a long, wide, sandy beach, flanked on either end by bluffs. The beach is the most "developed" tourist beach you'll come across in Ecuador, with a string of beachside kiosks and bars, and a stream of vendors catering to your every need, whether it's lounge hire, sunglasses, sun block, boat trips, fishing trips, t-shirts, snacks, hair-braiding...you name it, if you wait long enough, someone will probably try to sell it to you.

The kiosks and bars lining the boardwalk serve drinks and snacks, while the restaurants on the opposite side of the street offer a choice of dining—pasta, pizza, Chinese, with the emphasis on seafood. Even in one of Atacames' newest and most upscale hotels, a three-course-lunch costs just \$5—and smaller, less stylish establishments will charge even less.

At night, Atacames comes alive, with the beachside bars pumping out a mix of *salsa*, *merengue*, and *reggaeton* music. Locals from towns and villages nearby party in Atacames at the weekend, joining vacationers from Quito. If your idea of a beach heaven is a smaller town (around 12,000 inhabitants), with all the amenities, and a fun, partying lifestyle, Atacames would suit.

Close to Atacames are **Same**, a more exclusive beach town with a Mediterranean touch thanks to the many whitewashed vacation homes set in the dark green hillsides overlooking the beach, and **Sua**, a quiet fishing village. We spotted expensive brand-name liquor, gourmet nibbles, and handmade candles in some of the small stores in Same, catering to their up-market clientele.



©Creative Commons/Danny Ayala Hinojosa

The sun sets on another beautiful stretch of Ecuador's coast at Atacames

Atacames was the closest beach town to Quito, until the new coastal highway opened in January 2011. That new highway makes Pedernales the closest beach area to Quito. Right now, it takes six to seven hours to drive to Atacames from Quito, compared to only three-and-a-half hours to Pedernales. We're keeping an eye on how that will affect the popularity of Atacames—and (of course) property prices.

Property examples in Atacames

- A condo with two bedrooms and two bathrooms in 815 square feet of living space. It's an 80-meter walk to the beach. **Price: \$40,000.**
- A condo of 753 square feet with two bedrooms and two bathrooms. It's furnished and in a central location on the boardwalk with great beach and ocean views. **Price: \$90,000.**
- A house in a private community. The house has 2,600 square feet of construction. It's one short block from the beach and is laid out as two apartments (one on each floor). **Price: \$135,000.**

The North Coast—Ecuador’s Most Promising, and Most Beautiful, Section of Coast

As you’ve seen, Ecuador’s coast features resort cities, port cities, and frenetic surfer towns. But the most undeveloped stretch of coast is between Canoa and Pedernales. Here, you won’t find all-inclusives, chain hotels, mega-resorts, or high rises lining the beach. What you will find are sleepy beach towns, tranquil fishing villages, and property prices that are low...even by Ecuadorian standards.

Early morning rush hour here is a touch more leisurely than back home. The sun rises, clearing the early-morning mist, over the thickly-forested emerald hills. An occasional chicken or cow wanders in the road. Small restaurants open up, wafting the aroma of coffee on the morning air. Vendors travel from village to village, their vans piled high with eggs, vegetables, and bananas. Fishermen head out to sea in their boats, hoping for a good catch. Many homes have a horse saddled up, tied to the porch, waiting patiently to do the day’s chores.

Clouds of butterflies dance in the breeze, orange, yellow, and bronze. Hawks hang suspended above the hills and mountains, scanning the forest below for prey. The landscape is a fuzzy green relief map of dense foliage, trees packed tight together, crowning the hills.

It’s a simpler way of life here, free of big-city stress and worries. It’s relatively unexplored, mainly because getting here used to be tricky. That’s why property prices have stayed low. But all of that is changing...



©Margaret Summerfield

Ecuador's North Coast boasts spectacular views, like this one

The new highway from Quito to Pedernales opened in January 2011. It cuts the drive time from Quito to this coast in half, to three-and-a-half hours. It also makes this the closest beach area to Quito. We're already seeing more locals from Quito coming to this coast for weekends and vacations...and more foreign tourists and property buyers, too.

The new bridge across the River Chone from Bahía de Caráquez to San Vicente opened in November 2010. It's the longest bridge in Ecuador. This eliminates the wait times for the car ferry to cross the River Chone. Before the bridge opened, you could wait up to four hours to catch the car ferry when traffic was heavy, or at low tide. The new bridge cuts the ferry out, making the trip quicker and easier.

The bridge and the highway projects are elements of the infrastructure plan to connect Manta with Quito via a four-lane highway. This is good news for those parts of the coast between Pedernales and Jama. Travelers can drive here from Quito or from one of the coastal airports at Esmeraldas, San Vicente, and Manta. Put simply: this stretch of coast is more and more accessible.

Large chunks of beachfront land here are incredibly affordable, with pricing from as little as \$800 an acre. Smaller pieces cost more...but the value is still amazing. International developers are now

buying larger tracts of land. Some plan on developing the parcels themselves...others are long-term land banking...and some plan on selling their property to a resort developer once this stretch of coast opens up, for a nice fat check.

Even if you just want a second home in a pristine, peaceful location, this area is worth looking at. There aren't many gated communities, or private subdivisions, yet. But the best in its class is Jama Campay.

Close to the town of Jama, Jama Campay Playa del Sol is a beachfront community offering condos from \$87,740. That gets you 960 square feet, and a spacious, open-plan layout. Terraces look out over the beach and ocean. Already popular with vacationers from Quito who pay \$200 to \$300 a night to stay in this community, it's increasingly popular with foreign buyers looking for an affordable second home.

For more details on Jama Campay, contact info@pathfinderinternational.net.

Buying Property in Ecuador

Once you've settled on where you want to live and have made the decision to purchase property, you'll need to educate yourself about the purchasing process. With a basic understanding of the steps involved and competent legal advice, you should have no problem. Foreigners have the same rights as Ecuadorian citizens to own property in Ecuador. You do not need a corporation or local partner here, and the government does not keep a record of whether a property is owned by a foreigner or by an Ecuadorian citizen.

One thing that you do need to know is that the real estate business in Ecuador bears little resemblance to what you'll find in North America or Europe. There is no such thing as a multiple listing service, for example. Agents in Quito will have no idea what's available in Manta or Cuenca—or even what's available from other agents in Quito. Agents can be trained and licensed but they may not be. Many agents are simply friends of the sellers who happen to have the time and willingness to show a property. Most properties are sold by word-of-mouth and never make it into the newspaper classifieds or onto agents' lists. Few properties have “for sale” signs on them. When houses are listed, it's not uncommon to find them advertised with several real estate agents at different prices.

Commissions and fees

Just as the purchase process differs from what you are accustomed to back home, you'll find that looking for property in Ecuador has different rules too. Few real estate agents in Ecuador will shuttle you around free of charge to “get a flavor for the market.” Local agents who work with Ecuadorian buyers will generally arrange to meet you at the particular property that you are interested in. Although they may occasionally take you to two or three properties, they will seldom provide a free tour.

It is typical for real estate agents working with foreign buyers to charge an hourly or daily tour fee. From our experience, assuming you choose a good agent, this is probably the most efficient method for the buyer. In many cases, the agent will refund the tour fee if you buy a property.

Unless you are fluent in Spanish and have connections in Ecuador, our experience is that you are better off hiring an agent who works with foreign buyers. The agent will speak English, understand the buyer's expectations, and have properties suited to foreign tastes. Many of them are expats themselves and can share valuable information about starting a new life abroad.

Most agents who work with foreigners charge a 5% to 6% commission to the buyer. These agents find their properties from a variety of sources, including newspaper ads and word of mouth. The properties they represent are generally of the "for sale by owner" variety. Many sellers of less-expensive properties are not willing to list with a local agent and won't pay commissions but they are happy to work with a buyer's agent. We've found that staying away from the traditional agencies opens up a new market with new opportunities. A good agent can often save you money on a sale despite charging a commission. What you get when you hire a buyer's agent is someone who is working for you, rather than for the seller's commission.

Of course, there are still a multitude of good local real estate companies who work in the traditional fashion. Commissions run between 3% and 5%, which is normally paid by the seller. Keep in mind that a deal in which the seller pays the commission does not necessarily mean that you are saving money. A 2009 study by a Quito real estate association found that sellers typically increase their asking price by 5% to 6% when they include the commission (translation: there's no such thing as a free lunch). Regardless of which real estate agent you use, be sure that you understand the terms of the agreement and the fees you will pay.

Property ownership and the purchase process

Property ownership in Ecuador is "fee simple" or "absolute," like property ownership in North America. You can buy property as an individual or form a corporation that would, in turn, own the property. You can also buy property through your U.S. Individual Retirement Account (IRA). From a strictly property-buying perspective, there are few cases where forming a corporation is worth the time, cost, and administrative burden involved, since a property transaction itself only involves a one-hour trip to the notary and a one-hour trip to the property registry.

However, there may be cases where forming a corporation could be advantageous. Examples include a person who is also starting a business or applying for an investor's visa in Ecuador, or someone who owns many properties in various countries.

You'll find that buying a property in Ecuador is more straightforward than you may be accustomed to back home. For example, there are no title or escrow companies, and sellers and buyers often pay their own debts outside the sales process, although some attorneys will conduct closings in a manner similar to a North American closing. Your attorney should be able to guide you through the purchase process and help you to avoid potential pitfalls.

Once your attorney has determined that the title is free and clear, he/she will draw up a purchase contract in Spanish. To ensure that you are aware of all its terms, you should obtain a fully-translated version if you don't speak Spanish. If you are not fluent in Spanish, Ecuadorian law requires that you be represented by a qualified translator during the closing process (the translator should not be your real estate agent). If you claim fluency, some notaries will engage you in a brief conversation to assure themselves that you are.

Sales contracts

If you are not purchasing immediately, your attorney will prepare a *promesa de compra-venta*, or "promise to buy." This binding, notarized document is signed by both the buyer and the seller and will state the closing date of the purchase and the purchase price, as well as any penalties for default or other interim conditions of the sale. This is usually accompanied by a down payment to the seller, or an amount agreed to by both parties. The down payment is non-refundable unless otherwise stipulated in the contract.

If you are ready to purchase the property immediately, you can forgo the *promesa de compra-venta* and move directly to the *compra-venta*, which will represent a savings in time, legal fees, and notary charges. Once you are ready to proceed with the purchase, both parties will sign (in the office of a notary) the *compra-venta*, which is the final purchase document. At this stage, you will pay the seller the agreed purchase price or the outstanding balance if you've signed a prior agreement.

Since the *promesa de compra-venta* is superseded by the *compra-venta* it has no legal standing once the *compra-venta* is executed. This means that any terms or conditions you had in the *promesa de compra-venta* are no longer in effect once the sale is final.

Be aware that until the *promesa de compra-venta* or the *compra-venta* is executed, buyer and seller are not legally committed to a deal, as they would probably be in North America under a sales contract. Unless earnest money has been given by the buyer, the seller can accept a better offer or the buyer can walk away.

Your attorney will then arrange for the necessary fee and tax payments and register your property at the Land Registry. The fee for this registration runs from \$200 to \$500, depending on location and

value of the property. You'll need two certified, notarized copies of your completed *compra-venta*, as well as proof that any required fees and taxes have been paid. The registry will perform their own title search, register the property, return one registered (stamped) copy to you for retention, and keep the other for their records. The stamped copy of the *compra-venta* is the deed to the property. The process for registration and the fees required may vary in different parts of Ecuador, but your local attorney will be familiar with these requirements.

If you can't be in Ecuador for some of the transactions that require your presence, you can give power of attorney to a friend or your lawyer at any notary office in Ecuador or at an Ecuadorian consulate in your home country.

Legal expenses

Your legal expenses for buying property will vary depending on the size and type of the deal. For a simple closing on a \$100,000 property, you can expect to pay your attorney between \$500 and \$800. Remember that this is in addition to transfer costs and taxes.

Foreign ownership restrictions

Foreigners and Ecuadorian natives are on equal footing when it comes to real estate. You do not need to be a resident to own property. To the contrary, property ownership can qualify you for residency. There are certain restrictions in the case of "National Security Areas," which may include the country's borders, although these areas are not specifically defined in the law. Your attorney or the notary will inform you if your property requires any type of permission.

Financing

As we noted earlier, there is little or no financing available to foreign real estate buyers. Where it does exist, it is largely short term with high interest rates and requires a down payment of at least 30%. Short-term owner developer financing is sometimes available on larger projects. On a positive note, this means good real estate prices for cash buyers.

If you do require a loan, your best option is to take out a second mortgage on another property you own in your home country, borrow against assets in a brokerage account, or pool funds with other investors interested in buying property in Ecuador.

Contacts

The following contacts have received good reviews from *International Living* readers and are meant as a starting point for your real estate search. If you decide to buy, make sure to observe all the due diligence that you would back home.

Make sure that you understand, in English if you are not fluent in Spanish, the details of the purchase. Use a recommend attorney to handle the title search and closing. And don't forget title insurance.

Real estate agents

For information on real estate developments across Ecuador, contact *International Living's* partner organization:

- **Pathfinder International**; e-mail: info@pathfinderinternational.net;
website: www.pathfinderinternational.net.
- **Mike Sager**, tel. +593 (9)1142-354; e-mail: redwulf3@juno.com;
website: www.EcuadorProperties.com.

Developments

- **Jama Campay**; e-mail: info@pathfinderinternational.net.
- **Spondylus II**, (Amy Pinoargote), tel. (954) 786-8622 (in the U.S.);
e-mail: www.pathfinderinternational.net/ContactUs/Spondylousil/.

Note: When contacting any of the above real estate agents or developers, please let them know that you read about them/their properties in this *International Living* report.