

How investors are achieving 10%+ returns in Costa Rica vacation rental market

As returns in home markets become more challenging to find, investors are turning to rapidly growing, secure markets. Costa Rica is one such market.

SAN JOSE, SAN JOSE, COSTA RICA, July 31, 2024 /EINPresswire.com/ -- As real estate investors begin searching for alternative investments in a foreign country, they often come across the vacation rental market in Costa Rica.

[Investing in a Costa Rica Vacation Rental](#) combines a substantial lifestyle investment and a less mature market with more opportunity and attractive returns if correct.

Foreign tourism into Costa Rica is on track for its best year ever, thanks to the country's culture, natural beauty and variety of experiences, all within a short drive of one another. Costa Rica is quickly becoming a hotspot for high-return investments in the form of vacation rentals.

Recent trends in tourism have sparked a significant increase in demand for vacation rentals across the country. Since 2018, the number of Airbnb listings has surged, increasing by 207.92%, or 23,343 private AirBNBs.

This reflects the growing popularity of vacation rentals in Costa Rica and its position as a premier destination for tourists from around the globe. This growth trend continues gaining momentum, with new heights in property availability and visitor numbers (data Airbnb & VRBO).



One of the countries up and coming vacation rentals



Villa Sozo in Tamarindo is one of the countries top vacation rentals

Overview of Costa Rica's Vacation Rental Market

Costa Rica's Real Estate and vacation rental market continues to grow. The number of AirBNBs on the market has gone 36 consecutive months without a decrease, with the last decline being in June 2021. According to recent data (AIRDNA), the market has seen a substantial increase in listings, occupancy, and average daily rates. Investors and tourists alike are drawn to the country's stable economy, welcoming atmosphere, and diverse attractions, which have grown this market by over 200% in the last six years.

Top Investment Locations in Costa Rica for 2024

Investors looking to Costa Rica's vacation rental market to return over 10% per annum must choose their investment strategically. The first consideration for every investor is the location of their investment. Investors whose only motivation is monetary gain should look to these locations before others.

Tamarindo : This Guanacaste community is a significant hub for vacation rentals, the second largest in the country, with around 1,825 active AirBNBs currently. Tamarindo's extensive range of accommodations and popularity make it a top choice for investors, with an average occupancy rate of 55.70% year-round, making it one of the more dependable locations with constant demand.

Manuel Antonio: Known for having the most popular national park in the country, with over a million visitors per year, Manuel Antonio attracts eco-tourists and luxury travelers alike. The area's natural beauty and wildlife blend have ensured strong demand and high rental incomes. Vacation rentals in Manuel Antonio have an average occupancy rate of 56.30%, with peak seasons pushing this figure even higher, making Manuel Antonio a core investment market with room to grow.

Jaco: Jaco has the largest number of vacation rental listings in the country, with 2,432 average monthly listings over the last 12 months. Jaco is 1.5 hours from Costa Rica's most popular airport and has constant demand. Although a lower average annual occupancy than the other locations on this list (45.40%), Jaco always attracts tourists and has no shortage of undervalued properties for investors to buy and invest in.

La Fortuna: Currently renowned for its ecotourism attractions, including Arenal Volcano, hot springs, and adventure activities, and being the only non-beach location on the list, La Fortuna attracts many tourists year-round. La Fortuna is between San Jose and the province of Guanacaste, making it a great two-to-three-day location to visit on the way to the beach. Vacation rentals in La Fortuna achieve an average occupancy of 52.00%. All factors considered, La Fortuna is a core location for any investor looking to Costa Rica. Richard Bexon, Managing Director at Costa Rica Investments, says 'La Fortuna/Arenal is one of the highest demand areas with the lowest volume of rentals, making it a great opportunity for investors'.

Non-negotiables for your vacation rental

Investors striving for a return of over 10% per annum from a vacation rental in Costa Rica need some basic necessities to greatly increase their ability to generate income and maintain high demand.

Location: As mentioned above, the town or city of your vacation rental is significant to the success of your business. Although true, investors can make great returns outside those locations, but it's more difficult! The vacation rental location within the larger general area is equally important. Beachfront properties with an ocean view in the center of town always charge a premium and have higher occupancy rates.

Amenities: Top-performing properties must have all the basics, such as air conditioning, a fully equipped kitchen, and high-quality bedding/towels, etc. Apart from those basic amenities, swimming pools or at least access to one are an absolute must. The same goes for luxury services such as private chefs and meal services.

Property management: Most top-performing rentals in Costa Rica have property managers who maintain the investment daily. Because property managers are based in the location of your investment, they are often much more hands-on and active in organizing maids, pool cleaners, and gardeners and taking care of all your marketing. Property managers often charge 20-25% of all revenue along with a flat fee of \$100 - \$250, which quickly pays itself back.

Marketing: If an investor hires a property manager, they will usually take care of all necessary marketing. Professional, high-quality photos and strong, precise descriptions are extremely important.

[Investing in Property in Costa Rica](#) can be an excellent investment if you understand that the market is predominantly driven by tourism. You must look to established or developing tourism destinations and make sure you can create and deliver an experience with top amenities and great service. If you can do the above it's a recipe for success in Costa Rica's Investment Market .

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