In 2011, Brazil's appeal as a premier hotel investment market will grow even further.

According to a new study and survey conducted by Ernst & Young of more than 60 international investors, including private equity fund managers, investment bankers, and real estate developers, Brazil's status as one of the top global investment target markets is expected to improve further in 2011, as foreign investors ramp up their programs aimed at the country's real estate sector. the pearl qatar

According to Rogerio Basso, the Latin American hospitality practice chief at Ernst & Young, "two-thirds of real estate investors with funds allocated to emerging markets in Latin America have earmarked investment dollars for Brazil over the next 12 to 24 months." "It's a big statement for a nation that was deemed high risk less than a decade ago because of an unstable economy, hyperinflation, mounting debt, and a volatile currency," he added.
With upcoming mega sporting events, hotels are a top priority.
Today, a strong economy fueled by a growing middle class and access to credit is fueling investment demand in all types of real estate, from residential to commercial and hotel properties. In reality, the lodging industry is attracting a lot of interest, with about half of all investors interested in Brazil saying that hotels are their top priority.
"As a result of a strong economy, Brazil's lodging sector is benefiting from a rise in middle-class disposable income as well as expanding business travel," says Basso. The mid-term outlook for the hospitality sector is especially positive, as Brazil is expected to host two of the world's most important sporting events in the next five years: the FIFA World Cup will be held in South America for the first time since 1978 in 2014, with matches scheduled across 12 Brazilian host cities, and the 2016 Olympics will be held in Rio de Janeiro only two years later.
Brazil is a long-term investment.
The overwhelming majority of foreign investors interested in Brazil's hotel sector believe that prices will rise in the next two years, leading them to look for hotels to buy. However, finding investment-grade hotel assets is currently difficult for foreign investors, and 60% of those entering the market are looking to do so through joint ventures with existing local players.
Foreign investors are focusing on the development of new lodging facilities, particularly as the country prepares for the World Cup and Olympics. Just 8,100 new hotel rooms were under construction as of September 2010, according to global hotel data provider STR, but most foreign lodging operators are actively seeking to sign up new management deals in the run-up

to 2014/2016. Global buyers, on the other hand, do not seem to be interested in building, buying, and owning hotels with the intention of "flipping" them for higher prices during the two sporting events. Almost 60% of respondents said they would keep assets for at least six years. "This implies that most investors see Brazil's broad domestic market and growth opportunities as a motivator for investment," said Michael Fishbin, Global Hospitality Leader at Ernst & Young.

To offset the high cost of property, most developers plan to construct hotels as part of larger, mixed-use projects. The fact that due to the relatively high cost of funding, foreign investors must usually put up 30% or more equity in each deal demonstrates their commitment to the Brazilian lodging market.

Obstacles continue to exist.

According to the report, there are still barriers to active foreign investment in Brazilian real estate. High taxes and labor laws can reduce overall investment returns, and despite recent improvements in financial transparency, there is still a scarcity of information available to investors, especially when it comes to real estate debt instruments. Despite these obstacles, the survey indicates that foreign investors see Brazil as a significant growth market in the medium term and intend to invest heavily in its real estate sector in the coming years.

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