



THE COSTARICA

*Rental Income &
ROI Guide*

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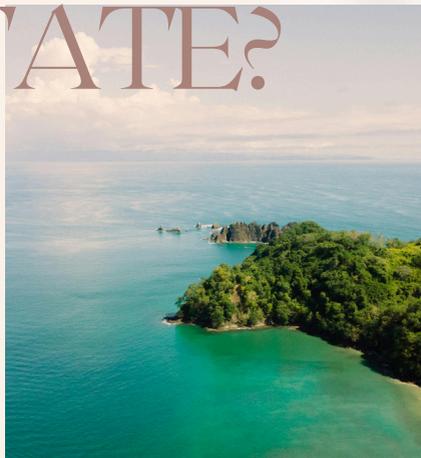
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WHY INVEST IN COSTA RICA'S REAL ESTATE?

Investing in Costa Rica is about more than owning a piece of tropical paradise—it's about positioning yourself in one of the most stable, investor-friendly markets in Latin America. The country consistently ranks as one of the safest destinations for both tourists and long-term residents, thanks to its democratic government, absence of an army, and strong environmental protections. For investors, this translates into stability, growth potential, and peace of mind.

Tourism is the backbone of Costa Rica's economy, welcoming millions of international visitors every year. This demand fuels a thriving short-term rental market, especially in regions like Guanacaste, Tamarindo, and the Papagayo Peninsula, where visitors are drawn by pristine beaches, luxury resorts, and world-class amenities. Major hotel brands—including the Waldorf Astoria, Ritz-Carlton, and St. Regis—are doubling down on Costa Rica, a clear signal that global investors recognize its long-term potential.



On the financial side, Costa Rica offers appealing advantages: low property taxes compared to North America and Europe, no restrictions on foreign ownership, and, in many cases, exemption from capital gains tax. When you combine these incentives with property appreciation, rental yields, and lifestyle benefits, Costa Rica emerges as one of the most compelling real estate investment destinations in the region.

Whether you're a retiree looking to supplement income, a digital nomad seeking passive cash flow, or a seasoned investor diversifying internationally, Costa Rica offers a unique opportunity to balance lifestyle with returns.



Live the
pura vida
lifestyle

UNDERSTANDING ROI IN COSTA RICA

Before diving into numbers and market comparisons, it's important to understand what ROI really means in the Costa Rican real estate context. ROI, or Return on Investment, is the percentage measure of how much profit your property generates compared to how much you spent to acquire it. For investors, this simple formula becomes the compass that guides decisions between different properties, communities, or rental strategies.

In Costa Rica, ROI is shaped by unique local factors. Unlike more standardized markets such as the U.S. or Europe, Costa Rica's rental yields depend heavily on seasonality, the strength of tourism in a given area, and the efficiency of property management. An investor in Playas del Coco, for example, may achieve consistent occupancy due to the town's popularity and proximity to the Liberia airport, while an investor in a remote beach community might enjoy higher nightly rates but more variable demand.

To calculate ROI, you'll need to consider both your gross rental income and your operating expenses—things like HOA fees, utilities, property management commissions, insurance, and taxes. While the formula is straightforward, the outcome varies widely depending on property type, location, and how well it's marketed.

Understanding ROI not only gives you a realistic picture of potential returns but also helps you avoid costly mistakes. By approaching your investment with clear financial goals, you'll be able to align your property purchase with your broader lifestyle and wealth-building strategies.





Find your place
where the
*ocean meets your
dreams*

SEASONAL OCCUPANCY & RENTAL RATES

Costa Rica's tourism is highly seasonal, and this seasonality is one of the biggest drivers of rental income for property owners. Unlike urban markets that may see steady year-round demand, coastal vacation rentals in Costa Rica often follow the rhythms of the weather, international travel schedules, and holiday periods. Knowing when travelers arrive— and how much they're willing to pay—can make or break your ROI calculations.

High season runs from December through April, aligning with the dry season and holidays in North America and Europe. During this period, occupancy rates often soar above 70%, with peak weeks around Christmas, New Year, and Easter commanding premium prices. Owners can expect to double or even triple their normal rental income during these windows, making them crucial for annual profitability. Low season spans May through November, coinciding with the rainy months.

Occupancy may dip to 30–50%, and rates are typically discounted. However, savvy investors often secure longer-term tenants, such as digital nomads or families, during this time to maintain steady cash flow. By understanding these patterns, investors can plan their pricing strategies, marketing campaigns, and personal usage of their property more effectively.

Ultimately, the balance between high-season peaks and low-season stability determines your average annual occupancy and income. With the right management, even properties in seasonal markets can deliver strong, predictable returns.





Wake up to
sunsets,
not deadlines

REGIONAL ROI COMPARISON



One of the most common questions investors ask is, “Which area of Costa Rica gives me the best return?” The truth is that ROI varies widely depending on where you buy, the type of property you choose, and the profile of renters you attract. Each coastal community in Guanacaste has its own personality, price points, and demand patterns, which in turn shape the profitability of an investment.

For example, Playas del Coco remains one of the most affordable entry points into the market, attracting buyers who want steady occupancy and strong rental demand thanks to its proximity to Liberia International Airport and thriving expat community.

Nearby Playa Hermosa, slightly quieter and more upscale, often yields higher nightly rates but appeals to a more family-oriented crowd. On the high end, Papagayo Peninsula— with its luxury resorts and gated communities—offers exclusivity and prestige, though ROI percentages may be lower due to higher upfront costs.

Tamarindo, by contrast, continues to be a hotspot for investors seeking both appreciation and high yields. Its lively surf culture, nightlife, and broad international recognition ensure strong rental demand, particularly among younger travelers and digital nomads. Flamingo and Las Catalinas are also emerging as premium destinations, especially with the new marina attracting yachting enthusiasts and luxury tourism.

By comparing regions side by side, investors can align their financial goals with the lifestyle and market dynamics of each location. Understanding these differences is key to making a smart, profitable decision.



Invest in
paradise,
live in freedom

EXPENSES TO CONSIDER

While rental income often takes center stage in investment discussions, savvy investors know that understanding expenses is just as important. Without a clear grasp of the ongoing costs associated with property ownership in Costa Rica, it's easy to overestimate returns and overlook hidden drains on profitability.

The largest recurring cost for many owners is the Homeowners Association (HOA) fee, which can range anywhere from \$300 to over \$1,500 per month depending on the community. These fees typically cover security, landscaping, pool maintenance, and in some cases, access to amenities like gyms or beach clubs. Utilities—electricity, water, and internet—are also significant, particularly if your property is occupied frequently or you offer it as a rental year-round.

Management fees are another key consideration. If you don't plan to live in Costa Rica full-time, you'll likely hire a property manager who handles bookings, guest services, and maintenance. These services typically cost 20–30% of rental income but are essential for maintaining high occupancy and guest satisfaction.

Other expenses include property taxes (0.25% of the registered value annually), the luxury home tax (for properties above a certain threshold), insurance, and regular upkeep. Unexpected costs—such as appliance replacements, storm repairs, or upgrades—should also be factored into your budget.

By creating a comprehensive expense profile, you'll gain a realistic picture of your net income rather than just gross revenue. This clarity allows you to make smarter investment choices, price rentals competitively, and plan for long-term success.





Your new life
begins where
the palm trees sway.

LONG-TERM VS. SHORT-TERM RENTALS

When deciding how to monetize your Costa Rica property, one of the biggest strategic choices is whether to focus on short-term vacation rentals or long-term leases. Each option offers distinct advantages and trade-offs, and your decision should align with both your financial goals and your personal lifestyle.



Short-term rentals—through platforms like Airbnb or VRBO—are highly profitable in popular beach towns and during high season. Properties marketed as vacation rentals can generate significantly higher nightly rates, particularly during peak travel weeks such as Christmas and New Year. However, these returns come with added responsibilities: more frequent turnover, higher wear and tear, and greater dependence on marketing and guest management.

On the other hand, long-term rentals offer stability. Many expats, retirees, and digital nomads prefer 6–12 month leases, providing steady income with fewer headaches. While monthly rent is generally lower compared to high-season vacation rates, you benefit from reduced vacancy, less maintenance demand, and predictable cash flow.

Some investors adopt a hybrid model, renting short-term during high season and offering long-term leases during the quieter months. This strategy maximizes returns while keeping occupancy high year-round.

Ultimately, the “best” approach depends on your investment style. If you prioritize maximizing cash flow and don’t mind active management, short-term rentals are ideal. If you value predictability and reduced oversight, long-term rentals may be more suitable. Knowing the trade-offs will help you align your strategy with your personal and financial objectives.



Turn your
getaway
into your every day

FINANCING & TAXES FOR INVESTORS



While many international buyers in Costa Rica purchase property in cash, financing options do exist—and understanding them can help you leverage your capital more effectively. Local banks offer mortgages to foreigners, though terms tend to be stricter than in North America or Europe. Typical loans require 30–50% down payments, with interest rates ranging from 7–9% and repayment terms between 15 and 20 years. For buyers with ties to Costa Rica, such as residency or local income, the options may be more flexible.

In addition to local financing, some investors explore international lending, private financing arrangements, or even leveraging home equity in their country of origin to fund a Costa Rica purchase. Each option has its pros and cons, and the right path depends on your personal financial situation and risk tolerance.

Taxes are another important consideration.

Rental income generated in Costa Rica is taxable, with most foreign investors subject to an effective tax rate of around 12.6% of gross revenue after allowable deductions. Property taxes are low—just 0.25% of the registered value annually—but investors should also be aware of the luxury home tax, which applies to higher-value residences.

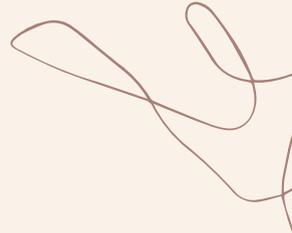
Capital gains tax is often not applied to property sales, unless the transaction is considered part of ongoing business activity. This exemption can be highly advantageous for investors who plan to hold and resell properties for profit.

By planning ahead for financing and taxes, investors can optimize their ROI and ensure full compliance with local regulations, avoiding surprises later.



Costa Rica
isn't just a
destination-
it's a way of life

CASE STUDY EXAMPLE



Sometimes the best way to understand investment potential is to see the numbers in action. Let's look at a realistic case study of a condo in Playas del Coco—a popular entry point for international buyers thanks to its strong rental demand and affordability compared to other luxury markets.

Imagine a buyer purchases a modern two-bedroom condo for \$400,000. During high season, the property rents for \$2,200 per week, while in low season, rates drop to around \$1,500 per week. With an average annual occupancy of 65%, this property generates approximately \$52,000 in gross rental income per year. Now, factor in expenses: HOA fees, utilities, property management, taxes, and insurance add up to about \$18,500 annually.

That leaves a net rental income of \$33,500, resulting in an ROI of 8.3%—a strong performance compared to many international vacation markets. Beyond the numbers, this case study also highlights lifestyle benefits. The owner enjoys a vacation home they can personally use for part of the year, while still generating meaningful income the rest of the time. They also benefit from property appreciation, as Coco continues to grow in popularity with both tourists and retirees.

Case studies like this illustrate the tangible opportunities in Costa Rica real estate. While every property and investor situation is unique, running the numbers with realistic assumptions provides clarity and confidence before making a purchase.





Build wealth,
build memories,
*build your life
by the sea*



APPRECIATION POTENTIAL

ROI isn't just about rental income—it also includes property appreciation, which can significantly boost long-term returns. Costa Rica, and especially Guanacaste, has experienced steady appreciation over the past decade, fueled by tourism growth, limited land availability, and increasing foreign investment.

On average, properties in popular coastal communities have appreciated between 4–7% annually. While this may not sound dramatic compared to some booming markets, the stability and consistency are what attract savvy investors. Appreciation in Costa Rica is often tied to infrastructure developments, such as new roads, marinas, and luxury resorts, which expand accessibility and raise demand.

For example, the new marina in Flamingo is already reshaping the area, drawing in yachting enthusiasts and high-end tourism that boosts surrounding property values. Another driver of appreciation is scarcity. Costa Rica has strict environmental and zoning regulations, which limit overdevelopment along the coast. While this protects the natural beauty that draws visitors, it also creates long-term scarcity of buildable land. As demand grows, property values inevitably rise.

When you combine steady appreciation with rental income, the long-term wealth-building potential of Costa Rica real estate becomes clear. Investors who buy strategically in growth markets can enjoy not only strong cash flow but also substantial equity gains when they choose to sell.





Let the rhythm
of the waves
*become your new
Routine*

FINAL THOUGHTS & NEXT STEPS



Investing in Costa Rica real estate is about more than just financial returns—it's about creating a lifestyle, diversifying your portfolio, and positioning yourself in a market with both stability and growth potential. The right property can offer a combination of steady rental income, long-term appreciation, and the personal enjoyment of having a home in one of the world's most beautiful destinations.

The key to success lies in preparation. By understanding ROI, expenses, seasonal occupancy, and regional differences, you can make informed choices that align with your goals. Whether you're aiming for maximum cash flow through short-term rentals, or you're more focused on long-term stability and appreciation, Costa Rica offers options to suit every investor profile.

Now that you've explored the fundamentals, the next step is to run the numbers for your specific situation. Every property is unique, and ROI can vary depending on purchase price, management efficiency, and marketing strategy. Tools like ROI calculators, along with expert guidance, can help you see the big picture clearly.

At Palm Real Estate, we specialize in helping investors find the right property, negotiate the best deals, and manage rentals for maximum returns. Our team is here to provide local expertise and personalized support at every step of your journey.



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