

Investments in Brazil: there are plenty of reasons

The Federative Republic of Brazil is the largest and most populous country in Latin America, occupying 47.3% of the territory of South America. It's also the fifth largest in area and population in the world: 8.5 million km² and 186 million inhabitants.

Its economy is Latin America's largest with a Gross Domestic Product (GDP) over U \$ 1 trillion, ranked in the 10th position worldwide ahead of countries such as India, Russia, South Korea, Mexico and Australia. Nowadays, Brazil is also recognized as one of the most opened and tolerant places to accept cultural differences and the absence of ethnic conflicts amongst its population.

Famously known for its natural beauty, Brazil is also renowned for its economic potential, which makes it attractive for a large range of investments in various segments, such as tourism and estate market. In fact, there are plenty of areas for investments, that will be explained with some detail in the following items as follows:

Real Estate Market

Nowadays, Brazilian's real estate market is experiencing a great phase. Having suffered the effects of crisis in recent past, the sector has gained strength and has already surpassed its previous best results, with substantial increases in investment and supply of credit with lower interest rates – factors that are driven by the economic stability that Brazil has gone through.

The balance of the Brazilian real estate market is attracting significant foreign capital and there are strong reasons to continue growing in the industry, as follows:

- (1) Great potential and high growth rates in housing market function of the housing deficit of 7.9 million units, plus an additional need to build 1.4 million units per years.
- (2) The decrease in interest rates has generated a succession of record real estate financing, which must exceed 2% of GDP to 12% in 2014.
- (3) A lot of young people joining the labor market in coming decades, generating an impact on the housing market.
- (4) Foreigners have full ownership of the property, the same rights as Brazilians.
- (5) A growing number of utilities that are opening their capital and initiating a public offering (IPO) on the Stock Exchange. This has led the market and increased investment.

Economy

The Brazilian economy has become significantly more stable in recent years, showing a notable increase in participation of foreign capital in national activities. The country is attractive because of their level of return, economy open competitive low-cost, low risk and high yields. Moreover, it presents other factors that distinguish economically, such which: Brazil, which along with China, India and Russia form the BRIC countries, will one of the five largest economies in 2050, according to a study of Goldman Sachs. With their solid democratic institutions, the seriousness of their management macroeconomic and respect the rights and business contracts foreign, Brazil is an example for Latin America and a port insurance for international investors. The political and economic stability of the country are a guarantee for international investors.

Brazil is the only country that is close to reach the level of "investment grade", from which sooner than later there will be an explosion of international investments in the country.

The economic sector in Brazil accounts for nearly half of GDP in Latin American. The country presents huge opportunities because of the large market Built-in 186 million.

Currently, the country is among the 20 largest exporters in the world, with US\$137.5 billion in products and services sold to other countries. Economic stability and controlling inflation are generating a great reducing poverty and increasing middle class. Only its emerging middle class (formed by over 35 million households) is 8% higher than the population of Germany, or even larger than the populations of the Czech Republic, Belgium, Hungary, Portugal, Sweden, Austria, Switzerland, Finland, Denmark, Norway, Ireland, New Zealand, Luxembourg and Iceland combined.

Brazil is also the 5th country in the world in Purchasing Power with more than US\$ 1 trillion in Purchasing Power Parity. According to a Goldman Sachs survey, the number of people living with more than US\$ 3000 per year in Brazil might double by the year 2015.

Importantly, in Brazil there are no restrictions for the withdrawal of profits and return on capital foreign investors.