Exhibit R-161

Tico Times, Agents: No Real Estate Fire Sale on Horizon

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Agents: No Real Estate Fire Sale on Horizon

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The mortgage crisis and subsequent economic downturn in the United States would portend a reciprocal slowdown in Costa Rica's coastal properties, but experienced real estate agents here are pragmatically optimistic.

"It's very dangerous to generalize about a situation that is not very general," says Emilia Piza, ex-president of the Chamber of Costa Rican Realtors.

The Pacific coastal real estate market has boomed over the last five years. Condos, houses, villas and vacant lots in Costa Rica have been lucrative investments for developers and buyers alike, fueled primarily by North American purchasers flush with cash.

But suddenly, thanks to imploded lending and stock markets in the U.S., liquidity for many U.S. buyers has all but vaporized.

Rudolf Lucke, a University of Costa Rica economist, underlines the duality of the situation. "There has been an internal and external effect," he says. "Americans who were coming here to invest their money are now very limited, while the internal interest rate here is climbing steadily to combat inflation. Domestic banks aren't lending money."

These macroeconomic indicators, however, have been less adverse to a local market whose original selling point was lifestyle, rather than profit speculation.

No Chicken Little

"The sky is not falling. There's just a healthy correction going on," says Bob Davey, owner of Century 21's Marina Trading Post in FlamingoBeach. His agency represents properties from Potrero to Tamarindo on the PacificCoast.

"There were more realtors during the boom than ever," he says. "Many were unqualified, and they overpriced their properties. Now, that correction is setting in."

A recent Reuters article reported that prices of vacation houses and condos in Costa Rica have dropped as much as 40 percent.

“An overpriced listing will sit, reduce and then sell. This doesn’t mean that the property values are down,” explains Brian Friedman, an agent for Century 21 in the central Pacific town of Jacó. “It just means that sellers are getting more realistic.”

Property value appraisals are based primarily on the price of “sold comparable properties,” similar properties whose final sale numbers serve as benchmark values.

In the U.S., real estate sales are transparent. People can see how long a house sat on the market and, in most states, how much it sold for. Here, however, there are no comprehensive records of the dollar amounts of each sale.

“Appraisals aren’t worth the paper they’re written on,” says Friedman.

Time to Get Real

Les Nuñez, owner of First Realty Pacific Beach Properties in Playa Hermosa in the northwestern province of Guanacaste, says that region has experienced a “supercharged” market over the last four years. “It was a very speculative market. I saw people flipping properties in four months for $100,000 in profit. Now, they’re going to have to get real.”

Friedman explains that the average foreign property buyer in Costa Rica is an absentee owner, between 40 and 55, who loves the beach lifestyle and is less concerned with future property value. They are savvy investors and tend to use property management companies to rent their houses to vacationers when not in the country.

“We have actually seen an increase in rental inquires and bookings over the past several months,” says Heather Mahaffey, an agent for Costa Rican Rentals.

Condominium construction and sales soared during the boom years. “Yes, there is more inventory than there are sales now,” says Davey. “The boom pushed condo prices up to the top, and they can no longer command that price.”

But Nuñez estimates there are less than 100 units on the market on the northwestern coasts, whereas in Miami, for example, “there are (about) 3,000 units on the market.”

On the whole, he says, single-family homes in Costa Rica have not been affected by the U.S. mortgage crisis, although he cited two families from the U.S. who were forced to sell here because of mortgage finance problems back home.

The Costa Rican real estate market might be most susceptible to local, seasonal factors.

September and October are the rainiest months on the Pacific Coast. This is typically the tourist down season and the annual lull in real estate sales. This year, Delta Air Lines has cut back flights to Liberia, the capital of the northwestern province of Guanacaste.

European carriers do not offer direct flights into Liberia after the British charter First Choice recently suspended its weekly direct flight from London to Liberia.

“The European market never really evolved as we had anticipated,” says Davey. “It’s just too hard to get here from Europe.”

The cost of living in Costa Rica is increasing, too, putting a damper on real estate spending. Pennye Wheeler, a sales associate at Century 21 in Flamingo, fears potential real estate buyers will begin looking for more affordable, friendlier markets, such as in Panama and Belize.

Baby boomer retirees, for instance, who are living on a fixed income, are less affected by the vagaries of the real estate market. They are more interested in finding an affordable place to settle down where they’ll get more bang out of their pension buck. However, “Costa Rica still represents a travel value when compared to alternatives such as Europe,” says Mahaffey.

Developing in a developing country presents its own obstacles, too. Here, municipalities are often understaffed and underfunded. Wait time for construction permits can be egregious, while the plethora of government agencies involved in the development process tends to create more chaos than control.

“We need the government here to get in sync and to start working with land owners,” says Wheeler.

The price of raw materials, meanwhile, continues to rise, another factor affecting coastal construction. “Construction costs are up, but they’re up everywhere,” says Davey.

“Costa Rica still offers a very friendly priceper- square-foot to build.”

Unfinished developments that depended on pre-sales and U.S. dollar lending to finance their projects might feel the biggest crunch as their production costs rise and the price of building a home for prospective clients becomes more expensive. A realistically priced market could obligate them to be more than realistic in order to pay back loans.

“I’ve seen two developments around here drop a lot prices more than $100,000,” says

Nuñez. These sales would have an adverse effect on the value of the neighboring “sold comparable properties” that were purchased for higher prices during the real estate boom.

Other developers may have to just be patient.

“Some (development) projects that were about to start have been suspended due to the limited availability of financial resources,” says Rodrigo Altmann, president of the Costa Rican Construction Chamber. One example is the luxury homes and golf course project planned for Punta Cacique on the northwestern Pacific coast (TT, Sept. 5).

No Cause for Alarm

“If I were a buyer, I’d be asking a lot of questions,” says Friedman. “And potential buyers are really starting to do their homework.” Lucke, the economist, predicts the Costa Rican real estate market will ramp up again, not once the U.S. mortgage mess is cleaned up, but when the cost of raw materials – concrete, iron, gas – “starts falling or stops going up.”

“Costa Rica is not in danger of a fire sale,” says Davey. “We’re really just back to where we were. We’re back to normal.”

The long-term property value determinant – on both a monetary and lifestyle level – may be the natural beauty that continues to attract travelers here, he says.

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