

Rental potential-Pipa Hills

The season in Pipa is:

December, January, February and March are the “best months” as the Brazilians have their summer holiday during this time. The 180 Million people in Brazil travel a lot and Pipa Being the No 1 beach in the North East of Brazil, receives a lot of tourists. Most hotels are 100% booked during these months and clients have to pre-book to get a room.

July: July is when the Brazilian have “winter holidays” and again, for one month the Brazilians travel a lot. During July occupation rates are around 90-100% in Pipa.

August, September, October, November: In August a lot of South Europeans come to Brazil to get “away” from the crowds in the European summer. During August the majority of tourists in Pipa are wealthy Europeans. From September- November majority of the Tour Operators starts “the season” and Pipa and Natal receives planes packed with tourists. Occupation rates in these months are usually around 70% as Pipa fills with the “high end of market segment”.

April-May-June: These months are considered “rainy season” and occupation rates are around 15-30%. It usually rains in heavy showers and *usually in the night time*. The climate is still great for sunbathing as the temperature never falls below 24 degrees (in night time) . During the weekends a lot of Brazilian, from Natal and also neighbouring states, come to Pipa for “weekend retreats”. This is what Pipa-Natal such a great place as the Rental market is not only depending on foreign tourists.

Estimated rental rates

Our marketing research is based on the current rates for 3 bed units in Pipa, of which most are smaller units and usually within small “pousada” complexes (pousada= small hotel). The properties in Pipa Hills are far more spacious and offers similar facilities as most smaller hotels in Pipa (bar, pool, cleaning etc) so it is reasonable to expect similar rental rates for Pipa Hills. Only difference is that Pipa Hills will not have a “luxury restaurants” within the complex, but with more than 30 restaurants within 5 minutes walking distance, this should not make a big difference.

Current rental rates for existing 3 bed villas/chalets in Pipa: (rental rates are averages based on the different “seasons” mentioned above and a sample of hotels/pousadas who offer 3 bed units: Average daily rental rates: 900R\$= **333,00€** (1€= approx 2,7R\$)

Most well operated hotels/pousadas in Pipa work on 70% yearly average occupation ratios. If we use 250€ as the daily rental rate in Pipa Hills and assume a 40% yearly average occupation ratio, the estimated rental returns are:

Conservative rental estimate: based on 40% occupation rate and daily rate of 250€

$365 * 40\% = 146$ days

$146 * 250€ = 36500€$

ROI= $36,500€ / 182,500€ = 20\%$

Medium rental estimate: based on 50% occupation rate and daily rate of 250€

$365 * 50\% = 182$ days

$182 * 250€ = 45500€$

ROI= $45,500€ / 182,500€ = 24,93\%$

High rental estimate: based on 70% occupation rate and daily rate of 300€

$365 * 70\% = 255$ days

$255 * 300€ = 76500€$

ROI= $76,500€ / 182,500€ = 41,91\%$

It is likely that once the close by future luxury golf resorts are ready, rental and occupation rates in Pipa will increase. Pipa is the already the most popular beach town in Natal and it is likely it will continue to be so along with further development.

Rental management fees and running expenses has not been included in these calculations. Calculations are only for guidance purpose.