THE PUNTA CANA INVESTMENT THESIS

A Data-Driven Framework for Caribbean Real Estate Investment

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Punta Cana & Cap Cana, Dominican Republic

I. The Macroeconomic Foundation

The Dominican Republic's economic engine has powered one of Latin America's most consistent growth trajectories over the past decade. For international real estate investors, the country's macro fundamentals translate directly into asset appreciation, rental yield stability, and long-term capital preservation.

4.1%	4.5%	5.0%+
GDP Growth Q1 2026	IMF Projection 2026	Avg Annual Growth (2014-2024)

GDP Growth: After a brief 2.1% slowdown in 2025 — driven by global supply chain disruptions and tighter U.S. monetary policy — the Dominican economy rebounded sharply in early 2026. The Central Bank reported 4.1% growth in Q1 2026, and the IMF projects full-year 2026 GDP growth of 4.5%. This recovery confirms the DR's structural resilience: over the past decade, average annual GDP growth has exceeded 5%, making it the fastest-growing economy in the Caribbean and Central America.

Source: Central Bank of the Dominican Republic (BCRD); IMF World Economic Outlook, April 2026.

Foreign Direct Investment (FDI)

$5.03B	4th Year	#1
FDI 2025 (Record)	Consecutive Record	Caribbean FDI Destination

The Dominican Republic attracted US$5.03 billion in foreign direct investment in 2025 — a new all-time record and the fourth consecutive year of record FDI inflows. Real estate is a primary beneficiary of this capital influx: the combination of CONFOTUR incentives, favorable residency pathways, and competitive construction costs makes the DR one of the most attractive FDI destinations in the Americas. International investors from the United States, Canada, Spain, and Italy are driving significant capital flows into the Punta Cana and Cap Cana corridors.

Source: BCRD Balance of Payments Report 2025; UNCTAD World Investment Report 2026.

Tourism: The Demand Engine

8.5M	12M+	Record
Visitors Jan-Aug 2026	Projected Full Year 2026	Pace Year-over-Year

Tourism remains the single most powerful driver of rental demand in Punta Cana. Between January and August 2026, the Dominican Republic welcomed approximately 8.5 million international visitors — a record pace that projects to surpass 12 million arrivals for the full year. Punta Cana International Airport (PUJ) handles the majority of tourist arrivals and continues to add new direct routes from Europe and North America. For real estate investors operating in the short-term rental market, this sustained tourism growth underpins year-round

occupancy and premium nightly rates.

Source: Ministry of Tourism (MITUR) Monthly Statistics, August 2026; Aerodom Airport Authority Reports.

Inflation & Currency Stability

The Central Bank maintained inflation within its 4% +/- 1% target band throughout 2024-2025, reflecting disciplined monetary policy. The Dominican Peso has remained broadly stable against the U.S. Dollar, and the vast majority of real estate transactions in Punta Cana are denominated directly in USD — eliminating currency risk for North American and European investors pricing in dollars.

Source: BCRD Monetary Policy Reports; Bloomberg FX Data.

II. CONFOTUR — The Fiscal Architecture of Law 158-01

The Ley de Fomento al Desarrollo Turistico (Law 158-01), known as CONFOTUR, is the cornerstone tax incentive framework that has shaped the Dominican Republic's real estate investment landscape for over two decades. For international investors, CONFOTUR-certified properties offer a uniquely favorable tax shield that dramatically improves investment returns.

CONFOTUR provides up to 15 years of property tax exemption — one of the most generous real estate tax incentives in the Caribbean.

Key CONFOTUR Benefits for Investors:

- **IPI Exemption (15 years):** The Impuesto al Patrimonio Inmobiliario — the Dominican Republic's annual property tax of 1% on properties valued above ~RD$9.86 million (~US$168,000) — is fully waived for the first 15 years from the date of the property's CONFOTUR certification. On a US$300,000 condo, this saves approximately US$1,300+ per year.
- **Transfer Tax Waiver (First Buyer):** The standard 3% real estate transfer tax is waived for the initial purchaser of a CONFOTUR-certified unit. This benefit applies only to the first buyer; subsequent resales are subject to the standard 3% transfer tax.
- **ISR (Income Tax) — a Developer Benefit, Not the Buyer's:** CONFOTUR's income-tax (ISR) exemption is granted to the developer of the certified project, not to the final buyer. Your rental income is taxed under Law 30-26 (15% withholding on gross rent, passive use).

Important CONFOTUR Considerations:

- CONFOTUR certification is granted to the project, not the individual buyer. Verify the developer's CONFOTUR resolution number before purchasing.
- The 15-year exemption clock starts from the date of certification, which may predate your purchase — your remaining exemption period could be shorter than 15 years.
- CONFOTUR benefits are non-transferable to second buyers on the IPI exemption — only the transfer tax waiver is specifically first-buyer. The IPI exemption runs with the project timeline.
- All major developments in Punta Cana and Cap Cana (Noval Properties, Gesproin Group, Bonita Residences, and others) carry active CONFOTUR certification.

Source: Law 158-01 (Ley de Fomento al Desarrollo Turistico); Consejo de Fomento Turistico (CONFOTUR) official registry.

III. Law 30-26 — Capital Gains & Tax Simplification

Enacted on June 18, 2026, **Law 30-26** (Ley de Modernizacion Fiscal) represents the most significant reform to Dominican real estate taxation in a decade. For international investors, this law dramatically reduces the capital gains tax burden and simplifies the transaction cost structure for property transfers.

Law 30-26 reduces capital gains tax on real estate from 27% to a flat 10% single payment — a game-changing reduction for exit strategy planning.

Key Provisions for Real Estate Investors:

- **Capital Gains Tax Reduction:** For individual property owners, the capital gains tax rate drops from the previous 27% (applied through the annual ISR declaration) to a **flat 10% single payment** at the time of sale. This is a definitive, one-time tax — no further ISR filing is required on the gain. For investors planning an exit after appreciation, this reform fundamentally improves net returns.
- **Mortgage Registration Tax:** The tax applied to mortgage registrations is reduced from 2% to 1% effective 2027, and is fully eliminated in 2028. This benefits both new purchases with financing and refinancing transactions.
- **Primary Residence Reinvestment Exemption:** If a property owner sells their primary residence and reinvests the proceeds into a new primary residence within 6 months, the capital gains tax is fully exempt. While most international investors hold investment properties rather than primary residences, this provision may benefit those who reside part-time in the DR.
- **Tax Amnesty Period:** Law 30-26 includes a tax amnesty window running through December 31, 2026, allowing taxpayers to regularize outstanding tax obligations under favorable terms.
- **Temporary Large-Taxpayer Surcharge:** A 30% temporary surcharge is applied to entities classified as "grandes contribuyentes" (large taxpayers) during 2026-2028. This applies to major corporations, not to individual condo or villa investors.
- **Departure Tax Increase:** The airport departure tax rises to US$30 (from US$20), effective 2026. This is a minor cost absorbed into airline tickets.

Before & After Law 30-26 — At a Glance

Item	Before (Pre-June 2026)	After Law 30-26
Capital Gains (Individual)	27% via ISR	10% flat, single payment
Mortgage Registration Tax	2%	1% (2027) → 0% (2028)
Primary Residence Reinvestment	No exemption	Exempt if reinvested within 6 months
Departure Tax	US$20	US$30

Source: Law 30-26 (Ley de Modernizacion Fiscal), published June 18, 2026; DGII (Direccion General de Impuestos Internos) implementation guidance.

IV. Residency Pathways for Foreign Investors

The Dominican Republic offers some of the most streamlined residency-by-investment pathways in the Americas. Under Law 171-07 and its implementing Decree 950-01, foreign nationals who invest, receive a pension, or earn passive income from abroad can obtain permanent residency on an accelerated timeline — bypassing the standard 5-year temporary residency requirement entirely.

A. Investor Residency — The US$200,000 Fast Track

Invest US$200,000+ in Dominican real estate → Immediate permanent residency, no 5-year wait, 45-business-day processing.

Foreign nationals who invest a minimum of **US$200,000** in the Dominican Republic qualify for immediate permanent residency under the investor category of Law 171-07. The investment can take the form of real estate acquisition, business capitalization, bank deposits, or securities — but for most international buyers in Punta Cana, a qualifying property purchase simultaneously satisfies the investment threshold and secures residency rights.

- **Direct Permanent Residency:** Skips the standard 5-year temporary residency period entirely.
- **Processing Time:** 45 business days from complete application submission.
- **No Physical Presence Requirement:** There is no mandatory minimum stay to maintain investor residency status.
- **Dependents:** Spouse and minor children can be included in the same application.
- **Path to Citizenship:** After obtaining permanent residency, investors who own real property or a business in the DR can apply for Dominican citizenship after just 6 months under Law 1683 — one of the shortest naturalization timelines in the region.
- **Minimum Investment Verification:** The investment must be documented through official channels (registered property deed, company incorporation documents, certified bank deposits).

B. Pensionado Residency — For Foreign Pension Recipients

Foreign nationals who receive a pension or retirement income from abroad qualify for fast-track permanent residency under the **pensionado** category:

- **Minimum Income:** US$1,500 per month from a foreign government or private pension.
- **Dependents:** Additional US$250 per month required for each dependent.
- **Direct Permanent Residency:** Same accelerated pathway — no 5-year temporary period.
- **Documentation:** Certified pension statement from the issuing entity, apostilled and translated.

C. Rentista Residency — For Passive Income Earners

Foreign nationals who earn passive income from sources outside the Dominican Republic — such as rental properties abroad, dividends, interest, royalties, or other investment income — qualify under the **rentista** category:

- **Minimum Income:** US$2,000 per month in documented foreign passive income.

- **Direct Permanent Residency:** Same fast-track pathway as investors and pensionados.
- **Income Verification:** Bank statements, tax returns, or certified income documentation from the source country, apostilled and translated.
- **Ideal for:** Remote workers with investment income, landlords with rental portfolios abroad, or individuals with trust or dividend income streams.

Tax Benefits for All Law 171-07 Residents

Law 171-07 residents enjoy significant tax exemptions — from foreign income to property transfer and capital gains reductions.

- **Foreign Income Tax Exemption:** Income earned outside the Dominican Republic is exempt from Dominican income tax for Law 171-07 residents.
- **Duty-Free Household Goods:** One-time exemption from import duties on personal household goods and furnishings when establishing residence.
- **Partial Vehicle Import Exemption:** Reduced import duties on one personal vehicle.
- **3% Transfer Tax Exemption:** The standard 3% property transfer tax is waived on the first real estate acquisition.
- **50% Reduction on Mortgage Registration & Annual Property Tax:** Mortgage registration fees and the annual IPI property tax are reduced by 50%.
- **50% Capital Gains Reduction:** Capital gains tax on property sales is reduced by 50% — which, combined with Law 30-26's flat 10% rate, could result in an effective rate of just 5%.

Source: Law 171-07 (Ley de Incentivo Migratorio); Decree 950-01; Direccion General de Migracion; Law 1683 (Naturalization).

V. The Infrastructure Advantage

Punta Cana's infrastructure ecosystem has evolved from a tourism-dependent corridor into a fully integrated living and investment destination. The ongoing and planned infrastructure developments are a leading indicator of sustained property value appreciation.

Punta Cana International Airport (PUJ)

PUJ is the busiest airport in the Caribbean by passenger volume, serving over 8 million passengers annually with direct flights from major hubs across North America, Europe, and Latin America. The airport's private ownership by Grupo PUNTACANA ensures continued expansion aligned with tourism and real estate growth. A new terminal expansion is underway to accommodate growing demand.

Cap Cana Marina & Yacht Club

The largest marina in the Caribbean, Cap Cana Marina accommodates megayachts up to 250 feet and serves as an anchor for luxury real estate development. The marina district has attracted premium hospitality brands and elevated the entire Cap Cana corridor to a world-class destination.

Healthcare & Education

The presence of international-standard healthcare facilities (including Hospital IMG and several private clinics) and bilingual international schools addresses the two most common concerns of relocating families and long-term residents. These amenities transform Punta Cana from a vacation destination into a year-round living option — expanding the buyer pool and supporting long-term rental demand.

Road Network & Connectivity

The Coral Highway and Boulevard Turistico del Este provide modern multi-lane connectivity between Punta Cana, Santo Domingo (the capital), and other major cities. Drive times continue to decrease as the government invests in road infrastructure, further integrating the eastern corridor into the national economy.

VI. Legal Framework & Foreign Investor Rights

The Dominican Republic provides a transparent and investor-friendly legal framework for foreign property ownership. Unlike many Caribbean and Latin American jurisdictions, there are no restrictions on foreign nationals owning real estate — foreigners enjoy the same property rights as Dominican citizens.

Foreign Ownership Rights

There is no requirement for local partners, trusts, or special corporate structures. A foreign individual can hold title to real property in their own name with a valid Certificado de Titulo issued by the Registro de Titulos (Land Registry). The title registration system, governed by Law 108-05, provides a Torrens-style title guarantee — once registered, the title is considered conclusive evidence of ownership.

The Purchase Process

- **Promise of Sale (Contrato de Promesa de Venta):** The initial binding agreement between buyer and developer/seller, specifying price, payment schedule, and delivery terms.
- **Due Diligence:** Title search, CONFOTUR verification, developer credential check, and review of condominium regulations (Reglamento de Co-Propiedad).
- **Definitive Sale (Contrato Definitivo de Venta):** The final transfer agreement, signed before a notary public.
- **Title Registration:** The deed is registered at the local Registro de Titulos, producing a new Certificado de Titulo in the buyer's name.

Tax Classification for Rental Income

Understanding the Dominican tax classification of rental income is essential for investors planning their operational strategy. The DGII distinguishes between two mutually exclusive categories:

	Passive Rental	Commercial STR (Airbnb/Booking)
Classification	Long-term / unfurnished leases	Short-term furnished rentals via platforms
Income Tax	15% withholding on gross rent	ISR on net profit (standard corporate/individual rates)
Capital Gains	10% flat (Law 30-26)	27% on net gain
Best For	Stable, hands-off income	Higher gross yields, active management

Important: These categories are mutually exclusive. A property cannot switch between passive and commercial classification within the same fiscal year. Consult a Dominican tax advisor to determine the optimal structure for your investment strategy.

Source: DGII Tax Code; Law 30-26; AEI commission standards (5% standard agent commission in the DR).

VII. Strategic Takeaways & Investor Checklist

The Dominican Republic — and Punta Cana in particular — presents a rare convergence of macro stability, tax optimization, and demand-side fundamentals that few Caribbean markets can match. Here is the strategic summary for investors evaluating this market:

- **Macro Resilience:** 4.1% GDP growth in Q1 2026 after a brief slowdown, with IMF projecting 4.5% for the full year. Record FDI ($5.03B in 2025) and record tourism (12M+ visitors projected 2026).
- **Triple Tax Shield:** CONFOTUR (15-year property tax exemption) + Law 30-26 (10% flat capital gains) + Law 171-07 residency benefits (50% capital gains reduction, transfer tax exemption) = one of the most tax-efficient real estate investment environments in the Americas.
- **Residency as a Bonus:** A US$200,000+ property investment simultaneously secures permanent residency — no 5-year wait, 45-day processing, path to citizenship in 6 months.
- **Currency Alignment:** USD-denominated transactions eliminate currency risk for North American and Euro-based investors.
- **Tourism-Driven Demand:** Record visitor numbers power year-round short-term rental demand, supporting premium occupancy and nightly rates.
- **Full Foreign Ownership:** No restrictions, no local partners required, Torrens-style title guarantee.

Investor Due Diligence Checklist

1. Verify the developer's active CONFOTUR certification (resolution number).
2. Confirm remaining years on the CONFOTUR exemption period.
3. Determine your tax classification strategy (passive vs. commercial STR).
4. Assess whether the investment meets the US$200,000 threshold for investor residency.
5. Evaluate pensionado or rentista qualification if applicable.
6. Engage a Dominican attorney for title search and due diligence.
7. Review the condominium regulations (Reglamento de Co-Propiedad).
8. Confirm USD pricing and payment structure with the developer.
9. Plan your exit strategy with the new 10% capital gains rate (Law 30-26).
10. Consult a Dominican tax advisor for optimal entity structure.

READY TO INVEST IN PUNTA CANA?

Let's build your investment strategy together.

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Punta Cana & Cap Cana, Dominican Republic

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