PLAN B BRAZIL

INDEPENDENT INVESTMENT ADVISORY

Brazil 2026–2027: the market has stopped moving as one front

STRATEGIC ANALYSIS

Why, over the next two years, the difference between investors will be defined not by country or city, but by segment choice.

PREPARED BY PLAN B BRAZIL

SANTA CATARINA, BRAZIL

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The Short Version

For the past few years, it was easy to buy almost anywhere in Santa Catarina and barely make a mistake — the market grew as one organism. That era is ending. Going forward, the cost of a wrong call won't depend on whether you bought "in Brazil" or "in Florianópolis" — it will depend on which specific market segment you landed in.

The 2025–2026 Economy — in Plain Terms

2025 closed with GDP growth of **2.3%** — the slowest pace since the pandemic.

Construction as a whole grew just 0.5%. The Central Bank's benchmark rate Selic closed the year at 15% — above the 14.25% analysts expected.

2.3%
Brazil's GDP growth in 2025

15%
Selic rate, year-end 2025

10%
public debt/GDP, 2026 forecast

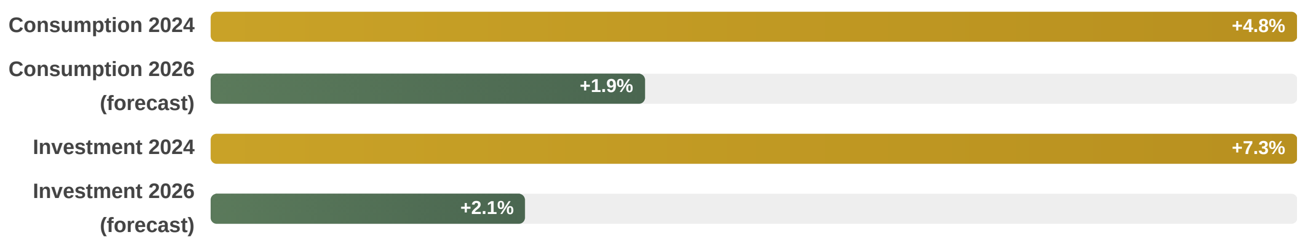
36%+
household debt/GDP

Why is the rate so high if inflation isn't critical? In plain terms: the government needs to borrow more and more, and the high rate is the price of that debt. The measure of how much the government needs to borrow is called NFSP — in 2026 it's projected to rise to 10% of GDP, the highest since the pandemic year of 2020.

2026 — the Year of "Hyperstagnation"

That's what industry economists call what's ahead: there's growth, but barely noticeable.

Deceleration: 2024 vs 2026 Forecast



Even if the Selic drops from 14.5% to 12–13% over the year, that doesn't solve the problem for real estate. The rate is still too high for comfortable mortgage financing. Mortgage lending volume is 19% below the 2021 peak. And household debt above 36% of GDP means that even cheaper credit won't immediately bring the average buyer back to the market.

Construction Isn't Shrinking — It's Redistributing

+19.3%	+4.8%	+20.8%
growth in project launches, 12 months	real growth in sales value	growth in the affordable housing program

Per national ABRAINC-Fipe data (the industry association plus a research institute), launches grew 19.3% over 12 months. Sounds great — but almost all of that growth came from the government's affordable housing program, Minha Casa Minha Vida (+20.8%). The mid-to-high price segment, meanwhile, is selling down accumulated inventory, not growing.

DEVELOPERS SQUEEZED FROM BOTH SIDES

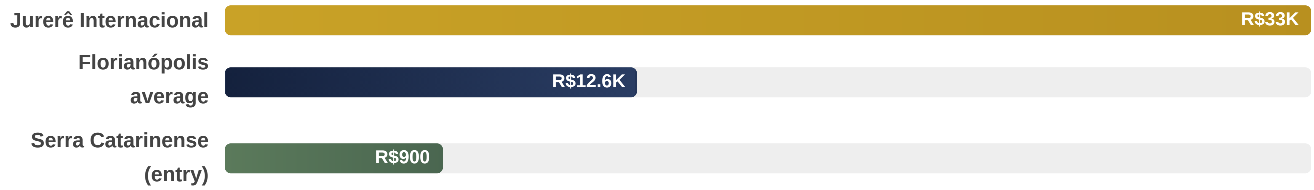
Costs are rising — an expensive dollar makes imported materials pricier, and labor costs keep climbing. And passing those costs on to the buyer is hard — credit is expensive and scarce. The industry's answer isn't a freeze, it's discipline: more selective launches, a more cautious approach.

This isn't a boom story, and it isn't a bust story. It's the story of a market that has stopped moving as one whole — which is exactly why national or even city-level averages describe what's happening with a specific asset worse and worse. Florianópolis is a great example to see this in detail.

One City — Three Different Worlds

The headline number for Florianópolis sounds simple: about R$12.6K/m², growth of roughly 8% a year. But behind that average sit three completely different markets.

Price Spectrum Within One City (R$/m²)



The gap between the most expensive and most affordable segment of one city is 36 times. This is confirmed by independent research from Alphaplan (a consultancy specializing in real estate market research) in partnership with Sinduscon Grande Florianópolis (the region's developer association).

Norte da Ilha — a Market Already at Its Ceiling

Over 12 years, the district's population grew **61%** — from 92,500 to 149,000. That's nearly 28% of all of Florianópolis's population. The drivers aren't just tourism, but also the Sapiens Parque tech cluster and an influx of remote workers.

But supply is thin: just 42 active projects with 675 units left in stock. The upper price tier — Jurerê Internacional (~R$33K/m²), Jurerê (R$28.6K/m²) — is already trading at levels typical of mature prime locations. Further growth here will increasingly hinge on scarcity of specific plots, not on overall demand.

METHODOLOGICAL NOTE

Our earlier Florianópolis materials cited Jurerê Internacional at R$22K/m² (FipeZap data). The Alphaplan/Sinduscon figures are higher — they apparently separate "Jurerê" and "Jurerê Internacional" as two distinct price tiers, while FipeZap gives a single averaged estimate. Both figures are correct — they measure different things.

Continente and Estreito — a Market Catching Up

Here the picture is different. Over 16,500 active businesses form the district's economic base. Annual price growth is about **12.5%**, above the city average. This is a classic profile of a market repricing behind infrastructure (a new bypass road eased logistics) — but the price ceiling here is still far off.

Serra Catarinense — a Market Still Forming

603 available units, 15 projects, the lowest price in the state — R$889–930/m². This is an early stage: people buy here not for current yield, but betting that a winter tourist destination will become a place of permanent and second homes. Risk is higher, the horizon longer — but the repricing potential here is something the island no longer has.

Submarket	Stage	Investment Thesis

Norte da Ilha	At the ceiling	Scarce prime, limited upside
Continente-Estreito	Catching up	Repricing, medium risk
Serra Catarinense	Forming	High risk, long horizon, high potential

Before You Invest — Consult Professionals

Lumping all three segments into one decision under the banner "real estate in Florianópolis" is a methodological error. It used to be less visible, because a rising market masked the difference. In a flat macro cycle like 2026–2027, that difference becomes decisive.

OUR ADVICE — DON'T RELY ON OUR ASSESSMENT ALONE

A similar conclusion — independently — is reached by **Alphaplan**, a reference consultancy that has prepared industry studies of Santa Catarina's real estate market for years. Their analysis is aimed at developers, not investors — which makes it more valuable that the conclusion matches ours. Before making a significant investment decision, it's worth checking against independent data sources — not just the seller's position. We can help arrange that consultation.

What This Means for You

The question "is it worth investing in Brazil" is too blunt to be useful in 2026–2027. The sharper question is: what stage is the specific submarket in, does that stage match your horizon and risk tolerance, and is the choice confirmed by independent data.

> It's exactly at this level of detail — comparing market stages, not general country trends — that investment strategy for the next cycle should be built.

This material is for informational purposes only and does not constitute investment advice. Sources: MSc Tiago Jung (CEO of Alphaplan), "Análise Econômica 2026," presentation for Construsul BC, May 2026; Alphaplan research (alphaplanpesquisas.com.br) in partnership with Sinduscon Grande Florianópolis; ABRAINC-Fipe; Índice FipeZap; Banco Central do Brasil.

Your Path Forward

1

Consultation

We discuss which submarket fits your horizon and risk profile.

2

Segment-Based Strategy

Property selection based on the specific submarket's stage.

3

Independent Verification

Cross-checking your choice against Alphaplan/Sinduscon data, not just the seller's position.

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