

Mexico Resort Real Estate Update

From The Settlement Company®

Welcome to our first quarter, 2011 newsletter, and the first of the new decade. Do you recall the news just before the start of the last decade in fact the start of a new century? All was doom and gloom, a world wide crisis was on its way. A crisis came a few years later. It was not the type expected, but rather a global economic crisis. Millions of people from a wide array of countries have suffered immensely. One exception I know of is Hong Kong. Faced with a surplus of millions of dollars the government has decided to share. Each household will receive about \$ U.S. 700. The only stipulation is that it must be invested in government bonds.

At the beginning of the decade, neither the U.S. Department of State nor U.S. cable tv stations had started their relentless campaigns to inhibit U.S. citizens from coming to Mexico, doing tremendous damage to both the tourism and real estate industries. More on that below.

Mexico Wins prize at Major International Tourism Trade Show:

Mexico's state of Michoacan was the big winner at the International Tourism Fair (FITUR) in Madrid, Spain. The state won the prestigious prize at the sixteenth annual contest for the best international tourism product. Taleb Rifay, Secretary General of the World Tourism Organization presided at the awards ceremony. There were eighty entries in the contest.

Michoacan's entry was the called Ruta Don Vasco. This project was created in honor of Don Vasco and to help celebrate Mexico's 200 th Anniversary of the war of Independence and 100 years since the Revolution. The Ruta (route) was the path Don Vasco, the first Bishop of Michoacan followed as he taught the Purepecha Indians a wide array of crafts. The heart of the route covers 16 municipalities, 40 communities and 63% of Michoacán's indigenous people. In this article, I will not attempt to detail the many crafts found in the villages. Suffice to say that Santa Clara del Cobre (where you can go into stores and watch copper items being forged) Patzcuaro (a place with carved wood, painted gold plates, fine woven fabric and more) Pichitaro (known for carved furniture) and Paracho (where world class guitars and violins are made.) all villages worthy of a visit.

Morelia, the state capital is a good place to start the route. It is known as the city of festivals (International Music, mariachi, dance, cine and more) and as Latin America's illuminated city. The latter due to the many buildings and monuments lighted at night.

The natural beauty and cultural sites to be found in the state are too numerous to list in this edition. For more information go to: www.michoacan-travel.com You will find an excellent bi-lingual web site

New Hotel Opening in La Paz

The owners of the Seven Crown hotels announce that a new Seven Crown will open in La Paz during Semana Santa. (Holy Week.) Located in the center of La Paz adjacent to what has become known as “restaurant row” it will have 54 standard rooms and several suites, some with kitchen facilities.

According to Hector Manuel Castro one of the owners and Past President of the La Paz Hotel Association, it will target the business traveler and tourist who wants to stay in La Paz for five or more nights. The new hotel will create 40 new jobs for La Paz.

In other La Paz hotel news, I recently attended a meeting at the renovated Fiesta Hotel, now operating under the Grand Heritage banner. It is located at the Costa Baja Resort. I was impressed with the décor and the improvements made to the building.

A new Hotel Fiesta Inn is scheduled for construction at Costa Baja.

World Class Museum Opens in Mexico's Capital

When the person listed by Forbes magazines as the wealthiest in the world, you would expect when he undertakes a new enterprise it would be big and of the highest quality. This is the case with Carlos Slim, his new world class museum and commercial/residential development.

Located in the ritzy Polanco district of Mexico's capital the project was opened in late March. The center piece is the Museo Soumaya, named after his deceased wife, already has the reputation of being among the world's finest. The opening of the new museum, an architectural gem, also took place in March. Attending were luminaries from the world of culture, communications, show business, politics and jet setters. President Felipe Calderon along with Larry King and his wife Sewan were among the guests assembled to christen the new project. Also attending were Fernando Romero and Alfonso Miranda, architect and Director respectively.

The magnificent building houses six galleries. Exhibits range from coins and medals for the days of the Emperor Maximiliano of Habsburg (1863-1867) and items from the 16th and 17th centuries. to original works by Rodin, Daumier, Carroer- Belleuse among others. Gallery number four contains paintings by Monet, Renoir, Degas, Van Gogh, Toulouse Lautrec Gaugin and Picasso.

A second Museum (Museo Jumex) is included in the complex as is the Teatro Cervantes with 500 seats. Plaza Carso, the commercial center, covers 78,000 square meters and creates 5,000 jobs. Merchants in the plaza include Saks Fifth Avenue, Alexander Mc Queen, Balenciaga, Diane Von Furstenberg, Valentino and Versace. There is a movie theater (Cinepolis) and several well known Mexico City restaurants.

The residential section has a five star hotel, four towers with 628 condominiums ranging from 1,270 to 1,400 square feet with prices ranging from \$ 242, 000 to \$376,000.

In short, Mexico's capital now has a new cultural, business and residential jewel.

Travel In Mexico

During the last two years, the U.S. economy, the cable news stations (and some others) along with the United States Department of State have inflicted serious damage to the Mexican tourism industry and, in turn to our real estate industry. What is annoying are the many inaccurate and exaggerated stories. There is a tendency to pick up on something that happened many months ago and repeat the story, over and over.

It is pleasing to me that we now seem to have a growing back lash to these emotional warnings. I have seen stories in the New York Times, Reuters news service and in other media that are attempting to set the record straight. Below is an excerpt from a New York Times story of February 18th. .

First we have some statistics generated by the Mexican Tourism Board and used in a Times article

- **8.2 million** – the number of international tourists in Mexico for 2010 - (from Jan. to Oct., arriving by air)
- **17.8 %** – The increase compared to the same months during 2009
- **13.4%** – The increase in American travelers during that period over 2009
- **6.4%** – The increase compared to 2008, which was the best year for tourism in Mexico in history

Notice that all are INCREASES. NYT also noticed, and, to them, this was a surprise, considering the “H1N1 scares [*swine flu' outbreak during 2009*] and drug violence.”

The article went on to point out that people who go on vacations or [live in Mexico](#) part of the year in Mexico are often surprised to hear people back home shocked that they would dare come to this “dangerous” country.

Now an excerpt from a blog in the Times “For us, down here in Playa del Carmen, this comes as no surprise at all. While the drug wars most certainly exist, they are the worst near the U.S. border, since, unfortunately, that’s where their business gets its cash. There are a few other isolated pockets. Outside of those areas, however, visitors to Mexico, expats, and even common Mexican citizens live day to day life virtually unaffected by these conflicts; this news is as distant to them as it is to many people in the U.S. International news also drew little attention to the fact that Mexico’s reaction to the H1N1 outbreak was very fast and effective, and curbed what could have been a much bigger problem.”

The blog continues ...

So, why the impression that the entire country is ravaged by drug violence and disasters. What is reality what for people see? They see beautiful beaches, and awe-inspiring views of lakes, mountains, jungles and forests. They see a warm culture with many colorful traditions, and people who are welcoming and friendly. Yes, they do see petty theft sometimes, especially if people are careless, but that’s true even more so in New York and many other cities in the U.S. and around the world.

So returning back home, visitors and residents are confronted with these bizarre headlines and friends who worried for their safety. Of course they are surprised. Of course the NYT was surprised by the statistics that reflect the reality that runs in the face of the ideas the media has been pushing so hard.”

Now for Some Good News from Los Cabos

The first quarter of 2011 has seen a mini recovery for the real estate market. This I am told includes the plus \$1 million market at the Palmilla project. Following is an excerpt

from the recent newsletter issued by my friend Martin Posch of Nieman and Posch in Cabo San Lucas

"The first quarter is already behind us and here are some numbers that I want to share with you. We have 590 new listings (including listings that came back on the market and extended listings) and we closed 71 properties. The encouraging part is that there are still a 122 listings pending which should close within the near future. We have currently over 2,500 active listings. This is still a high number of properties on the market. Although we have seen activity picking up over the last few months I believe that prices will stay soft and we are definitely in a buyers market.

Buyers are still looking for the best deal and they are not willing to pay a fair price. They are looking for a steal. The lower end of the market is moving really well but finally we are also seeing the higher end market picking up again. We can see that as the average price for pending listings is at \$764,000 Dollars vs. \$540,000 Dollars for the closed deals.

.. With all the bad press that Mexico is getting I want to mention that Cabo is still one of the safest places here in Mexico and for sure much safer than most of the big cities in the US. Yes there is a problem with violence among rival drug cartels, especially along the border to the United States but many parts of Mexico remain very peaceful and quiet. Please remember we are approximately 1,000 miles away from the border in Tijuana and we have absolutely no problem with violence in the State of Baja California Sur. So there is no need to worry on your next trip to Cabo. Just use common sense as you do back home and you will enjoy an unforgettable stay here at the tip of the Peninsula.

*IN LATE BREAKING NEWS...*The Secretary of Tourism for the state of Baja California Sur has just released statistics on the, " Spring Breaker" season. The number of young [people that came to Cabo San Lucas this year was up 10% versus the 2010 season.

We Send You Our Thanks

The Settlement Company® opened for business on May1, 1991. During the last twenty years, the company has served clients from all parts of Canada and the United States and from as far away as Australia and France. We thank you all.

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