

Mexico Resort Real Estate Update

From The Settlement Company®

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Welcome to our Third Quarter newsletter. In this edition, a few comments about travel to Mexico. A couple of years ago, an owner to a small hotel in the Baja said to me, "John what the swine flu and the narco wars have not done to us, the economic recession in the United States has. Our tourism industry in Mexico has suffered immense damage from the U.S. media reports." I would comment that , Mexico no longer has a health issue, the drug wars are limited to a small area of the country and there are people who can not only afford vacations, but are looking for investments as second and retirement homes. But the negative media stories are ongoing. In recent months, I have seen a few positive reports emanating from the U.S. One of these by Nancy Trejos of the Washington Post is included in this edition.

Mexico's Aerospace Industry-Attractive for Foreign Investors.

According to a report in the Wall Street journal, the world's international investors in the aero space industry find Mexico an attractive place to invest. In the past five years, the industry here had grown 20 % with investments from, among others, Bombardier, General Electric and Textron. Bombardier is no stranger to Mexico. The subway cars in Mexico City's Metro were manufactures by the Canadian company. It also manufactures its corporate jets, the most modern in the world, in Mexico.

The manufacturing center for the industry is Queretaro, Queretaro .The foreign investment in that city during 2010 was \$ 150 million. It all started when Bombardier built its first manufacturing facility in Mexico five years ago. The company's investment in this country since 2008 is \$ 250 million.

The report goes on to predict a promising future of the industry in Mexico

Mexico's tourism minister wants Americans back

By Nancy Trejos,

Not so long ago, Mexico was the go-to vacation destination for many Americans. But more recently, the country has become something of a travel pariah. Drug violence has left innocent bystanders dead in border towns such as Ciudad Juarez, and the U.S. State Department has warned against travel south of the border. Just last month, it warned of possible increased violence in the state of Chihuahua.

Nonetheless, the Mexican government says, the number of foreign visitors to the country grew 2.1 percent between January and May, compared with the same period in 2010. Of roughly 22 million international visitors annually, 60 percent are from the United States, and Mexican officials would like to keep it that way. On a recent U.S. public relations swing, Mexican Tourism Secretary Gloria Guevara sat down with Travel's **Nancy Trejos** talks about why Americans should keep Mexico on their favorite destinations list.

Excerpts from that interview:

What do you think of the State Department's travel warnings, and how have they affected tourism?

The challenge that we're facing is that communications are very general. They are not very specific and they create confusion. You cannot have a warning for a complete state. Yes, we acknowledge there are some issues in some pockets, in some specific locations. To give you an example, Mexico has 2,500 counties. Eighty of those have issues. So does that mean that the entire country has issues? Of course not. Eighty of 2,500 is less than 5 percent. Ninety percent of Americans go to six destinations. The tourist destinations are very far from where we have these issues. What's affecting the number of travelers to Mexico is the [U.S.] economy. The number of Americans traveling outside of the country has been reduced. That's impacting everyone.

What is your message to Americans who worry about traveling to Mexico?

For us in Mexico, when we talk about the U.S., we don't say the U.S., we say Orlando, L.A., Washington. If something happened last week, if there was a shooting in East L.A., does that mean you can't go to Washington? Of course not.

Do you recommend that American travelers take precautions when in Mexico?

The only thing that I would tell them is to get a map. Know where you're going and avoid the hot spots. That's it. And the hot spots, most are in some of the areas of the border.

Aside from Cancun and Puerto Vallarta and other well-traveled areas, where else should Americans consider visiting?

Huatulco, Oaxaca, if they like more culture. Campeche; we are going to promote it because of the Maya world. The Maya culture has been around for more than 5,000 years. Dec. 21, 2012, is the end of the [Mayan] calendar. According to the Maya, a new era is going to begin. We have five states [Quintana Roo, Yucatan, Chiapas, Campeche and Tabasco] in the south of the country that have unique places to visit. There are thousands of archaeological sites. **EDITOR'S NOTE:** *I would like to suggest La Paz, in Baja California Sur and Morelia in Michoacan as places of interest. One for the Sea of Cortes and the other for its cultural richness.*

Why choose Mexico over, let's say, Costa Rica?

We have greater value for your money. When you combine what Mexico has, no one else can offer the same. In Mexico, you can stay at a great property. We have 14 AAA five-diamond hotels. In Mexico, you have great locations, great infrastructure, great food, great service, and you can do activities you can't find elsewhere and enjoy a cultural experience. Combine that with outstanding hospitality that no one can beat.

More Lights for Latin America's Illuminated City

In an earlier edition of this newsletter, I wrote about Morelia, Michoacan being named as, "Latin America's Illuminated City." This title was given by the group, "Lighting Urban Community International." It all started eight years ago in the sixteenth century colonial treasure. This year, additional monuments and buildings have been added. The project, started in 2003, has been financed by three levels of government at a cost of 107.3 million pesos. (About \$ 8.1 million USD) The ex-convent St. Agustin, one of Morelia's oldest buildings is among the buildings recently lighted. Commenting on the new activity, Morelia's Mayor Rocio Pineda praised the efforts of the project's engineer, Alfonso Alvarez. She commented, "The lighting of these buildings and monuments help focus on the architectural wonders of Morelia."

In other news, for the second year in a row, Morelia is hosting the International Cultural Tourism Fair. It will take place from September 29 to October 2nd. There will be more than 115 exhibitors from eleven countries and nineteen Mexican states.

Why Mazda, Nissan, Volkswagen and Honda invest \$2 billion in Mexico

Submitted by Don Bain, in a blog.

Mazda, Nissan, Volkswagen, Honda have recently announced investments totaling \$2 billion in Mexican plants and facilities, while Audi and Toyota are reportedly looking over the possibility of their own investments.



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Mexico is quickly becoming a world leader in manufacturing, according to a recent report in the Dow Jones Newswires. Manufacturing output in Mexico is rapidly growing as evidenced by the fact the fabrication of cars and light trucks between January and June this year rose 14 percent to 1.23 million vehicles.

During this first half of 2011, Mexico's automobile production has reached a record pace due to burgeoning market demand from Latin America, especially Brazil.

This is a two-quarter record for any year in history, according to the Mexican Automobile Industry Association (AMIA).

Nissan Motor Company has referred to Mexico as "one of its fast-growing markets" this year. Nissan recently announced a \$1.05 billion investment in its plant in Aguascalientes. The company produced over a half million vehicles there last year and expects to boost the output of its Mexican plants by 20 percent this year. Nissan is second to General Motors Company as the largest automobile distributor in Mexico.

Further, the Volkswagen Group began production of the very first models of the redesigned VW Beetle in Puebla, Mexico predicting the redesigned "bug" will conquer new markets as a "lifestyle" vehicle, according to a recent post in the The Wall Street Journal.

Volkswagen reportedly invested \$400 million to re-tool the plant and VW Beetle production will keep 2,000 Mexicans at work. The company hopes to produce 100,000 Beetles by next year, 90 percent for export. The new model should be in dealer showrooms this fall.

The most recent development is Honda Motor Company's decision to invest \$8 million for a new plant in Guanajuato, as reported by TorqueNews August 15. This will create 3,200 jobs in the centrally located state, allow Honda to keep costs down and meet expected demand for small cars in the U.S. market. The *maquiladora* should open in 2014 ready to produce 200,000 vehicles per year

Mexico's Economy Minister Bruno Ferrari stated this week, "We're expecting to have more of those announcements before the year's end," in an interview this week with Bloomberg.

Auto exports from our Central American neighbor also increased 15 percent during the same period to a record 1.02 million units.

"Production in Mexico is absolutely being driven by exports and exports continue to grow," Eduardo Solis, president of AMIA, was quoted in a news conference on the Dow Jones Newswires via FOX Business last April.

Mazda has been operating for several years already in Mexico with great success. In fact, Mazda recently announced an investment of \$500 million to build a new plant in the central Mexican state of Guanajuato to build the Mazda2 and Mazda3 compact cars and engines, according to Reuters. The plant, which will have an output capacity of 140,000 vehicles per year, will help expand the company's Latin American operations. The plant, which plans to employ about 3,000 people at maximum capacity, should be completed by 2013.

Noting the record in sales since he has moved operations to Mexico, Mazda's CEO Takashi Yamanouchi stated to Automotive Business Review, its sales results have steadily improved since October of 2005 and in 2010 the company set a new record for both sales volume and market share.

Miami Based Journalist Speaks to Guadalajara AMPI members.

More than 600 members of the Mexican Association of Mexican Realtors (AMPI) from Western Mexico met recently in Guadalajara. They came to attend the twenty first annual Forum of the AMPI Section in that city.

The key note address was given by Andres Oppenheimer from the Miami Herald. His column is syndicated and appears in more than seventy newspapers mostly in the United States, but as well in Argentina. Oppenheimer is a Pulitzer Prize winner. He is the author of the bestselling book, "Bordering on Chaos."

Alonso Ulloa Velez, Secretary of the Economy and Promotion in Jalisco opened the FORO. He made a special reference to work being done on a real estate licensing law in the Jalisco Congress. Deputy Mariana Fernandez is heading a Commission of the Economic Development Department. It had its first meeting on August 31st. A major objective will be to eliminate "coyotes" (non professionals) from performing legal real estate transactions. NOTE: While a handful of states now have licensing, meetings between AMPI President, Adan Larracilla and the Chamber of Deputies at the federal level are ongoing. The most recent work session was August 5th.

Andres Oppenheimer touched on several economic and social themes. He said that Mexico can take advantage of new high salaries in China to increase activity in the Mexican manufacturing sector. He suggested that Mexico is in a great position to promote, medical tourism. "Every day, there are more than one million Americans looking outside the U.S.A, for medical services." he said. "Forty six million citizens are without medical insurance. " He added that Mexico should accredit the largest number of hospitals possible to satisfy certified organizations in the U.S. Mr. Oppenheimer told the FORO that in order for Mexico to be competitive with China, India, Brazil and other

Latin American countries, a new emphasis should be placed on educating engineers and scientists.

Other sessions included a panel on the future of real estate in Mexico, a presentation on creativity and innovation, and architecture in Mexico. A warm reception was given to Dr. Carlos Andrade Garin, Director General of the organizing committee for the sixteenth edition of the Pan American Games. They will take place in Guadalajara from October 14 to 30th in Guadalajara. In addition to athletic activities there will be 451 cultural events. The media center, which has almost been completed, will be larger than the one for the Olympic Games held in Beijing. Dr. Garin's presentation received a standing ovation.

Attendees at the FORO were invited to attend AMPI's Fortieth Annual Conference and Annual Meeting. It will be held in Merida, Yucatan from October. 3 to 7th.

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