

Mexico Resort Real Estate Update

From The Settlement Company®

Welcome to our Second Quarter 2010 newsletter. The quarter was off to a fast start with two major real estate, industry meetings. They were followed by an historic June meeting of environmentalists in La Paz.

In Washington, D.C. the National Association of Realtors® (NAR) convened its annual Mid-Year Meetings the second week, in May. A few days before that AMAR (Asociacion Mexicana de Asistencia en el Retiro) met in San Antonio, Texas.

REALTORS® Congregate in Washington for Mid-Year Meetings:

Each year, the National Association of Realtors® stages two Conferences and Trade Shows. The smaller session is called the "Mid Year Meetings and Expo". It is always held in May in the same city, Washington D.C., and attended by about 7,000 Realtors®. The larger conference moves from city to city and more than 25,000 register for that one. In May this year I attended the Mid-Year Meetings.

The meetings/ events attended were the two part Real Estate Symposium, the Certified International Property Specialist breakfast, the Global Business Alliances Committee, an Embassy visit, The Resort and Second Home Real Estate Committee, International Networking Reception, Economic & Residential Business Trends Forum International Forum and Resort and Second Home Forum and the International Local Council Forum.

David H. Stevens, HUD Assistant Secretary for Housing and FHA Commissioner gave the keynote address. This was followed by a Legislative and Political Forum featuring Edward Gillespie, former advisor to George W. Bush and Terence Mc Auliffe, former Chairman of the Democratic National Committee, co- chairman of Bill Clinton's re-election committee and more recently Chairman of Hilary Clinton for president. The two politicians put aside their partisan views and engaged in a friendly if not sometimes amusing discussion of how to fix Washington. It was their shared position that the law makers in Washington need to put aside their personal views and work together to get the U.S. A. back on track.

The second part of the morning session, was a Town Hall style, meeting, "Strengthening & Stabilizing the U.S. Mortgage System". Forrest Sawyer, veteran journalist and former ABC, NBC, CBS and NBC news anchor, was an entertaining and amusing moderator of a lively panel discussion. The six person panel included members of the financial, real estate and academic communities. The recurring theme of this session was that the banks have let the country down in many ways.

In the afternoon, Ron Insana, Senior Analyst CNBC, and financial industry expert led a panel discussion. The four panelists represented the real estate and financial industries. Realtor® John Mc Conklin from Austin TX explained the real time portfolio theory. "Banks that can accurately determine changing value, in real time, of real estate properties that back loans in their portfolios will have a competitive edge in the future."

Day two started and ended with social events. It is always a pleasure to attend the Certified International Property Specialist (CIPS) breakfast and network with fellow designees. New CIPS Designees received their certificates and pins. In the evening the

Global Business Alliances group hosted the International Networking Reception. This presented a chance to visit with old friends from various parts of the world

NAR has changed the name of its International Section to Global Business and Alliances Group. I was the lone member of the Mexican Association of Realtors (AMPI) at the new group's committee meeting. Reports were table from the Certified International Property Specialists (The course leading to official CIPS designation has been shortened by one day and the course formerly called International Finance I is now Transactional Tools. Ninety four Realtors® received CIPS Designations in 2019, including fourteen at the mid year breakfast. The courses are being presented in Puerto Penasco, Sonora, in June of this year.) and the International Real Property Foundation. (Norman Flynn President of the foundation reported on: a) his work with associations in Uganda, Rwanda and Kenya and b) a new think tank PLATFORM, being promoted by the French. He stated that Realtors® from India and the Arab countries have been active.) It was reported there are now 10,000 worlds wide who are Trans National Certified. A change at realtor.org allows one to go to "research", type in "international" and receive news from around the world. In Conference news, it was reported the Conference in San Diego last November was attended by 1,363 foreigners, the largest contingent ever. Simultaneous translation in four languages, Spanish, Japanese, French and Portuguese will be available at the November Conference in New Orleans. It will be called NAR di Gras. Sarah, Duchess of York will deliver the keynote address.

Each year in May small groups of CIPS Realtors® attend briefing sessions at various Embassies. This year The Phillipines, South Africa, Belize and the United Kingdom opened their doors for us. I went to the Embassy of South Africa. (Two years ago, I went to the Mexican Embassy where we met with the country's formidable NAFTA team.)

Following the Economic Issues & Residential Real Estate Business trends Forum, NAR issued a news release with this heading, "Two Economists Project Improving Housing Market but Timing Uncertain." (By the way, I have just received the U.S. housing sales statistics for April and they are positive.) Dr. Lawrence Yun, PhD chief economist for NAR and Mark Zandi chief economist and founder co- founder of Moody's Economy.com were the speakers. Both agreed that job creation is the key to an economic and housing recovery. Yun expects a slightly higher demand for housing and a fairly even level of foreclosures entering the inventory pipeline before easing in 2011. Zandi also forecasts improving demand for housing, but with foreclosures rising later in 2010 before easing in 2011. He said home prices may continue to weaken this year "The housing crash is over – nearly. We are now near the bottom," he said. "There will be no real price growth in 2010 or 2011. Whether home prices weaken is unclear, but it will take two more years to work off excess home inventory at the current sales pace.

WRITER'S NOTE: It is my opinion that no resurgence in the Mexican market can be obtained until the U.S. market strengthens. Good news, the sale figures for April have just been released and they are positive.

The Past President of NAR, Charles Mc Millan, and his team worked hard to convince the U.S. Government to introduce the \$ 8,000 first time buyers grant and later to extend it.

Finally there were two other interesting sessions. A diverse panel addressed the International Forum and Second Home Forum. The speakers included Oscar Gonzalez, Presidential Liaison from NAR to the Mexican Association of Real Estate Professionals (AMPI) Paul Filey, Mayor of Madison, AL and Rob Mehta from Edina MN. Rob specializes in selling real estate in the Thailand market.

Barbara Gaxoet, C.E.O. of AMPI and Adrian Arriaga, Past President's Liaison to AMPI and now a member of the Texas Real Estate Commission spoke at the International Local Forum. Barbara answered the question, "What is AMPI?" and the advantage for NAR members to become International members of AMPI. Adrian spoke in general about the international market and described the success trade mission of Texas Realtors® that came to Guadalajara, Lake Chapala/Ajijic, and two years ago." One part of the trip the Texans will never forget was the visit to Tequila and the fiesta there."

The National Association of Realtors® is America's largest trade association representing 1.2 million members. It has 300 full time employees in Chicago, Illinois, and 200 in its new "green" building in Washington.

50+ Sector Life Style Communities and Destinations:

The Mexican Association for Retirement Communities (AMAR in Spanish) met in San Antonio Texas, May 7th and 8th. Attendees came mostly from Mexico, but also from the U.S. and Canada.

The conference brought together word class speakers, consumers, marketing professionals, real estate developers and professionals from the world of finance. Different topics were addressed, such as health care, living option for the + 50 Sector in Mexico, financial models, the integration of development and operation, among these. Owners and operators that cost for development and infrastructure are 50-60 % less than in Canada and the U.S.

It was reported that Mexico has about 20 million visitors annually and they spend about \$ 13 billion, annually.

Mexican Experiences an Increase In Foreign Visitors:

According to statistics released by the Mexican Secretary of Tourism (SECTUR) the overall number of foreign visitors coming to Mexico in the first four months of 2010 increased 5.7 percent, versus the same period a year ago.

Tourists came in larger numbers from Australia (17.3%) Spain (16.4%) Canada (9.2%) and the United States. (5.9%) . An increase from Latin America was also noted. Visitors coming from "The Low Countries", decreased 2.9% while visitors from Japan and Germany decreased 2.2% each

New Hotels in Los Cabos and La Paz:

Construction of a new hotel by the Marriott group in Cabo San Lucas is expected to commence, before the end of the year. The five star 139 room property will be located on Medano beach in the center of Cabo San Lucas. In La Paz, construction of a new Seven Crown Hotel has commenced. It will be an upscale sister hotel to the Seven Crown Hotel on the Malecon. At the Costa Baja Resort and Marina work on the new

boutique type Heritage hotel is nearing completion. It is the remodeled Hotel Fiesta Inn, featuring larger rooms and a restaurant, which will provide international cuisine. Also at Costa Baja work continues on the new Gary Player designed golf course. It is scheduled to open in November and is the first that he has designed in Latin America.

Mexico's President Visits La Paz-Los Cabos:

Felipe Calderon the President of Mexico recently came to La Paz and Cabos San Lucas to participate in two important events.

In La Paz, he inaugurated the new hospital Juan Maria de Salvatierra at a cost of \$U.S. 630 million. It is a specialized institution with 129 beds and 24 intensive care units. The hospital has the latest high tech equipment to be found anywhere on the globe.

Further down the road in San Jose del Cabo, the President inaugurated the new Hotel Barcelo... Barceló's brand new, sleek beach front resort is 547 suites with an innovative design including 34 specialty swim-up suites (the first and only in Los Cabos), American sports bar, cigar lounge, and much more. In addition to upscale accommodations, it also boasts 7 indoor theme restaurants, outdoor grills, swim-up pool bars, a world class spa, and a convention center.

Waterkeeper® Alliance Meets in Mexico

A dispute between fishermen and a chemical company on the Hudson River gave birth to the concept. Instead of violence and demonstrations a company was sued. The fishermen were awarded the princely sum of \$ 2,000. That will provide you with an indication of how long ago the dispute was settled and the movement started.

The Waterkeeper® Alliance group really gained impetus when environmental activist Robert F. Kennedy became its President in 1999. Now it is affiliated with 200 like minded organizations on six continents. It is playing at the moment, a major adversarial role over the disaster in the Gulf of Mexico.

Each year the organizations get together to listen to biologists and other scientists. Only twice has it met outside of the U.S.A. Recently the Annual Conference was held for the first time in Mexico in La Paz, Baja California Sur. Attendees came from countries such as India, Bangladesh, and China (I had the pleasure of speaking for a few moments with Yongehen Wang, Chief Editor of China's Green River News) from Nayarit, Jalisco, Sinaloa, here in Mexico and the U.S. states of Mississippi, Louisiana, Texas and the District of Columbia. Also coming to La Paz were former Mexican President Vicente Fox and his wife Marta (the Fox Foundation is a supporter of Waterkeeper®) and Bobby Kennedy.

Of the five presentations made at the Public Forum (simultaneous translations were provided) for me the most memorable was the one delivered by Biologist Benito Bermudez Almada. He is Regional Director of the National Protected Area Commission of Mexico, (CONANP). Benito explained the ambiental and economic importance of wetlands, world wide, and the penalty if they are allowed to deteriorate. There are 20,000 species of marine life on the planet and 40% live in wetlands. In Baja California Sur there are seven protected areas, and "we need more", he said. The mangroves are

particularly important because they serve as an area for wildlife to reproduce and also as a filtration system for lagoons and the Sea.

More than 200 attended the public forum which concluded with a tour of Balandra. This is a precious, recreational area near La Paz. It includes five bays and was scheduled for development. Citizens of La Paz and others from outside put pressure on the government to prohibit development of this special place several years ago. They were successful and the area will not be developed.

Bermudez Almada also spoke of the substantial contribution the reef at Cabo Pulmo on the East Cape, not far from La Paz, makes to the reproduction of fish in the Sea of Cortes. Protection of the mangroves in the Bay of La Paz such as at el Mogote is urgent.

For further information go to www.waterkeeper.org there on the home page you will see the featured campaign, "Save Our Gulf."

Mexico Travel Warning in Perspective:

Source; Baja Insider



Looking at the Facts...

Updated May 31, 2010 As of March 14, 2010 the U.S. government has issued a Mexico travel warning now which supersedes the Travel Alert dated February 22, 2010. The warning has been renewed on May 6, 2010. The Mexico travel "warning" was issued based on one event this week in Ciudad Juarez where there has been a history of drug related violence. There were 3 murders in the same day that Houston, Texas had 9 and these were not drug war related. In other words this "Warning" the U.S. is sending out to Universities and other travel site is really unfounded at least in the states of Baja and Baja California Sur.

BajaInsider.com is not saying there are not problems, crimes and violence in Mexico and even Baja but the crime rate has dropped in northern Baja and Baja Sur has seen very little serious crimes. According to the U.S Department of State "***Travel Warnings*** are issued to describe long-term, protracted conditions that make a country dangerous or unstable."

Almost all of the events that have occurred in Mexico also occurred in tourist destinations in the US during the same time period. The war between the drug traffickers, each other and the government has not targeted tourists at this time. Travelers should remain alert to their surroundings. Without a doubt, the world wide economic situation has added to petty crimes in tourist areas world wide.

Oscar Escobedo, Baja California's Secretary of Tourism, says it is illogical to change the alert for Tijuana due to events in Ciudad Juarez. "Let's say something happened in Austin, Texas and you would have that same reaction for California. It's thousands of miles away. And what happens in one town doesn't mean it happens all over the country. So I don't think it is justified," As a tourist you should of course be careful and aware of where you are in any country these days. Due to the economic crisis everywhere in the world there are bound to be at least more petty crimes if not more violence.

First and foremost, let us remember that **more Americans will visit Mexico by noon tomorrow than will visit London in a year.** A vast majority enjoy that visit without incident. Most of foreign destinations, with the exclusion of Canada, are more dangerous to visit for Americans than is Mexico on an incident per visit ratio. With more than 50,000 Americans vacationing here per day and another million that live here, there are bound to be some reported incidents.

Mexico is dangerous – if you work for the Cartel!

Looking at the statistics, Tijuana is one of the more dangerous cities in Mexico, but it would be in the lower third of large US cities in terms of violent crime. **Philadelphia, about the same size as TJ, has roughly the same crime statistics.** Most of homicides in the Mexican border areas have been inter drug cartel exclusively. If you deduct the gangland related murders from the statistics, **visiting Mexico is safer than visiting most US cities. New Orleans, the most dangerous city in the US, is about 3 times more dangerous than TJ.**

In late 2007 there were a significant number of stories in the US press regarding incidents involving Mexican travelers, particularly in Baja California ('norte' for the rookies) and that the government is ambivalent or even complicit in these attacks. By late 2009 the positive actions of both local and federal authorities has made the region safer for tourists again. But, please read on, this statement is not without caveats...

Although the situation with drug cartels and the government crackdown remains active, no US citizens have yet been injured in these actions in Baja California or Baja California Sur.

Mexico has become more aggressive in pursuing drug traffickers. This has resulted in some gun battles in the last 6 months of 2009. Neither any or innocent parties were injured in these events.

Mexico has statistically become the world leader in kidnapping for profit. To a great extent, the focus of this is in Mexico City. Mexican corporate execs, family members and even doctors employed by corporate hospitals have been abducted for the anticipated ransom. Kidnapping and kidnapping attempts have occurred in both states, of locals of profitable targets. It appears only one of these appeared to be a tourist in Tijuana. As a tourist, kidnappers have no idea what you might be worth in random. Take off the Rolex before you visit, don't appear overly flamboyant and enjoy Baja.

Travelers should always take precautions against thefts of personal belongings when traveling in their native country or abroad, as thieves everywhere find tourists an easy mark. Just as everywhere in the world during these economic times are tough, petty crime is on the rise here in Baja.

535579

Bilateral Initiatives Announced by Canada and Mexico during President Calderon's Visit to That Country

Several new Canada-Mexico initiatives were announced during President Calderon's visit to Canada, in late May. The most important one for tourism is the updated Air Transport Agreement. Amendments to the existing bilateral Air Transport Agreement (created in 1961 and amended in 1999 and 2007) will provide airlines from both countries with greater market access for passenger, combination and all-cargo services and greater pricing flexibility to respond to market conditions in a competitive manner. It is anticipated that this will result in more people and cargo travelling between the two countries, enhancing business and people to people ties. Mexico is Canada's third largest international air travel market after the US and European Union. Five Canadian airlines and one Mexican airline offer direct, own-craft air services between the two countries.

Among the other initiatives were anti crime projects and Canadian contributions to the Mexican judicial system. Canada will contribute to Mexico's robust and ongoing efforts to combat corruption and help to reform its legal system. The Government of Canada will provide approximately \$1.6 million (2010-2011) towards increasing the ability of Mexican judges to manage the new adversarial system in the courts. Anticipated activities include the provision of training, workshops and seminars; development of courses and training tools; and the sharing of best-practices, techniques and methodologies, including a 10-day study mission to Canada for six Mexican judges. In addition to projects announced today, Canada has also provided RCMP personnel and funding to help train Mexican Federal police under the Anti-Crime Capacity Building Program. Specifically, eight Spanish speaking RCMP instructors were dispatched to Mexico last summer to provide training in forensic interview techniques for Mexican Federal Police recruits. In addition, 42 Mexican commanding officers, and over 250 mid-level Mexican officers travelled to Canada for three weeks last fall to receive training in police management, decision making, investigation and intelligence skills at the

Canadian Police College. These initiatives were announced by Prime Minister Harper in Guadalajara, Mexico, on August 9, 2009.

International Community Foundation Releases Findings U.S. Retiree Real Estate and Housing Trends in Mexican Coastal Communities; A Report from The International Community Foundation.

NOTE: *The International Community Foundation is a public charity founded in 1990 with a mission to expand the level of charitable giving internationally by U.S. donors with an emphasis on Mexico and Central America*

The International Community Foundation released its report "Housing and Real Estate Trends Among Americans Retiring in Mexico's Coastal Communities" to make recommendations to policymakers in both the U.S. and Mexico, as well as to educate and inform U.S. retirees about key issues to consider when purchasing real estate in Mexico. The report is the third of five research studies that will be published by the Foundation.

For years, U.S. & Canadian retirees have re-located to Mexico as an alternative retirement destination that was affordable, offered desirable weather and was close to their communities of origin in North America. To further analyze these trends, especially in the context of the current economic crisis, the International Community Foundation surveyed over 840 U.S. retirees in coastal areas of Mexico over 50 years of age. Key findings include:

- Survey respondents selected Mexico for the lifestyle (79 percent), cost of living (75 percent), weather (69 percent), and proximity to the U.S. (63 percent). They also considered other overseas destinations, including Costa Rica, Panama, and Belize.
- Over 62 percent of survey respondents live in a house rather than a condo. Focus groups also voiced a clear preference for Mexican-style colonial architecture and the "village" concept as opposed to high-rise urban living.
- When considering the purchase of a home in Mexico, survey respondents noted that the availability of basic infrastructure and utilities (84 percent) and clear legal title (82 percent) were more important considerations than the price (78 percent).
- The vast majority (77 percent) of respondents owned their homes; only 16 percent were renters. Though survey respondents were not specifically asked if their home was purchased 100 percent in cash or was financed, many focus group participants confirmed that they had purchased their retirement homes with cash.
- Sixty one percent of U.S. retirees surveyed indicated that they would be willing to pay higher property taxes if they could be guaranteed better municipal services (including zoning enforcement, water, police, and fire).
- When asked to advise those would-be retirees considering purchasing a home in

Mexico, 69 percent of survey respondents highlighted the need to fully understand the risks of buying a home in a foreign country. Fifteen percent of respondents noted that retirees should "take the leap of faith" and that everything will work out okay.

The full report can be seen at www.icfd.org/publicat10/rra.php

For Further Information contact:

John K. Glaab, CIPS,

Editor

john.glaab@settlement-co.com

01-800-627-5130, ext. #106 (Mexico)

1 877 214 4950 EXT # 106 (US)

011-52-612-123-5056. ext- 106 (Canada)

Please visit our web site at: www.settlement-co.com