

Mexico Resort Real Estate Update **From The Settlement Company®**

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Welcome to our Second Quarter, 2012 newsletter. The quarter was in the truest sense of the word, “eventful.” Among others, three gatherings stood out. First was the Mid Year meetings of the National Association of Realtors® in Washington, D.C. Then the Texas Association of Realtors staged a Trade Mission sailing from Galveston and arriving in two other Caribbean destinations then in Cozumel. Also, across Mexico there were numerous TOMAS (inaugurations) of new Boards of the Mexican Association of Real Estate Professionals. (AMPI). I was able to attend the Toma in La Paz, Baja California Sur. As we entered the third Quarter, Mexican elections were held on July 1st.

REALTORS® Rally in Washington, D.C.

Each year, the National Association of Realtors® presents two meetings for its members and REALTORS® from around the world. The May meeting is known as the Mid Year Meeting and the one in November is known as the REALTORS® Conference and Expo. Attendance at that meeting is usually about 22,000 with the midyear drawing about 10,000.

As in other years, the midyear meeting was full of interesting events starting as early as the 7 a.m. (CIPS Designee breakfast) and ending with evening receptions and networking. The midyear focuses on economic and political issues, while the annual Conference presents literally hundreds of educational sessions. Both attract a significant number of REALTORS® from outside the U.S. Mexico is always represented at both events.

AMPI President Sergio Gomez led the Mexican Delegation. (He flew all night from St. Petersburg, Russia to get to Washington). Sergio had been representing Mexico at the World Congress of The International Real Estate Federation (FIABCI) He reports that Mexico is in the running to host the Congress in 2014. Rounding out the Mexican delegation at the mid-year meetings, were Guillermo Salgado, AMPI Vice President, Linda Neil a member of AMPI’s National Advisory Board and Presidential Liaison to Mexico for the National Association of Realtors® and John Glaab, Director Emeritus of AMPI La Paz.

It would take too much space for me to describe in detail all of the events of this year’s meeting, so I will report on events that were of the greatest interest.

Tuesday morning started with a Political Forum. The panelists were, Celinda Lake, Democratic Party strategist, Gene B. Sperling, Director National Economic Council and Michael S. Steele, Elected Chairman of the Republican National Committee in 2009. It was a lively session to be sure.

There were three speakers at the Meeting of Presidential Liaisons and Ambassador Associations. First was Shonee Henry Presidential Liaison to the Philippines. Next Linda Neil Presidential Liaison to Mexico. The two presenters delivered reports on activities in their respective countries. The third speaker was Elionore Rojas, Principal Project Manager for "Move On". Her company manages NAR's new Global Multiple Listing Service. It can be found at realtor.org/international. At the moment there are 18 countries on the site. It has 1.2 million properties outside the U.S.A. and is seen over 1 million viewers, monthly. It is a great way for REALTORS® for to display their listings. I am encouraging our state wide MLS to participate.

The Certified International Property Specialist (CIPS) breakfast is always a delight for me. It is a pleasure to see old friends from around the world and meet new ones. At this year's breakfast 153 new Designees received their certificates and pins. Among the countries represented were the United Arab Emirates, Malaysia, Canada, Saudi Arabia, Singapore, Bahrain and of course the United States.

There were plenty of opportunities to socialize and network during the week. Several state associations have hospitality suites and the Commercial Section has a reception. One of the interesting events is the Global Networking Reception. It is held in the ballroom of the historic old Omni hotel. International guests have a chance to meet colleagues from around the planet.

It is rather impressive to see flags from more than 70 nations lining the wall behind the podium at the Global Alliances Committee meeting. REALTORS® from around the world report on their regions focusing on the economy. AMPI President Sergio Gomez outlined the current situation in Mexico and gave a glimpse of what is likely to happen in the future. AMPI's Linda Neil said a few words to promote the Annual AMPI Conference in Guadalajara and Tequila, Jalisco. It will be held in late October.

The highlight of this year in Washington was the rallying of more than 14,000 REALTORS® at the Washington memorial. The theme was "Protect the American Dream." It is all about home ownership. Members wore T-shirts with the blue R on front and back. It was an impressive gathering.

This year's REALTORS® Conference and Expo will be in Orlando Florida starting on November 9th.

Mexico on the rise

By **Fareed Zakaria**

The month of June, Los Cabos, Mexico, was quite literally turned into a global public square. Leaders from 19 top economies plus the European Union gathered to discuss the world's major crises: the euro, global growth, Syria. But [the G-20 summit](#), as it is called, also shed light on a few crucial relationships.

Take the U.S. and Russia, for example. Much was made of how Presidents Barack Obama and Vladimir Putin leaned away from each other during talks. Commentators said it felt [as chilly as a Moscow winter](#). Contrast that with Obama and Chinese President Hu Jintao: a warm handshake and big smiles.

But the meeting that really got me thinking was the one between two Latin American leaders: Mexico's Felipe Calderon and Brazil's Dilma Rouseff.

Why?

Right now, Brazil has the world's attention. It is a much vaunted BRIC economy in the company of China, India and Russia. On the other hand, the perception of Mexico is that of a poor country with regular drug-related killings.

That may be true. But very quietly, Mexico is stepping out of Brazil's shadow.

To understand why, let me first explain Brazil's recent rise. Ten years ago, Mexico's economy was bigger than Brazil's. But then Brazil suddenly began to grow much faster, so much so that its GDP overtook Mexico's and became twice as large. If I had to cite one main reason for this, it would be China, Brazil's biggest trading partner. China's growing appetite for commodities led to a boom in resource-rich Brazil.

But just as China buys from Brazil, it competes with Mexico. After joining the World Trade Organization, Chinese manufacturers have undercut Mexican ones, selling at lower prices and in bigger quantities.

Not only that, Mexico's biggest trade partner has had its own troubles — and I'm talking about the United States of America.

But it seems we're now at another twist in the tale.

Brazil can no longer count on a sustained boom in global commodity prices. Growth has slowed from nearly 8% in 2010 to 2.7% last year. And Brazil has become

uncompetitive. Its minimum wage is three times that of Indonesia and Vietnam. The World Bank ranks Brazil 126th in the world for ease of doing business.

Mexico, on the other hand, ranks 53rd. Its economy is set to grow 4% this year. Take its auto industry, for example. It generated \$23 billion last year, more than oil or tourism. Mexican factories are slowly replacing Chinese products in America, thanks in part to regional trade agreements but also because [China itself is facing rising labor costs](#).

Mexico's growth is crucial for America. The more Mexico rises, the less America will need to worry about illegal immigration. In fact, studies show migration patterns have already been reversed.

[More: Immigration lessons for the U.S.](#)

And while Brazil tries to play a role as the alternative power to America in the Western hemisphere — harkening back to the days of non-alignment — Mexico is more in tune with American ideas. It is a solid foreign policy partner.

As Mexico gears up for elections on July 1, its new president will have a long checklist of problems to fix. State monopolies need to be broken down; corruption must be confronted; creaking infrastructure needs repair. But top of the list is drug-related violence, which shaves off 1 percentage point of GDP growth every year.

Brazil remains a bigger economy, and will likely stay that way for a while.

But don't let perceptions of Mexico fool you. Despite all the violence, despite being overshadowed by its flashier neighbors, it is quietly on the rise.



Post by: [CNN's Fared Zakaria](#)

President Calderone Declares G-20 A Success

Each year the G-20 elects a President to provide over their Summit that year. President Calderon of Mexico was elected to preside over the 2012 Summit. He in turn selected the new international conference center in San Jose del Cabo as the main site for the proceedings.

The G-20 was proposed by former Prime Minister of Canada Paul Martin^[5] as a forum for cooperation and consultation on matters pertaining to the international financial system. The first Summit was in 1999.

More than 10,000, including heads of state, finance ministers and staff came to participate in the Summit. There were nearly 3,000 journalists from around the world. Los Cabos put on its best face and received rave reviews as a destination for the event

The G-20 countries represented in Los Cabos were Germany, Saudi Arabia, Argentina, Australia, Brazil, Canada, Russia, Turkey, South Korea, The United States, France, India, South Africa, The European Union and Mexico. Four “observer” countries also attended the meetings.

Unlike many other Summits, the one at Los Cabos was free of any major demonstrations. Local and national law enforcement officers, along with the Mexican army and navy were complimented on their work.

Mexico’s Free Trade (FTA)

In addition to the Trans Pacific (TPP) agreement signed by Presidents Calderon and Obama at the G-20 meetings in Los Cabos, Mexico has eleven trade agreements, involving 41 countries. Prior to the TPP agreement the last was with Japan. It was signed on September 17, 2004 and came into effect on April 1, 2005. One of Mexico’s primary motivations for the unilateral trade liberalization efforts of the late 1980s and early 1990s was to improve economic conditions in the country, which policymakers hoped would lead to greater investor confidence and attract more foreign investment. One of the motivations for Mexico to have other FTAs is to decrease its reliance on the U.S. as an export market and to gain access to other Global markets.

Mexico to host International Tourism event

Taleb Rital, Secretary General of the World Tourism Association (WTO) has announced that Mexico will be host for the ninety fourth WTO meeting. Campeche will be the site of the sessions. The announcement was made in Madrid, Spain where Mexico’s Secretary of Tourism Gloria Guevara Manzo was attending the ninety third meeting of WTO. She said, “Mexico offers a variety of attractions. These include archeological zones, colonial cities, some of the world’s best beaches and a cuisine that has been recognized by the United Nations. (UNESCO)”

Mexico is well situated in the Region of the Americas including the U.S.A. and the Caribbean. English and Portuguese are spoken in addition to Spanish. Serbia and Egypt were among the countries that competed to host the event.

Another Successful Texas Trade Mission

Rita Sheese, President of AMPI Cozumel, commented the success encountered by the commercial mission to the island, where 85 real estate professionals from the State of Texas led by Eng. Guillermo Salgado, national Vice President, and AMPI Associates in

the States of Campeche, Yucatán and Quintana Roo had the opportunity to do networking and travel together to real estate developments and exchange offer and demand to attract investment and development for this active region of the country. He made an invitation for next August 27th to attend to the most important real estate event in what real estate Americas concern which will take place in Brazil, celebrating the 50th anniversary of the Federal Real Estate Law of that country, to which real estate professionals from across the continent will attend.

Real Estate Market Information from three Tourist zones:

David Pullen in Puerto Vallarta, Martin Posch in Los Cabos and Bob Findlay in Manzanillo, have sent brief reports on the latest in their markets.

From David Pullen: of PV Realty:



The Puerto Vallarta market has been through three difficult years and we are starting to see signs of improvement with increased activity.

There are still exceptional opportunities available to the second home buyer in Puerto Vallarta. We have not seen so many options at such favourable prices since

the beginning of 1990.

If you have the available funds and are looking for value then Puerto Vallarta is the place to be investing in.

DAVID PULLEN B.
CIPS, DSI, CRS
General Director

From Martin Posch of Neiman Posch:

Martin Posch of Neiman Posch in Cabos San Lucas sends these statistics. the first 6 months of 2012 and the comparison to the first 6 months of 2011:

Sales volume is down by 15.12% to \$93,782,982 US Dollars

Number of closed transactions are up by 25.44% to 256

Average sold price is down by 32.36% to \$366,339 US Dollars

Number of active listings are up by 12.25% to 2996

Average list price is down by 8,63% to \$790,307 US Dollars

From Bob Findley in Manzanillo:

Over the past two years, Manzanillo has experienced a more diverse range of client demographics. With the expansion of the port facilities, mining and construction of a large regasification plant that will replace the existing fossil fuel electric generating plant, it has brought in foreign contracting firms, mainly of Asian origin. This has brought more sales and rental activity from a previously non-existent Asian market. We are also selling to more clients than ever before from Great Britain. It appears, however, the American market has dropped by approximately 50% percent over the past two to three years. The trend for these clients has been more so on sales for higher end properties (\$500K and up). The Canadian client base remains steady but with a slight decrease in volume compared to up to two years ago. We have experienced approximately a 40% increase in Mexican buyers over the past two years. They are buying during the summer months and are mainly from Guadalajara, Colima, and Mexico City.

Overall, property sale prices per square meter in general have decreased over the past two and a half years, particularly with American owned property. Some examples include list price at \$US1.3M, sold at \$US635,000. A house in Las Hadas listed for \$US759K sold for \$US359K. The going sales price for a two bedroom, two bath condo at a popular condominium complex on the beach sold for \$220,000. for the past several years. Now the trend is \$US150,000. While the average sales price of all types of properties with construction per square

meter in 2009 was approximately \$US1,500. per square meter the average now is approximately \$US1,100. per square meter. In the past, a sale on average would be 10 per cent less than the list price. Now, for the past two years, it is 33 per cent less.

Perhaps the trend noted is an indication of correction to inflated market of a few years past.

Mexico Elects A New President and Changes Parties

The Mexican electorate has voted to bring back the Institutional Revolutionary Party (PRI) after twelve years of government by PAN.

Enrique Pena Nieto PRI's candidate garnered 39.19% of the popular vote. Lopez Obrador (PRD) was second with 32.40% followed by Josefina Vazquez Mota of PAN with 26.06. Her party had ruled for two six year periods starting in 2000. Prior to that PRI had ruled Mexico for seventy years.

While the votes have all been counted, it could take another two months before the process is complete and the victory of Pena Nieto is ratified.

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