

## **Mexico Resort Real Estate Update .....**

From The Settlement Company®

### **Ver el anexo para leerlo en español.**

Welcome to our First Quarter, 2020 newsletter

The Settlement Company® extends its most sincere sympathy to those who have suffered from COVID 19 and condolences to those who have lost friends and loved ones.

In spite of the current slow market, we see a bright future for Mexican real estate. Our opinion is supported by the demographics and pent up demand for retirement and second homes by buyers in Canada, Mexico and the United States.

In this edition, we have comments and statistics for the first quarter of 2020 from industry leaders in La Paz, Los Cabos, Riviera Maya and Puerto Vallarta.

#### **La Paz A Real Estate Investor's Dream**

By Gregory Borquez  
Diamante Associates

La Paz, a small little town off the coast of the Sea of Cortez that has found a way to protect its unique marine life creating a whole new type of tourism and economy. La Paz has recently appeared in multiple articles in magazines such as Forbes, the Washington Post and a few others. The articles talk about how Baja California Sur has become the new center of attention of the tourism industry in Mexico and how destinations like Cancun & Tulum have been exhausted. The tourism that La Paz has created is quite different than the all-inclusive resort destinations, an ecofriendly, marine based, healthy living, and sporty vibe has taken over. This has provided an exclusive style of tourism where many opportunities to invest are available!

La Paz has grown exponentially over the last few years. This is due to two main factors; the first being that it's Baja California Sur's capital city and the second being tourism. La Paz has become a prosperous city.

Tourism in La Paz is quite different to that of its close sister Los Cabos, where movie stars and influential people come down to enjoy the sun and lounge on their luxury yachts. Although La Paz is quite different to Los Cabos it relies heavily on the

Cabo market. This is because a lot of marine attractions are located in La Paz and people from all over the world come to enjoy what Jacques Cousteau described as “the worlds aquarium”. This gives La Paz a lot of exposure to wealthy and influential people who have chosen it as their home.

The Real Estate Market in La Paz has seen its fair share of ups and downs over the last two decades, most importantly during the American housing market crash of 2008. La Paz and the Baja were hit hard due to the fact that its economy is tightly bound to that of the American and Canadian markets, as there is a large number of foreigners living in the area.

According to the Multiple Listing Service or MLS shows that with over 825 sales recorded in Baja California Sur with a gross of over \$30 million dollars the housing market grow an estimated 50% in 2019. This growth can be seen, as there are fewer and fewer homes for sale being so highly desired. This presents a great opportunity for developers to invest in this charming town.

Despite any instability felt in Mexico’s Capital, Baja California Sur has been able to benefit from both American and Mexican economies in such a way that its growth has been steady over the last 12 years. As we ring in a new decade, we see that the real estate market has recovered and is now on the rise, with land prices soaring and colonial properties in the center of town being highly desired.

As more and more Americans, Canadians & Europeans make the move to La Paz the economy becomes more stable and prosperous. This stability has created the perfect platform for larger and more lucrative businesses in the tourist, hospitality and development sectors. As the market have been growing and have strengthened over the last five years, we have seen major developers both national and foreign coming to buy spectacular pieces of land with the intention of developing them over the next ten years. With the talks of direct international flights coming to the newly renovated airport and these foreign investments, the La Paz markets have been given a strong foothold on which to prosper.

## **A Report from Los Cabos**

By Connie Bezeredi  
Engels & Volker Snell Real Estate

We know all those who have fallen in love with Los Cabos will be back and those first-time visitors yet to come will soon find out about living the lifestyle that we are all so privileged to experience.

In this shifting situation of Covid19 we must do what we can to exercise safety. Temporary suspension of social and in person activities, including

events, open houses, showings, sales meetings and one on one meetings provides fertile ground for creativity.

There is an opportunity here to market and operate slightly differently through further expansion of our digital resources and virtual means. Shifting the focus to total virtual connections and communications that are effective and efficient during these coming weeks will allow us to continue our commitment of serving our clients. Optimizing our digital assets prepares us for business continuity while the impacts of this virus are being increasingly felt. The upside to this downside - the world of real estate is "already" heavily focused on all things digital so by simply sharpening these tools and approaches our influence may well broaden to areas that we wouldn't have been able to reach otherwise.

We stand together as an organization and a community and feel confident in looking to the near future with positivity, resilience, and an even greater strength for us all.

If you have any questions, don't hesitate to ask.

Please see the 1st Quarter Market Reports of 2020

Year over Year Comparison for Condos, Homes and Land from Jan to March 2019 / 2020

Year to Date by Subdivision from Jan to March 2020 (where you can look up your own area / subdivision sales stats)

\*\*\*\*Reports attached and the statistics outlined below.

Year over Year Comparison

Jan 1 2019 /2020 to March 31 2019 / 2020

#### CONDOS

Active	2019	885 / 2020	1213	+37%
New Listings	2019	204 / 2020	368	+80%
Under Contract	2019	116 / 2020	148	+27%
Sold	2019	90 / 2020	70	-22%
Sold Volume	2019	\$36,216,270	/ 2020 \$33,602,480	-7%
Average \$	2019	\$402,403	/ 2020 \$480,035	+19%
Median \$	2019	\$212,500	/ 2020 \$255,250	+20%
% of List Price	2019	93% / 2020	94%	+1%

Active, new and listings under contract are all up with the number of sold units down by 22%. The sold volume is down 7% but the average and median selling prices of condos are up by 19 and 22%. Percentage of list price remains high at 94%

## HOMES

Active	2019 1082 / 2020 1285	+18%
New Listings	2019 278 / 2020 361	+29%
Under Contract	2019 128 / 2020 144	+12%
Sold	2019 97 / 2020 78	-19%
Sold Volume	2019 \$58,428,976 / 2020 \$44,484,400	-23%
Average \$	2019 \$602,361 / 2020 \$570,313	-5%
Median \$	2019 \$231,500 / 2020 \$270,000	+16%
% of List Price	2019 92% / 2020 94%	+2%

Active, new and listings under contract are all up with the number of sold units down by 19%. The sold volume is down by 23% average selling price down by 5% and median selling price up by 16%. Percentage of list remains high at 94%

## LAND

Active	2019 1651 / 2020 1863	+12%
New Listings	2019 371 / 2020 452	+21%
Under Contract	2019 135 / 2020 129	-4%
Sold	2019 94 / 2020 72	-23%
Sold Volume	2019 \$9,325,158 / 2020 \$9,337,863	+0%
Average \$	2019 \$99,204 / 2020 \$129,693	+30%
Median \$	2019 \$47,250 / 2020 \$75,000	+58%
% of List Price	2019 89% / 2020 89%	0%

Active, new listings are up, under contract down by 4% with sold units down by 23%. Sold volume remains almost the same while the average and median selling prices are up by 30% and 58%. Percentage of list remains the same at 89%.

## REAL ESTATE STATISTICS FOR THE BAY OF BANDERAS

VIEWPOINT®

## **By Harriet Murray**

We ended the first quarter for sales Jan-March 2020 compared to Jan-March 2019 selling condos and homes for \$60,713,767usd. This is -32% from 2019 same time. The average sale price was \$312,958usd, down 5 % from 2019. Total units sold were 194, down 29% from 2019.

April will be a slow month, but for the first 6 days of April 2020, compared to same time 2019, we closed 7 transactions for a total of \$2,010,534, down 59% from 2019.

Average sales price is \$286,219, down 11% from 2019. The areas with activity have been Centro South (south of the Rio Cuale) for condos, and for homes Francisco Villa West and Sayulita.

Supply and Demand as of April 6, 2020: SINCE THE MARKET HAS BEEN AFFECTED BY THE VIRUS PANDEMIC

1. Condos active are 1,122 units for list price volume of \$444,399,929usd.
2. Five are sold, 6 are under contract,
3. 4 are back on the market for \$41,892,888usd, and expired are 70 units for a list volume of \$40,330,888usd.
4. Withdrawn listings are only 2 with list price volume of 738,900usd.
5. Houses active are 470 homes with a list volume of \$351,846,267usd.
6. Two sold homes are a combined volume of \$710,000usd
7. Average sales price of homes is \$355,00usd.
8. There are no homes under contract or back on market reported a of this time today.
9. Eight homes are expired at a volume of \$6,963,000usd or average list price of \$870,375usd.
10. Two homes have been withdrawn or cancelled at an average list price of \$644,450usd

**FROM JAN 2,2020-APRIL 5,2020  
CONDOS AND HOMES REPORTED SOLD  
FBS MLS**

Total listed condos and homes are 2,148 with 201 units sold for a total of

\$62,724,300usd, down 33% from 2019. Average sales price is \$312,061usd, 5 % down from last year same time.

We are now in a buyer's market. Value of ocean and beach front in North America is a big plus. We realize there has to be an adjustment period once we endure the contagion, and we can see what the financials are all three countries of North American.

This article is based upon legal opinions, current practices, data from FBS MLS and my personal experiences in the Puerto Vallarta-Bahia de Banderas areas. I recommend that each potential buyer or seller of Mexican real estate conduct his own due diligence and review.

Harriet Murray

[www.casasandvillas.com](http://www.casasandvillas.com)

## **RIVIERA MAYA**

By Ana Alicia López

Riviera Maya Sotheby's International Realty

Riviera Maya begins half an hour south of Cancun at Puerto Morelos and finishes at Tulum with Playa del Carmen, Puerto Aventuras and Akumal in between. Each location has its own special characteristics. Cancun airport is the second-best air connection in Latin America with direct flights from all over the world.

This multicultural area, receives visitors from USA, Canada, Europe and South America. It, has gorgeous beaches, cenotes, is close to Mayan ruins and island paradises. The region has great gastronomy, and that is one of the many reasons why is one of the favourite places to vacation or retire.

Playa del Carmen and Tulum, are the largest real estate markets offering apartments (67% for Playa del Carmen and 95% for Tulum). Real estate developers have found in vertical architecture a new model of urban development. Riviera Maya is one of the best places to invest in real estate in Mexico due to the high volume of tourism and commercial activity with a great range of services.

The first quarter 2020 was very active in this area, with an expected foreign investment for Quintana Roo of USD ,272 Million for the next 2 years, placing this state in third place at the national level with an increased interest in the developing new projects. However, the Sate of Quintana Roo has as in other parts of Mexico, suspended temporarily most activities involving social interaction.

The dynamics of real estate has changed, we need to be more efficient, resourceful and creative, developing our digital and networking skills, keep on working virtually and review our processes to emerge stronger from the current situation and to better serve our clients.

***and, for a property located ANYWHERE in Mexico.....***

### **A message from The Settlement Company®**

**The Settlement Company® is working to keep things moving on your Mexican property purchase *in spite of the pandemic!***

Once you have selected that great property in Mexico, and you and your agent have negotiated a successful offer, what is next?

How can you be sure that you are going to have a title to the property, and that it will be done properly?

*Especially in these days of restricted travel?*

In any country a real estate closing requires a thorough review of the title documents, the property tax payments, the liens on the property. If there are liens, if property taxes have not been paid, these must be taken care of and paid prior to transfer of title.

If the property is residential and is located in the "restricted" zone, a permit for a Mexican bank trust must be obtained, or arrangements made for assignment of the existing trust. A thorough review of the trust document is required in order to determine which is best in each case.

A major benefit of buying property through the Mexican bank trust is that you can name beneficiaries to succeed you upon your death. Naturally this selection needs to be done carefully so your instructions are clear and not subject to misinterpretation. Another important item: is property to be taken in joint tenancy or tenancy in common? The words have to be correct and understanding complete in your deed.

We can do all of this, and more! through the Virtual Closing®!

*No one meets personally, but the work is accomplished.*

*The world is progressing..... and so is The Settlement Company®!*

When we opened our doors in 1991, we bought the best equipment available....286 pcs.....servers and Yardi System Multiple Listing program was the first in the country to have pcs talking to one another.

*Things have changed! The world is progressing!!!*

Taking a hard look at our core service.....closings, title insurance, payments of taxes on rental income and consultations. We find we have absolutely no need to waste the buyer's and seller's time in personal meetings. All we need are executed documents and we can process them from anywhere; appraisals and registrations are the ONLY local activity, and those tasks are fairly simply performed through our network of agents.

*Were you planning to come to sign your deed? No need! we can prepare a power of attorney for you to execute at your US or Canadian home, and we can take care of everything else!*

And we provide you with better and more efficient service which translates to savings and benefits for YOU. our valued client.

If you have a problem or need special services please e-mail us. We will respond within 24 hours!

If you've used our services before, we'd like for you to see how we have improved-

If you haven't used our services before; We'd like for you to give us a try.!

We were the first! We believe we are the best! We look forward to working with you! **through our Virtual Closing® program!**

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