

Mexico Resort Real Estate Update

From The Settlement Company®

Welcome to our January 2024 bulletin with news of the economy and of recreational and investment real estate in Mexico.

For so many reasons 2023 was an outstanding year for Mexico.

MEXICO is now the 12th largest economy in the world. This was announced in December 2023 by the International Monetary Fund (IMF). It is predicting that Mexico's economic output will be US \$1.81 trillion which will put it in position number 12 behind (in order) United States, China, Germany, Japan, India, the United Kingdom, France, Italy, Brazil, Canada and Russia. INEGI, the Mexico statistics department said the economy grew 3.5% in annual terms between January and October.

The Digital Nomads are invading Mexico and enjoy their work from home. But what about their tax obligations? Paul Carline explains it clearly in [*Tax Facts for the Self-Employed Digital Nomad in Mexico.*](#) (ctrl+click to open)]

MEXICO AND ITS INFRASTRUCTURE. Two major transportation systems were inaugurated in December: **1. The controversial Maya Train** began running between Campeche and Cancun. It covers a distance of approximately 1,500 kilometers (932 miles) and passes through the states of Chiapas, Tabasco, Campeche, Yucatan and Quintana Roo. It is touted as the most expensive infrastructure project ever and passes over cenotes and through Maya lands. The increase in tourism along this route is anticipated to be enormous.

2. President Lopez Obrador inaugurates the first line of the Interoceanic Railroad. This line runs between Salina Cruz, Oaxaca, and Coatzacoalcos, Veracruz. It is the centerpiece of the US \$2.8 billion Interoceanic Corridor of the Isthmus of Tehuantepec (CHT). This is a government project which also includes the expansion of the ports in Salina Cruz and Coatzacoalcos, highway upgrades and the establishment of industrial parks. Both passenger and freight trains will operate between the two ports.

This is considered to be the alternative to the Panama Canal since it will connect the Pacific and Atlantic oceans across a relatively narrow strip of land. Source; Mexico Daily News. An important note: the Panama Canal is at capacity unless gigantic infrastructure investments are made.

MEXICO MAINTAINS ITS POSITION AS THE LARGEST TRADE PARTNER OF THE US. The value of the exchange of goods between the two countries reached a record high of almost US 400 billion during the first half of 2023. This is up 3.1% over the same period as last year and represents 15.7% of the US total international trade for the period. The US exchange of goods with Canada accounted for 15.4% of the total US trade. Total international trade for the US for the first half of the year was valued at 2.55 trillion.

NEARSHORING IS THE BUZZ WORD! In addition to the US and Asian companies coming to Mexico, Canadian companies are also looking to nearshore. Proximity to the US, educated work forces, political and financial stability, and cost of transportation to major markets, all make nearshoring very attractive. The cities of Monterrey, Queretaro, Puebla, Guadalajara are all benefiting.

MEXICAN EXPORTS reach record high of nearly US 500 B this year. October alone was up 5.6% over the same month in 2022. Agricultural exports spiked 12.3% to 1.71 billion in October, Avocado exports were up 37.6% compared to October 2022 and citrus fruits and tomatoes increased 32.4% and 20.9% respectively. Manufacturing exports increased 4.5% to reach US 439.44 billion. Auto exports drove this growth.

THREE MORE HOTELS OPENING IN LOS CABOS In Cabo del Sol, the Park Hyatt is adding 160 rooms and 28 residences, on the tourist corridor Soho House has invested US 30 million in its 70 room facility and Aman resort in La Ribera on the East Cape is opening 20 bi-level residences. Now approved and beginning construction is a multi-million tourist facility complex at Las Playitas Beach north of Todos Santos which will be opening over the next few years.

REAL ESTATE IN THE LOS CABOS MARKET was affected last year by the high interest rates in the United States. Since loans are quite expensive in Mexico, many buyers borrow on equity to pay for their Mexico acquisitions in cash. This plus lack of inventory affected the market especially in the under US 250,000. housing and condo markets throughout the state. Higher end properties did not suffer so much. As a matter of fact, the average sale price for a condominium was US 614,308,00 up 42.74% over 2022. Housing sales in the US 400,000. To US 500,000 range were up 19.7% with the average sale price and the median sales price being US 485,000., up 14.52% over 2022.

AMPI LOS CABOS celebrated its 25th anniversary in November with a gala dinner. Special recognitions were given to Mike Schaible, Reyna Houston, Linda Jones Neil, founding members and also to John Glaab who passed away in March 2023. The new slate of officers for 2024 will take office in February of this year.

700,000 cruise ship passengers visited Cabo San Lucas from 200 cruise ships, an increase of 13 percent compared to the previous year.

MEXICO'S ELECTION YEAR! 2024 is also election year in Mexico! The presidential election to determine who will succeed current president Andres Lopez Amador (AMLO) will be held in July. The front runners are women: Claudia Sheinbaum of the Morena party is a physicist who has a doctorate in energy

engineering, and Xochitl Galvez, who studied computer engineering. Both women are in their sixties. Ms. Sheinbaum is the granddaughter of Jewish European immigrants and Ms. Galvez is the daughter of an Otomi father and mestiza mother.

May the best WOMAN win!

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