

**M**azatlán has long been a favorite vacation destination for American and Canadian citizens, but currently the “Pearl of the Pacific” is enjoying **a period of unprecedented rebirth and revitalization.** Statistics from 2004 to 2005 show visitation to Mazatlán surging – up 21.5 % supported by a 24% increase in airlift as several major carriers have added flights to meet the increased demand.

## RETIRE IN STYLE IN MAZATLAN

By: Patrick Hobson

### MEXICO'S POPULARITY

Mazatlán's increased popularity is not truly surprising given that México, the country, was the #1 choice for U. S. citizens traveling internationally in 2006 with 14 million Americans visiting its warm, friendly southern neighbor. Similarly, Canadian travel to México was also up 13% in 2005 with its citizens making 794,000 trips. But, apparently vacations are not enough anymore for visitors from the U.S. and Canada. According to The Dallas Morning News, one million Americans now live in México (25% of all Americans living abroad) at least part time and 385,000 live here year round, an increase of 500% over ten years ago. Interestingly enough, these North American ex-pats are not just living in México, but investing. The National Association of Realtors reports that one million Americans and Canadians have purchased an estimated \$30 Billion in Mexican real estate and will invest another \$5 Billion in the next two years.

### MAZATLAN

While México basks in its soaring popularity, the

current situation in Mazatlán borders on a phenomenon. Truly a destination like no other, Mazatlán offers the comforts and conveniences of a large city - major supermarket facilities, state of the art hospitals, and a wide variety of sporting and entertainment options - while maintaining a friendly small town atmosphere. Six thousand Americans and Canadians have established legal residency in the city and call the “Pearl of the Pacific” home full-time, not to mention the thousands of snowbirds who winter there. Foreign investment in the local real estate market is robust, and growing. Although it boasts seemingly endless beaches along its expansive 20 mile coastline, Mazatlán is not just about the beach. The ex-pats are attracted by the warm tropical weather, an active yet relaxed lifestyle, the affordable cost of living as well as access to quality medical and dental care. And magically, only forty-five minutes away, nestled in the Sierra Madres, the ex-pats can avoid the summer heat in quaint colonial villages and silver mining towns where the hands of time seemed to have stopped, but somehow the cerveza is always icy-cold.

### PAST AND PRESENT

In the 1950's and 1960's, when Mazatlán and Acapulco were México's only Pacific resorts, the city was a favorite haunt for Hollywood stars John Wayne, Errol Flynn, Robert Mitchum and Rock Hudson, all of whom enjoyed world-class deep sea fishing, warm weather, cocktails and relaxing in anonymity in small Olas Altas beachfront hotels. As more visitors arrived, additional hotels were built on a stretch north of the city in an area called the Zona Dorada, or Golden Zone. Most of Mazatlán's hotels, restaurants, tourist attractions, and nightclubs are still located there, within easy walking distance of one another.

Today, many ex-pats feel privileged to be able to affordably purchase a property on the beach, and wouldn't think of living anywhere else. Others choose to indulge their passion for golf with a country club membership and a fairway





home, but an increasing number of new residents are drawn back to the Historic District near Olas Altas where the movie stars once unwound. The "Centro Histórico" is anchored by the beautifully restored 130-year-old Angela Peralta Opera House, the gracious Plaza Machado and the Catedral Basílica de la Inmaculada Concepción, a 109-year-old Roman Catholic cathedral that curiously features 28 Star-of-David stained glass windows purportedly donated by Mazatlán's Jewish community during initial construction in 1898. Today, neglected architectural masterpieces from a bygone era are being passionately restored by new owners amidst the 479 buildings that have been designated as national historical monuments. Evenings find the district vibrant, bustling and alive with throngs of people meandering amongst the museums, shops, galleries, bars and cafes.

### SECOND HOME TRENDS

An increasing number of American and Canadian baby boomers have abandoned the notion of a secluded mountain cabin or lake retreat in favor of a Mazatlán oceanfront condo perched in the sand, a golf villa at the El Cid or Estrella del Mar Country Club, or a restored classic in the "**Centro Histórico**." Mazatlán's close geographic proximity to the States and Canada is a plus as many of these boomers are still working. Nearly 1 of 5 expect to use the second home as their primary residence after retirement, and look forward to enjoying endless days of breakfasts of tropical fruit and fresh-squeezed

orange juice on the veranda following their morning walk along Mazatlán's world-famous Malecón. These investors represent the first wave of the 70 million Americans and 9 million Canadians who are approaching the point in their lives when they have the time, financial means and lifestyle orientation to purchase second homes. While many different types of people buy second homes, higher-income young retirees and baby boomer households dominate Mazatlán's second home market. The principle motivation for purchasing the second home is for personal use and enjoyment, but a significant number of the baby boomers also view second home acquisition as a means of safeguarding and enhancing their net worth.

### MEXICO REAL ESTATE INVESTMENT OUTLOOK

When considering investing in a foreign country, it is prudent to consider the country's currency, the climate for foreign investment, the general state of its economy and political stability. On all accounts, México presents low risk and substantial upside potential. Last year, the World Bank named México as one of the world's top 10 reformers in making the country a "best" place to do business. Banking reforms in 1998 allowed full foreign ownership of the country's banks, which has attracted substantial foreign investment. Modern México has a growing GDP, the highest level of direct investment in Latin America and has demonstrated admirable political stability in the era since NAFTA.

The attractiveness of México has not gone unnoticed by the major institutional investment banks and investor conglomerates. In December of 2006, Citigroup announced that it had provided \$200 Million of its own capital for its new \$600 Million CPI Capital Partners North America fund, which focuses on real estate in México and the United States. Like Citigroup, Merrill Lynch also backs its regional real estate funds with its own money, but to an even greater degree. Another large player, California Public Employees Retirement System (CalPERS) the largest retirement fund in the world, recently invested \$285 Million in real estate in México and Brazil.

Not all of the investment has been passive. The Related Group Inc. of Miami, the largest builder of luxury condos in the United States, has announced that it will develop \$1 Billion worth of real estate in México in the next two years. Another U.S. builder, Front Porch Development Company, has publicized that it will launch México's first "active adult" 400 home retirement community outside Puerto Vallarta with the home prices ranging from \$400,000 to \$1.2 million. All this activity has transpired with little fanfare, unlike Donald Trump's widely reported all-time single-day real estate sales record of \$122 million constituting an 80% sellout of the first phase of his much heralded Trump Ocean Resort south of Tijuana.

Obviously the major institutional investors are enamored with México. Their property analysts have monitored the socio-economic and cultural trends and we are witnessing a major shift in capital directed south of the border. Small wonder. The baby boomer demographics are undeniable – 8 out of 10 are homeowners who have accumulated the vast majority of their wealth through home ownership. They own nearly 60% of all vacation homes and are enchanted by México.

#### WHAT THE EXPERTS THINK

Mazatlán has a 50-year history as a tourist destination and is now receiving over 1 million visitors annually. Few know that Travel Leisure Magazine rated Mazatlán as "one of the world's top three family vacation destinations," and that Mazatlán was México's first Cruise Ship destination. Now, the city is the rightful recipient of a new wave of accolades from the likes of none other than CNN Money and International Living, which are rating Mazatlán as one of México's best up-and-coming retirement destinations. Clearly, Mazatlán's time has come.

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