

Sun and sea fuel rush on Mexican villas.

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When Richard Burton and Elizabeth Taylor enjoyed beautiful Pacific sunsets amid the ambient, colonial splendour of Puerto Vallarta in 1963, Mexico's allure for the world's rich and famous became headline news the world over.

Since then, Mexico's reputation as a celebrity playground, combined with government-supported investment in the tourism industry and the increasing number of flights to the country, have encouraged an influx of visitors, many of whom have bought holiday homes, contributing to a boom in this sector.

Aside from Puerto Vallarta, other Mexican destinations attracting overseas home buyers include Cancun on the Caribbean coast and Careyes, Acapulco and Cabo San Lucas on its Pacific coast.

According to Zakary Wright, senior vice-president at estate agents Sotheby's International Realty, Cabo San Lucas, on the tip of Baja California peninsula, has some great international hotels that have attracted visitors.

Most buyers are American, because it is only a two-hour flight from Los Angeles. It is a golfing paradise and there is deep sea fishing for marlin.

"Further down the Mexican Pacific coast is Puerto Vallarta, a colonial-style town, very old, very quaint, but also new, because it has a magnificent Four Seasons Hotel," he said.

"It has golf, magnificent beaches, great old restaurants, old houses and great estates. Many of the homes available are villas."

South of Puerto Vallarta is the small hillside town of Careyes, which is the most international resort on the Pacific coast, Mr Wright said.

Many Europeans have made homes in the town since polo started to be played there.

"Careyes is famous for the contemporary Mexican architecture that is found on the Pacific coast: brightly coloured, angular, very dramatic and yet minimalist," Mr Wright said.

In Acapulco, most holiday-home buying was dominated by Mexicans these days, he said.

Following the success of hoteliers at turning Mexico's Pacific resorts into favoured tourist spots, the government has encouraged the country's Caribbean coast to be similarly transformed, with the new town of Cancun at its heart.

"The Caribbean coast is heavily developed, in particular as a condominium market. More major estates are being built along the coast, often with golf courses attached," Mr Wright said.

Property prices vary widely. At the most salubrious end of the market, Sotheby's is offering the US\$7.5 million Escenica Penthouse in Cancun which overlooks the sea.

This expansive, fully furnished, designer home features six bedrooms, each with an en suite bathroom and private terrace, plus swimming pool, movie projection theatre and bar.

Cheaper Mexican holiday homes are available, with many advertised on the internet.

The Mexican property listing at www.escapeartist.com offers coastal land for development for as little as US\$45,000.

Advertised on this website is a two-bedroom, two-bathroom, townhouse-style condominium home with two private patios at Plaza del Mar, in Baja California, for US\$92,000.

Residents benefit from 24-hour security, two swimming pools, tennis court, basketball court and private sandy beach where dolphins have been spotted.

Strict laws cover property ownership in Mexico. Foreigners can own homes in the Mexican interior, but not within the Restricted Zone, a strip of land that runs round the perimeter of Mexico, stretching inland from its coast and land borders by up to 100km.

A loophole allows buyers to own coastal holiday homes by having a Mexican bank purchase it on their behalf to hold in trust, called a fideicomiso.

The purchaser can do the same with their property as if they owned it outright, including letting to tenants and building on it.

The principle of "buyer beware" is relevant to buying in Mexico.

Dennis Peyton, partner at California and Mexico-based lawyers **Peyton & Associates**, warned: "Until the real estate industry is regulated in Mexico, there will always be some real estate companies who prefer that buyers know as little as possible about real estate transactions. After all, a buyer cannot ask questions if he does not have any knowledge of the laws."