

REAL ESTATE / BIENES RAICES

New financing and title insurance make real estate investing easy.

In Riviera Maya, one of the hottest real estate markets in the world today, property values continue to increase sharply not just for seaside houses and resorts, but also for residential, industrial, and commercial sites well inland.

Proximity to North and South America is only one reason for the exploding popularity of Mexico's Caribbean. Recent developments in financing, title insurance, and government incentives all ensure that these trends continue.

NEW FINANCING, TITLE INSURANCE. Until several months ago, financing was often difficult to arrange for foreign investors. But now real estate agents can assist buyers with information about US and Canadian lenders offering new financing products. This new opportunity means Americans, Canadians, and Mexicans who live in the US and Canada now can get mortgages to invest in real estate here.

A good title search is essential for any real estate transaction. Professional agents in Riviera Maya have several computerized databases they can use. For additional protection, American title insurance companies now offer policies to secure real estate investments in the state of Quintana Roo, which covers the entire Mexican Caribbean coast.

When the territory became a state in 1974, some titles were unclear, and some disputes arose. But today, US companies can do extensive searches and offer title insurance to protect owners' investments. The

policies provide the same level of security that American and European buyers enjoy at home.

WHITE-HOT GROWTH. Forecasters expect the municipality of Solidaridad, with 158,000 inhabitants from Puerto Morelos to Tulum, to double in population over the next three years. Playa del Carmen, municipal seat and largest town, already has 136,000.

The beachfront property lures vacationers. The tourism industry lures workers. Plenty of undeveloped land accommodates both.

With 30,000 hotel rooms now in Riviera Maya, the allure of seaside property for homes, condos, and resorts seems obvious enough. More important is the white-hot rate of expansion in the tourism industry. Ten years ago, when the destination began marketing itself, there were only a few thousand rooms.

With so many big resorts springing up, the area desperately needs housing for the workers who run them. Plus schools, stores, hospitals, and the other infrastructures of life. Today many workers have to commute hours each day on buses from as far as Cancún. Some resort companies lease units for workers, as soon as developers build them.

Developers can be individuals who create small apartment buildings, or major corporations that invest in regional shopping centers. While many have already reaped profits, tremendous growth remains for the future.

PROPERTY VALUES. Property values continue to rise, with buyers coming from all over the world. Real estate prices depend on location — city, beachfront, tourist attraction, or commercial — and whether the land is developed or undeveloped. Check for accessibility, distance to towns, availability of utilities, and similar factors.

Prices for most lots around Puerto Morelos range from US\$100 to \$200 per square meter (\$9.30 to \$18.60 per square foot, depending on type. The average price of a home or condominium in Playa del Carmen goes from US\$150,000 to \$750,000, depending on location. In Puerto Aventuras, home prices range from US\$200,000 to \$750,000. In Akumal, figure US\$500,000 to \$750,000. In Tulum, a

residential seafront lot would be US\$55 per square foot, and an inland village lot, five miles from the beach, would be US\$25 per square foot.

Expect a 10-15 percent average rate of appreciation for an sea-view property over the first five years; around five percent for the next five years.

A home typically remains on the market for 180 days. After acceptance of an offer, the transaction closes in about 45 days.

STABLE GOVERNMENT, ECONOMY. Government is doing its job, platting several new towns so investors can start developing them. It even sweetens the deal with licenses and tax incentives. Experienced real estate professionals can explain the details.

The Mexican government offers strength and stability to those who invest in the country. The president, elected by popular vote, acts as chief of state and head of the government. Congress includes a 128-member senate and a 500-member chamber of deputies, both elected by popular vote. The president appoints, with consent by the senate, members of the supreme court.

Mexico's free-market economy recently passed one trillion US dollars, with a mix of modern and traditional industries. Trade with the US and Canada has tripled since implementation of NAFTA in 1994. Inflation was just 3.3 percent in 2005. Mexico's currency, the peso, remains stable, trading just under US\$11.

Here on the Caribbean coast, tourism, both international and domestic, drives the economy and produces some of the highest wages in the country.

FOREIGN OWNERS WELCOME. Yes, foreigners can buy property in Mexico, although the Mexican Constitution prohibits them from owning directly residential real estate in a restricted zone. Within that zone — 50 km (31 mi) from a coastline or 100 km (62 mi) from a border — non-Mexicans can purchase the real estate by establishing a trust, ensuring the security of the investment.

Legal title goes in the name of a Mexican bank, in trust under a permit from the secretary of foreign relations. The bank holds the title and administers the property according to instructions of the

buyer/beneficiary, who enjoys the same ownership rights as does a Mexican national.

Retain the help of a good attorney and a reputable agent before signing any contracts for overseas real estate.

ESCROW, CLOSING, COMMISSION. Mexican companies have established escrow services as third-party neutral agents. Some maintain principal escrow accounts in US-FDIC-insured institutions. But since there is no government regulation of these companies or accounts, request references before employing their services.

Closing costs can range from three to six percent of the purchase price, depending on the value declared. The seller pays the sales commission to the real estate agency when the buyer signs the final documents in a notary public's office.

REAL ESTATE PROFESSIONALS. To track down the right lot, house, condo, or commercial space, a professional real estate agent searches the Riviera Maya Multiple Listing System. Agents speak several languages to help explain Mexican market practices and legal system.

The Mexican Association of Real Estate Professionals (AMPI) is the largest real estate association, with more than 1,600 affiliated agencies in Mexico. AMPI membership indicates a higher level of training and experience. The Riviera Maya chapter, AMPIRM, has more than 15 agencies.

To serve international buyers better, some agents also affiliate with the National Association of Realtors and qualify as certified international property specialists.

Buyers can contact any of the professional agents listed below. They also have ads in *Destination Riviera Maya* for more information.

Akumal Real Estate. Akumal, 984.875.9164, jorge@akumalrealestate.com.

Aqua Realty. Playa del Carmen, 984.879.4911, aquarealty.com.mx.

Cantex Enterprises. Playa del Carmen, cantexenterprises@shaw.ca.

Century 21 Reef. Playa del Carmen, 984.879.4858, ccontreras@century21reef.com.

Lion Head Realty Services. Puerto Aventuras, 984.873.5878, rb@lionheadmexico.com.

One Stop Real Estate. Playa Paraiso, 984.803.3740, jorge@onestopmc.com.

Pimsa Real Estate. Playa del Carmen, 984.873.1070, pimsa2@prodigy.net.mx.

Playa Pestige Properties. Playa del Carmen, 984.803.0778,
mario@playaprestigeproperties.com.

Premier Properties. Playa del Carmen, 984.803.2043, info@premierproperties.net.

Re/Max Playa. Playa del Carmen, 984.803.2540, 984.876.2177,
riquelme@remax.net.

Rivera Realtors. Playa del Carmen, 984.803.2070.

Vela Esperon (attorneys). Playa del Carmen, 984.803.0396, vea@prodigy.net.mx.

*Thanks to AMPI President Horacio López of Riviera Realtors for
contributing to this article.*

[English: 1,212 words]