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Your Dream Vacation Home may be More Affordable than You Imagine

By Janet K. Fish

Have you ever been on vacation and found yourself having one of those amazing “I could *live* here!” moments?, For me it was while visiting Cabo San Lucas a few years ago. I was standing on an untouched pristine beach mesmerized by the deep blue swells of the Pacific Ocean that stretched as far as my eyes could see. The sand was soft under my feet, a gentle wind blowing through my hair. The weather was perfect – sunny, warm and inviting, the sun high in the sky. I could hear the pounding of the waves on the sand, smell the saltiness of the air. The nearby city, with its small town amiability and modern conveniences, offered a rich culture and community full of ever-smiling, congenial people. There was a very special feel to that moment, that place, no doubt about it, I knew I was *home*.

In that moment it was also clear to me that I would buy beachfront property and make my vacation home there. The region met all of my personal criteria as far as climate, comfort, personal needs and interests. As a real estate professional with a large portfolio of real estate properties in the U.S, doing my due diligence was second nature to me. What wasn’t as immediately clear was how to go about buying property in a foreign country. As an American citizen, was I actually permitted to own property in Mexico? And, if it was allowed, was it was a safe investment?

By the time I’d finished doing my extensive research, I knew that my dream of vacation homeownership in Mexico would come true. In fact, what I discovered got me so enthusiastic that I decided to buy land on that untouched, pristine beach and develop my own luxury resort properties. You too may be entertaining the thought of buying property in Mexico. Whether you want a luxury condo on the beach or a home away from it all, whether your intention is to purchase property for personal use or strictly as a very lucrative investment, I think there are 5 keys you should consider when determining whether to invest in real estate in Mexico.

Key #1 – Lifestyle benefits

Living in Mexico is a lifestyle choice. The temperature is perfect. It stays between 75 – 85 degrees most of the year. There is a very limited shoulder season, eleven out of twelve months of the year are warm and comfortable. You can swim at all hours of the day and all year round. I love being able to stay outdoors in the evenings without wearing a coat or a sweater. A swim in the ocean in the morning, an afternoon on the golf course, dinner on the beach, enjoying the things you like to do, where the lifestyle is relaxed and easy. The culture is blissfully different than what we typically experience in the US. The

Mexican people are open and friendly, the feeling you get wandering around town is relaxed and laid back, unlike what we typically experience in our hometown, USA. The focus in Mexico is on balance, truly enjoying life to the fullest. I love the food, the music, the people, the vast array of things to do. The cost of living is 2/3 of what it is in the US. You can have your pick of high end four star restaurants, or you can take a tip from the locals and enjoy a \$4 dinner that includes a beer!! Between the climate, the culture, the recreation and the food, you can have the lifestyle you've always dreamed of in Mexico.

Key #2 Investment Opportunities

Mexico is a great place to invest. Mexico is experiencing tremendous growth; Cabo San Lucas and Puerto Vallarta being two of the fastest growing resort areas in the world. Real estate appreciation is significant, outpacing most other countries in the world. As I write this book, we are experiencing an extremely soft real estate market in the US, cash flow is hard to find and appreciation is even harder. Mexico is experiencing just the opposite. In markets like the one we are experiencing now, diversification outside the US is an excellent option to consider.

It is inexpensive to build in Mexico, it costs a fraction of what it would cost in the US. For instance a typical 1000 square foot home in Mexico would cost approximately \$100,000 to build and would sell for \$200,000. The buyers for these homes are foreign tourists looking for second homes or vacation homes where they can spend extended periods of time lounging on the beach, playing golf to their hearts content, or reeling in that prized marlin. A new way of owning property is gathering momentum and is greatly increasing the availability and affordability of properties for purchase. *Fractional Ownership* is the concept of deeded ownership of a fraction or share of a luxury resort property. For instance, you find that perfect home in Puerto Vallarta, but will only spend two months a year there. The home costs \$1.2M if you purchased the entire home. Ten months out of the year the home will sit empty. Imagine instead that you own the two months of your choice for \$200,000! Imagine you own multiple shares of homes all around the world. One month in Italy, two months in Mexico, one week a month in Aspen. Now you're talking! Fractional ownership opens up the doors to those folks that previously never thought they could afford a second home. By purchasing a property in which you only pay for what you use makes the dream of one or multiple second homes in desirable resort areas a reality. Imagine owning multiple slices of your very own paradise! For more information on fractional ownership please visit my website at www.breakawayllc.com.

Key #3 Tourism

Mexico is the fastest growing tourist market in Central America. Leading the way are the communities surrounding Puerto Vallarta on the mainland and Cabo San Lucas on the Baja. Fueling (and funding) this growth is the Mexican Government. Mexico historically has depended on its oil and gas revenues to fund its economy. Pemex, the government owned oil and gas company has controlled the country's gas and oil reserves and used the revenues as its

primary source of revenue. With deteriorating infrastructure and depleting oil and gas reserves the government realizes that something needs to be done to replace oil and gas as the chief source of revenue. The Mexican government created Fonatour, a national agency focused on tourism. Fonatour has the largest budget of any governmental agency and has focused its efforts on revenue growth through tourism. Of its multi-billion dollar budget, 31% is earmarked for the southern Baja, Cabo San Lucas and La Paz specifically. 29% of the budget is allocated for Nayarit, including Puerto Vallarta and areas north. \$2.3 billion, yes that's billion, has already been invested in such things as highways, airports, marina's, municipal roads, etc. It is clear from the level of investment that the expectation is for continued growth of the tourism industry in Mexico. In fact their growth depends on it. That means greater security for you and your investment. Mexico is a country improving its infrastructure with you in mind.

Key #4 Baby Boomers

Beginning this year, baby boomers will start retiring in record numbers. There are an estimated 19 million baby boomers set to retire over the course of the next 15 years. Unlike generations before, retiring baby boomers have significant amounts of disposable income and are looking to downsize, relocate, and purchase second homes. Many of them dream of a warmer climate, a home, a lot in which to build, a condo or a fraction of any of the above, ON THE BEACH. A recent study done by the Robb Report showed that 83% of their readers, when polled about second home ownership, preferred a property on or near the beach. Mexico is accessible. It is very easy to fly to and from Mexico from most places in the US. Baby boomers want to escape to warmer climates, but also want to be near their kids and grand kids. If your dream is to own vacation property or a second home and easily hop a plane to visit your family, Mexico is for you.

Key #5 Mexico is a Safe Place

Mexico is a safe place, both for investment and to live. It used to be, and for some it still is, a scary prospect to purchase property or to live in a foreign country. Almost everyone has heard some kind of horror story about the government confiscating property leaving the foreign owner high and dry. In Mexico, in 1993, the government created the fideicomiso system of foreign property ownership. A fideicomiso is in essence a bank trust that holds the title to the property much like a mortgage company in the US holds your property when you carry a mortgage. The bank is the trustee, ensures there is proper title to the property, etc. The property carries title insurance, typically the title insurance company is a US based company, Perhaps even the same title company that holds the title insurance on your primary residence in the US! The trust is a 50 year, automatically renewable bank trust in which you have all the rights, you can rent it, sell it, leave it to your heirs. With a fideicomiso you can rest easy that ownership of your property is safe.

Mexico is a safe place to live. For many, healthcare is one of the most important personal considerations they have in thinking about purchasing a second home in a foreign country. Fortunately, healthcare in Mexico is excellent, due to the fact that most Mexican physicians and dentists have received part of their training

(and pursue ongoing training) in the United States and Europe. In most major Mexican cities there is a modern hospital that provides medical services on par with what you get in the US, and typically you will pay a lot less for it.

You can't have a conversation about Mexico and not talk about the culture. The people themselves are one of the things I like most about Mexico and what keeps me coming back. The atmosphere is laid back and the people are kind and welcoming. Mexico is a lifestyle choice in addition to being an exceptional investment. I personally have not found a better place to call my second home.

If I had to sum up the benefits of living in Mexico in one word, it would be *balance*. Everything about this amazing country is about enjoying life to the fullest, from the exciting watersports and exploring archaeological sites to lazing on the beach and tranquil siestas in the afternoon. The food, the music, the people, the weather, and the vast array of things to do is remarkable all in itself, and when you take into consideration that the cost of living is two-thirds of what it is in the US, you know your experience of living there will be 100% paradise!