

**M**azatlan, Mexico is enjoying an astonishing rebirth, and the word has certainly gotten out! The city has been featured in stories in the LA Times, the Chicago Tribune, and The San Francisco Chronicle following recent accolades from the likes of none other than CNN Money and International Living. Quite impressively, Mazatlan was even listed as destination #24 in the New York Times article "53 Places to Go in 2008". The world seems to have discovered what resident mazatlecos and frequent visitors have known all along, and now the city is being rated as one of Mexico's, if not the world's, best up-and-coming retirement destinations.

### **Mazatlan – Mexico's Best Choice for Retirement**

By Patrick Hobson



## Mexico is the U.S. and Canada's Favorite Destination

Mazatlan's increased popularity isn't really surprising given that Mexico was once again the most popular international destination for U.S. and Canadian travelers last year. Mexico is the eighth most visited country in the world, counting 19.6 million Americans and 841,000 Canadians among its visitors in 2006. Concanaco, the Mexican Chamber of Commerce for Tourism and Services, reported that Mexico's overall tourism grew by 7.30% in 2007, outpacing the country's impressive total economic growth of 6.30%.

Americans and Canadians are not just vacationing, but taking up residence. According to the Dallas Morning News, one million Americans now live in Mexico at least part-time, and a substantial number of those have invested in Mexican real estate. The National Association of Realtors has reported that \$30 billion in Mexican real estate has already been purchased by American and Canadian investors, and Mexico City-based Softec Consultoria reported that 18,000 Mexican properties totaling \$6.4 billion were sold to North Americans last year. Expectations are for continued growth, with Softec forecasting that 35,000 vacation home units valued at \$17 billion will be sold to foreigners in the year 2012.

### The U.S. Economic Woes

Like elsewhere in Mexico, U.S. and Canadian citizens have played an important role in Mazatlan's recent real estate boom. Now the American stock markets are suffering the impact of the sub-prime mortgage crisis, the price of oil, and the weak dollar. The NYSE has registered "no gain" in nearly two years, and the NASDAQ index stands where it was one year ago. As America struggles with the rising cost of living and an economic slowdown, many are wondering how these events will affect the vacation real estate industry in the Pearl of the Pacific.

To completely dismiss the influence of the horrible hangover of the sub-prime mortgage crisis, particularly how it has affected certain bubble areas - Las Vegas, Phoenix, and Southern California quickly come to mind - would be disingenuous. Since most North Americans are likely to anticipate drawing on primary residence equity if considering any second home acquisition, lower appraisals and tighter lending practices will deter some buyers. However, Mazatlan's prospective purchasers are somewhat unique in that most are pursuing a lifelong dream to own a personal piece of Mazatlan paradise, a dream nurtured by years of anticipation and planning. When it comes to real estate purchases in Mazatlan, "impulse buys" are few and far between. Although there obviously will be some bumps along the way, the long-term prognosis for Mazatlan's real estate market is continued growth.

### Baby boomers and the Mazatlan Marketplace

U.S. baby boomers, those born between 1946 and 1964,

number 78 million, constitute nearly one-third of the country's population, and control 67% of U.S. wealth, according to Census and Federal Reserve figures. Canadian boomers, although smaller in number, represent one-third of that country's population. Together, these North American baby boomers represent the largest economically empowered group ever. Whereas 50% of all stocks in the U.S. are owned by the 10% wealthiest Americans, 80% of Baby boomers have accumulated the vast majority of their wealth through home ownership. These buyers' principle motivation for purchasing a second home is for personal use and enjoyment, but they also view the acquisition as a means of safeguarding and enhancing their long-term net worth, and view their purchases as an alternative to the volatility of the world's stock exchanges.

Unlike Cabo San Lucas, Mazatlan doesn't endeavor to be the latest fashionable haunt for the trendiest of the Hollywood set, their followers and wannabes, nor does it have the glitzy nightlife of Cancun. Mazatlan has never been a place for airs and pretensions, and that is exactly why people find it so charming and attractive. Six-thousand Americans and Canadians have already established legal residency and call the "Pearl of the Pacific" home full-time, not to mention the thousands of snowbirds who winter there. As this fortunate group has already discovered, Mazatlan possesses exactly what many boomers call paradise.

A few key criteria can be used to gauge a destination's attractiveness for retirement - the availability of affordable housing, a warm sunny climate, a reasonable cost of living with low taxes, economical health care with quality hospitals, and recreational and cultural activities that enhance the overall quality of life. For the second consecutive year, International Living has rated Mexico as "The number one country in the world for retirement" using a "Global Retirement Index". Employing the index, it rated land-locked Merida on the Yucatan peninsula as the World's best retirement destination; stating that one could "live like royalty for \$2,135 per month". Mazatlan's locals and resident ex-pats would argue that Mazatlan has everything Merida has - sunshine, semi-tropical foliage, outdoor cafes, historical plazas and theatres, year-round cultural events, open-air produce markets, bountiful fresh food restaurants, excellent health care and hospitals - and something that Merida can only wish it had - miles of glorious beaches with a world-famous malecon oceanfront promenade poised above where people of all ages jog, bicycle, roller blade and stroll leisurely.

### Investment Outlook

In 2006, the World Bank named Mexico as one of the world's top 10 reformers in making the country a "best" place to do business. The country has matured democratically and offers a favorable climate for foreign investment combining low risk with substantial upside potential. Modern Mexico has the highest level of direct investment in Latin America, a growing GDP and a Stanford-educated Central banker named Guillermo



Ortiz, dubbed the “anti-Greenspan”, who has responded to mounting inflation by raising interest rates and strengthening the peso to a five-year high against the U.S. dollar.

At the state level, the current administration of Governor Jesus Aguilar Padilla has demonstrated that it is dedicated to elevating state tourism, initiating new campaigns promoting the wonders of Sea of Cortez and the Gateway to Copper Canyon, as well as the port of Mazatlan. Gov. Aguilar has created a new cabinet level position and appointed Lic. Antonio Ibarra Salgado as the State’s first Secretary of Tourism. The administration advanced the attractiveness of Mazatlan to hoteliers, and Spain’s second largest hotel group responded, resulting in the construction of the new 800-room RIU all-inclusive resort which will open in April 2009, beckoning new visitors, hopefully with Euros in their pockets. A new convention center is also under construction, with a capacity for five thousand convention goers.

Sec. Ibarra is not only interested in promoting Mazatlan as a two-week-at-a-time vacation setting; he is convinced that Mazatlan has a bright future as a second home destination. On his watch, the State has sponsored retirement events in Seattle, Portland, Los Angeles, Houston and the Canadian cities of Vancouver, Edmonton, and Calgary. Seattle and Portland are popular baby boomer enclaves; Los Angeles and Houston home to many Latinos (8.9 million Mexicans and 14.4 million

Americans of Mexican descent live in the U.S.); and the citizens of the Western Canadian cities are purchasing properties in Mazatlan in large numbers.

### **Why do people love Mazatlan so much?**

Mazatlan is a city unique in history and culture. It is an immigrant city whose citizenry traces its roots to Italy, France, Germany, Greece, Spain, China, and Japan, and recently from the United States and Canada. The early visitors came for the region’s abundant natural resources - gold, silver, copper, fish and shrimp – and stayed. Their food, music, architecture, and traditions were absorbed into and enriched the society. Mazatlan’s cultural recipe has many ingredients, and is a very special recipe that cannot be replicated in less than two or three hundred years. Try it; you’ll like it!

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