

MIAMI: AN INSIDER'S GUIDE TO REAL ESTATE, DESIGNERS & SHOPS

# The Robb Report COLLECTION™

Real Estate and Home Design

November 2005

## The Great Gate Debate

**ON THE MOVE:** Are Gated Communities the Wave of the Future?

**ON THE FENCE:** Myths and Realities About Downsizing

**ON THE BALL:** Four Impeccably Designed Golf Clubhouses



# La Paz, Mexico



MEXICO'S MOST POPULAR tourist destinations—Acapulco, Puerto Vallarta, Cancún and Los Cabos—were sleepy coastal villages until only a few decades ago. Now, La Paz, the capital city of Baja California Sur, appears to be on the brink of becoming Mexico's next big international destination.

The once-remote fishing town, founded in 1535, recently celebrated its 470th birthday. But it was not until 1973 that a paved road was built from the town to northern Baja and the United States. Until then, its principal access had been by sea. With real estate prices skyrocketing in nearby resort towns, many buyers are looking to La Paz, roughly two hours north of Cabo San Lucas and situated along the protected shores of the ecologically rich Gulf of California, as a locale to live the ultimate beach lifestyle.

"We think La Paz is the future of Baja," says John Fair, president of Denver's Fair Enterprises, a company in the first stages of an ambitious development plan in La Paz called Paraiso del Mar. "The water is gorgeous, and the mountains are set right on the water. And unlike Cabo, which exists only because of tourism, La Paz is an

established town, which is still affordable. There's a lot of momentum in La Paz. People love the laid-back, friendly atmosphere of the town, and we want to keep it that way."

Recently described by the *New York Times* as one of the best places in the world to retire, La Paz is enjoying a growth spurt. The first large-scale developments are now starting to take shape, but there is still plenty of time to get in on the action.

## PARAISO DEL MAR

One of the most exciting new projects in La Paz is Paraiso del Mar, a 1,700-acre residential and recreational development, where 1,000 acres have been set aside for wildlife sanctuaries and open space. The remaining 700 acres will be used for residential units—including single-family homes and condominiums—as well as resort hotels and recreational amenities.

A 10-year project in the making, with its first phase due for completion in spring 2006, Paraiso del Mar will eventually include more than 2,000 condominium units (built with stucco exteriors and handmade clay-tile roofs), 1,500 single-family homes



Above: Boat slips at Marina CostaBaja. Inset and opposite: Ocean views from the villas of Marina CostaBaja—a passageway and terrace.





## BUYING AND SELLING PROPERTY IN MEXICO

Americans buy and sell property in Mexico every day; the process is easier than you might think. Below are two legal matters you need to be apprised of before purchasing your private beach getaway.

### FORMING A MEXICAN PROPERTY TRUST

One of the Mexican government's laws to make property investment in Mexico safer is called a Mexican property trust, or *fideicomiso*. Modeled after a law used in Monaco, this trust agreement allows foreigners all rights of ownership.

The Department of Foreign Affairs in Mexico City issues a permit to a Mexican bank of the buyer's choice to act as purchaser for the property. The bank acts as trustee, and the buyer names the beneficiary of the trust—you or any entity of your choice. By law, the property is not an asset of the bank in this arrangement. The bank is simply the trustee.

As the beneficiary, you may use, occupy, bequeath or sell the property at your sole discretion by instructing the trustee of your wishes. Typically, a trust can be established within 60 days. Your purchase funds are generally held in an insured escrow account

in the United States until the Mexican property trust is complete and the property rights have been transferred to you. U.S. title insurance is available and recommended for properties in Mexico purchased by U.S. citizens.

### PREPARING FOR MEXICO'S CAPITAL GAINS TAX

Understanding Mexico's capital gains tax is imperative at the time of purchase, to properly prepare for when you sell. The common mistake many people make is underreporting the price that was paid for the property to lower the 2 percent acquisition tax.

As with the sale of property in the United States, tax is owed when you sell your property in Mexico. Mexico's capital gains tax provides two options: 34 percent of the net profit, with a variety of deductions available; or 25 percent of the gross sales amount with no deductions.

The first step in calculating your capital

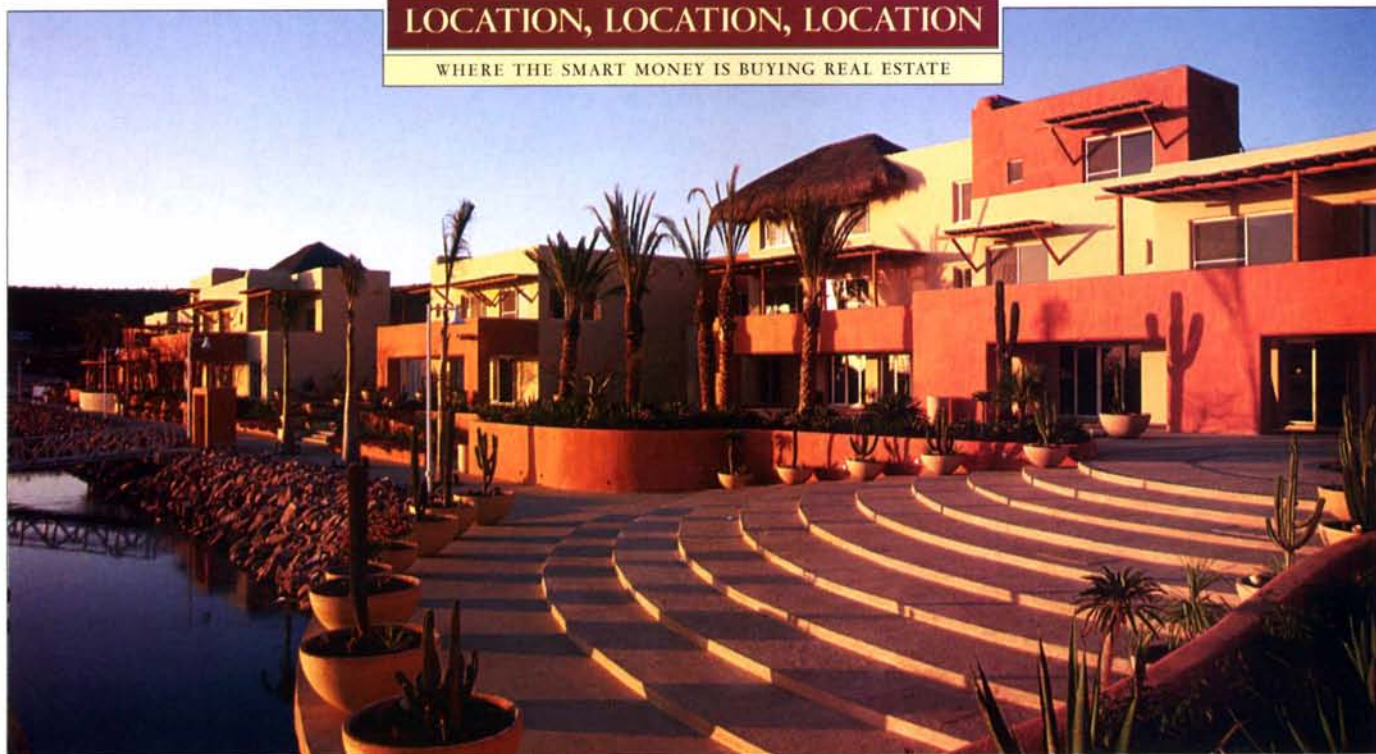
gains with either option is to subtract the value you have recorded in your property trust agreement from the sales price of your property. If you have underreported the price you paid for the property, your capital gains tax will be considerably higher than the full 2 percent acquisition tax you would have paid at purchase. Your sales representative should guide you through these steps to ensure all trust documents are recorded accurately. This will save you time and worry when you sell. Your representative should also inform you of the dollar-to-peso exchange rate at the time of recording, since all transactions are calculated in pesos.

Working in your favor once you have paid the 2 percent acquisition tax is the fact that you are eligible to receive an inflationary credit of at least 2 percent per year (based on inflation) from the Mexican government. This credit is added to your cost basis when you sell your property.



## LOCATION, LOCATION, LOCATION

WHERE THE SMART MONEY IS BUYING REAL ESTATE



and five hotels, totaling 1,500 hotel rooms. It will also offer two Arthur Hills–designed golf courses (the first of which will be ready in spring 2006), tennis courts, swimming pools, a marina, beach club, country club, a church and miles of hiking trails. The property faces the Gulf of California, whose waters are famous for hosting more than 800 species of marine fauna. Swimming with sea lions, whale watching and kayaking are favorite pastimes for locals.

Roughly 250 condos and homes will be completed by spring 2006, ranging in price from the low \$200,000s to more than \$650,000. Owners have the option of buying a golf membership for \$20,000 that offers access to all club amenities and the courses.

*Paraiso del Mar, 888.789.4975, [www.paradisofihseca.com](http://www.paradisofihseca.com)*

### MARINA COSTABAJA

Yachtsmen have taken note of another major development project in the La Paz area: Marina CostaBaja, where the main attraction is a double-basin marina with hundreds of boat

slips that can accommodate vessels as large as megayachts.

Conveniently situated near La Paz's downtown area, Marina CostaBaja offers state-of-the-art amenities. The marina is run by the Bellport Group, which brings international experience to the operation. A dive shop and sport-fishing center, pump-out facilities at every slip, satellite television, water hookups, wireless telephone capabilities, Internet access and 24-hour security are only a few of the harbor offerings. A central yacht club provides a spot to enjoy a *cerveza* and swap sailing stories with other captains.

On land, ocean-view villas, elegant condominiums, retail shops and restaurants front the harbor, making Marina CostaBaja one of the most attractive ports on the West Coast. There are 48 condos, which start at \$392,000; models range from one to three bedrooms. Additionally, there are 16 two-bedroom villas available that start at \$400,000. For shorter stays, the 124-room boutique hotel is a charming option.

*Marina CostaBaja, +52.612.121.6226, [www.marinacostabaja.com](http://www.marinacostabaja.com)*

—GEORGE FULLER



*Top: The steps of the main plaza at Marina CostaBaja. Above: The city of La Paz stretches across the horizon beyond Marina CostaBaja.*