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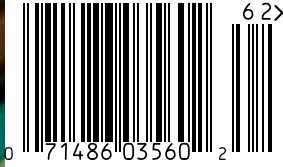
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LAS PALOMAS
SEASIDE LUXURY IN
PUERTO PEÑASCO, MEXICO

ROCKY POINT

Hidden in Mexico's Sonoran Desert an hour south of the Arizona border, Puerto Peñasco redefines "boomtown" BY EMILY HUGHEY

It's flat and dusty and by all accounts unpolished. On a windy day, sand swirls above the ground like a steaming cauldron of desert, and at night, the roads leading to the center of town are pitch black. But Puerto Peñasco, located on the northern coast of the Sea of Cortez, is selling faster than Steve Barger can say: "blue."

"This is Arizona's ocean," says Barger, part owner and developer of Las Palomas Seaside Golf Community, one of Puerto Peñasco's luxury golf and condominium developments located in the area known as Sandy Beach. "And all the development is happening without the major factors that would normally drive a real estate market: airports, highways, retail and golf."

There's no commercial international airport, only two major highways running from Arizona or Hermosillo and golf is still just a patch of green on master plans. Nevertheless, upscale developments are taking shape in the form of high-rise condominiums, villas, homes and golf courses, two of which are slated to open in late spring. And plans for an international airport and a coastal highway connecting San Diego with Peñasco are well under way, promising big things for this old shrimp port.

"This market is still on the ground floor," Barger says.

Unlike Cancun and Los Cabos, among other Mexico hotspots, Rocky Point has jump-started on its own without the help of Fonatur, Mexico's tourism development agency, and the results are unprecedented.

Mitch Creekmore, senior vice president of Stewart International, can attest. "In 1996 when I went there and looked down the beach, there was absolutely nothing there," Creekmore remembers. "Today there's been half a billion dollars invested just in land and infrastructure improvements. It's one of the most prolific markets in all of Mexico."

Investments in lots, homes and condos in Peñasco have appreciated about 100 percent annually for the past three years, fueling the influx of Americans buying real estate as an investment.



Bella Sirena started selling condos, villas and beachfront homes in 2003 and will open Chicago's Coobah restaurant on property next year, marking Peñasco's first fine-dining establishment.





Rocky Point receives 2 million visitors per year, 40 percent of which are weekend warriors in search of beach time. In fact, Bruce Greenberg, a Tucson real estate appraiser who's been appraising in Mexico for 10 years, says Peñasco is third in terms of Mexico's real estate markets, led only by Cabo San Lucas and Puerto Vallarta. "Five years ago no one would've ever, ever thought that a house would be selling for a million

dollars," Greenberg says. "And now \$1 million and \$2 million dollar transactions are regular occurrences."

So how did this run-down town become such a good investment?

"It was sort of a blue-collar market until about five or six years ago," Barger says. "As soon as we started building better projects here, the market came to us."

And it has come in torrents. Condos sell out before construction begins and, in some cases, are sold for twice their original price when the finished product is delivered.

Khelo Development's Riviera Real, with two locations southeast of Puerto Peñasco, will offer beach homes from \$1 million, condos from \$350,000 and penthouses upwards of \$1.6 million.

Sandy Beach Resorts, one of the first developers in the area, is unveiling two top-tier communities—Esmeralda Resort and Casa Blanca Golf Villas—in the 5,000-acre area known as Sandy Beach. The development will ultimately include 30,000 residential units, three marinas, 528 residential marine lots and at least one golf course.

Las Palomas Seaside Golf Community will be Sandy Beach's first fully-developed, master-planned community featuring an 18-hole golf course. Real estate options include seaside condos from \$250,000 to \$650,000, penthouses

and luxury units reaching up to \$1.8 million and single-family homes ranging from \$500,000 to \$1 million.

Located about 21 miles east of Rocky Point, the visionaries behind Mayan Resorts have created a 20,000-acre low-density resort development on five miles of beaches. In addition to time-share properties, Mayan Resorts will offer additional real estate choices with prices ranging from \$260,000 to \$1 million. The development, which is the largest scale project breaking ground in the region, will also include three golf courses by Nicklaus Design—one with an unprecedented seven holes on the ocean.

Within the Mayan development is Luna Blanca, the brainchild of Daniel Chávez, Jr. son of Daniel Chávez, Sr., the founder of Mexico's Mayan Resorts empire. In his first full-scale project, the 29-year-old Chávez is creating a condominium-and-villa complex consisting of a 34-unit condominium tower and eight villas, with prices ranging between \$400,000 and \$1.5 million.

Perhaps the most talked-about player in Rocky Point's real estate boom is Laguna del Mar, a 850-acre master-planned golf and residential community that is temporarily closed until a transfer of ownership. The first nine holes of the Jack Nicklaus Signature Design golf course opened in January 2004. However, until the current owner, Alliant Energy International, secures a full sale or joint-venture development partner for Laguna del Mar, Rocky Point's only golf course, which remains meticulously groomed despite the absence of players, will wait behind the gates of what Geoffrey Becker-Jones deems the preeminent opportunity in the marketplace.

"It's the equivalent to having a Ferrari sitting in your driveway waiting for the ignition key," says Becker-Jones, who is the senior advisor to the Laguna del Mar development. "And Alliant Energy is carefully screening acquisition interests to select the right buyer."

Some experts believe Rocky Point is the pinnacle of opportunity for Americans in search of affordable real estate, which costs at least 40 percent less than in most parts of the United States. Even a recent *New York Times* article penned Rocky Point as the next San Diego.

Becker-Jones, with international club and resort development experience in Asia, Europe, Canada, Mexico and the United States, has never seen a market boom like Rocky Point. "The growth and performance of Peñasco—I have never seen anything like it before," he says. "It is evident that all present day market indicators and the current performance of this dynamic market indicate that this growth is not going to stop." ■

