

Vallarta, a secure value.

First of all, a little precision for the purists as to what I mean by Vallarta. I am referring to all of this beautiful bay, the Bay of Banderas as written coldly in geography books. This paradise that is so fortunate to share a border between the states of Jalisco and Nayarit. *Vallartita*, as we locals like to refer to it, as if it was our youngest daughter, or perhaps because we just want to show more affection with the diminutive as a way of forgetting that it has grown so much - this small, picturesque town of fishermen, Puerto Vallarta. Her beauty and attraction is such that has infected the neighboring coasts. To the south, the municipality of Cabo Corrientes and its beautiful beaches and bays such as Tehuamixtle or *Tehua* between friends and locals. To the north, there are countless havens such as the Bay of Sayulita and San Francisco to the north, which again in affectionate terms or as to avoid confusion with the other San Francisco in the U.S., we refer to as *San Pancho*.

Vallarta, a secure value? That was going to be the title of this article, but upon reflection there is no reason to put the question mark because there is no doubt that Vallarta is a safe value, for its people, history, location, topography, climate, infrastructure, activities, services and many more factors that make this destination an ideal place to live and invest in real estate.

Puerto Vallarta, located in the center of the Bay of Banderas, regarded as one of the 48 most beautiful bays in the world like the Bay of Mont Saint Michel in France, Todos los Santos in Brazil, Bahia de San Francisco in the U.S. or in the Gulf of St. Lawrence in Canada Chaleurs Bay and the Bay of Tadoussac.

With a population of 300,000 inhabitants, Vallarta attracts about 3 million visitors a year, the second most important tourist destination in Mexico. Its international airport receives more than 450 flights per week to major cities in Mexico, the U.S. and Canada. Its marine terminal, which has recently been modernized and expanded with a capacity to receive three cruise ships simultaneously, receives more than 200 prestigious cruise ships a year. The national road network in continuous renovation and expansion allow access to Puerto Vallarta from across the country and the U.S. border. Guadalajara, the second largest city in Mexico, is less than 4 hours on the motorway and can reach the first U.S. cities in 24 hours.

Surrounded by the impressive mountains of the Sierra Madre Occidental, which in addition to its great beauty, forms a natural barrier protective barrier. While hurricanes are not common in the area, these mountains have ensured there has been little impact on Vallarta. With its tropical and warm climate most of the year, Vallarta is and will remain an ideal destination to escape the harsh northern climates during the winter months. A unique feature is the variety of continuous activity Vallarta offers throughout the year, thanks to the local population, climate and geographical location. Vallarta offers social, cultural and sports activities as well as an extensive range of cuisine and festivals throughout the year, not just aimed at tourists but also for Mexican and foreigners who have taken up permanent residence.

Real estate is obviously an important driver of the economy for Vallarta. This is not surprising because of the attractions mentioned. Foreigners and Mexicans alike want to invest in a safe and attractive place to enjoy while simultaneously protecting value and having the potential of a good return. With ideal elements encompassing quality of life, vacationing or pure investment, real estate in Vallarta offers an excellent quality to value ratio. Very few places in the world offer so much for the money. The real estate market in Vallarta over last 15 years has undergone a relatively stable and steady growth, particularly evident in new developments. The pricing for such high quality inventory has remained very reasonable, particularly in comparison to high entry cost destinations like Hawaii, California, Los Cabos and Cancun. In Vallarta it is still possible to find a property, on the beach, for about \$200,000 USD. And there remains available high quality deals near the beach starting around \$100,000 USD. And for those looking for luxury, the offerings are exceptional ranging into several millions of dollars.

It is important to note that Vallarta's real estate market has been mainly characterized by buyers who have not required funding and operations are made in cash. In some cases buyers have small funding either through local mortgage agencies or re-financing property abroad. This has been crucial to the stability of prices; that have declined but not in the proportions seen in other countries. Vallarta is not a market where properties are in foreclosure or bankrupt, these are an exception and have always existed.

Another notable value is the ongoing operational costs. Property taxes and maintenance costs are well below comparable destinations. For example, a property valued at \$ 400,000 USD has an annual property tax rate of about \$400 USD per year. Condo maintenance fees are also a fraction of comparable properties with a high end development and services being offered at around \$2.50 per foot per year or \$500 a month for a 2,400 square foot unit in our example above.

Without a doubt, the global economic downturn has affected the overall number of transactions and resulted in a decrease in the construction of new developments. Clearly the market is in favor of buyers, with the disequilibrium of more supply than demand, which makes the timing ideal for those considering a vacation or retirement residence. Our sense is that the market is re-basing with a trend of prices stabilizing in the last two winter seasons. With so much quality inventory and value available in the market, it is perhaps even more important to engage the services of a professional real estate agent to assist in the whole property acquisition process. The Mexican Association of Real Estate Professionals (AMPI) is the national body that brings together real estate professionals to comply with strict guidelines of ethics, knowledge base, continuous training and experience.

I've mentioned a number of factors that contribute to making Puerto Vallarta and Banderas Bay an excellent choice for a safe and secure real estate investment - an investment that when coupled with the ability to use and enjoy can be rewarding both in quality of life and lifestyle, as well as future appreciation potential.

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