

It's fair to say that paradise never loses its appeal, but these days, and at these prices, you're not likely to find the next Eden in the United States—at least not at attractive prices. Places like Florida, California, the Carolinas—or any other desirable coastal areas, for that matter—are simply too expensive, or are too developed, to offer the kind of explosive profit opportunities or exotic getaways we're always looking for. For significant price appreciation and enduring privacy, sophisticated investors are looking outside the U.S.

And here at *The Oxford Club*, we've come across two separate investment opportunities that we're calling "The World's Two Best Buys on Oceanfront Real Estate." And if you get in today, triple-digit returns—and the right to truly exclusive levels of privacy—are just two of the benefits you'll receive.

To make sure you completely understand the opportunities presented to you in this report, consider the following about international real estate investing.

International Real Estate: Going Global Never Cost so Little

This is the perfect time to consider a real estate investment overseas—for three compelling reasons:

- 1) *Certain foreign markets will be much more predictable than the United States' in the coming years.* Yes, the U.S. has seen a great real estate boom over the past few years. The national median price for an existing home at the end of 2002 was \$148,000, up 6.2% from the previous year. And January 2003 was the biggest January on record for sales of existing single-family homes . . . following record-setting home sales in 2001.

Will the U.S. real estate markets continue to soar . . . or will prices eventually top out and then tumble, as they did in the technology markets? No one knows for sure, of course. But instead of trying to guess, I recommend that you look right now at places where the profit potentials are much greater and the move of the markets more predictable.

One thing's for sure: If you stick to only U.S. investments, you will miss out on the fastest-growing economies in the world.

- 2) *Global real estate is an excellent hedge against the U.S. economy and the U.S. stock markets.*

We could spend hours debating what the future will bring for the U.S. economy and U.S. markets. Stock "experts" like to show that stocks have produced an average annual return of about 10% a year over the past 65 or so years, easily beating most other investments.

But what they don't mention is the fact that there can be very long periods in which the markets stagnate. Which means that, when you factor in inflation, you're actually losing money with most stock investments . . . but not in real estate.

Because . . . real estate is also the most effective hedge against inflation.

And real estate, as the investment adage goes, "can't go to zero." It's a hard asset. You can visit it. Stand on it. You can take enjoyment from it, and use it for vacations, for example, while you're watching the capital appreciate year after year.

A smart property investment can make you short-term returns in the form of rental income, for example. Long-term, it can make you rich.

- 3) Overseas real estate investment will position you to take advantage of the growing trend taking shape in the United States and in other developed countries—that is, people's growing desire to invest, live, vacation or even retire outside their home countries.

People are starting to relocate on a global scale. One article in *The International Herald Tribune* stated that, in the past 30 years, the number of Americans living abroad has more than quadrupled. In fact, according to the U.S. State Department, the number has risen from 2.3 million to 3.3 million since 1990 alone.

This movement is expected by some to increase exponentially. To profit from it, you need to look for real estate markets that will capitalize on the direction in which the world is starting to move.

Overseas retirement is going to be big business in the coming years. As the first of the 76-million-strong Baby Boomer generation turns 55 this year, more people are going to look outside the United States for second homes and retirement havens. They will come looking for privacy, safety, warm weather and a relaxed or even more adventurous lifestyle.

As *Time Magazine* recently reported: "Many of the 76 million American Boomers are more likely than their parents to consider retiring to a foreign land, because they have traveled more, have higher hopes for retirement, and tend to be more active and adventuresome."

Think about it this way: More than three million U.S. citizens have already moved abroad, looking for cheap real estate, low taxes and better qualities of living. This trend will only increase in the years to come.

As an international real estate investor, you can look to make money in three ways, primarily:

- 1) with properties that you can buy and flip (sell) quickly for profits in emerging markets
- 2) with raw land that you believe will appreciate many times over in the coming years
- 3) with properties that produce a rental income that exceeds holding costs

An overseas property investment can make you money—a lot of money. If you identify the right market at the right time, **you can invest for returns of 800% and more in as little as three to five years.** The key is to identify undervalued properties in up-and-coming markets before the rest of the world catches on.

However, there are other, less quantifiable benefits to this type of investing. In addition to diversifying your portfolio, it can allow you to arrange your own private escape in an attractive but not-yet-overrun location—something that is increasingly difficult to accomplish in the United States.

It also makes it possible for you to get more for your money. It's no secret that the vacation-home real estate market in the United States is ridiculously inflated right now. The average price of a "second home," according to the National

Association of Realtors, is now \$162,000. And the most desirable vacation properties cost many times as much.

On the other hand, outside the United States you can own a place of beauty and luxury, charm and history, for the price of a cookie-cutter house in a homogeneous U.S. suburban development. So where, then, should you think about buying?

After extensive research and travel to evaluate the best potential destinations for investing today, we have uncovered two gems that are poised for explosive growth in value. And beyond their investment allure, they also offer you unrivaled recreational opportunities with easy access to the U.S.

In Part I of this report, you'll learn all about "The World's Most Affordable Pacific Coast Property"—a little-known corner of Nicaragua that's attractive as both a destination and an investment.

In Part II, we'll reveal our second coastal jewel, "México's Last Affordable Beachfront." You will get a tour of this patch of prime real estate available only to *Oxford Club* members.

In this Special Investor's Report, we'll tell you all about these two bits of "undiscovered country"—and how to cash in on these unbelievably gorgeous beachfront paradises ahead of the U.S. Boomer retiree bulge.

Most have heard the saying that real estate is about location, location, location—and the respective locations of these two future hot spots are just about perfect. But real estate is also about timing, timing, timing. The time is now. Hesitate and you'll be trampled by waves of retirees with fistfuls of dollars.

One more note before we explore these two locations: It's important to be clear up front that when it comes to international real estate investing, you need to know your stuff—and you'll likely need the help of a local lawyer and/or real estate agent to ensure that your transactions go smoothly. As with every investment you make, **The Oxford Club recommends that you obtain the help of qualified, trustworthy professionals.** For that reason, at the end of this report, we've provided contact information for professionals in México and Nicaragua who can help you navigate the sometimes-tricky world of international real estate investing.

In addition, you should also educate yourself as much as possible about this investment opportunity. To help in that regard, here are a few quick tips on the "dos" and "don'ts" for buying real estate abroad.

Warnings:

1. Unofficial property owners or "agents" have been known to take a deposit on untitled properties with the promise that the buyer will receive the actual deed in the future.
2. Other, unscrupulous property owners may try to sell property with a title that is actually for a different property.

On top of that, just as with real estate deals in the U.S., titles can sometimes have hidden liens or claims against them. That's why, in Part II of this report, we're going to show you exactly where and how to secure title insurance to protect yourself.

3. A common game in Latin America is to jack the price up on the lot at the very last minute before closing when a buyer is emotionally engaged in closing the deal as soon as possible. Since often times there is no enforceable contract stating an agreed-upon offer price, the seller feels that he can change the price or sell the lot to another buyer at any time.

Solution: We recommend **title insurance, negotiating strategies,** and **reliable contacts** in this report.

Amazingly, we're often asked if Nicaragua is a dangerous place to visit. Unfortunately these days—what with international travel warnings being issued on a daily basis—we have to reply, "Compared to . . .?"

Today, Nicaragua remains virtually unknown and misunderstood by most of the world. This is probably why it's so darn appealing to us. We've spent the last four years feeling like pioneers moving across a stunningly beautiful western land that very few have touched. We've carefully and respectfully invested a lot of money and sweat equity into this country.

Yes, Nicaragua is still a bit wild, but it's also most welcoming and peaceful—to say nothing of extremely un-crowded—and undervalued.

And yes, Nicaragua is still a little rough around the edges. And there are no guarantees as to what will happen in the future here or anywhere.

But it doesn't take much imagination to see where Nicaragua is headed. The situation is similar to that in Costa Rica and Belize in the late 1980s (and the Honduras Bay Islands in the late 1990s), when real estate prices increased by 500% or more in a very short time.

Consider, in particular, what happened in neighboring Costa Rica.

Back in the 1980s, the country was an unpopular outpost, known only to the backpackers. But as a result of a ceasefire negotiated in 1987 by then President Oscar Arias Sanchez and a concerted government effort to market the country, Costa Rica changed forever.

Before these two events, very few tourists came to Costa Rica and prices for everything, including real estate, were ridiculously low—you could have bought a two-bedroom house in the capital city of San Jose for less than \$20,000. But then the country kicked its marketing plan into high gear.

The tourists began coming in record numbers. Retirees came, too. By the tens of thousands. And then the developers. In the last 15 years, the price of real estate in this country has increased 10-fold and more. That house in San Jose we mentioned above selling for \$20,000 in the late 1980s would go for \$200,000 today.

Investors who got in early made a killing. Read on and learn why Nicaragua will be remembered as the Costa Rica of this decade.

Turning the Corner: The Next Costa Rica

Yes, prices in Nicaragua are higher than they were a year or two ago, but gone, too, is the threat of any political unrest.

Importantly, this country, in a pivotal election, elected a new business-minded, market-reform president, Enrique Bolanos. With each subsequent election, Nicaraguans are reaffirming their commitment to peace and prosperity.

But the world has yet to catch on and, meantime, everything here (including real estate) still costs a fraction of what you'd pay in neighboring Costa Rica.

Last year, tourism replaced fishing as Nicaragua's #1 industry. Still, though, the tourist numbers are relatively small (compared, for example, to Costa Rica's). But this is going to change . . .

In fact, the country has opened its first-ever tourist office in the United States, on the streets of downtown Miami, with a toll-free number for the U.S. and Canada (800.948.3770).

To give you an idea of just how far this country has come already, from 1979 to 1989, according to World Bank statistics, Nicaragua's GDP shrank by an average of 1% per year. From 1989 to 1999, GDP averaged 2.8% growth. In 1999 alone, the GDP grew 7%. Nicaragua is expected to continue its current growth at 5% over the next few years.

A Decade of Democracy

Also, for the past decade, three consecutive administrations have continued to pass legislation assuring land ownership rights for both foreigners and Nicaraguans.

Yes, the country is continuing on the right track. President Bolanos, more than any president in the past, is encouraging foreign investment. In fact, he invited 500 business people from 28 countries to attend his inauguration, and he has initiated a series of cost-cutting measures that signal his commitment to trimming government waste. Bolanos actually dropped his own salary by 30% to \$80,000 and slashed his expense account to a paltry \$48,000 (compared with a ridiculous \$2.8 million slush fund used by the former administration).

Nicaragua also made headlines recently when the people voted to oust—on charges of corruption—the former president Aleman from his seat in the legislative branch. This is a tremendous stride for the Nicaraguan people and their government. It will mark the first time in Nicaraguan history that a former leader is being called to account for his actions—and it will set the bar higher for other Latin American nations if they want continued economic cooperation from the donor nations. These court proceedings will take time, as all things do in Nicaragua, but it looks as though the indictment of Aleman may be imminent.

We were encouraged, too, when the capital, Managua, recently hosted an important Central American Economic Forum that could mark a dramatic turning point in the way trade and aid is enabled in that region. U.S. government and world aid officials met with more than 1,000 business people and political leaders from around the world at the new Intercontinental Hotel to discuss a NAFTA-type agreement for that region. These talks will be continued in Miami in the coming months.

. . . And the World Takes Notice

We're not the only recent explorers, however. Nicaragua's veil of anonymity is slowly but surely coming down. **U.S. News & World Report** rated Nicaragua one of the **10 best places to retire** in the magazine's most recent survey.

Conde Nast Traveler reported this in a recent issue: "Nicaragua seems to be the next logical choice for adventurous travelers in Central America. Costa Rica is more crowded and more expensive than it used to be, and Guatemala is still suffering from the effects of a 36-year-old civil war. Even Panama, a relatively wealthier nation, is much more developed and expensive than Nicaragua." *The New York Times* and the *USA Today* reported the same trend not long ago.

The New York Times explained that Nicaragua is where the people who've tired of Costa Rica's high prices are heading.

This all bodes well both for the country and for investors who have made it a habit to get in ahead of the crowd.

See Nicaragua's Potential Firsthand: Visit Our Rancho Santana Clubhouse

And if you count yourself in that number, we've got the perfect way for you to begin assessing the investment potential here. To see the best of what Nicaragua offers to investors today, you can visit *The Oxford Club's* Rancho Santana portion of our website—there you'll learn all about our Club-endorsed Pacific resort community. This should be the first stop for your visits to this exotic land of lakes, volcanoes and pristine, isolated beaches.

If you're intrigued by what you see, we'll share with you the best way to invest in a gorgeous seaside home, with million-dollar views, for one-tenth that amount. Fellow O.C. members own most of them—perhaps you'd like to be their neighbor.

In Nicaragua the sun shines most of the year, on rugged tropical rivers, charming colonial cities, gentle rolling hills accenting soaring volcanic peaks, and Lake Nicaragua, the largest inland body of water south of the Great Lakes. **Rancho Santana**, where our Clubhouse is located, is about two hours south of **Managua**, 90 minutes from Granada (the next San Miguel de Allende) on the Pacific coast.

But these facts don't tell the story of the laid-back atmosphere, friendly people and dramatic beauty that many of us at *The Oxford Club* have come to love about Nicaragua—Rancho Santana in particular. Our Rancho Santana Clubhouse is still one of the only coastally located Clubhouses in the world. Like its counterparts, this facility certainly is worthy of a feature spread in *Architectural Digest*.

The Oxford Club's Clubhouse at Rancho Santana is one of six Oxfordian Clubhouses around the world. It's one of two where you can actually dine and spend the night (the other one is at our chateau in the countryside in France—available at select times during the summer).

Our Rancho Santana Clubhouse is available year round for you to enjoy a seaside vacation, check out the property available for investment at Rancho Santana, or from which to explore the fascinating local environs in Nicaragua.

The Clubhouse offers four bedrooms with ocean views, entertainment and dining areas, an oceanside pool, recreational amenities like nature trails, horseback riding, tennis, access to three perfect beaches—all in a Mediterranean-style tropical setting.

We've expanded our kitchen and dining area to accommodate more overnight guests, the local homeowners and the visiting lot owners who would like to use the Clubhouse facilities.

We've also worked with the local Direct TV offices to establish a high-speed Internet connection to Rancho Santana. This is something that we actually thought would take years to accomplish, but it happened within months!

Reservation and travel information and recommendations for our Rancho Santana Clubhouse are included at the end of this section of the report.

Buy an Oceanfront Lot and Build Your Dream Home—For Pennies on the Dollar

Why did we choose Nicaragua? First, there's the tremendous investment potential. Dollar for dollar, the best deals in North American beachfront are in Nicaraguan Pacific beachfront property. Take a \$35,000 to \$65,000 beachfront lot in Nicaragua, for example. You would pay three times more in Belize, four times more in Honduras, almost five times more in Costa Rica, and of course, 10 to 50 times more in the U.S.!

Second, prices in Nicaragua are already on the rise. The region is already benefiting from the free-market phenomenon that gave political tranquility to so many other countries after long periods of turmoil. You can see the spark of prosperity all around Nicaragua, and its tourist industry has already caught fire. We moved quickly to take a position by setting up the Clubhouse. We have seen several international hotel consortiums start to move in around Managua, such as Princess Hotels, Hampton Inns and the luxurious 157-room InterContinental Hotel.

As you will see, Rancho Santana ("St. Ann's Ranch") is a stunning 1,700-acre reserve with 3.2 kilometers of coastline and three distinct beaches: Playa Rosada ("Rose Beach"), Playa Dorada ("Golden Beach"), and Playa Escondida ("Hidden Beach"). It's on the Pacific coast of Nicaragua, just 50 miles from the Costa Rican border.

Rancho Santana is set on a rolling hillside rising away from the water, allowing dramatic Pacific Ocean views no matter where you stand. The lots on either side of the beaches are cliffside and no less spectacular, where you can enjoy magnificent coastal views, brilliant orange-pink sunsets, and stunningly vivid starlit skies at night.

You don't want to wait. With Nicaragua offering the best bargains in Central America, the Rancho Santana lots are moving fast—mostly to *Oxford Club* members.

For more information on purchasing lots, click on the links below, then call Matt Turner, counsel for *International Living Properties* at 410.783.8410, or visit the web site www.internationalliving.com/ranchosantana/.

Resources and Recommendations

Air Travel

To help you make arrangements for travel to Nicaragua, please contact Agora Travel, and ask for Michele DeFilippis. Her contact information is:

Agora Travel
Michele DeFilippis
888.671.8247, ext 102
561.266.6570, ext 102
Fax: 561.266.6571
Email: agtours@bellsouth.net

Land Travel

You should contact Agora Travel to make arrangements to get from the airport to any hotel or the Clubhouse. It is about two hours from Rancho Santana to the airport. You should ask for a driver that speaks English if you do not speak Spanish. We recommend that first-time visitors do not drive themselves, as it is a bit tricky since there are no road signs. It is also a good idea to plan to travel during daylight hours.

If you hire a driver to bring you out, you may want to pay him to stop in Rivas for provisions as this is the nearest big town for 40 minutes.

If you would like to tour Nicaragua, you should contact Agora Travel.

If you are coming to view the Rancho Santana Property, you should first make arrangements with Matt Turner at 410.783.8410, or mturner@agora-inc.com. He can then contact the real estate agent if needed. Or you can contact Steve Snider at 505.278.3230, or sreality@ibw.com.ni

The Oxford Clubhouse

The Clubhouse should be thought of as a beach house/bed and breakfast as opposed to a hotel. There is a Manager/Caretaker on duty, and there is maid service. There are four bedrooms with bathrooms and patios that face the pool and the ocean. Two rooms have one queen-sized bed; two have two twin beds. All have air conditioning, ceiling fans, clock radios, bottled water/glasses. Also on the Clubhouse grounds are a library, an outdoor pavilion, a pool, access to a health club, tennis courts, riding stables, nature trails, beachwalks and more.

Rates and Policies

- * Chairman Circle Members: Two nights free (one-time offer only), then \$80/room per night, or book the entire Clubhouse (all four rooms) for \$320 a day
- * Director Circle Members: One night free (one-time offer only), then \$90/room per night, or book the entire Clubhouse (all four rooms) for \$360 a day
- * Premiere Members: \$100/room per night, or book entire Clubhouse (all four rooms) for \$400 a day
- * Provisional Members: \$100/room per night, or book entire Clubhouse (all four rooms) for \$400 a day
- ** **Please Note:** Breakfast is included in the prices listed above. All other meals are from the menu and range from \$8 to \$15 with lobster at market prices. Beverages are extra. There are no restaurants nearby. Check-in is 11:00 a.m.; check-out is 1:00 p.m.

Payment: Reservations are not guaranteed unless paid in full by credit card. It is recommended that you pay in full at the time the reservation is first made. A deposit is required if the entire Clubhouse is rented by one party.

Cancellation Policy: A full refund is available if you cancel within 30 days of the first day of your reservation. Within 30 days of your reservation date, no refund is available.

You will find the Costa Maya on the Caribbean coast of the Yucatán Peninsula in México. Don't worry if you've never heard of it. Few have, yet you may be surprised to learn that it is sandwiched between two leading vacation spots in the Caribbean: Cancún/Cozumél, México and Ambergris Caye, Belize.

The Costa Maya shares the same picture-perfect beaches and spectacular waters for diving, snorkeling and fishing that call hundreds of thousands of visitors and cruisers to these other destinations each year, yet the Costa Maya area is just now being discovered by investors.

The region got a "kick-start" a few years ago when it began receiving the attention of the Mexican government and one of its development agencies, **Fidecaribe**—the same group responsible for developing the Riviera Maya. Today its sights are set on the Costa Maya, and tourism there is just beginning to climb.

In the past several years we have traveled all over Central America and the Caribbean. The Costa Maya, about a four-hour drive south of Cancún, is one of the few places (Nicaragua being another) where several *Oxford Club* members have invested not only for short-term profits . . . but also for the long term. Many of our astute members (and staff) may soon build second homes here.

The Costa Maya is a 57-mile-long strip of prime Caribbean coastline, beginning just south of a large national park called the Sian Ka'an Biosphere and ending north of the Belize border near Xcalak (the nearest large city to the south is Chetumal). Unlike tourism-engorged Playa del Carmen to the north, Costa Maya is:

- *a still somewhat remote and unsullied tropical paradise in México, on the Caribbean, south of the booming Riviera Maya*
- *friendly, stable but growing, relatively safe and relatively convenient*
- *culturally stimulating: there are several Mayan towns and ruins in the vicinity*
- *not an island, like Cozumél, which means it's connectible to mainland utilities, etc.*
- *eco-friendly: There are many diving and fishing resorts, and nearby eco-water parks*
- *close enough to towns with shopping, movies, Internet cafés, nightlife and decent healthcare that you can quickly satisfy almost any need you may have*

The Costa Maya also happens to be a place where oceanfront property is still very affordable, and building costs are inexpensive. But that's not going to last long with a limited supply of only 57 miles of coastline. The momentum down here is clearly strong: Prices have more than doubled in the last three years, and are moving every day. More beautiful beachside homes and charming small inns are now under construction or have been recently completed in the area.

Three Reasons Why You Should Invest in the Costa Maya

Here's why everyone's so excited about the Costa Maya, and why you, too, should consider investing here:

Reason #1: No Island Fever

First, to truly understand the investment potential of the Costa Maya, consider how the geography lays out. If you were to take a look at a map of the Yucatán Caribbean coastline, you can envision how the development has progressed down the coast in the last 25 years. Cancún and the Riviera Maya are now totally bought and built up, with a zillion hotels and all-inclusive resorts. On the southern end of the Riviera Maya, the small village of Tulum is starting to grow. The Costa Maya is perfectly situated to be next in line but, as you'll also learn, not to the level that the Riviera Maya was developed (overdeveloped, really).

Yet two environmental aspects of the region make the Costa Maya notably different than the Cancún region. First, the coastline farther north, around Cancún, doesn't have a protective reef like the Costa Maya. One of the big issues for Cancún and the Riviera Maya today is the erosion problem they're having with their beaches. (Hurricane Isador didn't help.) However, the Costa Maya has a barrier reef running along its entirety.

Second, the Mexican government does not need another Cancun or Riviera Maya. The Costa Maya is being allowed to develop quickly, but low-density zoning and environmental restrictions protect the area. The Costa Maya has wetlands and lagoons running along the entire coastline, so the beach property we're talking about comprises about a 0.1- to one-mile-wide strip between the Caribbean and these lagoons and wetlands. This may seem thin, but many of the top Cancun properties are also situated on a sliver of land between the coast and a large lagoon.

Reason #2: The Mexican Government is Committed to the Costa Maya's Success

The state government of Quintana Roo, along with Fidecaribe, is focusing new attention on the Costa Maya. However, it doesn't want another Playa del Carmen (the fastest-growing city in México), nor does it want to hurt the natural splendor of the area. But it does want to improve the economy around the state capital of Chetumal. So authorities are developing the Costa Maya as an eco-friendly area, with restrictions on building and commercial permits. Only small hotels and homes with up to three levels will be allowed.

The evidence of the government's support can best be seen in its current construction of a paved 50-plus-mile, four-lane road that will take you to the Costa Maya coast—and to the peaceful, low-crime towns of Majuhual and Xcalak. The new main highway extends from Chetumal to Cancún. The new highway is almost finished and has cut the three-hour trip from the Riviera Maya by at least a half-hour. It is also easier now to bring in consumer goods and infrastructure.

Along with the main road project, the government is committed to bringing electricity down the coast by 2004. Power stations and towers have already been built. Telmex is starting to service the area. There is Internet access at the hotels around Majuhual and in Xcalak. Next they are bringing in the water pumps. Currently everyone uses a generator or transformer (even though some have solar

power) in conjunction with a cistern for water retrieval. (We've been told that well water should be easily obtained in the near future, as there are three distinct levels of water tables under the entire Yucatán peninsula.)

The government's goal is to have all of the above done by the end of 2004. We doubt the government will stick to this exact timeline, but it will happen sooner rather than later. There's just too much money flowing to this coast. And there's more to come: A huge cruise-ship dock and beach club have already been constructed just outside of Majuhual, taking the overflow from Cozumél (which is receiving up to five ships per day!). Majuhual already gets five ships per week in the high season—a number that will surely grow.

Once the road improvements and electricity are in place, imagine how the oceanfront land in the Costa Maya will be valued, given its limited supply and relatively close proximity to the United States . . . (The chart below shows how the current prices per oceanfront lot break down along México's Caribbean coast from Cancún to Xcalak—prices are based on premium lots with 20 meters of ocean frontage, about 50 to 60 meters deep.)

Reason #3: Beyond Price—Natural Attributes of the Costa Maya

Along with the government's commitment to infrastructure and the imminent windfall from oceanfront lot appreciation, there exists another type of return that investors in the Costa Maya can expect and may come to appreciate even more than a monetary profit: the region's wealth of natural beauty. From the area's Mayan ruins and authentic, friendly villages to its exotic wildlife (toucans, monkeys and roadrunners, etc.), the Costa Maya offers an incredible variety of natural splendor. And that's to say nothing of the world's second-largest natural reef just offshore. Not only does it protect the coastline from erosion, but it provides pristine conditions for divers, like those that have lured tourists to Belize and Costa Rica for decades.

Investment Opportunities in the Costa Maya

There are many opportunities for investment in the Costa Maya. Whether you are looking to build a vacation home, a retirement home, a small inn, start a tourist business, or speculate on the real estate market, there are options for you. Already there are many landowners in the Costa Maya region from the United States and Canada. But there are still many Mexican landowners that have held onto their land for generations, and are waiting to sell. Whoever you buy from, it's important to know how each property is measured and valued.

How Lots are Priced and Measured

Even though there are only 57 miles of coastline, total, there's some outstanding beachfront property still available. You just have to know where to look for it. From the contacts we've made through the *International Living* organization (and in our last few trips down), we found out about property that's not officially listed for sale, but that the landowners are willing to sell. And that's where you get the huge discount to market prices.

Property in this area is measured in meters of waterfront. The property we located ranges from U.S. \$3,500 to \$4,500 per meter of beachfront. A typical residential lot has 20 meters of frontage, and is about 50 meters deep. These lots range in price from \$65,000 to \$130,000 through local sellers. Again, you can

compare that to up to \$220,000 for 20 meters of frontage selling “retail” in the area. (Building costs in the area are about \$55 per square foot.)

Lot prices depend on a number of factors including: the lot’s size and elevation; the view from the beach; the grade and landscaping (the fewer mangroves the better); the relative position of the beach road; and of course the seller’s asking price. Most of the less expensive lots are around Xcalak (the town just north of Belize). That is because the elevation is lower, the beaches are curvier (you get more privacy but not the expansive coastal view), and there tend to be more sea grasses and mangroves—and less surf.

The most frustrating aspect of this investment for anyone who comes down here is that the same lot you will look at today might be priced twice as high as it was only a few years ago. One reason for the surge is the marketing of the Costa Maya by Transcaribbean Trust, the dominant and American-run real estate company on the Costa Maya.

Transcaribbean Trust: Paying for Peace of Mind

We can’t say anything bad about Transcaribbean’s service, other than . . . it isn’t cheap. It’s perfect for the less adventurous investor who wants to deal only in English. The company has set up a large, highly professional operation, and represents some of the nicest lots. It offers investors a complete turnkey package (explained on Page 20). Transcaribbean representatives will also clear and mark the lot for you. The company’s agents are courteous, organized, reliable and flexible, with offices in Cancún and throughout the Yucatán, including at the docks in Majuhual and Cozumél.

Ted Myers of Transcaribbean showed us several stunning lots on our first trips down. He mostly represents lots along the huge section north of Majuhual near the cruise-ship dock, the areas of Rio Indio and Punto Placer where the money is going. These lots are postcard-perfect, but you will pay between \$9,000 and \$12,000 per meter of waterfront for the complete package.

Although the 20-meter and 30-meter beachfront lots in Ted’s territory will be sold at a premium (the developer has already spent nearly \$1 million planting tropical palms on this land), the lots across the street will be sold at half the rate.

Unlike the beachfront lots, anyone building across the street can have a residence that is three stories high. You still have very close beach access and a magnificent ocean view. And there’s another advantage to building away from the beach—less wear and tear on the property from exposure to the elements like wind and salt.

As we explained to Ted, we loved the lots he showed us, but we had to find a better deal to make it feasible for members to invest. Here’s what we did . . .

Going Local: Getting Dirt-Cheap Bargains Without the Mud

On subsequent trips we met with some local landowners to explore less expensive routes to property ownership in the Costa Maya. We also consulted with resort owners and managers, American and Canadian residents and investors, local surveyors and attorneys, and an *International Living* subscriber named Denis Couture who is already investing in the area and showed us some less expensive

lots. We saw several beautiful lots at half the cost of the Transcaribbean lots, found out how to buy land directly, and what you have to watch out for.

Buying Property from Locals

You'll fly into Cancun, but before you leave make an appointment with one or two people to show you lots once you get to the Costa Maya. (We'll give you plenty of good contacts later in this report.)

We preferred to pay extra for a rental car and the flexibility of visiting lots of different areas along the coast. If you can give up air conditioning and use a car with a standard transmission, rent a Jeep. Otherwise just be sure to rent a car with good tires and a lot of ground clearance.

We recommend you stay at least one night, if not two, in the Costa Maya. (See the contact information further on in this report to find a place to stay.)

Finally, on your way back to Cancún or the Riviera Maya, assuming you saw something you liked, you'll want to meet with a recommended attorney who has done a lot of legal work in the area. You can ask him or her further questions, or get the ball rolling on a title search—or even leave power of attorney if you want to return home and do business from there.

Keep in mind that México has yet to regulate real estate transactions. Agents are not legally licensed in México. So you can't depend on the normal safeguards. "Let the buyer beware" here. Lots of tricks regarding deposits, closing prices and titles can be played. The American embassy and American consulates in México are good places to start when trying to determine if a real estate company is reputable.

Choosing Your Lot

Two major considerations when choosing your lot are the position of the beach road relative to your lot, and the relation of the beach road to what is called the Federal Zone. The Federal Zone is a buffer zone running from the high-tide line along your beach and 20 meters landward. Like buffers in the U.S., this is no-construction territory: You cannot build your house here. You don't technically own the Federal Zone but you can use it—just not for major construction. (Therefore it must remain a beach, but can have a dock, palapas, etc. To build a dock, you must get a beach concession, which is relatively easy to do.)

The main beach road, some 57 miles long, runs along the coast and is sandy and bumpy (rather like a very primitive A1A), hugging the shore closely. In some areas it runs very close to the beach (not desirable); in others it cuts through the back of the property (much better). That's why when you look at lots, you have to measure the distance from the road to the Federal Zone: This gives you the allowable distance to build on the beach side of the road, although some people have built on the other side of the road.

As a resident, you'll need a four-wheel-drive to get around quickly on this 57-mile coastal road. (This is not the paved, 50-mile road currently under construction and running from the country's interior to the coast.) The government said that paving the beach road is the last item on its list for developing the area, so the road will be like this for awhile. But to go up and down the coast, you don't need to take

the beach road. The government has provided paved access roads running from the main inland road every 20 kilometers or so.

Other restrictions to look out for on your lot:

- Lots of mangroves on the property—you are restricted from removing them
- Land that isn't suitable for construction . . . walk the property, or get a soil test
- Building restrictions that would conflict with your plans

There is an effort underway north of Xcalak to move the beach road. Many landowners are for it since it will give them more use of the property on the beach side. We saw two developments where the landowners recently moved the beach road farther back on their land—in one case, the lots immediately doubled in value as a result. (This is not an undertaking we would advise: It's very political.)

Buying Your Lot

Once you've identified a lot or simply decided that you want to buy a lot on the Costa Maya, you have two distinct options for how you can purchase property. The first is the turnkey approach, where all the details are handled for you but at a higher cost. The second is buying from a local using the help of professionals already on the ground in the region.

The Turnkey Approach

First, some of the best lots can be bought quickly, and even sight unseen, through an agency like Transcaribbean Trust (phone: 011.52.998.883.4228, or e-mail beaches@transcaribbeantrust.com).

Transcaribbean's Ted Myers is the agent that we'd recommend. He's a fellow Baltimore native who originally learned of the area through *International Living*. Ted was very helpful. He can provide a complete turnkey package, perfect for the less adventurous investor who wants to get in fast on a premium lot. The package includes title search and guarantee by the company, a cleared lot in some of the best areas of the coast, all closing costs, and all legal work. But for his service and the package, you will be buying at a premium, sometimes a 100% premium to lots you could buy directly through a Mexican landowner. Still, many investors, including many *International Living* subscribers, have chosen to take this "retail" package for its convenience, guarantees and the high quality of the lots.

The 'Going Local' Approach

If you choose to buy property directly through a Mexican owner, you can get the property at a substantial discount, giving you a built-in profit. And while the premium-quality lots may be harder to find using this approach, you can find them if you spend time looking around. However, note that there is a higher element of risk involved in terms of completing the details of the transaction without complications. So, after making an offer, you'll need to choose a Mexican attorney. He or she should be the one to draw up contracts and review the conditions and terms of the sale. Additionally, a Mexican attorney should do the title search and point out any problems that a buyer may have.

Recommendations:

1. Once you have agreed on a price for your lot, tell the seller up front that you will walk away from the deal if the price changes.
2. Get title insurance. Even with the title search, title insurance gives you another set of eyes, and forces the attorney to do more due diligence than is normally required. We recommend **First American Title**.

First American's Tuie Murdock is based in Florida. She is a well-known expert in Latin American property and title purchasing, and can be contacted at 954.839.2900, 877.691.6767, or tmurdock@firstam.com

3. Have your deed translated into English by a licensed Mexican attorney certified by the government as an officially licensed translator.

Important Questions to Ask Your Attorney:

1. Is the title clear?
2. Are there any debts on the land?
3. Have all the taxes been paid to date?
4. Has the property been subdivided into lots?
5. Was the property surveyed by Catastro, the government's land-survey agency?
6. Is there a plot map available showing the lot numbers with the property lines and boundaries?
7. Is there any encroachment?
8. Is the deed you're taking actually the deed to that lot?

Should You Set Up a Trust or Corporation?

After getting your attorney to do the title search, the next step is to decide if you want to own the property through a trust or corporation—because you cannot own it directly. Almost the entire state of Quintana Roo is in the Restricted Zone, an area along the coast of México where foreigners are prohibited from owning land directly.

We believe a corporation is the better alternative. First, the trust is more expensive to set up, usually around \$2,500 versus about \$1,700 for a Mexican corporation, and more expensive to maintain—with annual fees of \$300 to \$500, depending on the value of your land. Other drawbacks are that the bank takes possession of the deed, and you have to set up a separate trust for each lot. With a corporation, you take possession of your deed, and you can buy as many lots as you like with the same corporation.

Conclusion: A Leg Up on Another "Early-In" Opportunity

Now that you know more about this real estate opportunity than 99% of the rapidly aging American Boomer generation, consider acting quickly. You can still get in at a substantial discount to market if you choose the more adventurous route—buying directly through a local landowner—putting yourself in an ideal situation to double your money in the next couple of years. But there's a lot of momentum already in the region, and prices are moving up fast. (This is true all over México.)

More importantly, there's a convergence of the three economic advancements taking place in the Costa Maya right now that make this opportunity one that you shouldn't let slip by:

1. Lots are being bought up and developed where there is limited supply.
2. Roads and electricity are coming in.
3. Natural attractions are being discovered daily by more and more outdoor enthusiasts, and tourists should continue to power the market in the short and long terms, and send prices even higher.

The Oxford Club's sister organization *International Living* (with its associated newsletter) set up an office in México. And a *Wall Street Journal* article in early 2003 said that over the preceding eight months, more than \$1 billion flowed into México from institutional investors seeking a haven in Mexican real estate, and a lot more money is on the way.

Contacts and Web Sites

A Quick Warning: Anyone can be an "agent" in México. And these days on the Costa Maya, it seems everyone, from attorneys to resort owners, are representing lots for sale. Buyers beware.

Real Estate Agents/Contacts

- Transcaribbean Trust: Top real estate agency in the area, very reputable and reliable. Contact Ted Myers at 011.52.998.883.4228, or ted@transcaribbeantrust.com.
- Alan Miss: (attorney Cluadia Ozuna's husband) missalan@hotmail.com 011.52.984.873.34.36
- Denis Couture: *International Living* subscriber, Costa Maya investor, 248.813.4100, or mexicocaribbean@aol.com.

Recommended English-Speaking Attorneys in México

- Lic. Claudia Ozuna Galeana, Playa del Carmen, 011.52.984.873.34.36, or ozuna@cancun.com.mx, or www.cancunattorney.com

Recommended Title Insurance

- Tuie Murdock of First American Title (based in Florida), 954.839.2900, 877.691.6767, tmurdock@firstam.com Note: Tuie can also recommend some good English-speaking attorneys in the area.

Travel Companies/Information

International Living, a 22-year-old international travel, lifestyle and investment newsletter (and, of course, the associated membership organization) has established a Local Office in México, managed by Dan Prescher and Suzan Haskins. They know about visas and rental cars, renting a house and hiring a maid, buying a beachfront lot, opening a bank account, and shipping your household belongings. You can contact them by e-mail at México@InternationalLiving.com.

Lief Simon of *International Living* and the *Global Real Estate Investor* can be contacted through his web site: [www.agora-inc.com/reports/ REL/WRELD221/](http://www.agora-inc.com/reports/REL/WRELD221/)

Yucatán-Specific Web Sites

For more online information on traveling and living in the Yucatán, check out:

- www.locogringo.com and www.bill-in-tulsa.com: travel agents for México's Caribbean coast.
- www.islanddream.com: travel agents very familiar with the Costa Maya
- www.worldvacations.com or www.mayanriviera.com: represent good hotels
- www.flylatinamerica.com: discount air fare
- www.vacationexpress.com, www.applevacations.com: quality travel agencies

After reading this report, we hope you have found these two excellent real estate opportunities as intriguing as we do. Whether you act on our recommendations or not is entirely up to you, of course.

If your curiosity is aroused and you're thinking about taking the plunge, you might want to ask yourself if you are the kind of investor who:

- Looks for a proven alternative to the stock market, and is willing to give up instant liquidity in return for a greater margin of safety
- Chooses to be a "pioneer" investor—that is, someone willing to get in early, before the crowd—but only once the market is proven to be in an upward trend
- Considers opportunities outside of the U.S. that others may view as "adventurous." But also prefers a market that has political and economic stability, offers short, direct flights, America-friendly culture, and mostly modern infrastructure
- Likes to buy at a discount to current market values—up to 50% below market—and is willing to do the groundwork to find out how
- Becomes inspired by year-round warm weather, lush tropical landscapes, pristine white-sand beaches, calm turquoise waters, abundant outdoor recreation and fascinating history

If this sounds like you, you may want to move fast. Prices in both the Costa Maya and Rancho Santana are set to escalate dramatically in the next one to three years. If you want to still be able to invest before this boom really kicks into gear, call your travel agent today, book the next flight to Cancun or Managua, and check it out for yourself. And good luck! ■

Return to the .html version of the Nicaragua Real Estate white paper report