

Newsletter — October, 2007

Devastation, Discouragement, Hope

Greetings,

I write this newsletter as I sit on the plane from my return trip to the Costa Maya, since hurricane Dean ravaged the area on August 21, 2007.

This is by far the most difficult newsletter I've had to write because of the conflicting emotions that I felt while visiting the area. I'm sure I won't be able to adequately describe what I saw and felt when I got there. You'll just have to see it for yourselves. But let me share some of my impressions and feelings.

The trip leading out of Cancun was uneventful enough. The expanded road construction that I've described so many times continues. As one approaches the town of Limones it's clear that things have changed. Many trees are broken and de-foliated, or bent over. The large banana field that once stood tall and vibrant looks tired, weathered and beaten down. Palapa roofs that once sheltered peoples' homes and businesses are now strewn across the fields. Limones, although 33 miles from the coast, bore the brunt of hurricane Dean.

The road at Cafetal leading to Mahajual does not look much better. Although far fewer residences and trees, the effects of Dean can be clearly seen. Almost all the mile markers and signs pointing to Mahajual are twisted and crumpled. Closer to town, one can observe the missing limbs from several of the high voltage towers that line the road. More twisted signs. Then the PEMEX gas station with a crumpled pile of sheet metal and steel that once was part of the large sign. Finally, as you round the corner into town the destruction becomes overwhelming. The small military station on the right is gone. Large chunks of coralline the beach side of the road. It's even more shocking as you drive through the commercial section. All the beach bars and restaurants on the beach side of the road are gone, except the Tequila Beach structure. Several of the concrete buildings on the west side of the road look like they've been shelled, leaving gaping holes in the front with large chunks of concrete littered around them. As you drive south of town, it becomes more obvious what Dean has done to the environment. The large belt of mangroves that lined the road are a tangled, twisted mess. The life that was once there appears to be gone. So much so that earth moving equipment is bulldozing all material consisting of sand and concrete onto these hallowed and protected plants, surely extinguishing any life that's left. This goes on for miles.

As you cross the narrow little bridge (at about 4 km) south of Mahahual, with the sign that used to read "Puente Angoste," (narrow bridge) be careful. The erosion has left only enough of a path for one car and if you're not careful, your car can easily slide into the ditch. This is the same bridge where you can see the reddish

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colored water from the dye in the mangroves leaching into the sea. It never looked too good, but it's worse now. The water caused by the storm surge and rain is flowing heavily. The color of the sea at this point and extending south is a deep red and not very attractive. It also emits a foul smell (non-toxic) like that of a septic leach field. Things look a little better driving south. Some of the trees and residences (concrete only) have been spared, but still heavily damaged. All low growing vegetation has been wiped out from the effects of the storm surge.

Discouragement

Physical damage is one thing. The other casualty of course is people. Thank God that no one (as far as I know) lost their lives in this hurricane, but there's still a wide range of emotions ranging from discouragement and anger, to hope. After speaking with many people, I did sense a great deal of discouragement, and of course you would expect that. What I did not see, however, was "despair" and "hopelessness." I think that speaks volumes about the people that suffered catastrophic losses. Most, by the way, did not have casualty insurance because it was not available since the aftermath of Wilma and Emily in Cancun. I didn't speak to anyone who was "giving up" on the Costa Maya. There may be some, I'm sure, but I did not personally speak to any.

Hope

Instead, I found that most people were making the best of a bad situation, picking up the pieces and moving on. This, my friends, was refreshing and uplifting and gave me a renewed sense of hope for the area. It's hard to imagine losing everything for some people and seeing so much destruction, and still maintaining a positive perspective. But that's what's happening here.

Fast Forward to October 4th

I'm on my second trip to the Costa Maya since the hurricane. Many things look the same. The broken trees and tangled mangroves will stand as evidence for a long time to come that something devastating happened here. But much progress has taken place in the three weeks that I was here last.

(1) Cell Phone Service

Cell phone and wireless internet service has been restored. That's a big plus since being connected to the rest of the world has become a necessity these days.

(2) Clean Beaches

Cleanup crews consisting of local people paid by the Mexican government have been hard at work cleaning the debris that littered the beaches. They have a lot

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to show for it. The chunks of concrete, trees, utility poles, wood and whatever else got caught up in the hurricane has been cleaned from the beaches along the commercial district. Much still remains in piles waiting to be hauled away, but it's a big improvement in just 3 short weeks.

(3) The Malecon is Coming

The malecon is a pedestrian walkway that will be built for several kilometers along the commercial district of Majahual. No more vehicles will be allowed along the beach road in this area. Vehicles will be re-routed on the two streets west of the existing beach road. If I have my facts straight, the malecon will eventually go all the way to the cruise ship pier north of town and extend south past the Dream Time diving resort.

Why now? With everything going on in the wake of the hurricane one might wonder why the priority isn't on helping businesses rebuild or restoring residential homes that were destroyed. Well, as difficult as it may be to justify, the cruise ship pier and tourism created a tremendous source of revenue to the area and provided a source of income for hundreds of people. That has completely stopped and is not expected to resume until at least the fall of 2008.

It stands to reason that the money will flow to infrastructure projects like the malecon that will improve the town of Majahual and attract tourism even more than before. The malecon will provide a convenient and safe way for people to access on foot the waterfront shops and restaurants. Furthermore, with all the small palapa bars on the beach now gone, it's much easier for construction of the malecon to take place without disrupting any business operations. And that's exactly what's happening.

The main street of downtown Mahajual is lined with heavy equipment machinery including dump trucks and road graders. There are workmen and survey crews staking out the malecon up and down the road. This appears to be the biggest infrastructure project the town has seen with maybe the exception of the installation of electricity a couple years back.

Real Estate Assessment

Many people have called or written to ask me what impact the hurricane has had or will have on real estate prices. Surprisingly (or not), there has been no appreciable negative impact on property prices. Keep in mind that most real estate currently being sold is vacant beachfront property. Most property owners previously bought this property for speculation or in some cases to possibly build on in their retirement years. Given those two scenarios, I haven't had anyone contact me about selling their property in a "fire sale." Most owners are holding on and seeing what develops over the next few years before making any rash decisions that they may later regret.

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Given the extent of the re-development efforts in Mahajual, I believe the area will be even more attractive to investors and prospective retirees in the future. That bodes well for an increase in property prices---not a decrease.

Having said all of that, there definitely has been a slowdown in real estate activity since the hurricane since there are far fewer tourists and visitors to the area. But I expect that to change in the coming year, especially as the cruise ship pier is rebuilt and tourism to the area rebounds.

The Bottom Line

Don't give up on the Costa Maya. This area is not dead and my prediction is that the growth in this region will only intensify. So if you were or are contemplating purchasing real estate, now is still a good time to buy. You may even find an occasional seller who's not willing to ride out the storm and willing to lower their price for a quick sale, but that will be the exception in my opinion.

I'm aware of one distressed property of 300 meters that is for sale right now for \$2,500 per lineal meter. If interested, please let me know.

For more information on properties available, please contact me at mexicocaribbean@aol.com or by phone at (248) 980-4014. For a listing of properties in the Costa May, go to my website: www.mexicocaribbean.net.

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Denis Couture resides in the Detroit, Michigan, area. He makes frequent trips to the area with prospective buyers in search of real estate. If you'd like to schedule a real estate tour to the Costa Maya with Denis, you can reach him through the contact information listed above.