

# **COSTA MAYA HIGH POTENTIAL INVESTMENT OPPORTUNITY & PROPOSAL**

## **Introduction**

This investment analysis and proposal was developed to provide investors with an accurate representation of the investment potential for acquiring individual lots that are part of a large parcel of beachfront property situated in the Costa Maya region of the state of Quintana Roo, Mexico. More specifically the parcel is located in an area known as Placer.

In preparing this analysis, I have used data which is reliable to the best of my knowledge and is based on actual costs recently incurred for similar transactions. The projections for the selling prices are based on current market prices and representative of similar properties sold in the immediate area.

I personally believe that this is a high potential investment opportunity with limited risk, provided the proper steps and precautions are taken. The following information provides the basis and details that support this recommendation.

## **Background**

### *Costa Maya*

Quintana Roo is the easternmost state of the Yucatan peninsula and borders the Caribbean ocean on the east and extends south to the country of Belize. Over the past 30 years the northern tier of Quintana Roo, largely defined by Cancun, has thrived as the #1 tourist destination in all of Mexico. However, the state of Quintana Roo now has tremendous potential for development in the southern tier including the areas of the Costa Maya and Lake Bacalar.

The Costa Maya is a stretch of coastline that extends north for about 70 miles from the Belize border, all the way to the Sian Kian Reserve. Over the past several years, heavy infrastructure development has taken place in the Costa Maya. In an effort to develop this stretch of coastline as an eco-tourist destination, the state of Quintana Roo and the Federal government of Mexico has invested millions of dollars to develop the infrastructure in this area. This includes building of roads and the installment of electricity to the two towns of Majahual and Xcalak, as well as the installation of internet and telephone service.

In addition, in the year 2001, Fonatur, the Mexican tourism agency, attracted a major investment in the construction of a cruise ship pier outside the town of Majahual. The pier and the exposure this area gets from thousands of visitors each year, have placed the Costa Maya "on the map" so to speak. During the peak season there are as many as 15 cruise ships per week that dock at the Costa Maya pier. In the 2011 calendar year there were 206 ships that that visited the Costa Maya. The Costa Maya destination is the second most popular cruise ship destination in all of Mexico (second to Cozumel).

The major attractions for tourists in the Costa Maya are the excellent snorkeling and diving provided by the reef that is only several hundred yards offshore, making it easily accessible to even novices. In addition there are a several Mayan ruins all within a 1.5 hour drive from the Costa Maya pier and the town of Majahual. The outstanding white sand beaches, restaurants and local culture are also tourist attractions.

Once a small fishing village of less than 300 people, Majahual has become an active community of well over 1,000 people. The growth has come largely as a result of the need to support the cruise ship business and all of the ancillary activities associated with it.

Along with the development of the infrastructure in the Costa Maya, significant road improvements have been made and are continuing on the major highway (Rt. 307) that connects Cancun with the state capital of Chetumal in the south. This is being done in order to attract tourists and investors to this area and enhance the flow of traffic from the existing and future airports.

Today, the major airport that serves this area is Cancun, located about a 4 hour drive north. Construction plans are in discussion stages on a new airport in Tulum which is about 2.5 hours north of the Costa Maya. One can easily see why these improvements are needed; in order to accommodate a better flow of traffic to the Costa Maya, once construction on the Tulum airport is completed and a significant tourist trade in southern Quintana Roo begins in earnest.

## **Current Real Estate Opportunity**

### *History*

Over much of the past 10 years the Costa Maya has seen steady real estate appreciation in the range of 15 to 25% annually with some areas experiencing even higher gains. Of course this rate of growth has slowed like many other areas in the last few years due to the recession. However, this area still has tremendous investment potential, especially considering the continued expansion of small hotels and improvements to the infrastructure in the area.

### *Placer*

Placer is an area situated in the Costa Maya and located 20 to 25 km north of Majahual. It is known for its exceptional beaches, deep lots, and outstanding tropical vegetation. The proposed investment property is located in Placer.

In addition, the specific location of the proposed investment property is zoned 30 units/hectare. This makes it one of the highest density areas in the entire Costa Maya region. Why is this important? A density zoning of 30 units per hectare means that the equivalent of 30 bedrooms/bathrooms can be built on a hectare, a unit of measure equal to 10,000 sq. meters or 2.4 acres. This is significant because any developer of hotels, condos, or other residential units would need to find high quality property with this density or higher in order to build the required number of units to justify the cost of the investment. The alternative of course is for entrepreneurs to acquire a fraction of a larger parcel with this density and build their own B&B, condos, villas or boutique hotel.

## *Placer Investment Potential*

There are several factors that contribute to the high investment potential of property in Placer.

### 1. *Beauty*

This factor alone will attract investors and developers to purchase property and build homes, hotels or condos in Placer. The area is exceptionally beautiful with lush tropical vegetation. The water color is outstanding with varying shades of blue and aqua.



### 2. *Beaches*

Placer beaches are exceptional and among the most beautiful in the world. Consisting of white powdery sand and rolling waves, these are the kind of



beaches you dream of.

### 3. *Quality*

Placer properties are among the highest in quality for the factors already mentioned above. In addition, properties in Placer are among those with the greatest depth. The proposed investment property has an average depth of 320 meters (1,050 ft.). Not only does this provide greater surface area which contributes to the potential for building more units/rooms, but it also provides a buffer from traffic, thereby providing for



greater privacy; something that is unavailable on many other properties in the Costa Maya.

#### 4. *Proximity to Mahahual*

Property values in Placer will continue to increase in value because of the close proximity of Placer to the small but fast developing town of Mahahual. Mahahual is about 23 km from Placer, a short 20 minute drive. Every few months, new restaurants and small hotels are being constructed in Mahahual. Investors are beginning to see this small town as the next big investment destination. Prices of property in Tulum, just 2.5 hours south, are already beyond the reach of many investors. The only destination left on the Mexican Caribbean with investment potential is the Costa Maya area, with the town of Mahahual at the top of the list. Property values in Placer are already 100% higher than other beachfront properties in the Costa Maya due to the factors already discussed.

#### 5. *Density*

As already indicated, the property in this area of Placer is zoned 30 units per hectare, the second highest density in the Costa Maya. For this reason, property with higher densities, like this one, will be much more attractive to potential developers and entrepreneurs looking to find locations that can accommodate multiple units. Densities in 90% of the Costa Maya are 10 units/hectare or less.

#### 6. *Easy Access*

Unlike many of the properties along the Costa Maya, access to the proposed investment property is relatively easy. The road to the property is paved the entire way. There are no dirt or gravel roads to travel on to get there. This is an advantage that is hard to appreciate unless you've traveled on some of the poorly graded roads of the Costa Maya.



### **Proposed Property Investment**

#### *Description*

This proposed investment calls for the acquisition or partial acquisition of a property situated in the area of Placer, Costa Maya. The property is located approximately 23 km north of Mahahual. This property measures 450 meters (1,476ft) of Caribbean beachfront and averages 300 meters deep (984 ft.) with 13.5 hectares (33.3 acres) of surface area.

## ***Acquisition Approach***

I've spoken to many people looking to purchase property in this area. Most lots of this quality are either unavailable or are priced at market price. This group investment provides potential buyers the opportunity to purchase a fraction or multiple fractions of one of the highest quality and high investment potential properties in the entire Costa Maya at a significant discount from market prices.

Using this approach, buyers would purchase a specified amount of lineal meters of this property. The cost per lineal meter includes all costs of acquisition, administrative, legal and other costs involved (the cost of setting up a corporation or a fidecomiso is not included). For example, if a buyer decided to purchase 20 lineal meters of property, the cost including all acquisition costs would be equal to the number of lineal meters purchased times the per lineal meter cost of the property.

The beauty of this offer is that the seller is willing to sell fractions of the parcel and anything up to 450 meters. The minimum lot size would need to be discussed, but the owner has already agreed to lots as small as 30 meters. That means that if you're looking to purchase a single 30 meter lot (or possibly less), then we have a deal.

## ***Investment Analysis***

I have been selling and developing property in the Costa Maya for the past eight years and seen many properties appreciate at rates between 15 and 25% annually. As already mentioned, Placer has become an elite area of the Costa Maya and consequently prices there have appreciated significantly more than other areas of the Costa Maya.

Current market prices for lots in Placer are in the range of \$12,000 to \$14,000 per lineal meter. These prices are typically for single lots of 16 to 30 meters with depths of 100 to 150 meters, and located in areas that range in density from 20 to 30 units/hectare.

The proposed investment property of 450 beachfront meters has an average depth of 320 meters which is 100% to 200% greater than these other typical single lot properties. The market price for single lots, typical of the quality of the proposed investment property (if you could find them), would be at least \$16,000 per lineal meter. In effect, this investment property, for all the reasons mentioned, has a market price that is 14% to 33% higher than typical properties in the Placer area.

## **Here's the good news**

***The investment property described above is being offered to serious buyers at a cost of \$9,000 per lineal meter.*** Stop and think about this. A price of \$9,000 per lineal meter for this kind of high quality property is a discount of **44% below the stated market price of \$16,000 per lineal meter.** Not only that, but this price includes all costs of acquisition including legal, sub-division, commission and other fees. Most of these costs are normally paid by the buyer in addition to the selling price of the property. So in reality, the discount is in excess of 45% below the market price of properties that are even lower in quality.

In order to make this happen we need only one buyer to purchase at least 30 meters of the parcel. If several buyers are interested, we could possibly get an even better price, but at \$9,000 per lineal meter, all transaction costs included, the price of this property is already a bargain.

This is a completely safe investment. All documents will be legally drafted by one of the most reputable attorneys in the area.

### *Timing*

The timeframe for the completion of this project, from start to finish, is estimated at 2 to 3 months. This includes time to make the offer and complete the sub-division process. It may be shorter, but I'd rather use a conservative estimate.

### **Summary**

This proposed investment of the previously described property located in Placer represents an outstanding opportunity for investors looking to diversify their investments outside the U.S.

I have taken into account the activities of the past 8 years and the future planned development in the region and have concluded that this area will be one of the top tourist destinations in Mexico in the next 10 years. Given that information and the natural beauty and attractiveness of this region, I feel that the Costa Maya, a major cruise ship destination, is positioned to explode as a future tourist haven.



The focus of eco-friendly developments in this region, I believe will also fuel the demand for property in this area. As more conservation minded people look for second homes and vacation homes, they will be more attracted to destinations that place a greater emphasis protecting the environment. The Mexican government has already established a focus on the environment and will continue to do so in the years ahead.

All things considered, this is a sound investment with an attractive return on investment, as well as an opportunity for you to acquire a highly exceptional property for your own personal reasons.

Any questions or interest about this investment proposal or other investments in the Costa Maya and Lake Bacalar areas can be directed to Denis Couture at [mexicocaribbean@aol.com](mailto:mexicocaribbean@aol.com) or by calling my U.S. phone at (248) 980-4014. You can also refer to my website [www.mexicocaribbean.net](http://www.mexicocaribbean.net) for other listings and investments. If you would like to talk to investors who purchased property in some of my past group investments, please let me know and I'll arrange to have you talk to them directly. You can also read the testimonials of clients on the home page of my website [www.mexicocaribbean.net](http://www.mexicocaribbean.net).

I would ask that if you're seriously interested in this investment, or have questions, please contact me as soon as possible so that I might alert the seller of a possible purchase and get the process started.

I look forward to working with you in this exciting and rewarding opportunity.

Best Regards,

Denis Couture, PMP, PE

