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## Expat villages spring up as construction booms

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Once would-be buyers grasp the "how" of buying in Baja, the next question is "where"?

If you plan to drive to your Mexican property for long weekends and vacations, it may be better to stick to the northern Baja area. Those who have bought in southern Baja, the state of Baja California Sur, generally take two days to drive there from San Diego. But if a short airplane flight fits your budget, choices abound. Nonstop flights to Cabo San Lucas, La Paz and Loreto are readily available from LAX and San Diego.

In northern Baja, the stretch between the border and Ensenada has seen a burst of development in the last few years. High-rise condo complexes have sprouted up, and more are planned. Golf courses have been built, and the principal road from Tijuana has been widened and repaved.

Development has been so rampant that some realty firms in northern Baja offer bus tours of the various complexes for potential buyers from San Diego.

Popular consensus deems Baja California Sur as the prettier of the two regions, and those who favor the south say it retains a more authentic Mexican cultural flavor. Prices in the south, with the exception of Cabo San Lucas, tend to be lower.

Here are some projects in popular areas:

### **Cabo San Lucas**

#### **or Cabo San Loco?**

There is no gray area in public opinion about Cabo San Lucas. People love it or hate it. Critics say Cabo has lost its Mexican soul and recall with fondness the days three decades ago when Cabo was home to 900 people, a cannery and three hotels.

Back then, a businessman and architect named Manuel Diaz Rivera brought his family here to escape the hustle of Mexico City and bought the 360 acres of barren mountain land just above the recognizable Land's End rock. He named his community Pedregal. Over the years, his investment paid handsomely as he sold off individual lots — some of which now sport homes worth \$10 million. Properties at Pedregal have been featured in *Architectural Digest*, *Forbes*, *Distinctive Homes* and on "Lifestyles of the Rich and Famous." But Rivera saved the best for last.

Under the watchful eye of his grandson, Juan Diaz Rivera, the final 24 acres — known as Capella Pedregal ([www.capellacabo.com](http://www.capellacabo.com)) — are now being developed into a resort with a 66-room boutique hotel; 31 fractional-ownership units, where a one-eighth ownership costs \$460,000 for a three-bedroom; and 20 single-family homes that are selling for \$2.8 million to \$5.6 million. All buyers will share common ownership of a fleet of 61-foot premiere Viking yachts. The units each have two private plunge pools — one off the living-room terrace and the second off the master-suite terrace. And all units include the full-time services of a "major-domo" — a butler, child-care provider and sous-chef combination.

### **New approach**

#### **to development**

Thirty years ago, Fonatur — the arm of the Mexican government responsible for tourism — picked five areas to be developed. Loreto Bay is the final one and, after a few false starts, seems to be gaining momentum.

But unlike the other four — Cancún, Cabo San Lucas, Ixtapa and Huatulco — different things are planned for Loreto. The principals of the Loreto Bay Development Co. say they adhere to the philosophy of sustainable development. They believe development can occur in a way that doesn't intrude and actually improves the area.

The 6,000-unit project is being built of adobe block — earth bricks, manufactured just a mile from the site. It takes 10 times the energy to produce one concrete block as it does one adobe brick.

The landscaping is restricted to native plants that will live on brackish water.

The development is the brainchild of Vancouver-based real estate mogul David Butterfield, who sees it as a social engineering project as much as a housing development.

"We're not just building houses, we're changing the way people live," he says.

The company donates 1% of its gross sales — \$3 million so far has been pledged — to a foundation that tackles social issues in Loreto, including a substance-abuse program, a domestic-violence program and even a shade-providing *palapa* that buyers in the development rolled up their sleeves to build in an otherwise shadeless playground in town.

The company also provided \$150,000 in seed money for a hospital built to U.S. standards now under construction.

When done, the Villages of Loreto Bay ([www.loretobay.com](http://www.loretobay.com)) will be a self-contained community with shops and services within walking distance. Some units will be on the water, and many will have views.

The project's chief executive, Jim Grogan, envisions an active-lifestyle community — a good thing, since there will be no cars allowed within the gates.

Swept up in the sustainable-development theme, it would be easy enough to ignore the homes themselves. The rooms in each hacienda open to courtyards with water features and gardens for indoor-outdoor living. There are hand-painted tile sinks and hand-crafted brick cupolas in each kitchen.

Units start in the high \$300,000s; prices depend on location within the complex, view and size. The developers don't like to discuss prices until potential buyers have demonstrated their seriousness by depositing a \$5,000 refundable check. Initial conversations lead to invitations to come down in a group — better to get to know your future neighbors that way, Butterfield says — and tour the adobe plant and project. About 60% of those who come down leave as homeowners, according to Bob Toubman, director of Mexico operations for the development.

Still, not everyone is a believer. A point of contention with some locals and expatriates living in Loreto is that the developers announced intentions to build a desalination plant to provide the Villages' water and a windmill field for power but haven't done so yet.

## Rumors rumble

### in Todos Santos

About the most exciting thing in Todos Santos' recent history is that in the mid- to late 1980s, a rumor spread that it was home to *the* Hotel California made famous in the Eagles' song. Fans made pilgrimages to see this holy ground. The yarn was eventually debunked by Eagle Don Henley, and a local real estate agent later admitted starting the tale in the hopes of generating interest — and business — in this sleepy town.

The Hotel California is still there, albeit under new ownership, and the town is still sleepy.

But Todos Santos enjoys a growing community of expats that is a mix of artists, surfers and a few Hollywood screenwriters in search of their muses. There are more art galleries than restaurants, and night life is pretty much nonexistent. The beaches, although great for surfers, tend to be too rough for children.

The rumors that circulate today are about development. Some say Hyatt is planning a hotel down there. Others say it is another chain resort. Still others wonder where the water and electricity will come from; Todos Santos lacks the infrastructure for large-scale development.

But contained development is what makes this such a great place, says Matt Lasky, a Topanga resident who bought his first Todos Santos property almost two decades ago.

Lasky spearheaded a group of four Topanga families last year who together bought a 3-acre parcel of land steps from the beach for about \$210,000 — \$35,000 per half-acre lot. Some in the group plan to hold the land and flip it; others hope to build homes on spec or for themselves.

Lasky also owns a beachfront home on 3 acres that he and his family use every few months. He bought it eight years ago for \$165,000 and has since bought adjacent land and made improvements to what he describes as his "still very rustic" home. Just don't ask him to sell it, not even for \$1 million, which is what a neighboring beachfront house just went for, he said.

"I grew up in Malibu on the beach and I knew I'd never be able to buy a beach house there today, so I headed to Mexico," Lasky said.

When he started buying land — his first purchase was 5 acres for \$5,000 18 years ago — deals were made informally and not always with scruples. He recalls a "developer" who strung up fake power poles to convince buyers that the land being sold had access to electricity when it didn't.

## Seaport first,

### tour stop second

It used to be that the two-hour drive north from Cabo discouraged travelers from visiting La Paz. But now there are plenty of nonstop flights. Still, La

Paz remains a working seaport first and a tourist destination second.

For celebrity-trivia hounds, La Paz is where Clark Gable came to fish for marlin. Bing Crosby had a home in a La Paz fly-in resort, as did Desi Arnaz, who had his pool here built in the shape of a flamenco guitar.

Hollywood history aside, in 2003, La Paz was listed among the top 10 retirement destinations in the world by Money magazine.

Although nowhere near ready to retire, Lisa and John Jell of Sherman Oaks just bought a second home there. They paid \$279,000 for a three-bedroom home with a guest casita just steps to the ocean in the under-construction complex called Paraiso del Mar ([www.paradisofthesea.com](http://www.paradisofthesea.com)). The complex has the unusual feature of being accessible by private ferry boat.

The couple left a small deposit — 10% earnest money is due at contract signing and an additional 10% is required 90 days after the concrete is poured.

The Jells, who have bought and flipped three homes — two in Los Angeles and one in Canada — will either use the proceeds from these ventures to pay for their Mexican home or dip into the equity of their present home.

They intend to use the La Paz home for family vacations and long weekends. Before they bought, they visited Mexico, although not frequently, but liked what they saw.

"The people are friendly and fabulous," Lisa Jell said. "They don't need seven plasma TVs to be happy. They have their family, and that's enough. I like that and like being around it."

The complex the Jells bought in is being developed by the team of John Fair and Luis Cano, who developed the high-end Esperanza resort in Cabo San Lucas.

Developers are also planning five miles of beach frontage, a boat club and marina, an 18-hole golf course and a traditional country club with tennis courts, a spa and swimming pool. The complex's central plaza will include a boutique hotel, shops and restaurants.

## Rosarito Beach

### improves its image

Long the place where college kids found cheap eats and a barkeep who never carded them, Rosarito is expanding its sights to the retired and the soon-to-be-retired. It remains a close beach escape over the border, definitely drivable for the weekend.

Crimes involving "banditos" along the roadway are a thing of the past in Baja, officials say. A new four-lane toll road provides a safe, picturesque passageway.

The more upscale development has been occurring south of town, where many custom oceanfront homes have been built. If being half a mile inland works, there are three-bedroom homes starting at \$175,000 just a five-minute drive south of Rosarito Beach.

There are also a few projects north of Rosarito that are gathering steam. Donald Trump recently lent his brand to the project previously known as La Mirada; it's just 30 minutes from downtown San Diego.

Prices for studio, one-, two- and three-bedroom full-ownership residences start in the mid-\$200,000s and will range from 532 square feet to more than 2,200 square feet of indoor and outdoor space. Construction is scheduled to begin by the end of this year.

For more information, go to <http://www.trump-baja.com>.

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