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Week of September 5, 2005



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If You Build It Overseas — Expect Challenges



By David Collins
Active Living International

When building a \$50 million active adult community for buyers who live on an island thousands of miles away, speak a different language and use another currency, developers face some challenges.

Fairly typical of what Americans can expect when building overseas, here is a short list of the problems that confronted the developers of [Sensara Benalmádena](#), an active adult community in Spain's Costa del Sol, one of the country's more popular tourist areas:

- Residents of the community must be at least 55 years old, but local law restricts such age restrictions.
- Buyers will be required to pay monthly association dues, probably for the first time in their lives.
- Fifty percent of the sales price must be paid to the developer in cash during the construction phase and only 50% financing will be available.
- The lead design engineer is a highly regarded forensic architect who is known for his work on cathedrals dating back to the Middle Ages.
- The community will offer fabulous views from slopes terraced toward the sea, but to the despair of the contractor, the site is solid rock.

Challenges like these are not for the faint of heart or thin of purse. Luckily, the American partners and local developer involved in this project, Grupo Suite of Malaga, had plenty of determination and capital, and a combined half-century worth of experience to overcome those obstacles and open an award-winning community targeted primarily to British buyers vacationing in an area also known as Costa del Golf for its more than 100 golf courses.


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Loreto Bay, Mexico

Long chilly winters respect neither ethnicity nor currency — only geography. “Snow birds” usually return to favorite locations for vacations, and eventually they return to purchase retirement properties.

British Airways says it sells five pairs of round trip tickets to prospective home buyers before they sign contracts for retirement homes. According to generally accepted projections, more than 10% of the population of the U.K. will have relocated to sunnier destinations.

Real estate investment strategists are intent on studying similar trends here at home. With America's 50+ population expected to number 100 million within seven years, the Caribbean, Costa Rica and Mexico will become increasingly important destinations.

Ever on the lookout to help their customers find new markets for building and development, **CEMEX**, the world's third largest cement company, asked **Active Living International, LLC**, to analyze the potential for North Americans to retire in places like Cabo San Lucas, Puerto Vallarta and Cancun.

The results were highly positive, especially considering the huge multi-generational Latino population living in the U.S. (Los Angeles is the second largest Mexican city in the world), and the legions of conventioners, repeat vacationers and time share owners who have cultivated a fondness for Mexico. More than \$2.5 billion has already been committed to projects in Loreto Bay (Trust for Sustainable Development) and Puerto Vallarta (Sensara Partners).

International Opportunities for American Partners

CEMEX is on target in encouraging innovation and active adult living communities dedicated to demanding and savvy buyers. These communities represent new opportunities for the manufacturer's customers, some of whom are looking to American companies for their talent and experience.

Prudential Real Estate salespeople are “on site” for several Mexican resort properties, and buyers can find title insurance from well-known American companies such as **Stewart Title** and **First American Title**.

Fideicomiso bank trusts are widely accepted and U.S.-style mortgages will soon be available, according to Prudential.

Buyers also will want access to health care provided by U.S.-owned companies like **Amerimed**, frequent and inexpensive flights, local charm, dependable quality, security and a hospitable environment.

Toss in a decidedly lower cost of living, and the challenges of developing in Mexico fall well within the realm of timely opportunity.

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David Collins, a pioneer in active and assisted living for more than 30 years, is the managing partner and director of [Active Living International, LLC](#), an international consulting firm that provides American experience and expertise in the development, marketing, operations and sales of active living lifestyle communities and assisted living development and operations internationally. Founded in 2000 and headquartered in Corona del Mar, Calif., the company serves clients in Spain, Mexico, Portugal, Italy, the United Kingdom and Germany. The firm is headquartered in Corona del Mar, California. For more information, visit the Active Living International Web site at www.activelivinginternational.com.

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