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Developer investing \$170M in luxury Rocky Point projects

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A Scottsdale real estate developer is building \$170 million worth of new luxury homes and condominiums in Rocky Point, Mexico.

Clifton Meridian LLC hopes the real estate cooldown in Phoenix and other U.S. markets does not spill south of the border and hit the Mexican resort market that's driven by American wealth, tourists and retirees.

Clifton's Rocky Point projects include:
 • 47 high-end, beachfront single-family homes and private villas in a community dubbed Las Fuentes del Mar. Lots are priced between \$300,000 and \$500,000.

• A 15-story luxury condominium tower with 254 units priced between \$230,000 and \$750,000. The project, Le Perla del Mar, already has sold its

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PROVIDED BY CLIFTON-MERIDIAN LLC

Clifton-Meridian LLC's development plans for Rocky Point include a 15-story, 254-unit luxury beachfront condominium project with prices ranging from \$230,000 to \$750,000.

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ROCKY POINT: Firm confident luxury properties will sell in Mexican resort town

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10,190-square-foot penthouse for \$1.5 million.

• 120 more moderately priced two- and three-bedroom condos selling for \$175,000 to \$225,000 at a development called Los Patios Privados.

The projects are expected to be completed later this year and into 2008.

Patrick Clifton, chairman and chief executive of Clifton Meridian, said the Rocky Point market has softened because of the U.S. housing slowdown and a surge in new construction, but he is optimistic the market is rebounding. He said his projects are attractive because of their beachfront locations and growth in the area.

The Las Fuentes del Mar development is within a gated community in a highly desirable, affluent area akin to North Scottsdale and Paradise Valley, Clifton said.

"Demand is very strong," he said of the single-family development.

The Scottsdale company has been in the Mexican real estate market for 15 years.

The Rocky Point area on the Sea of Cortez/Gulf of California is a four-and-a-half hour drive from Phoenix. The area is seeing more economic growth and real estate development serving both tourists and American retirees. Its airport is being expanded, a new international airport is planned and a \$150 million highway is being built between Rocky Point and San Diego.

Carlos Sugich Lopez-Arias, practice leader for the Phoenix law firm Stinson Morrison & Hecker's Mexico and Latin America practice group, said wealthy Americans have been driving real estate in resort areas such as Rocky Point, Cabo San Lucas and Cancun in recent years, but agreed the U.S. slowdown is impacting those markets.

"Not as many condos are being sold," said the Stinson attorney.

Lopez-Arias said demand has diminished somewhat for sales, but Mexican markets such as Rocky Point are attractive to the affluent looking for beachfront property that is less expensive than in California.

Another attorney who is an expert in the Mexican real estate market said prices have fallen in Rocky Point, but he attributes that more to oversupply of new units.

"The market in Rocky Point continues to be solid, albeit the slowdown in Arizona," said Juan Francisco Moreno, a real estate attorney with Bryan Cave's Phoenix office. "Several of our developer clients have



PROVIDED BY CLIFTON-MERIDIAN LLC

The penthouse of the La Perla condominium complex sold for \$1.5 million.

slashed prices somewhat, but that is due to greater competition. There are more developments than in previous years."

Clifton said he expects the absorption and supply levels to even out. Americans can buy Mexican beachfront and border-area property but must do it via a bank trust transaction in which the foreign buyer does not directly own the land.

Another Scottsdale developer, Loreto Bay Co., has been developing luxury homes in

Baja California for the past three years and acquired more land last year for additional residential construction.

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