



# THE COUNSELORS OF REAL ESTATE®

[Home](#) > [Real Estate Issues®](#) > [No Siesta for Cabo](#)

[Editorial Guidelines](#)

[Archive](#)

Perspectives

## No Siesta for Cabo

COVID-19

Economics

Hospitality & Leisure

Housing

Mexico

Volume 46, Number 13 - December 8, 2022 • Written by: [Mr. Oscar Franck Terrazas, CRE](#)



Los Cabos, Pacific North, B.C.S., Mexico Photo: Oscar J. Franck Terrazas, CRE, FRICS, RICS Reg. Valuer

Los Cabos real estate market, in Baja California Sur, Mexico, has evolved at an extraordinary pace during the last decade, driven by a dollarized economy of a large sector of high purchasing power that does not hesitate when acquiring a second vacation home facing the sea, with an average price of more than \$ 2 million dollars; although in the most exclusive developments there are residences for sale



[Mr. Oscar Franck Terrazas, CRE](#)

Former Managing Director of Integra Realty Resources De Mexico, Mr. Franck Terrazas evolved his career in 2013 as Founding Partner and Managing Director of International Realty Valuation (IRV) and its affiliated IRV De México. Actively engaged in real estate valuation and counseling under international standards. He is responsible for operations in México, Latin-America and international projects, having performed valuations in Costa Rica, Belize and Russia. Recent experience is concentrated in major industrial portfolios, urban and suburban developments in Mexico. Valuations performed on resorts, Embassy Housing Compounds, mixed used facilities, and vacant land. Clients include lenders, investment firms, developers, private and public agencies, including the U.S. Department of State. Valuation and consulting work performed for private and public companies trading at the BMV (Mexico's Stock Exchange), estates,

beyond \$ 19 million and residential lots of approximately 1/3 of an acre (1,350 m2) with a ticket price of more than \$ 8 million dollars, not beyond the reach of the rich and famous who have made Los Cabos their “play-ground”, and who often travel to Los Cabos in their private jet, mainly from the United States.

In “Cabo”, foreigners feel safe; like at home. Most of the people they deal with in Cabo speak English and the dollar is accepted even at the supermarket. Flying from California is just “a jump.” Having a vacation home in Los Cabos has become a part of the profile of the successful, to whom Cabo corresponds greatly with exceptional big-game fishing, world-class signature golf, gourmet restaurants, incomparable climate, and views of the Pacific and Sea of Cortez.

Driving the dynamics of this market, there is a very modern, efficient, and sophisticated network of real estate agencies, supported by an exemplary multiple listing system (MLS). A good number of real estate agents and brokers are North American, with long experience in real estate in the USA, facilitating the interaction with the clientele that are mostly foreigners from the USA and Canada. Los Cabos’ real estate success is due in large part to a remarkable real estate professionals’ network.

## Tourism: A Key Factor

### International Tourism activity and recovery from COVID-19 Pandemic.

The arrival of foreign tourists to Los Cabos is a key factor in its economy and the demand of the real estate market. In 2021, American tourist arrivals registered an increase of 20.2%. Cruise operations to Los Cabos continued to recover from the pandemic. During November 2021, arrived 27 ships, carrying 45,887 passengers (+30.6% vs 2019). According to FITURCA<sup>1</sup> in 2021, Los Cabos received approximately 2.8 million tourists, achieving a complete recovery of tourist activity. In March 2022, Los Cabos recorded nearly 325,000 tourist visits, marking a historic month, with a record increase of 18% compared to 2019.

Los Cabos has more than 500 weekly flights connecting with 26 cities in the United States, 1 in Europe and 7 in Mexico. Growth of 1.3 million seats is expected during the first half of 2022. According to data from FITURCA, Los Cabos registered the arrival of 8,725 international tourists on private flights during May 2022, compared to 5,933 arrivals in 2020 and 5,210 in 2019, representing a growth of 87% compared to 2019.

During the 1st quarter of 2022, Los Cabos received more than 800,000 visitors, equal to +13% compared to 2019, marking a historical growth and reinforcing Los Cabos’ position as Mexico’s premier luxury destination.

## Los Cabos Real Estate Market

The real estate market of Los Cabos is definitely *Sui Generis*, starting with its urban and architectural design concept, based on open spaces, integrating the spectacular contrasting views of desertic land with the Sea of Cortez or the Pacific Ocean. Thanks to its great climate, the residences’ large sliding windows remain open most of the time, integrating the living areas with their dreamlike outdoor amenities.

The market is comprised of 2 large poles: San José del Cabo (head of Los Cabos Municipality) and Cabo San Lucas, and the Transpeninsular touristic corridor of 20 miles that connects them. The main market, by its sales volume, is San José del Cabo (SJDC). Additionally, there are two submarkets: the **Pacific** made up of Cerritos, El Pescadero, and Todos Santos, and the **East Cape**, composed of La Fortuna, Cabo Pulmo, La Ribera, and Los Barriles. The polarization exerted by San José del Cabo, Cabo San Lucas, and the international airport is fundamental, so the location of properties with respect to their proximity to SJDC or Cabo, as well as the ease and time to access the international airport are paramount.

financing, equity participation and due diligence support. Mr. Franck is a member of The Royal Institution of Chartered Surveyors since 2010, holding the FRICS and Registered Valuer designations; a Practicing Affiliate of The Appraisal Institute, member of NAR Global and past O.C. Chapter President of AEM (Mexican Entrepreneurs Association). He was admitted to the prestigious The Counselors of Real Estate in 2015, holding a CRE designation. Mr. Franck served as President of ProMéxico Business Council, Los Ángeles, CA and Chair of the Real Estate Sector during the 2015-2016 period. Mr. Franck is a prolific writer for several international real estate publications, including Immobiliare Magazine.

Advertise with

# Real Estate Issues<sup>®</sup>



Learn more

## Subscribe To Real Estate Issues

**SUBMIT**



### Announcing The Jared Shlaes Prize

\$10,000 award

[Read more](#)

The SJDC to Cabo San Lucas Transpeninsular corridor is the most valuable stretch of real estate in Los Cabos. The main access roads are, the stupendous federal highway #19 Cabo San Lucas to Todos Santos, and on the side of the Sea of Cortez, the also excellent SJDC toll road to the airport, and the East Cape Road # 1 which is substantially unpaved.

### B.C.S. Pre-Covid Market 2018-2019

#### (Cabo San Lucas, San Jose Del Cabo, East Cape, Pacific, and La Paz)

Real estate sales in 2018, comprising Houses, Condominiums, Commercial, Fractional, and Land, reached \$351,065,997 USD, with SJDC receiving 74.38% of sales (\$261,138,454 USD), Cabo San Lucas, in 2nd place with \$122,266,209 USD and East Cape, 3rd with \$25,507,948 sold.

In 2019 (Pre-Covid) total real estate sales of product listed in the MLS Los Cabos, not counting private sales (outside the MLS), reached \$549,186,161 USD, an increase of +56.43 % over 2018 sales.

BCS REAL ESTATE ANNUAL REPORT SUMMARY-2019											
		CABO SAN LUCAS		SAN JOSE DEL CABO		EAST CAPE		LA PAZ		PAC.-TODOS SANTOS	
	UNITS SOLD TOTAL		UNITS X MARKET		UNITS X MARKET		UNITS X MARKET		UNITS X MARKET		UNITS X MARKET
HOMES	395	\$52,889,007	111	\$173,491,997	88	\$21,197,800	46	\$22,109,482	107	\$14,765,123	43
CONDOS	415	\$81,047,965	209	\$67,996,549	147	\$932,000	4	\$6,020,083	28	\$11,431,364	27
LAND	498	\$14,399,560	55	\$15,526,908	68	\$29,559,908	114	\$6,178,988	69	\$21,733,373	192
FRACTIONAL	13	\$3,920,354	13	X		X		X		X	
COMMERCIAL	13	\$474,000	2	\$4,123,000	6	\$385,000	1	\$98,000	1	\$905,700	3
		\$152,730,886		\$261,138,454		\$52,074,708		\$34,406,553		\$48,835,560	
<b>2019 TOTAL SALES</b>	<b>1,334</b>	<b>\$549,186,161</b>									
<b>2019 TOTAL SALES VS</b>		<b>\$549,186,161</b>	<b>+56.43%</b>			East Cape Land Units x Mo.	9.5			Todos Santos Land Units x Mo	16.00
<b>2018 TOTAL SALES</b>		<b>\$351,065,997</b>				Average Price x Land Unit	\$259,297.44			Average Price x Land Unit:	\$113,194.65

Sources: MLS Los Cabos

### B.C.S. Summary of the Behavior of the Real Estate Market 2020

Due to the Covid-19 Pandemic, granulated data on sales for the 1st quarter has not been available, so only the total sum of sales of the 5 markets reported covering 2020 and compared to 2019 is presented.

BCS MARKET REPORT SUMMARY 2Q TO 4Q - 2020											
		CABO SAN LUCAS		SAN JOSE DEL CABO		EAST CAPE		LA PAZ		PAC.-TODOS SANTOS	
TYPE											
TOTAL SALES ALL PROPERTY TYPES		\$137,844,212		\$162,276,627		\$27,020,850		\$30,490,618		\$28,094,997	
TOTAL		\$137,844,212		\$162,276,627		\$27,020,850		\$30,490,618		\$28,094,997	
<b>2020 TOTAL SALES</b>		<b>\$385,727,304</b>	<b>-29.76%</b>								
<b>2019 TOTAL SALES</b>		<b>\$549,186,161</b>									

Sources: MLS Los Cabos

The real estate market in 2020 was seriously affected by Covid; especially during the first half of the year. Total yearly sales were \$385,727,304, implying a drop of 29.76% compared to 2019. San Jose Del Cabo was the least affected market with sales of \$162,276,627.

Taking granulated data from the 2nd to the 4th quarter of 2020, sales in San José Del Cabo were: 55 residences, 76 condominiums, and 42 plots of land, while in Cabo San Lucas there were 98 residences, 117 condominiums, and 41 lots sold. Lot sales in the Pacific-Todos Santos area during this period, reached 147 units, surpassing the number of lots sold in SJDC (42); 41 in Cabo San Lucas, and 49 in East Cape. However, the value of lots sold in SJDC was \$10,274,831 vs \$8,053,690 at Pacifico Todos Santos; \$9,862,193 in Cabo San Lucas, and \$5,885,350 in East Cape. During this period a trend was detected in which the demand for land (lots) in Pacific-Todos Santos was greater than in the East Cape. However, the average value per lot sold in Pacifico Todos Santos was \$54,787, and in East Cape was \$120,109.

### B.C.S. Summary of the Behavior of the Real Estate Market 2021

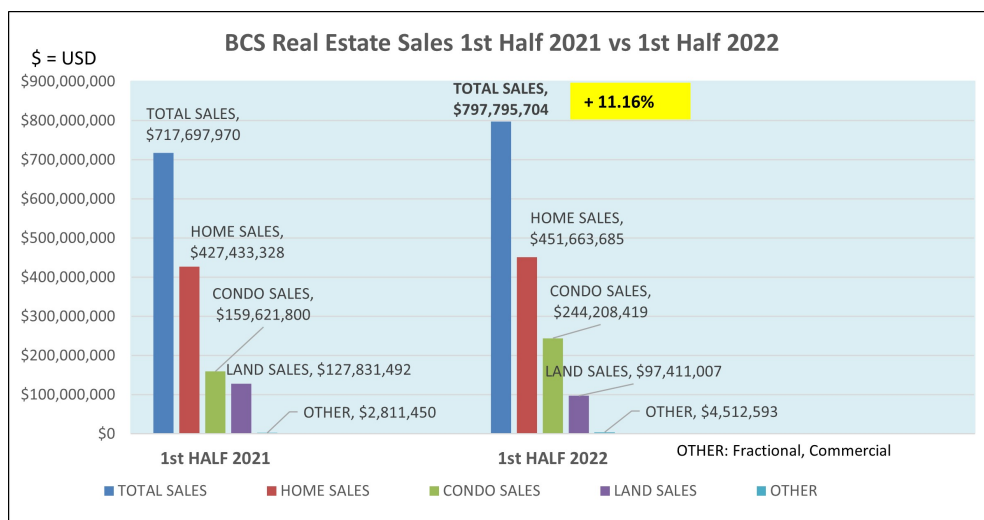
BCS REAL ESTATE - ANNUAL MARKET REPORT SUMMARY - 2021												
	CABO SAN LUCAS			SAN JOSE DEL CABO			EAST CAPE		LA PAZ		PAC.-TODOS SANTOS	
	UNITS SOLD TOTAL		UNITS X MARKET		UNITS X MARKET		UNITS X MARKET		UNITS X MARKET		UNITS X MARKET	
HOMES	876	\$164,000,265	240	\$540,939,706	256	\$52,458,987	81	\$36,589,456	160	\$128,086,946	139	
CONDOS	859	\$219,200,558	557	\$168,838,476	280	\$655,000	2	\$17,543,720	64	\$22,490,405	56	
LAND	722	\$29,656,353	107	\$89,231,831	172	\$62,657,157	146	\$11,143,855	110	\$20,624,625	187	
FRACTIONAL	30	\$6,088,450	29	\$1,135,000	1	X		X		X		
COMMERCIAL	20	\$4,187,000	8	\$2,546,000	6	\$340,000	2	\$2,560,000	4	X		
		\$423,132,626		\$802,691,013		\$116,111,144		\$67,837,031		\$171,201,976		
<b>2021 TOTAL SALES</b>	2,507	\$1,580,973,790	+ 309.87%									
Data: MLS Los Cabos -												
<b>2021 TOTAL SALES VS</b>		\$1,580,973,790	+ 309.87%		East Cape Land Units x Mo.	12.17		Todos Santos Land Units x Mo	15.58			
<b>2020 TOTAL SALES</b>		\$385,727,303			Average Price x Land Unit	\$429,158.61		Average Price per Unit	\$110,292.11			

Sources: MLS Los Cabos

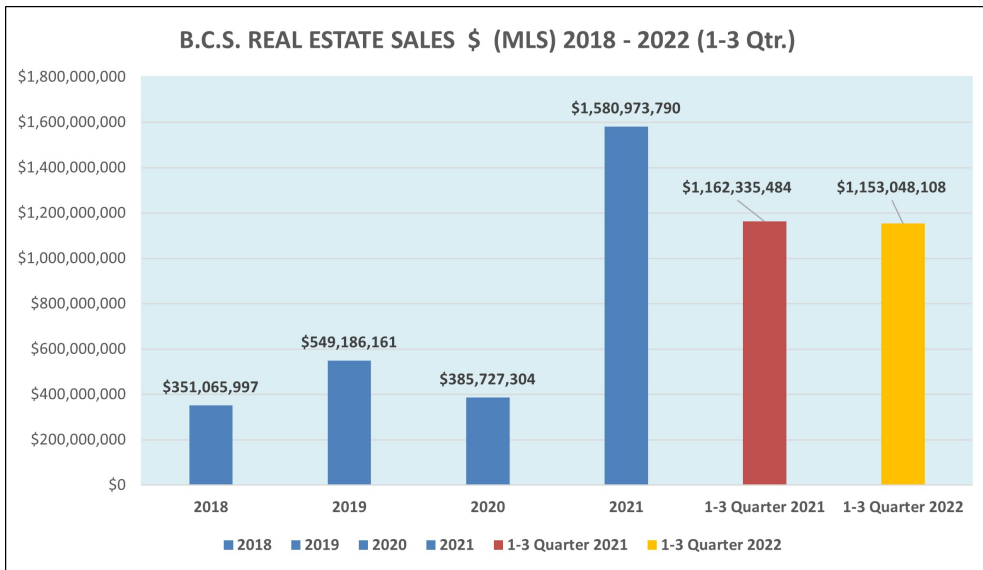
2021 was an extraordinary year for real estate in Baja California Sur. Not only did sales recover to the pre-COVID level, but they registered a new record: \$1,580,973,790 USD, equivalent to +309.87% compared to 2020 sales, and +187.87% compared to sales in 2019. During this period, again, in Pacific-Todos Santos there were more lots sold (187) than in Cabo Del Este (146), but the average unit value in Cabo Del Este was \$429,159, compared to \$110,292 in Pacific Todos Santos. The average value per lot in Pacifico Todos Santos compared to 2020 grew by 101.31%, while the average value per lot in the East Cape increased by 257.30%.

### B.C.S. Summary of the Behavior of the Real Estate Market 2022

The BCS real estate market during the first half of 2022 continued on a growth trend, but not as pronounced as in 2021. Comparing the sales of the 1st half of 2021 with the same period of 2022, the result can be seen in the following graph:



### B.C.S. Total Real Estate Sales 2018 to 2022 (1 to 3 Trimester)



**The Market during the 3<sup>rd</sup> Trimester, 2022**

During the Third Quarter of 2022, market dynamics slowed slightly, perhaps impacted by the state of the global economy, or by a lack of new product. The volume of sales closed during this Quarter (July to September) reached \$ 355,252,404, so the total sales during 2022 (1 to the 3rd quarter) add up to \$ 1,153,048,108 dollars, as shown in the graph above, showing a very slight decrease of 0.799%.

Sales during July 2022 were \$110,173,384, in August dropped to \$92,510,821, and in September raised to \$107,093,388. This month gives us an interesting perspective on the dynamism of the market at the threshold of the 4th quarter of this year: 185 properties were sold and 159 pending closing. In September, 281 new listings were received and the difference from the original price to the sold price of houses was only -4%; in condominiums was -5% and the original price difference to the price sold on land was -14% indicating that demand remains strong.

Los Cabos has experienced a decade of exceptional prosperity, overcoming critical challenges, such as the devastating hurricane Odile in 2014 and the recession and COVID-19 pandemic, confirming its extraordinary resilience. The progress and success of the real estate and tourism industry has been thanks to the combined effort of the official sector and the remarkable vision and tenacity of developers and investors. The achievements are the product of a great effort, seizing the opportunities, or creating new possibilities by visionaries who have bet on the future of Los Cabos and Los Cabos has remunerated them plentifully.

Cabo, San Jose del Cabo, and the corridor that links them have already tasted the flavor of success that occurs when things are planned and executed well. In the secondary markets, East Cape seems to have taken the lead in attracting new investment outside Los Cabos. However, the Pacific area, with its spectacular beaches and sunsets, the charm of the magical town of Todos Santos, and the great highway 19 that connects with Los Cabos and the airport, has shown in recent years, a demand for land higher than that of the East Cape, which suggests that the Pacific area is ripe to receive new investments and important developments, giving continuity to the successful Diamante Cabo San Lucas and Rancho San Lucas.

I have the impression that the real estate professionals in Baja California Sur are vigorously motivated by the existing market dynamics and that expectations are abundant, so, for now, it seems ***THERE IS NO SIESTA FOR LOS CABOS.***

I wish to thank all those in Los Cabos who have shared their experiences, knowledge, and data about the real estate activity in Los Cabos, the data from the MLS Los Cabos, Cabo Smart, all of those who


publish data on tourism or real estate activity in Los Cabos and the long experience of Chris Mills, notable real estate agent.

Endnotes




[1] FITURCA = Fideicomiso de Turismo de Los Cabos (Los Cabos Tourism Trust)

[Edit](#)

Advertise with  
**Real Estate Issues<sup>®</sup>**  
[Learn more](#)



### Related stories

<p><b>ESG Requirements Forcing Change</b></p> <p>ESG Requirements Forcing Change was listed as</p> 	<p><b>Cybersecurity Interruptions</b></p> <p>Cybersecurity Interruptions was listed as the #9</p> 	<p><b>Regulatory Uncertainty</b></p> <p>Regulatory Uncertainty was listed as the #8 issu</p> 
--	---	--

The professional organization for the most trusted advisors in real estate.



© 2022 The Counselors of Real Estate