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Mexico's Unspoiled East Cape Is Nothing Like Cabo

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Los Cabos, in the Mexican state of Baja California Sur, is no stranger to tourism and development. The Corridor, the highway connecting the city of Cabo San Lucas to the artsy town of San José del Cabo, is packed with hotels and condos, along with construction sites where more are being built.

The growth doesn't appear to be slowing down anytime soon.



"Even though the Corridor is already so dense, residential, hotel and commercial development is continuing nonstop," said Zachary Rabinor, the founder of Journey Mexico, a Mexico-based company that offers luxury travel trips and home rentals in the country. "People love the beautiful oceanside resorts and properties with lots of services nearby including restaurants, shopping and nightlife."

The weather in Los Cabos — sunny days most of the year, with little rain to speak of — and an abundance of activities like fishing and golf are also big draws, Mr. Rabinor said.

The region has been a popular destination for Americans during the pandemic since the area's lockdown was lifted, in part because Mexico welcomes United States tourism. Hotels have seen high occupancy, especially during holiday periods.

The construction boom started after Hurricane Odile, which struck and caused severe damage to Los Cabos in 2014, according to Ramiro Palenque Bullrich, the owner of 2Seas Los Cabos, a local realty company that is an affiliate of Christie's International Real Estate. "Right after Odile, getting a permit to build was very inexpensive so the number of hotels and residential units multiplied quickly," he said.

But a half-hour drive farther northeast and away from the Corridor, in an area called the East Cape, is a side of the region that is a stark contrast to the bustling vacation destination. Stretching from San José del Cabo to the town of Los Barriles, the East Cape is a secluded area of sweeping landscapes where the desert meets the Sea of Cortez, and the Sierra de la Laguna mountains sit in the backdrop.

It wasn't too long ago that this part of Los Cabos was largely unknown and off-the-grid, according to several experts. "A few years ago, there was nothing in the East Cape, and some parts didn't have and continue not to have proper electricity," Mr. Bullrich said.

Recently, however, the East Cape has turned into an up-and-coming area that's garnering buzz.

The shift is largely due to a new 1,000-acre resort community, Costa Palmas, which includes outposts of two well-known hotel brands, each with a residential component: Four Seasons Hotels & Resorts and Aman Resorts. Four Seasons introduced its hotel and homes in late 2019 while the rest are expected to be completed in the next five to seven years.

More development is also underway in the East Cape beyond Costa Palmas.

Patricio del Portillo, the director in Mexico for the research firm CBRE Hotels, said that the East Cape is appealing to home buyers because of its setting on the Sea of Cortez, a body of water that has captured imaginations because of its deep blue color and rich marine life. The American author John Steinbeck, for one, wrote the travelogue "The Log from the Sea of Cortez," published in 1951, after traveling here, and the explorer Jacques Cousteau called it the "aquarium of the world."

But the sea's most winning quality may be its calm, swimmable waters, a unique feature in Los Cabos because most of the resorts and residences here are on the Pacific Ocean, where the waters are often too rough to swim. "People love that you can swim in the East Cape's waters. That's definitely the biggest thing it is has going for it," Mr. del Portillo said.

The East Cape is also home to Cabo Pulmo National Park, a UNESCO World Heritage site that's renowned for its snorkeling and scuba diving.

Homebuyers, according to Mr. del Portillo and Mr. Bullrich, always thought of the area as being too far away from the rest of Los Cabos, but the perception started to change when a highway built between 2018 and 2019 cut down the travel time from Los Cabos International Airport to around 45 minutes, from an hour-and-a-half.

"Costa Palmas opening was the next milestone in getting people more interested in the East Cape," Mr. del Portillo said.

Costa Palmas, owned by the Los Angeles real estate firm Irongate, has a number of amenities intended to appeal to luxury home buyers.

Its two miles of swimmable beach may rank as No. 1, but when complete, the community will also have 20 restaurants and cafes (six are currently open); a marina that can accommodate 250 yachts; an 18-hole golf course designed by the well-known architect Robert Trent Jones II; a members-only yacht and beach club with a pool, large gym and movie theater; polo fields; a horseback riding center; several organic farms; a kids club; and scenic walking paths.

Residents also have access to adventure guides who lead excursions like hiking in the mountains and diving trips to Cabo Pulmo, and they can use amenities offered by the hotels.

Irongate's owner, Jason Grosfeld, who has vacationed in the region for more than a decade, said that he got the idea for

Costa Palmas because of the time he spent on the region's Pacific side.

"My wife and I visited with our kids and always missed swimming in the ocean," he said. "When I found this land, I saw an opportunity to build a spread-out resort that offered something different than what already existed."

Costa Palmas will have a total of 350 residences in its first phase. The 140 from Four Seasons range from two-bedroom, already-built homes on the marina costing \$2.5 million, to beachfront lots for \$25 million. Aesthetically, they're contemporary and have natural wood floors that resemble the sand on the beach and the surrounding desert, floor-to-ceiling windows and stainless-steel finishes.

Aman's 35 properties, called Amanvari, are expected to make their debut in early 2022 and will have a minimalist feel; they will cost between \$5 million and \$26 million.

The resort has seen close to \$1 billion in sales, a number that increased significantly in the wake of the pandemic, according to Mr. Grosfeld. "We're super spread out and in a setting where social distancing is automatic, not an effort," he said. "That's what people seem to want now."

Most of the buyers, he said, are from California, Texas, Washington State, Arizona and Canada's west coast, but there have been some Europeans.

It's a pattern in line with the overall real estate market in Los Cabos.

"The flight accessibility from these places to Cabo definitely drives sales," Mr. Bullrich said.

One buyer, a well-known Silicon Valley-entrepreneur who wanted to remain anonymous because he prefers to be understated about his wealth, said that the ease of reaching Cabo and its proximity to San Francisco are big reasons he and his wife bought a Four Seasons residence for themselves and their two school-aged daughters. They liked the East Cape specifically because they enjoy kiteboarding, and its beaches are prime spots for the sport; the quiet, remote setting was also attractive. "We are not into the hubbub of the Corridor," the buyer said. "Even though it's not fully built out yet, Costa Palmas has a sense of community already that we love."

According to CBRE's research, Los Cabos is one of the strongest real estate markets in Mexico and has seen an annual growth of six percent in overall sales for the last five years.

In 2020, that number jumped to a 13 percent increase for a total of more than \$500 million in residential sales.



Mr. Bullrich said his business has grown 10 percent a year for the last three years and saw a sales increase of 40 percent from December to the end of February for a total of around \$30 million, compared with the same period last year.

"Most of our sales were in the luxury segment and in resort communities on the Corridor, but we also saw some sales in the East Cape," he said.

"People are flocking to the East Cape more now because there is more privacy there."

The East Cape has more development in the pipeline over the next few years.

The Spanish hospitality company Iberostar Group, for example, has acquired a 1,000-acre plot of land along the beach where it plans to build a sustainable resort with a 1,000-room hotel and condominiums and villas.

The company's chief financial officer, Luis Mota, said that construction was scheduled to begin this year but has been postponed because of Covid-19; as of now there is no date that it's set to begin.

In addition, the Mexican hospitality company Vidanta is opening a 3,000-acre oceanfront resort, although the project does not have a residential component and an opening date has not been announced.

And Mr. Bullrich said that his company has sold large parcels of land to developers who want to build residences in the next several years.

Yet despite this development, Mr. Bullrich said that the East Cape is a long way off from becoming crowded and busy in the way that the Corridor is.

"It still lacks infrastructure in many ways, including proper roads and electricity in some parts, but this rawness is also part of the appeal," he said.

"I don't think it will ever become as built up as the part of Cabo that most people know."