



"The Most Trusted Name in Real Estate"

April 20, 2008

A Letter from Chris Snell...

Over the past few months, many of our clients, friends, and nearly every financial institution or developer considering a project in Mexico has asked me about the current market conditions and the future market trends for Los Cabos. Although I have never claimed to be a prognosticator, I will do my best to share with you my thoughts on the current and future market conditions in Los Cabos.

While the U.S. is undergoing its fair share of financial issues related to the credit markets, and more recently the Bear Stearns debacle, the luxury market in Los Cabos market is still holding up quite well. While we are not experiencing the record sales of 2005 and 2006, we are far exceeding sales levels from 2000 thru 2004. First quarter of 2008 was only down 2% over our first quarter of 2007.

Consider this:

- **The number of real estate tours given** by Snell Real Estate are up by more than 4% over last year. This means more people than ever are looking at real estate in this market.
- While our sales are down slightly from last year, our **average price per sale is up over 20%!!!** What other market in North America do you know of that can say that?
- Last year we had sales of over \$200,000,000. So far this season, we have over \$70 million in sales and are **on track to hit a gross sales number closer to \$180,000,000.**
- **March 08 set records at the San Jose del Cabo (SJD) International Airport** for the most private jet arrivals and most commercial jet arrivals EVER in the history of Los Cabos.
- Los Cabos **averages 75 flights per day** (commercial and private) and the completion of the new Taxi Way in June 08 will double our capacity and is expected to increase daily arrivals to well over 100 per day by December 08.
- This year, we expect **pricing on our more desirable homes to hold true and even appreciate** in the single to low double-digit percent range. More importantly, we do not expect to see a drop in our luxury market pricing across the board.

If your home is priced "in the market", is unique, offers views, location, amenities, etc, it will sell. If you are overpriced and have a property that has view issues, poor location or few amenities, you should consider renting your home for a while with our property management company, Elite Destinations, or use it as much as possible this year.

Bottom line: The outlook for the Los Cabos market is excellent and this area is



expected to continue to thrive as a tourist destination. More importantly, Los Cabos will grow to become the most sought after resort destination in Mexico for the high-end luxury client.

Why? Location and climate.

- **Our location is key.** We are just a 3 hours flight from over 12 million people. Los Cabos is easy to get to for commercial airlines and private planes. People will continue coming to Cabo.
- **This is the ultimate climate.** The cold waters of the Pacific Ocean mix with the warm waters of the Sea of Cortez and keep our year round temperature at a perfect average of 78 degrees. In addition, the Sierra La Laguna mountain range protects us from the Pacific winds that much of the other coastlines in Baja are subject to. There is no other area in Baja than can match the weather of Los Cabos...period.

Los Cabos has set the standard when it comes to luxury resort real estate in Mexico. Everyone is trying to be Los Cabos. Everyone attempts to build bigger, and appear better by offering golf, worry free management, lagoons, race tracks, etc. Try as they might, there will only be one Los Cabos.

We have been doing this since 1990 and over the last 18 years, Los Cabos and its incredible developments, Villas Del Mar, Palmilla, El Dorado, Cabo Del Sol, Punta Ballena and Querencia have set the standard for what Los Cabos is and always will be - home to the most exclusive real estate in Mexico, with the best location and best weather you can find in all of Mexico.

When we look back at 2008 in the coming years, we will see it as just another prime buying opportunity. This year will sift out the imitations and strengthen the quality developers, solidifying investments for those that have homes located within the proven communities.

I look forward to seeing you in Los Cabo this year.

Adios,



Chris Snell
President
Snell Real Estate

