

## Raleigh builder tests Mexico

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BY DAVID BRACKEN - STAFF WRITER

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Just to be clear, Raleigh developer Davidson & Jones' plan to build a 100-acre gated resort on the Baja peninsula in Mexico is not a sign of how bad the U.S. real estate market has become.

Russ Jones, the company's president, said the project is simply the result of D&J coming across waterfront property it couldn't pass on.

"It wasn't part of a strategic plan," Jones said. "We went down and looked at a piece of property and couldn't believe the value of the property at the time. And we put it under contract."



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That was in 2005. Now four years later, D&J is 10 to 12 months away from completing the infrastructure for the \$65 million La Capilla project. It has also begun marketing the 71 residential lots to prospective buyers.

On the surface, now would seem to be a really, really bad time to be building a second-home vacation spot given the erosion of expendable income that has taken place over the past two years.

Jones believes La Capilla uniqueness will attract U.S. and

Mexican buyers. "I think at the end of the boom we might have said we were also looking for people with third homes," he said.

The property is on the Sea of Cortez, a 45-minute drive from the Los Cabos International Airport and, Jones said, a world away from the Americanized spring-break destination of Cabos.

"This is a more authentic Mexican destination," Jones said.

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Residential lots in LaCapilla will cost between \$120,000 and \$720,000 depending on the view and the amount of beach access. A beach club will be built for the community, which will be gated and have 24-hour security.

Buyers can build their own home or use the model home that D&J is developing for the project.

Jones has been spending a week at a time in Mexico at different times of the year to usher the project forward. Since September 2007, D&J has been managing the 52-room Rancho Buena Vista hotel a mile down the road from the resort. (In the Triangle, D&J owns and operates the Sheraton Imperial Hotel and Convention Center in Durham and is a partner in a new Marriott Courtyard being built at Triangle Town Center.)

As for developing in Mexico, Jones said his Spanish is improving. The hardest part, he said, has been learning the subtleties of doing business in Mexico and building up a staff. "That takes the most time, finding the right people to do business with and then having the ability to trust them to do their job," he said.

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