



Residential Market Activity Report

Q3 2023

Los Cabos & Baja California Sur

October 2023



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Market Activity Q3 2023

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Los Cabos & Baja California Sur

Highlights

- Baja California Sur ("BCS") and Los Cabos have witnessed a significant shift towards higher-priced properties in both the Condo and House market segments highlighting the region's growing allure and the escalating value of its real estate. Comparing 3Q 2023 to 3Q 2022 in Los Cabos region, the average price of Condos has surged impressively by 70.0%, while Houses have seen a commendable increase of 15.3%.
- Analyzing the inventory between YTD September 2023 and 2022 in BCS, it becomes clear that buyers seeking more affordable options are now met with limited choices, primarily because of the diminishing inventory of units below the US\$500,000 mark. Specifically, there's been a 16.2% reduction in the availability of Condos priced at or below US\$500,000. In contrast, there has been a significant 29.5% increase in Condos priced above this threshold. Moreover, Houses valued above US\$500,000 have observed an average inventory uptick of 30.2%.
- Both the Condo and Houses market segments have experienced notable price surges, a testament to the growing preference for higher-end properties. This trend, combined with the dwindling inventory of lower-priced Houses, could be contributing to the overall decrease in units sold.
- Comparing 3Q 2023 to 3Q 2022 in Los Cabos, sales in the Condo segment have decreased by 22.6%, and the Houses segment has seen a decline of 26.7% in units sold. This shrinking inventory of lower-priced units emphasizes the market's tilt towards luxury and premium properties.
- These factors reflect the changing dynamics of the market, emphasizing the increasing demand for higher-priced properties in Baja California Sur and specifically Los Cabos.
- The diminishing inventory of lower-priced Houses presents a tangible opportunity for developers. There's a clear market gap for more accessible properties. Developers who introduce reasonably priced housing options can meet this growing demand, potentially boosting sales and creating a more balanced real estate market in Baja California Sur and Los Cabos.

These evolving dynamics underscore a market adapting to rising demands for upscale properties in Baja California Sur, with Los Cabos standing out as a prime example.



Baja California Sur

Market Activity Q3 2023 vs Q3 2022

Baja California Sur

Closed Transactions | Summary

Quarterly Statistics Q3 2023 vs Q3 2022

Sold Volume	Q3 2023	Q3 2022	Variance %
<i>Amounts in Thousands USD</i>			
Total	407,160	369,799	10.1%
Houses	153,481	168,227	(8.8%)
Condos	190,225	139,925	35.9%
Land	63,454	61,647	2.9%
Average Sold Price	Q3 2023	Q3 2022	Variance %
<i>Amounts in Thousands USD</i>			
Total	730	522	39.9%
Houses	965	885	9.0%
Condos	780	457	70.5%
Land	409	289	41.4%
Units Sold Per Property Type	Q3 2023	Q3 2022	Variance %
Total	558	709	(21.3%)
Houses	159	190	(16.3%)
Condos	244	306	(20.3%)
Land	155	213	(27.2%)
Average Days on Market	Q3 2023	Q3 2022	Variance %
Total	264	266	(0.5%)
Houses	236	209	13.1%
Condos	254	250	1.4%
Land	310	338	(8.4%)

Highlights

- Comparing YTD September 2023 to YTD September 2022, the total sold volume in Baja California Sur amplified by 11.6%, signaling a consistent and stable market environment.
- Houses sales volume for Q3 2023 decreased by 8.8% compared to Q3 2022, and for YTD September 2023 vs. YTD September 2022, it dipped by 9.7%. In a stark contrast, Condos witnessed a surge of 35.9% in Q3 2023 vs. Q3 2022, and a remarkable 50.3% increase YTD September 2023 vs. YTD September 2022.
- The Q3 2023 average sold prices for properties swelled by a notable 39.9% when set against Q3 2022. Particularly, Condos registered a sharp 70.5% ascent in average sold prices, portraying a promising landscape for investors.
- When measuring YTD September 2023 against YTD September 2022, the average price per square meter for Land advanced by a significant 41.1%.

Los Cabos

Market Activity Q3 2023

Los Cabos

Market Activity for Q3 2023

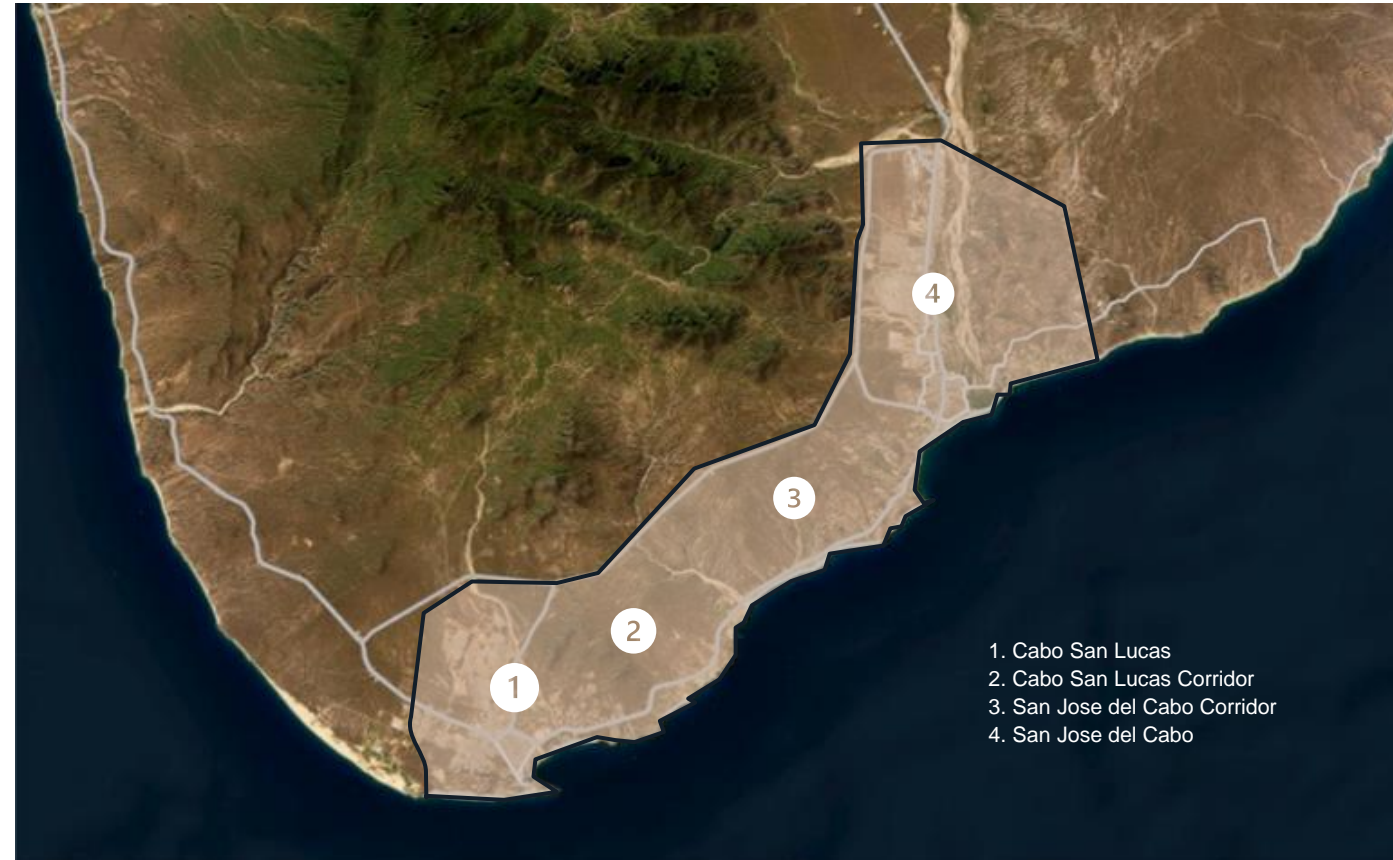
In Q3 2023, the Los Cabos region, covering Cabo San Lucas, San Jose del Cabo, and the Tourist Corridor, contributed 71.2% to Baja California Sur's market activity, with transactions totaling **US\$290 million**.

Cabo San Lucas and Cabo San Lucas Corridor

- Houses and Condos: 179 units sold; Houses averaged US\$734k, and Condos US\$565k.
- Land: 19 plots sold at an average of US\$369/sq.m., majorly in El Tezal and Pedregal communities.

San Jose del Cabo and San Jose del Cabo Corridor

- Houses and Condos: 119 units were sold; Houses at US\$2.2 million and Condos at US\$1.0 million.
- Land: 21 plots averaged US\$371/sq.m., mostly were single family plots in Puerto Los Cabos and Club Campestre communities.



Los Cabos

Closed Transactions | Summary

Quarterly Statistics Q3 2023 vs Q3 2022

Sold Volume <i>Amounts in Thousands USD</i>	Q3 2023	Q3 2022	Variance %
Total	289,905	282,463	2.6%
Houses	107,169	126,826	(15.5%)
Condos	162,128	123,257	31.5%
Land	20,607	32,380	(36.4%)

Average Sold Price <i>Amounts in Thousands USD</i>	Q3 2023	Q3 2022	Variance %
Total	860	605	42.2%
Houses	1,261	1,093	15.3%
Condos	765	450	70.0%
Land	515	421	22.5%

Units Sold Per Property Type	Q3 2023	Q3 2022	Variance %
Total	337	467	(27.8%)
Houses	85	116	(26.7%)
Condos	212	274	(22.6%)
Land	40	77	(48.1%)

Average Days on Market	Q3 2023	Q3 2022	Variance %
Total	263	234	12.0%
Houses	222	177	25.7%
Condos	263	246	7.2%
Land	344	281	22.1%

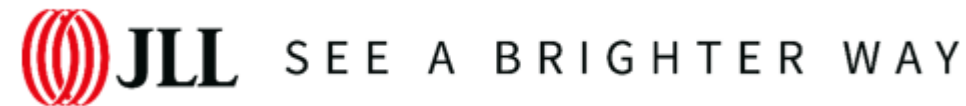
Highlights

- In Q3 2023, Los Cabos observed significant growth in average sold prices compared to Q3 2022:
 - Condos: +70.0%
 - Houses: +15.3%
 - Land: +22.5%
- The overall transaction volume in Los Cabos rose by 2.6% in Q3 2023, suggesting a steady market trend. Within this, Condo sales prominently increased by 31.5%.
- Unit sales experienced a decline in Q3 2023, dropping by 27.8% from Q3 2022 figures. Similarly, YTD September 2023 data revealed a 19.2% reduction in units sold, with Houses sales marking the sharpest downturn at 31.3%.
- Reviewing YTD September 2023 versus YTD September 2022, the average sale price across all property categories ascended by 23.5%. This was led by Condos, which experienced a remarkable 54.0% rise. Houses and Land reported more tempered gains of 12.5% and 13.4%, respectively.

Los Cabos & Baja California Sur

Key Takeaways

- **Burgeoning Luxury Appeal:** Baja California Sur and Los Cabos are rapidly evolving as luxury real estate destinations, with a noticeable shift towards higher-end properties, emphasizing the region's growing allure.
- **Oversupply of Luxury, Undersupply of Affordability?:** Los Cabos' Condo market showcases a pronounced increase in higher-end luxury properties, yet the decline in sales volume and changing dynamics suggest a potential undersupply in more affordable Condo options, prompting questions about market equilibrium and future demand.
- **Market Stabilization with a Twist:** Even as property values climb, the overall sales volume in Los Cabos holds its ground. This dynamic suggests that while there might be fewer transactions, the units sold are fetching higher prices. This stability could be a natural balancing act following the unprecedented sales volumes seen in 2021 and 2022.
- **New Opportunities in Affordability:** As the availability of lower-priced homes wanes, developers are presented with a ripe opportunity to fill the gap, catering to a market segment hungry for more affordable housing options.
- **Land Scarcity Reshaping Dynamics:** As prices per square meter surge, the noticeable drop in Land sales volume underscores a prominent shift, possibly driven by land scarcity, indicating evolving purchasing behaviors and increased valuation of available land.



Residential Market Activity Report Los Cabos and Baja California Sur Q3 2023

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If you would like to learn more about the current state of the Los Cabos and Baja California Sur Residential Market or have any questions about the data presented in this report, please don't hesitate to contact us. We are happy to provide additional insights and assist you in any way we can.

Furthermore, if you are considering investing in Los Cabos or Baja California Sur, we would be delighted to discuss the various opportunities available to you. Please reach out to **Fernanda Sánchez** (fernanda.sanchez@jll.com) and/or **Gerardo Vela** (gerardo.vela@jll.com) to get started.