Tijuana is growing up

by Sandra Dibble

Rising higher by the day just south of the U.S. border, the towers known as New City would draw little notice in Manhattan or Mexico City or even nearby San Diego. But amid the small and tightly packed houses that hug the border, they're a surprising sight.

GROWING UP - The New City development in Tijuana, Mexico, proposes seven towers with swimming pools, tennis courts and an 11-foot wall surrounding the site. CNS Photo by Nelvin C. Cepeda.
BIGGER IS BETTER - Moises Abadi's plans for New City include what would be the tallest building in Tijuana, Mexico. CNS Photo by Nelvin C. Cepeda. After years of growing outward, Tijuana, Mexico, is beginning to grow upward as well. As higher land prices drive up costs, business and residential buildings are rising and changing the skyline of this sprawling city of more than 1.5 million people.

Developers tout the security of condominium life to crime-weary middle-and upper-income buyers who can't - or don't want to - move across the border to San Diego. And Mexico's falling interest rates are making mortgages appealing to growing numbers of potential buyers.

Sales agents say their clients range from retirees looking to simplify their lives, to cross-border businessmen searching for a pied-a-terre, to young families starting out, to anyone who can afford units selling from $150,000 to nearly $800,000.

Blocks from the U.S. border, New City's plans include seven towers with swimming pools, tennis courts, meeting rooms, a sky lounge and covered parking. But one of its biggest selling points is the 11-foot-high wall surrounding the 7.5-acre site, along with video cameras, electronic access cards and the 24-hour presence of security guards.

"Everybody crosses the border to San Diego and sees something nice and different," said Moises Abadi, New City's Panamanian-born developer, standing recently at the foot of a future high-rise. "Why can't we have it here?"

Tijuana first went vertical in 1982, with the completion of the 295-foot Agua Caliente towers, now a well-known emblem of the city. A quarter-century later, Abadi plans to go even higher with his main tower, to 330 feet, which would make it the tallest building in Tijuana.

Abadi's company, Truestone Properties, is behind the $120 million project, backed by a dozen investors, most of them Mexican. He has built similar projects in Mexico City, but this is his largest. Abadi says the size of the project allows him to offer numerous amenities at relatively low cost.

New City's proposal is for 500 units in seven towers. Two are under construction and expected to open in March. Abadi says 146 of the first 200 units have been sold at prices starting at $195,000. About 70 percent of the buyers are Mexicans who cross the border regularly for jobs or schools in San Diego, while 10 percent are native U.S. citizens who have decided to live in Mexico.

Another developer, Mexico City-based Keco, is investing $21 million in a tower overlooking the golf course of Tijuana's Club Campestre. Green View Towers, set for completion in September 2009, will have as many 70 units and 27 stories. Units are priced from $240,000 to nearly $800,000, and more than a third have so far been sold, the developer said. Keco is planning a second tower nearby.

"I don't doubt for a moment that the purchasing power is there," Keco's Naftoli Mishkin said. "And the need to feel secure grows day by day."

Up the hill in Colinas de Agua Caliente, developer Luis Mario Islas' company, Habitamex, is planning Bosque de Agua Caliente, a gated community aimed at upper-middle-income buyers. With prices ranging from $149,000 to $399,000, the first 40-unit building is scheduled for completion in April. By 2012, the developer is hoping for a dozen buildings.

"It's becoming like Mexico City," said Jaime Garcia Abascal, a real estate broker in Tijuana for 35 years. "Because crime has risen, people are looking for enclosed areas in order to feel safe."

Housing construction aimed at the middle and upper classes stagnated in Mexico after the 1994 peso devaluation, when many people defaulted on their mortgages and banks withdrew from the housing market.

"There has been a segment of the population, middle class and up, that hasn't had access to credit," said Alfonso Diaz Gamez, El Bosque's director. "But since 2004 it has been opening up."

These days, home mortgage rates start at 11.5 percent in Mexico, but the rate drops to 9.5 percent after about a year for those with good payment records.

For years, planned low-income developments and improvised shantytowns have been pushing Tijuana's perimeter farther and farther toward Tecate to the east and Rosarito Beach to the south. The city's housing stock is expected to increase by a record 32,000 units this year; about half of those are units that cost less than $30,000, according to the Baja California branch of Mexico's National Housing Chamber. Only a small fraction are aimed at the upper end of the city's economic scale.

Across Tijuana, speculation and scarcity have pushed up land costs. In the most desirable areas, such as near Club Campestre, land is selling for $107 to $133 per square foot, said Garcia Abascal, the real estate broker.

It is difficult to find buyers who are willing to talk publicly about their purchases in the city's newest condominium projects. They say drawing attention to such a sizable investment could make them the target of kidnapping rings.

A 30-year-old kindergarten teacher interviewed at New City said her uncle moved to San Diego after a kidnapping attempt, and that friends have been robbery victims. But she has no intention of leaving Tijuana, and brightened when she talked about the three-bedroom unit she and her husband, an engineer with his own firm, are buying for $230,000 and where they hope to one day raise children.

"When I grew up, I could go out in the street and play, and there was no danger," said the woman, born and raised in Tijuana's well-to-do Colonia Cacho. "But I wouldn't be able to do that with my children."

One prominent Tijuana businessman who moved across to the U.S. side after being kidnapped said he has purchased a unit at New City as an investment, but for the time being plans to continue living north of the border.

Abadi says his project can start the renewal of the area near the border, just as high-rise condos have helped transform downtown San Diego.

But Gabriel Martinez Ramos, coordinator of the architecture program at Tijuana's Universidad Iberoamericana, warned that the high density could strain public services and create traffic bottlenecks.

"The impact on the city is greater than the benefit that it brings," Martinez said. Government planners have been too passive, and the high-rises risk becoming enclaves with little relationship to the surrounding neighborhoods, he said.

"The error here is that the government did not require them to build plazas, public spaces," Martinez said. "They didn't require them to relate to the city, with parks, shops, restaurants."

Developers say the realities of the surrounding city dictate gated communities.

"One thing is what's ideal and desirable, but another is what people want, and what the market wants," Bosque's Gamez said.

Abadi says he has been working with the state's public service agency, the gas company and the federal electric company to increase capacity by his buildings.

Tijuana has no height limit in that area, said David Navarro, director of urban administration for the city. But the developer was required to submit a series of studies measuring environmental impact and effects on surrounding traffic. Baja California's building codes are similar to California's, and require buildings to withstand earthquakes up to an 8.6 magnitude, Navarro said.

"Ten years ago, Tijuana wasn't ready, because there wasn't enough population, and the economic facilities were not here," Abadi said. He says his project will be just what its name states: a New City, a haven of comfort and safety, shielding its residents from the city outside.

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