



IN ARGENTINE DEVELOPMENTS, VINEYARDS AND VILLAS

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TUNUYÁN, ARGENTINA — "I'm a Texas boy and love the ranch; this reminds me of that," said Michael Brochu, a semiretired tech executive from Seattle who is awaiting the completion of his villa at The Vines of Mendoza, a development in the foothills of the Andes.

"Big open spaces," he said. "It's like Napa 30 to 40 years ago."

Mr. Brochu first heard of the development, on 400 hectares, or 1,000 acres, when he purchased eight hectares of vines several years ago through its vineyard estate program.

According to the development's Web site, more than 100 investors have already planted 280 hectares with 18 varieties of grapes, like Malbec and Syrah. A team of experts is available to help guide owners, and to produce wine at the development's own facility.

When Mr. Brochu heard that the company would be building villas adjacent to the vineyards, he jumped at the opportunity. "The key for us is the whole concept," he said. "We can participate as little or as much as we want. We drink wine, but we didn't want to be in the wine business. It's more of a lifestyle."

The one- and two-bedroom residences — made of wood, brick and concrete — range from \$350,000 to \$900,000, depending on the layout and size of the plot. (Many real estate transactions are done in Argentine pesos, but developments seeking international buyers generally price properties in dollars.) Twenty-two villas are scheduled to be completed by the Vendimia, the grape harvest in March.

But The Vines of Mendoza — established in 2005 by Michael Evans, an American entrepreneur, and Pablo Giménez Riili of a well-known Argentine winemaking family — is far from being the valley's only new development.

While several projects, like the 310-hectare Valle de Uco, were put on hold in the wake of the 2008 global downturn, most are preparing for their first residents.

At La Morada de los Andes, near The Vines of Mendoza, 83 lots are under development on more than 400 hectares of vineyard. Land prices range from \$90,000 to \$160,000, with construction costs estimated at \$1,600 a square meter, or \$150 a square foot. The first structures, including the clubhouse, are expected to be completed by the end of the year.

Title transfers involving residential property are much simpler than those for farmland, said Steve Rosberg, the founding and managing partner of Ushay Investments. "The lots are residential, not agricultural, and this is an important distinction," he said. The development company owns La Morada, as well as the sleek Fierro Hotel in Buenos Aires and Los Arbolitos, the for-profit vineyard investment trust that owns the vines around La Morada. Its grapes are sold to area wineries, with the trust supervised by Mr. Rosberg's son Andres, president of the Argentine Sommelier Association.

Homeowners at La Morada may invest in Los Arbolitos, but even if they do not, small amounts of the wine will be allocated to them and sold in the clubhouse to help offset their expenses. Also, the developers say there will be opportunities to defray their costs through rentals.

"We will provide full property management services so that they make revenue from their non-occupancy time," he said. "We estimate that a gross 8 percent return as a very conservative projection."

Spanish and Italian immigrants planted vines in the Uco Valley as early as the 1920s, but the valley, which is 70 kilometers long, or 45 miles, was considered too far from Mendoza, the provincial capital in central Argentina. Most of the region's wine production was concentrated closer to Mendoza, in Luján de Cuyo and the Maipú Valley.

In the early 2000s, when Argentine wine began to take off on the global market, top names like O Fournier, Achaval-Ferrer and Catena Zapata decided the valley had the potential to produce intense wines with relatively low acidity.

Surrounded by snowcapped Andean peaks, the region often draws comparisons to the Napa Valley, north of San Francisco, for its tourism potential, which includes outdoor activities like skiing, biking, and horseback riding.

While wine is a central element to all of the Uco Valley's developments, some, like Tupungato Winelands and Algodon Wine Estates, are becoming lifestyle complexes, with golf courses, polo fields, boutique hotels, spas and a country-club atmosphere.

"For the Mendoza wine and real estate market, the first thing that has to be said is that it has been growing steadily for 15 years now," said Andrés Ostropolsky, a Mendoza-based sales associate for Sotheby's International Realty. The agency lists many properties in the region, ranging from vineyard estates at Casa Palmero to Casa de Uco, a vineyard complex where private home sites, as well as a hotel and spa, are under construction.

According to Mr. Ostropolsky, the asking price per uncultivated hectare ranges from \$12,600 to \$39,000, while the price per hectare of vineyard ranges from \$35,000 to \$98,000, depending on the location. In comparison, the price for a prime hectare of vineyard in Napa Valley ranges from \$500,000 to \$750,000.

"This growth has not been explosive, but continuous over time," Mr. Ostropolsky said of Uco Valley prices. "The average rate for the appreciation of the land has been around 6 percent" a year.

Foreigners have not been allowed to buy large tracts of land in Argentina. "Recently the Congress has issued a law that allows a foreigner to buy up to 1,000 hectares," Mr. Ostropolsky said. "In terms of vineyards, that's a huge number. A big vineyard can be one of 150 to 250 hectares at the most."