





Caribbean cure

It's not all doom and gloom in the Caribbean property market and the long-range forecast is looking good.

TEXT: **RICHARD WARREN**

It took some time, but the global property market slump has finally caught up with the Caribbean. Vendors reluctant to haggle in 2008 are doing so now albeit with considerable reluctance. Some desperate sellers are slashing nearly Dhs2 million off their asking prices. Their plight has been made worse by buyers staying away from the market during the winter, traditionally the busiest time of year in the Caribbean property market.

"The buying season has started late this year," Georgina Richards, associate at estate agency Knight Frank, says, "It usually starts mid January, but this year it started in March and April, because people were sitting on the fence. Prices were not coming down as fast as people were expecting, but they are coming down now – 10 to 15 per cent reductions are being offered by vendors."

She says that buyers had been looking for 30 per cent reductions last year, but the gap between asking prices and offers was closing now she said. Buying agency, Quintessentially Estates, says some vendors are reducing prices by up to Dhs1.8 million.

The effects are felt unevenly across the Caribbean. In Barbados, the property market is thriving. According to estate agency Cluttons, prices are rising at an annualised rate of 15 per cent on the island. Prices have never fallen there, it adds.

Richards says Barbados and other islands that are easily accessible by air and have good infrastructure and security will survive the downturn best in the Caribbean.

"A couple of years ago, people were looking for islands that were up and coming and where they could get more for their money, like St Lucia and Antigua, but in the last few months they have focused on the more mature markets, such as Barbados and British Virgin Islands," she says.

Foreign buyers tend to buy beach-front homes in areas with low levels of development she says. To cash in on this trend, international branded resort operators are moving into the region and unveiling beach-side developments offering on-site leisure facilities like spas and championship golf courses.

She was confident about long-term prospects for overseas second home buyers purchasing in the Caribbean. Favourable tax regimes on many islands

Top to bottom: Turpentine, British Virgin Islands; Bahia Beach Resort and Golf Club, Puerto Rico.



and plenty of sunshine in all of them will ensure the region remains popular with second home buyers in the years to come. Creating holiday home developments can be a lucrative tourism industry spin-off, so a growing number of Caribbean nations are opening their doors to overseas second home buyers, to tap into this burgeoning market. The Caribbean islands are heavily reliant on income from tourism, so the various island governments are keen to attract overseas investors she says.

Even Cuba is allowing private developers to build residential communities for wealthy overseas buyers. The first of these is likely to be the Carbonera Club where British-based Esencia Hotels and Resorts plans to build 720 villas and apartments, spa, hotel and golf course. The developer is offering homes to non-Cubans in pre-launch sales. Only Americans cannot buy – they are forbidden by their own government, because of its embargo of this “Communist” state.

Belize, although geographically part of Central America, is often lumped in with the Caribbean nations when it comes to analysing property markets,

because its homes are available for sale to foreigners. In a bid to attract more overseas buyers, it has cut stamp duty and ended import duties on furniture brought into the country by foreigners furnishing their newly bought homes.

In Barbados, foreigners are free to buy property anywhere - they need permission from the Barbados Central Bank, but this is only a formality. Here, developer Cinnamon 88 is building 35 villas and a Four Seasons Hotel at its 13 hectare Clearwater Bay project. Ten villas remain unsold at prices starting from Dhs42 million. Lord Lloyd-Webber, *X-Factor* judge, Simon Cowell, and Formula One team owner, Eddie Jordan, were early buyers.

However, Lloyd-Webber and some other would-be residents are reportedly getting impatient about the slow pace of construction. The developer says building work will be delayed following the Barbados government’s decision to ban 1,000 Chinese labourers from working on the project as part of its “no foreign labour” policy aimed at protecting local jobs. The developer insists it can keep to its scheduled 2011 completion date despite the hold-up.

Assuming all goes to plan, the estate’s villas will be constructed in the same fashion as Alang Alang, the Balinese-influenced Barbados home of Cinnamon 88 partner Mike Pemberton. Likewise, homes at the developer’s Grenada scheme, the Mount Hartman Estate, will be in the same style, also with aged teak doors from Indonesia, Brazilian wood floors and French chandeliers.

At the Grenada project, 58 villas and a Four Seasons Hotel will be built on a private island, their completion scheduled for 2013. An additional 115 mainland villas are planned for the 160 hectare estate, plus a marina, tennis academy and 18-hole championship golf course. Residents will be allowed to access the Four Seasons Hotel facilities at both the Grenada and Barbados developments.

The Turks and Cacois’ Islands are rated by *Condé Nast* as the best Caribbean holiday destination. The British colony is also very investor friendly – foreigners can buy homes anywhere in the archipelago and there are no taxes to pay on inheritance, capital gains, income or property. The *Global Property Guide* is exuberant about the island’s pro-landlord rental market and the high rental

This page: Alang Alang, Barbados.



returns available on large estates. However, home buying and selling costs are high it warns, averaging 19 per cent of the value of a property when both are added together. These cover legal fees, transaction costs and charges, estate agents fees and notary fees.

At the Royal Reef Resort, on the archipelago's North Caicos Island, prices start from Dhs1.1 million for a studio apartment and Dhs285,000 for a hotel suite. Facilities include four swimming pools, three restaurants, two tennis courts, numerous shops and a spa.

On the former British colony of St Lucia, Lord Glenconner, the developer who helped transform Mustique into a hideaway for the world's glitterati, is building seven multi-millionaire homes on the island's south west coast. The Glenconner Beach villas are the only homes in St Lucia with direct access to the beach the developer says. Prices start at Dhs26 million for a 1,239 square metre property. Construction is scheduled to start in May, this year. St Lucia is more suitable for holiday home buyers with money than investors looking to make money, because property purchase and sales costs are high – when both are added together they amount to 22 per cent of the value of the property. Also, tax on rental income ranges from 10-30 per cent. Foreigners need a Land Holding Licence to buy a home.

The downturn in the United States housing market and the resulting collapse of its citizens' demand for overseas homes has opened up the US commonwealth territory of Puerto Rico to non-US buyers - there are no restrictions on foreigners buying on the island. Cluttons is marketing Puerto Rico's Bahia Beach Resort and Golf Club internationally. Facilities at this St Regis Hotels and Resorts operated community will be available to owners of its 114 apartments and ten town-houses. In addition, 26 St Regis branded villas are being built on a private island, each with their own infinity pool and terraces that lead to a lake. Prices for apartments start at Dhs2.9 million.

Aside from brand new developments, estate agents are marketing plenty of second-hand properties in the Caribbean too, so buyers have much to choose from. **ID**

