

Caribbean Report

April 2009

Since 1987, The Caribbean Report has been a focal point for people desiring to purchase or invest in this beautiful and economically blossoming region of the world. Our approach is to present the most up-to-date information and salient data with which you can make better purchase or investment decisions. We try to provide hard evidence of genuine market indicators through transactional analysis, pricing information, value determinants, and regional intelligence.

The Report had been an annual compendium addressing each destination within the Caribbean Basin inclusive of island overviews, travelers' vital information, buyer prerequisites, tax benefits, government type, climate, demographics, economic descriptions, industry and labor review, etc. With the advent of the Internet a great deal of our information became readily and freely available to the public through a variety of resources. A decision was made to offer more unique and exclusive information. The Report now focuses more on hard data and analytical analysis. Our goal is to provide vital regional interpretation with our associates' combined 80 years of Caribbean experience so that our readers can make more informed decisions.

George Egosarian
Publisher
Caribbean Report

During recent years the Caribbean Basin has experienced unprecedented growth within its real estate and hospitality sectors. Midway through 2008, the region began to contend with a softening of the US economy and then with a downturn in specific global areas. However, through our 25 years experience with Caribbean economic cycles we are confident that most property values will remain steady. Contrary to much boasting by some brokers and developers, the region rarely experiences truly dramatic value increases too quickly, and rarely has significant downturns regarding values. The tendency actually is that properties typically maintain their values well. The region has also been made more buoyant over the years due to it becoming a more viable option for numerous global entities and international real estate buyers.

The Caribbean had generally been on an upswing regarding its tourism and real estate sectors since late 2003. During this period the combined strength of US and global economies created a surge of interest in the Caribbean from global investor syndicates, international hospitality groups, developers, and fund groups. The weakening Pacific sector during this period created a void for investment, which was conveniently met by the Caribbean Basin. The region generally offered good infrastructure, stable governments, and superior potential for economic growth. And, given the various geopolitical difficulties the proximity to the US mainland lessened anxieties for some groups.

During these robust years most locations witnessed solid growth in their economies. Visibly preferred destinations were the Bahamas, Dominican Republic, specific regions of Mexico, Costa Rica, and Belize. For the first time in the region's history many branded resort properties dropped their reluctance to develop in the Caribbean and many actually evolved multiple projects simultaneously. Four Seasons, Ritz Carlton, Rosewood, St. Regis, Marriott, Westin, Hyatt, Amman Resorts, Mandarin Oriental, Raffles, and Hilton are just a few of the numerous marquee operatives which were drawn to the region. 79 total new major resorts were slated for development in the region for 2008. The luxury segment has led the way during the past four years, but 2009 may see slight downscaling due to economic pressures and demographic changes.

The data below reveals trending for 2006 versus 2007.

Residential Pricing

2006 Transactional Analysis • Average Pricing

These are actual average transacted prices for each configuration. Only quality-oriented midlevel to upscale properties were included in tabulation. 190 individual real estate transactions were surveyed.

- Studio condo: \$309,000 (total range of \$240K to \$419K).
- One bedroom condo: \$419,000 (total range of \$340K to \$987K)
- Two bedroom condo: \$560,000 (total range of \$365K to \$1.6M)
- Three bedroom condo: \$890,000 (total range of \$805K to \$3.5M)

2007 Transactional Analysis • Average Pricing

These are actual average transacted prices for each configuration. Only quality-oriented midlevel to upscale properties were included in tabulation. 220 individual real estate transactions were surveyed.

- Studio condo: \$322,000 (total range of \$290K to \$488K).
- One bedroom condo: \$439,000 (total range of \$440K to \$999K)
- Two bedroom condo: \$688,000 (total range of \$765K to \$1.8M)
- Three bedroom condo: \$990,000 (total range of \$865K to \$3.8M)

2006 Free-Standing Homes (within communities, on 0.5 acre)

- Two bedroom: \$905,000 (total range of \$715K to \$2.2M)
- Three bedroom: \$1.2M (total range of \$935K to \$3.5M)
- Four bedroom: \$1.8M (total range of \$1.1M to \$4.8M)

2007 Free-Standing Homes (within communities, on 0.5 acre)

- Two bedroom: \$945,000 (total range of \$865K to \$2.6M)
- Three bedroom: \$1.4M (total range of \$965K to \$3.9M)
- Four bedroom: \$1.9M (total range of \$1.1M to \$6.1M)

2006 Homesites (beachfront)

- 11,000 +/- sq. ft. lot: \$260,000 (total range of \$170K to \$480K).
- 21,000 +/- sq. ft. lot: \$440,000 (total range of \$310K to \$560K).
- 40,000 +/- sq. ft. lot: \$580,000 (total range of \$490K to \$1.4M).

2007 Homesites (beachfront)

- 11,000 +/- sq. ft. lot: \$290,000 (total range of \$192K to \$520K).
- 21,000 +/- sq. ft. lot: \$499,000 (total range of \$390K to \$660K).
- 40,000 +/- sq. ft. lot: \$595,000 (total range of \$459K to \$1.8M).

Residential square footage requirements and category percentages realized only very marginal differences during the periods analyzed.

2006/7 Space Requirements

- 42% purchased two bedroom units averaging 1800 sq. ft. of covered space. (range was 1400 sq. ft. to 2600 sq. ft.)
- 23% purchased one bedroom units averaging 1190 sq. ft. of covered space. (range was 990 sq. ft. to 1510 sq. ft.)
- 21% purchased three bedroom units averaging 2980 sq. ft. of covered space. (range was 2600 sq. ft. to 4400 sq. ft.)
- 6% purchased studio units averaging 490 sq. ft. covered space. (range was 290 sq. ft. to 560 sq. ft.).
- 6% purchased four bedroom units averaging 3900 sq. ft. in overall size. (range was 3400 sq. ft. to 6100 sq. ft.).

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