



We know Barbados

# Current Development Trends and Forecast

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# Today's discussion

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- The last 12 months
- The market today
- The next 12 months
- Development issues for Town Planners



- Absorption appears to be slowing
- Projects on hold or cancelled  
(shortlist only)
  - Sandy Cove 2
  - Mahogany Grove
  - Maynards Point
  - Bacassa
  - Cyan
  - Cane Garden
  - Coconut Beach
- Total of about 300 units
- No new project announcements (Six Mens Marina?)
- Some developers in a holding pattern
- Development sites available



## Barbados Project Absorption Summary

**Search Criteria:** Q4 - 2007 through Q3 - 2008

**Projects:** Beachlands; Coconut Beach Residences; Coral Cove; Crystal Beach; Cyan ; Glitter Bay Condominiums Ph 1; Leith Court; Mahogany Bay; MantaRay Bay  
; Maxwell Beach Villas; Merlin Bay; Mistle Cove; Ocean One; Ocean Two; Oceanic; Old Trees; Palm Beach; Port St. Charles (Phase 1-4); Port St. Charles (The Beach); Portico; Reed's House; Sandy Cove - Apartments Ph 1; Sandy Cove Phase 2; Sandy Hook; Sapphire Beach; Schooner Bay  
; Silver Beach; Silver Point; Smugglers Cove ; South Ocean; St Lawrence Beach Apartments; St. Peter's Bay; The Regent; The Sands; Villas on the Beach; Waterside; White Sands South

	<u>By Units</u>					<u>By Price</u>					Total
	Studio	1 BR	2 BR	3 BR	4+ BR	< 1.0 MII	< 2.0 MII	< 3.0 MII	≥ 3.0 MII	Unknown	
<b>Q4 - 2007</b>	0	6	13	11	0	25	4	3	-2	0	30
<b>Q1 - 2008</b>	-1	5	11	6	-1	14	5	0	1	0	20
<b>Q2 - 2008</b>	-1	4	1	1	2	4	2	0	1	0	7
<b>Q3 - 2008</b>	0	-3	13	8	1	-2	4	0	3	14	19
<b>Grand Totals</b>	-2	12	38	26	2	41	15	3	3	14	76
<b>Annual Rate</b>	-2	12	38	26	2	41	15	3	3	14	76

- Data taken from Terra Caribbean database
- More units available in this period than any other period
- Last 2 quarters was 50% of previous 2 quarters.
- Last 2 quarters is down over the previous 6 quarters.

Detailed Data Table Removed

- Buyers market
- Some projects offering small discounts
- Price growth in last 12 months (zero)
- US\$ property is 25% more expensive today for the British
  - If you are British and you own a property here you can sell it at a 25% discount and get back your money in Pounds!
  - If you are not a seller, your property in Barbados has appreciated in value by 25% while your home in London has depreciated!
- Contractors are hungry, but the labour rates have not fallen yet
- There will need to be some pain before the labour rates come down, and there will be pain
- Local market (Bds\$ 350,000 to \$750,000) is still very strong
- Still have excess demand for central residential land lots
- There will be a backlash from the Land Tax cost increases



- Continued buyers market
- Supply will dwindle and prices will gradually increase (5% next year)
- Beachfront will hold pricing most firm
- Inland, non-themed will struggle further
- Unlikely to see more than 2 new large scale residential projects in next 24 months (Six Mens Marina and one other)
- Flight to Quality
  - Barbados is different to the Caribbean. When the tide comes in all boats float but when the tide goes out..
  - In real estate it is location, location, location, and on the macro scale in the Caribbean it is Barbados
  - St. Lucia, Grenada and Antigua will see an almost total fall in foreign demand
- Foreign Direct Investment will become fashionable again
  - See how quick the rhetoric about foreigners buying real estate will dry up
  - We will be bending over backwards to encourage FDI
- Govt. counter cyclical investment to keep the construction engine running is a good move

# Next 12 months - must do's

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- Differentiate Barbados as a Brand
  - We are not the Caribbean. We are Barbados.
  - Keep up employment so that we do not damage what we have built (social)
- Drive inefficiencies from the development process
- Invest in infrastructure for the next cycle





# Development Issues

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- FMV and Legal Permissability
- The Physical Development Plan
- 2 month period prescribed in the Town and Country Planning Act hardly ever met.
- Change only happens when there is discontent.
- In a booming market developers were willing to wait for the opportunities to come to fruition. In a tough market the capital will flow to more efficient jurisdictions.
- Develop a code that matches with the PDP. Allow building to start immediately once the code is followed and it is within policy. It seems that the PDP is re-examined every time an application is submitted. Why?
- Certificate of compliance should be a one week process. The loss of capital due to the delay in a simple regulatory, compliance matter is huge. There is a whole body of knowledge now dedicated to legal structures that ensure capital flows without Certificate of Compliance.





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Thank You



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