

FINANCIAL TIMES

By Troy McMullen | November 7, 2014

BAHAMAS PROPERTY MARKET REBOUNDS AS INVESTMENTS POUR IN

There is a mood of renewed optimism in the Caribbean country – and developers are taking advantage

Albany, a 600-acre beachfront resort in the Bahamas, opened four years ago at a time of great financial uncertainty in the high-end property sector. After years of robust sales, fuelled mostly by wealthy American and European second-home shoppers, the 2008 financial crisis had dented real estate values and damped enthusiasm for trophy property across much of the Caribbean island nation.

The condominium market, including some hotel-condo developments, was among the sectors hardest hit as a growing number of projects struggled to find buyers, leading to a glut of inventory and steep price cuts. Values dropped between 30 and 40 per cent from 2007 to 2010, according to Treasure Cay estate agent Everett Pinder. Some resorts that had been under construction at the time stalled or collapsed as investment dried up.

Yet despite the unfriendly economic climate, Albany's miles of oceanfront, mega yacht marinas and spas – in the southwest of New Providence – still managed to attract buyers. Nearly two-thirds of its 300 residences were sold before the resort opened in 2010.

Now, as property markets rebound around the world, Tavistock Group, Albany's developer, is expanding, adding a series of new condominium projects to its master plan, including Honeycomb, a 34-unit scheme where each new home will have a private terrace with a pool.

Designed by the Danish architect Bjarke Ingels, Honeycomb will open in the first half of 2016 with homes ranging in size from 3,000 sq ft to 8,000 sq ft. Prices start at \$3m and rise to \$12.5m.

"We broke ground [with Albany] in 2008 when the financial crisis was just beginning to take hold," says Christopher Anand, a senior managing partner at Tavistock (its investors in the Albany project include golfers Tiger Woods and Ernie Els).

"But we had enormous confidence that the design and amenities would be very attractive to investors despite a slowing economy."

Albany's expansion underscores developers' eagerness to capitalise on renewed confidence in the Bahamas. After several years of slow growth following the crash, home prices began stabilising in 2012, says James Burdess, head of the Caribbean desk at Savills. "By late 2012, we began seeing international buyers coming back into the market."

He estimates that prices have increased by 10 to 15 per cent over the past two years in the islands' more established high-end enclaves such as Old Fort Bay and Lyford Cay. Many of the newer condo developments – including those that stalled during the downturn and are now completed – are also helping upmarket sales, adds Burdess. "The newer developments that have come to market, or are about to, are helping bring more buyers back to the top end of this market."

Among the biggest developments is Baha Mar, a \$3.5bn resort in Nassau that's being built and financed largely by China. The 1,000-acre site will include 284 condominium units among its more than 1,000 hotel rooms when it is completed next year. Prices range from \$1.1m for a one-bedroom residence to \$10m for a beachfront villa.

Set along 3,000ft of oceanfront, Baha Mar will have three spas, retail and



entertainment facilities, a casino and a Jack Nicklaus-designed golf course. Meanwhile, singer Lenny Kravitz is designing the nightclub.

"The amount of development and investment in the past few years is astounding," says George Damianos, president of Damianos Sotheby's International Realty.

He says the building boom is being accompanied by much-needed infrastructure upgrades such as the expansion of Lynden Pindling International Airport, which cost \$410m.

"All of this new development really illustrates the amount of confidence there is in the Bahamian marketplace right now," says Damianos, who is marketing a six-bedroom colonial-style home, Cuckoo's Nest, for \$6.5m. The property is in Lyford Cay, a private gated community on the western tip of New Providence.

Renewed investment in the Bahamas comes as wealthy Americans are again putting their money into vacation property. The number of second home purchases climbed 29.7 per cent in 2013 to 717,000 homes, according to an annual survey by the US National Association of Realtors. The gain was the largest since the association started tracking second-home sales in 2003.

Though Americans make up much of the vacation property buyers in the Bahamas, the number of wealthy investors from Canada, France and Britain has also risen, says Tavistock's Anand.

He estimates Europeans make up 20 per cent of homebuyers in the Bahamas today – twice as many as there were five years ago. "There's a real sense that more and more investors from Europe and Canada see opportunity here."



ALBANY
BAHAMAS

albanybahamas.com