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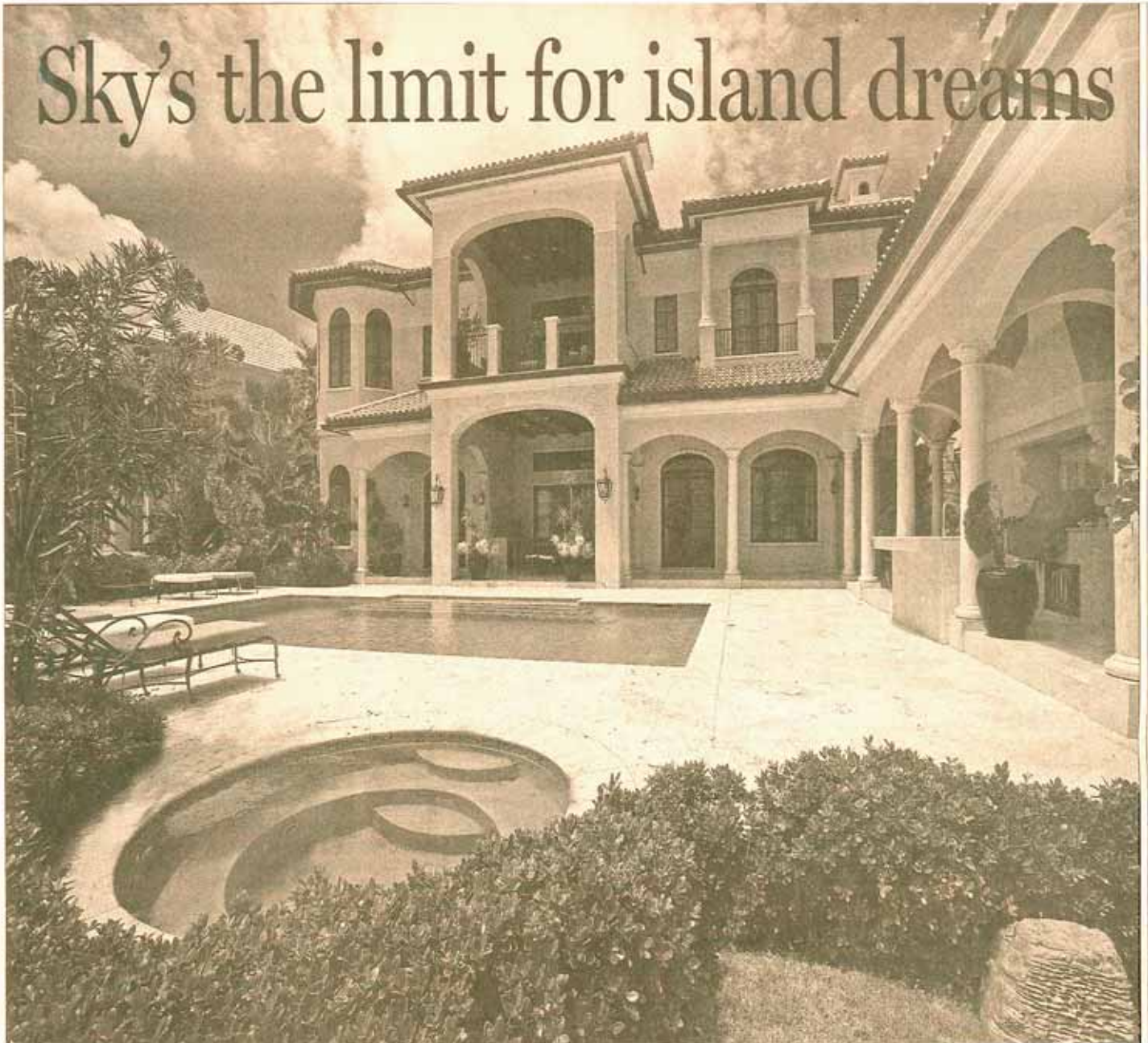
Champagne moment

Jancis Robinson recommends fizz for summer celebrations



Wealth at the Weekend

Sky's the limit for island dreams



A slice of paradise: higher standards of luxury and increased demand have pushed prices up for Caribbean dream homes

A Caribbean property is the must-have second home, says Anora Mahmudova, but standards and prices are rising

As Johnny Depp said as Captain Jack Sparrow in *Pirates of the Caribbean*, while marooned on a desert island, "Rum, sun and sand, it's the Caribbean!"

With or without the rum, the Caribbean has a deserved allure for anyone from colder climes. Warm blue water, sun-kissed beaches and palm trees waving in the breeze evoke the image of paradise for many of us. And paradise used to come relatively cheap, but now that developers are adding modern luxuries to nature's bounty, prices and standards are rising.

The problem is that the Caribbean still has a reputation for attracting property hunters with the ethical standards of Captain Sparrow. Michael Ryan, a property developer and owner of the Ritz-Carlton Residences on Grand Cayman, recalls his encounter with a Russian millionaire who wanted to buy a \$44m penthouse that is still on the market.

"He arrived in his own unmarked airbus, and said 'I want to buy your penthouse' and I said that's lovely, and he says: 'I want to buy your penthouse for cash.'

"It all looked like a bad James Bond film, and we said no and I was looking how I could get out of the room. In spite of its reputation, Cayman does not welcome people such as that."

But there is also plenty of demand from people who do not want to pay in cash. Robust sales of luxury houses - costing \$1m or more - in the US along with a demand for beachfront properties have fuelled a price rise of luxury houses in the Caribbean.

Rick Goodwin, publisher of Uniquehomes.com, a website designed to cater for just such demands with listings of luxury properties round the world, says that the wealthy are awash with cash and are spending it on real estate. "What we are seeing in the Caribbean is a lot of new development going on and it appeals beyond the US: it appeals to the Europeans who are attracted to the Caribbean."

Explaining why Caribbean islands are attractive to US buyers, he says: "Beachfront property in the US is scarce - it's very hard to find something pristine; it's overdeveloped. The Caribbean offers a whole new opportunity. It is close to the US, it has really exotic ocean-front property that does not have the same overdevelopment feel of Florida.

"People are spending from \$4m to \$10m on the houses in the region. Certainly prices in the Caribbean are higher than in the past. It's not difficult to spend \$15-\$20m or even \$40m for really top of the line estates," says Mr Goodwin.

However, developing and furnishing a house far away from one's primary residence can be troublesome. And Caribbean islands vary greatly.

While some, such as the Cayman Islands, the Bahamas, and Turks and Caicos are considered developed countries or territories, others - such as Jamaica or Haiti - still suffer from social and political unrest or economic challenges. Many countries in the region suffer from severe poverty. Indeed, the region as a whole has the highest crime rate in the world, according to the latest World Bank report.

While condominiums and villas are popular residences for the wealthy, luxury hotel chains offer alternatives. The idea is that this reduces the risks involved in choosing a property, while maximising convenience for clients. Ritz-Carlton Residences offers apartments in Grand Cayman that cost from \$2.9m to \$44m and include a full array of luxury services such as dinners by famous chefs, tennis with a world-renowned coach and sea activities with the explorer Jean-Michel Cousteau.

Mr Ryan recounts how the project began, 10 years ago. "In 1997, Ritz-Carlton invited me to do a project here. They are a management company, and saw that the market was underserved. They saw potential here. They tried to get the project done on their own and, when it did not happen, they decided to reach out to a developer. 'If you make it happen, we will give you a brand and manage it,' they told me."

Completed in 2005, the homes are located on Seven Mile Beach, which stretches across the island from sea to sea. Residents also enjoy all of the Ritz-Carlton hotel amenities as well as restaurants, a golf course and water sports.

"The prime investment motivation here is on the real estate and people who do the research get excited about the potential here,"

says Mr Ryan. "The average appreciation is 12 per cent a year for the past 17 years." Bear in mind that this return is not taxed by the local authorities.

Mr Ryan did not stop after completing the Ritz-Carlton Residences and has begun to develop smaller houses on the resort property, which spans 144 acres from Seven Mile Beach to the North Sound. The property, including a marina, a golf course, a tennis centre and a driving range, is interconnected

'Prices are much higher now. It's not difficult to spend \$15m-\$20m or even \$40m for top of the line estates'

with a canal, which allows guests to get around using water taxis.

"We are creating a different product now that we have created a product with the recognition of a resort," says Mr Ryan. He is attempting to bring the price below \$1m, which he cheerfully describes as "a bargain", and is also creating estate homes that cost \$8m-\$10m. The idea is to make the investments available to the merely wealthy, and not only those who fit in the "ultra-high-net-worth" bracket.

Most buyers in the Caribbean come from the US and Canada, but many also come from Europe. Access is the biggest problem for most of the islands. While there are direct flights from New York and Florida, people from the Midwest complain that they do not have that luxury. Flights from Europe can similarly be a problem.

Cayman Airways has daily direct flights from Miami and Fort Lauderdale and they are launching a direct

flight from New York's JFK airport three days a week beginning later this month.

Rising popularity and availability of private jets companies, which do not require full or partial ownership of an aircraft, has contributed to easier access to the islands for wealthy individuals. A private equity investor from the Midwest bought his three-bedroom Ritz-Carlton apartment in 2006. His decision to buy came down to convenience rather than cost.

"Owning the residence allows me to use it whenever I would like, and on short notice. I don't have to worry about availability or the higher cost during peak travel periods. It works out cheaper than paying for the hotel at peak times."

And, of course, he has the chance to make a profit when he sells the apartment. "I did not buy the residence for investment purposes, but I am confident that it will turn out to be a good investment."

The thing he likes most about the island is that it is absolutely safe. He does not fear for his children being kidnapped for ransom, a possibility in some other Caribbean islands.

The only thing he complains about is the lack of direct flights from his city. If there were flights he could take on Friday evening and return late Sunday evening, he says, he would be beside the beach every weekend.

As in the restaurant business, with luxury homes it is location, location, location. And investors seem confident that the Caribbean, sun, sand, sea and a short hop from the US, is where buyers want to be.

WEALTH ONLINE

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Jack Sparrow: would you sell your house to this man?

