

RESIDENTIAL RESEARCH BARBADOS RESIDENTIAL INSIGHT

Knight Frank



Christian De Meillac, Head of Knight Frank's Caribbean Desk, talks all things Barbados, including prices, who's buying and which properties are in greatest demand

How did the Barbados market perform in 2011?

2011 saw a gradual decrease in prices of between 5-10% and in turn a significant surge in sales activity towards the end of the year. Homes in the most established resorts as well as beachfront residences generated the most interest. The average price for a prime property on the island now stands at approximately US\$900 per sq ft.

“WE EXPECT THE MARKET TO CONTINUE TO GAIN MOMENTUM IN 2012, AND PRICES TO STABILISE AND POSSIBLY RISE IN THE BEST LOCATIONS.”

What impact did the global financial crisis have?

The global financial crisis in 2008/09 added some uncertainty to the market, as buyers were more hesitant to commit and some vendors were slow to adjust their price expectations. The prime market saw price corrections between 10 and 20%, but Barbados proved better insulated than some of its smaller, less well-connected Caribbean neighbours.

Who buys luxury homes on the island?

Most prime property in Barbados is purchased by US, Canadian, UK, French and Irish nationals. Most are looking for a long-term lifestyle investment which they aim to use as a second home with a view to lending it to family and friends. Some overseas purchasers choose to make Barbados their primary residence due to its benign tax environment.

What are buyers looking for?

Most buyers that approach us are seeking a turnkey home. Few want to undertake renovations, buy off-plan or take on a self-build. In 2011, I would estimate only 5% of buyers bought a home off-plan on the island, a figure that has dropped significantly in the past decade.

What makes Barbados special?

Barbados stands out from other Caribbean islands due to its established resorts, pristine beaches, relaxed lifestyle and its easy access boasting over 20 international flights a day – two of which are from the UK.

What other factors drive demand on the island?

Its well-regulated business environment combined with its status as a low-tax jurisdiction attracts HNWIs from certain parts around the world. Low rates of corporate tax, the absence of capital gains tax and withholding tax on dividends are just some of the incentives that help boost its appeal.

What's your outlook for 2012?

With momentum in the market improving and the fact that minimal stock has been added to the island's property market in the last three years, the supply-demand equilibrium is tighter than it has been for some time. Add to this the scale of wealth generation globally and Barbados' limited inventory, and we expect demand to continue to strengthen, prices to stabilise and possibly rise in the best locations.

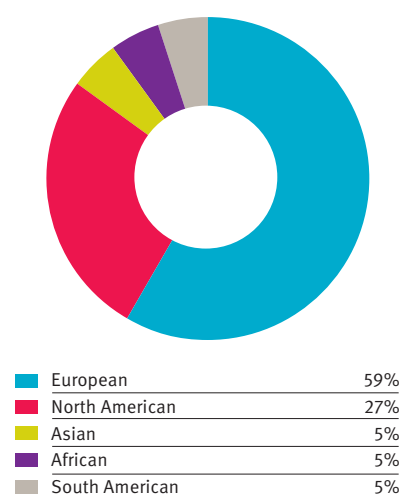


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Figure 1

Who is considering buying prime property in Barbados?

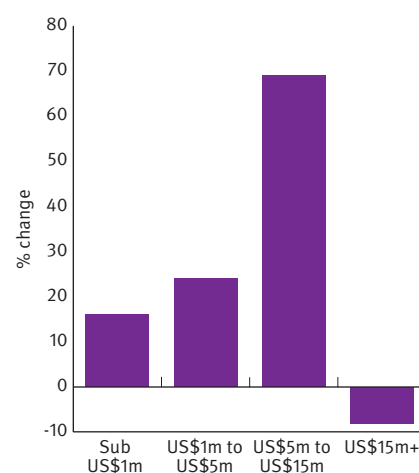


Figures may not add up to 100% due to rounding

Source: Knight Frank Barbados

Figure 2

Searches by price bracket
Percentage change in searches by price bracket, 2010 vs 2011



Source: Knight Frank Global Property Search Website

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Knight Frank's Global Property Search website receives 550,000 hits per month making it a unique barometer of the demand for prime international property. The following charts highlight some of the trends in the Barbados market.

Nationality

Buyers from the US, Canada, the UK, France and Ireland are targeting the island's most expensive properties. Over 25% of searches undertaken by these nationalities relate to properties priced above US\$5m.

Figure 3
Average price searched by selected nationalities
Searches in the three months to Dec 2011 (US\$)

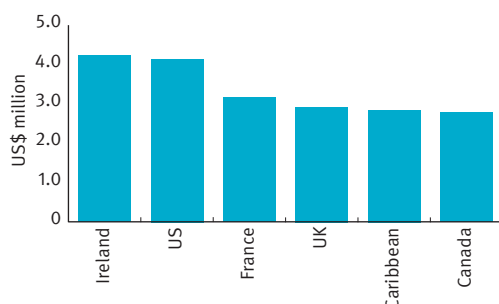
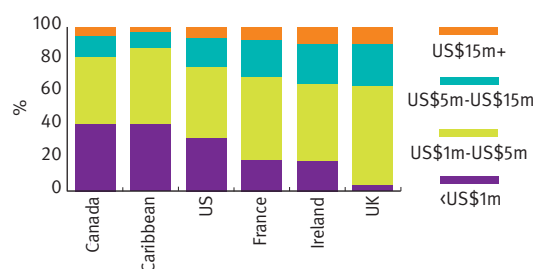


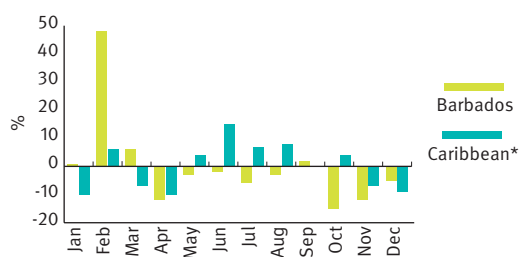
Figure 4
Nationality and price bracket
Proportion of searches by price band and nationality, 12 months to Dec 2011



Search volumes

In 2011 the volume of property searches peaked sharply between January and March. In our experience potential purchasers research the market from September onwards with a view to securing a sale in the traditional selling season of November to March.

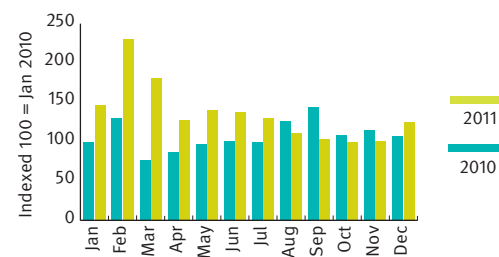
Figure 5
On-trend?
Search activity compared to the monthly average for each location



Source: Knight Frank Global Property Search Website

*Caribbean data relates to Antigua and Barbuda, Bahamas, Barbados, Cayman Islands, Grenada, Saint Barthelemy, Saint Vincent, The Grenadines and the British Virgin Islands

Figure 6
Monthly activity
Volume of property searches by month, 2010 vs. 2011



What can you buy for up to US\$1m?

PORT ST CHARLES

Marina apartment

Prices from US\$700,000

1

What can you buy for more than US\$5m?

LELANT

Royal Westmoreland Villa

Asking price US\$6m

5

For more details please click on the images above...

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