

1

Price performance

2

Market drivers

3

Currency advantage

Barbados Insight

2020

knightfrank.com/research

AT A GLANCE: THE BARBADOS PROPERTY MARKET

8%

INCREASE IN SALES,
2018 VS 2017

-7.5%

CURRENCY DISCOUNT FOR GB
BUYER ON 1 JAN 2020 VS 1 JAN 2017

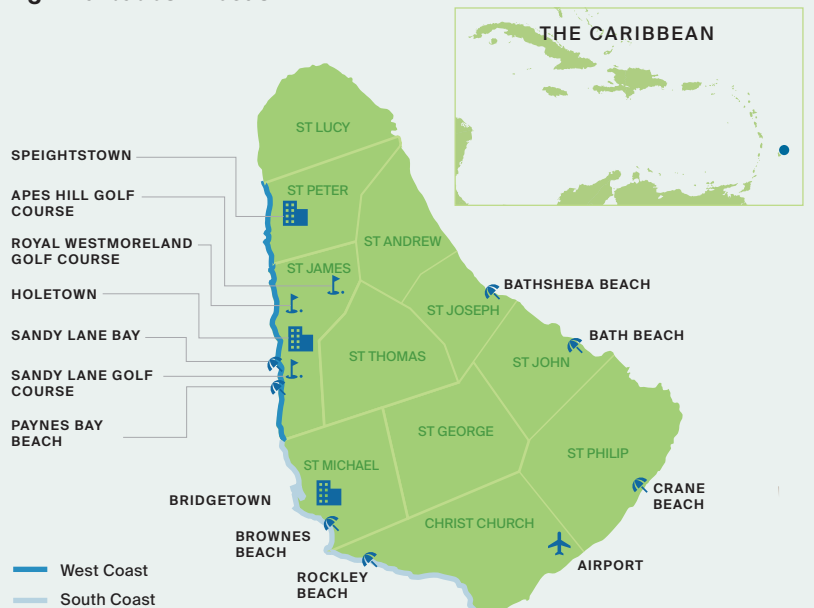
4,500

MEDIAN PRICE US\$
PER SQ M, 2019DIRECTION OF PRIME
PRICE GROWTH, 2019

16

WEEKLY DIRECT FLIGHTS
FROM THE UK

Fig 1. Barbados in focus



What's changed in the last 12 months?

Barbados's real estate market continues to evolve, diversify and mature. The financial crisis took a heavy toll on the Caribbean's property markets but fast forward a decade and there are clear signs the market is stabilising. Prime price declines on Barbados's desirable West Coast have bottomed out, sale volumes are rising, infrastructure is being upgraded (e.g. airport) and for UK buyers, a key component of demand in the prime segment, the exchange rate is finally working to their advantage.

The Barbadian dollar is pegged to the US dollar, against which, the pound has increased from 1.27 at the start of 2017 to 1.32 on 1 Jan 2020, this has not only meant that UK buyers are experiencing a discount compared to three years ago, but where UK vendors plan to sell up and move back to the UK, they are more flexible on price.

Since 2018 a number of reforms have boosted Barbados' investment credentials. Mia Mottley's government converged corporate tax rates for domestic and international businesses and the IMF announced a US\$288 million special interest rate loan as part of the Barbados Economic Recovery and Transformation (BERT) programme.

Fig 2. Good to know

1.



Foreign ownership: There are no restrictions on who can buy on Barbados but non-residents must obtain permission from Barbados' Exchange Control Authority before purchasing.

2.



Buyer trends: Properties in St. James and in St. Peter are popular with British buyers, whilst US and Canadian buyers tend to target the South Coast.

3.



Reduced risk: Barbados sits outside the Caribbean's Hurricane Belt. Unlike its northern neighbours, hurricanes make landfall once every 21 years on average.

Why buy in Barbados?

Low tax, security, privacy and accessibility underpin Barbados's appeal for international buyers. Unlike other Caribbean islands, Barbados is served by 26 direct flights each week to Grantley Adams International Airport, putting New York, Boston, London, Manchester and Frankfurt within each reach. With a population of around 288,000, the island offers a packed social calendar from horseracing to polo and surfing as well as five PGA Golf courses.

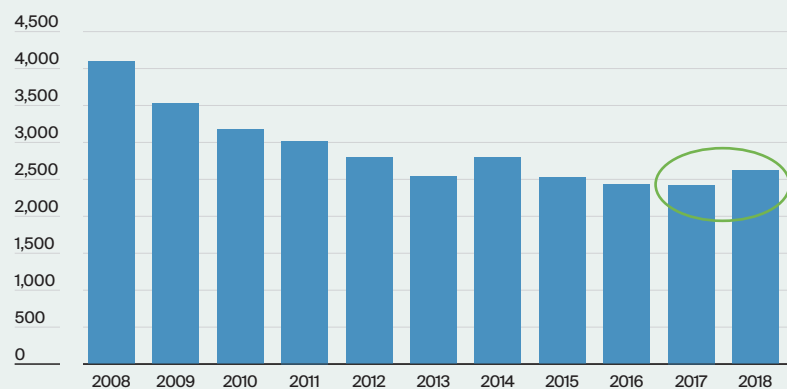
Barbados is one of only a handful of islands in the Caribbean that sits outside the Hurricane Belt. Widely considered low risk, the last major hurricane to hit Barbados occurred in 1955.

What are the key buyer trends in 2020?

UK buyers still account for around 40% of purchasers, with US, Canadian and Northern European buyers representing other key components of demand. A high proportion of buyers are seeking either a beachfront property or one offering sea views and apartments are increasingly popular with overseas buyers given their easy maintenance.

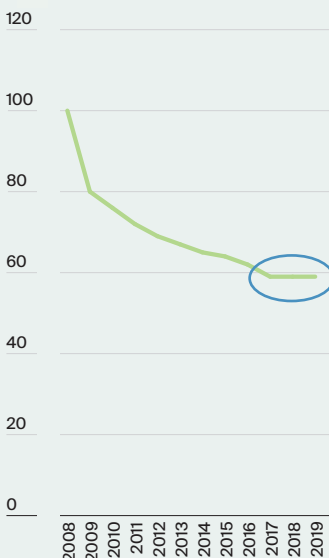
Whilst not a high-yielding investment, most second home purchasers aim to rent their Barbados property with rental demand highest between December and February, although temperatures rarely drop below 23C providing year-round appeal.

Fig 3. Sale volumes are recovering
Residential sales, Barbados



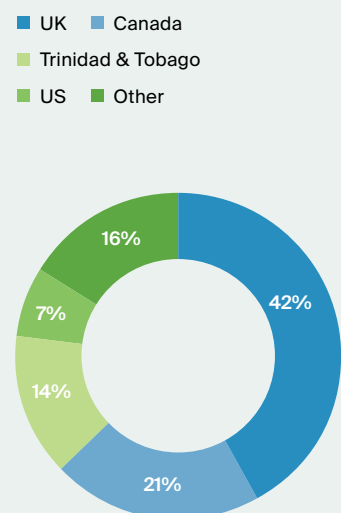
Source: Knight Frank, Terra Caribbean

Fig 4. Barbados prime residential price index
Indexed, 100 = 2008



Source: Knight Frank

Fig 5. The breakdown of overseas buyers by nationality, for \$1.5m+ sales
2019



Source: Knight Frank, Terra Caribbean



Kate Everett-Allen

Residential Research

+44 20 7167 2497

kate.everett-allen@knightfrank.com



Edward de Mallet Morgan

Caribbean Sales

+44 20 7861 1553

edward.dmm@knightfrank.com



Andrew Blandford-Newson

Caribbean Sales

+44 20 3640 7048

andrew.blandford-newson@knightfrank.com

Knight Frank Research
Reports are available at
knightfrank.com/research



Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: © Knight Frank LLP 2020. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.