

# A Place in the Sun

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JONNIE IRWIN  
MY TACTICS FOR BUYING  
ABROAD IN 2017



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CARIBBEAN



HOW TO

# CHOOSE A HOME IN THE CARIBBEAN

**Belize based Bryant McClain of Itz'ana Resort provides buyers with some things to consider**

## Seek stability

Look for a country with a stable government and economy – always good advice! In general, it's a good rule of thumb to look at countries within the British Commonwealth. The Commonwealth provides added political and economic stability. These countries maintain a common language (English) and title registry is grounded in British Common law. Well-known examples are Barbados, Jamaica, The Bahamas, Antigua and Barbuda. Regarding economic indicators, it's great to see diversity. The Caribbean economy is certainly built on tourism, but it's also important to have alternative sources like agriculture or energy. Tourism growth is even leaning towards the diversity of experiences beyond just beach and sand, such as agrotourism. How currency is handled is also a big part of the economic equation. Monetary conversion is something that all buyers should take into account.

## Look for a sure thing

Find a property that guarantees completion. You can buy homes that are already built and in a community that offers a homeowner's association (HOA) to maintain the property. Unless you plan on living overseas year-round, this is a great option because you have a property management team or someone you trust on the ground.

When purchasing a home off-plan,

you can benefit from below-market pricing, but it's important to limit your risk. Payment schedules should be tied to third-party verified construction completion and if you can find an experienced developer that will guarantee completion, this can make the purchase safer.

## Rental schemes with returns?

If you want to earn some income to help cover your costs (and more, ideally) look for a development offering the option to rent out your home via a managed rental programme. Rental programmes in the Caribbean have changed in the past eight years to be a lot more consumer-friendly, and there's a large variety. Purchasers are very focused on sound management for a fair price and the most successful developers have listened. Costs of maintenance and amenities have decreased to meet demand. Luxury products have demonstrated the highest rental returns based on their high nightly rental rates. Luxury turnkey products are a good option since everything is maintained with high standards, which has translated to the highest returns on investment. Just please be wary of promises of "guaranteed returns". On what basis is this claim being made and what proof can be offered of future occupancy rates etc?

## Resale vs. off-plan?

There are advantages to both types of

home. The advantages of a completely built home are that you're buying at market price and can use it right away. An off-plan purchase takes time, and you have to do your due diligence in order to trust the developer and the quality of work. The advantage is getting a home priced under market value and that you can often choose your finishes – and even pick your plot or position if you get in early. Up until the beginning of last year, there was a lot of inventory in the Caribbean and built homes offered some strong values, but now the better value is buying off-plan in pre-development sales as buyers from all over the world have flocked to the Caribbean as a safe-haven.

## Cash is king

Financing in the Caribbean is a very expensive and can be a very arduous process (more so than in the UK or US). Occasionally, you'll find developer financing, but it's rare, and often tied to an inflated price. Most people will end up pulling equity from an existing asset in order to finance a second home abroad. This will also contribute to part of part of your overall financial structure.

## Where to get the most bang for your buck

Much of the Caribbean has reached a peak price, so for example, you won't be able to bargain hunt in St. Barts or Mustique – although prices are adjusting in Barbados after over-inflation. When you begin to search for your overseas home, look at destinations that are growing in tourism because the real estate markets follow. Exponential tourism increases are being seen in St. Kitts, Aruba and Belize. The latter (technically part of the Caribbean) has showed record-breaking increases for 15 consecutive months.

## Take into account developer track record

The Caribbean does have "cowboy developers" - people who have made money elsewhere and then turn to real estate. It is important to find developers that have demonstrated success. In the buying process, ask hard-hitting questions like if the developer has experience in the location, have they produced on time, has the management team been successful, are there happy existing owners you can talk to? Your lawyer should perform checks.

*Find out more? Bryant McClain is Director of Keen Initiatives, a real estate company with success in Caribbean resort sales that is based on the design of high-value propositions in emerging destinations. He is currently Director of Sales and Marketing for Itz'ana Resort & Residences in Placencia, Belize. ☺*

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