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An island in the sun awakens to its own worth

By Otto Pohl International Herald Tribune

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CASTRIES, St. Lucia Alan Hutchings, 58, a retired schoolteacher from Leeds, England, and his wife, Eileen, decided to visit the Caribbean island of St. Lucia last summer on a whim.

An investment in a retirement home in southern Spain had just fallen through, and they were casting about for new places. Two weeks and one impulsive decision later, the island became their new place to live.

They bought a one-bedroom apartment of 911 square feet, or 85 square meters, for \$450,000. It is being built in The Landings, a development that has just broken ground on the north end of St. Lucia, but similar apartments in the same development already are selling for about a third more.

"For once it appears that we were in the right place at the right time," Hutchings said.

Now that the region's post-9/11 doldrums have dissipated, several factors - housing supply, rising international profile and improved air accessibility - are converging to make St. Lucia one of the most dynamic real estate markets in the Caribbean. Relatively undeveloped and blessed with a gorgeous, twisting volcanic terrain, St. Lucia has several large condominium projects scheduled for completion this year and many more planned.

Also, the island will play host to the 2007 World Cricket Cup, so hotels are adding thousands of rooms, and American and European airlines are expanding their schedules to its two airports.

The boom is coming none too soon for the former British colony, which gained its independence in 1979.

For decades, St. Lucia's economy was based on banana sales to Europe, which gave preferential treatment to its former colonies in the import market. Since the World Trade Organization declared such preference illegal in 1997, St. Lucia's banana exports have dropped by 80 percent. That contributed to a drop of almost 5 percent in the island's gross domestic product in 2000-2001; then St. Lucia faced the region-wide tourism decline that followed the attacks of Sept. 11, 2001.

But tourism, which has become the primary economic driver, is rising again.

In the capital, Castries, where about a third of the island's 166,000 inhabitants live, half-hour traffic jams can form on the narrow traffic circles during rush hour.

Development is uneven. Toward the south, away from the tourist centers, the economies of small towns like Soufrière are mired in a kind of torpor, where hole-in-the-wall pharmacies carry little more than aspirin and condoms and grocery stores line up a few brightly colored imports on dusty

shelves.

To attract international investment, the island is following the example of Barbados, said Robert MacLellan, managing director of MacLellan Associates, an international resorts consultancy on Trinidad. Barbados lowered taxes to acquire its current prosperity, and St. Lucia now has done the same: Land taxes for foreigners were slashed and new hotel developments received tax concessions. Government initiatives have been helped by exchange rates, as a strong euro and pound make island property, which is valued in U.S. dollars, attractive to Europeans.

The island's new developments focus heavily on luxury. Closest to completion is Discovery at Marigot Bay, a cascade of two- and three-story apartment-hotel buildings on 7.3 acres, or 3 hectares, around a steep bay on the protected, Caribbean side of the island.

Units are sold to individual investors, who receive 99-year title leases, the maximum allowed by law for land along the coast. They are allowed to occupy the units for as much as seven weeks a year, with the apartments added to the hotel room inventory for the rest of the time. Part of the profit is distributed to the owners.

Regulations in the nearby United States strictly circumscribe the marketing of such investments, so the developer, John Verity, has concentrated on European investors for the 57-room project. Fifty-two have been sold, he said.

Built with dark Jatoba wood from South America and with stainless steel appliances and high-quality furnishings imported from Europe, Discovery units begin at \$630,000 for a 1,430-square-foot two-bedroom apartment with a 716-square-foot balcony. Hotel room rates start at \$290 a night and rise to \$1,740 a night for a three-bedroom suite during winter, the peak season. Verity also is building a small shopping mall and a number of bars and restaurants around the bay to cater to guests' needs.

From the construction site, yachts from America and Europe can be seen bobbing in the bay, a scene framed by the mangrove swamps at the water's edge.

On the Atlantic side of the island, The Plantation on Cotton Bay appeared to be in construction chaos, with missing windows and churned-up landscaping dotted with plywood signs spray-painted with directions for truck traffic. Officials of the development company, Plantation Beach St. Lucia, expect it to be finished by mid-year.

All but three of the 74 villas, townhouses, and apartments have been sold, even though the coast is windy and not considered a prime location. Real estate analysts "never thought we could be successful," said Paul McNamara, the project's design coordinator.

The project has about 400 workers, making it one of the largest employers on the island. But some of its skilled people have been poached by other developers, a common occurrence in the current construction boom, so work is behind schedule.

Prices range from \$495,000 for apartments to \$3.2 million for a seaside villa, which is 60 percent to 80 percent more than when the project was announced two years ago, according to the sales director, Gavin French.

Europeans have bought about two-thirds of the units, North Americans about one-third.

Built near the island's main golf course on a sweep of land overlooking Cotton Bay, the development's apartment units are grouped around a large central swimming pool.

Like the other new developments, The Plantation is built to withstand hurricanes. Although the last storm to hit St. Lucia was in 1980 and, statistically, it is hit only once every 100 years, the terms of liability insurance virtually dictate stringent construction standards. "Your insurance company

decides it for you," said Mark Benoit, vice president for design and development at The Landings.

The principal design elements include concrete cores, laminated windows and roof beams tied to the main structure with metal straps.

The first phase of The Landings, where the Hutchingses bought their retirement home, is scheduled for completion next year. The development will contain 229 units, and two-thirds of the first phase of 66 units already has been sold, primarily to British and Irish investors. Prices range from \$595,000 to \$1.8 million, and investors will receive part of the profits if they place their apartments in a rental pool during times when they are absent. The project is being built on reclaimed land, so it is not subject to lease laws and is being sold freehold.

Frank Heaps, the Toronto-based businessman who is developing The Landings, said he was attracted to St. Lucia by its relatively low real estate costs, which he estimates are 50 percent less than on Barbados and 40 percent less than on the Turks and Caicos. Heaps, who worked on St. Lucia's economic development for the United Nations in the 1970s, recently decided that the island was ripe for private economic development.

In contrast to other Caribbean islands, some of which are flat coral slabs or lack fresh water, St. Lucia has steep hills lush with growth. Perhaps the most impressive natural attractions are Gros Piton and Petit Piton, two steep, conical mountains that rise above the island's southern terrain and recently were named a World Heritage site. A particularly impressive view of the mountains can be enjoyed from the open-air bar at the Ladera Resort, voted the No. 1 hotel in the world in a "Best of the Best" reader's poll in Condé Nast Traveler magazine last November.

"St. Lucia has really come from nowhere," said MacLellan, the resort consultant.

Simon Octave, marketing director of Discovery at Marigot Bay, looked out over the island's pristine waters one day recently. He said he was pleased that international development had reached his island, but was mildly surprised that it had taken so long.

"We should have capitalized on this ages ago," he said.

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