

Thursday, November 29, 2007

THE TRIBUNE

## **‘FLIGHT TO QUALITY’ BOOSTS BAHAMIAN HIGH-END PROPERTY VALUES 13.5%**

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[Picture]

SEABRIDGE BAHAMAS, a \$200 million upscale residential development on West Bay Street by Source Development Group LLC, is designed to appeal to Bahamian professionals, entrepreneurs, retirees, or foreign owners searching for a primary or secondary home.

Bahamas-based high-end properties have increased in value by 13.5 percent over the last three years, a principal in a \$200 million luxury residential development told The Tribune yesterday, and these rising values coupled with “the flight to quality” by foreign buyers will underpin continued high international demand for Bahamian real estate.

William W. Williams, a principal of the Alpharetta, Georgia-based Source Development Group LLC, which is developing Seabridge Bahamas, said that while he and his partners had concerns about the impact the global credit crunch would have on demand for their product, they believed its high-end nature would enable the development to withstand any shocks.

Acknowledging that the credit crunch might make it more difficult for property buyers to obtain mortgages or other forms of financing, and at acceptable interest rates, Mr. Williams said Source Development Group and others had seen a “flight to quality” as a result of recent events impacting the US economy.

“What we’re seeing is a flight to quality, so the high-end, upscale properties are not as impacted as the lower-priced ones” by events such as the ‘sub-prime’ mortgage crisis, Mr. Williams said.

The US\$’s decline on the international currency markets has made UK real estate buyers a particular target for Seabridge Bahamas, he explained, as with one UK£ giving British citizens more than two US\$, property prices in the Bahamas and US had effectively halved in value for them.

Mr. Williams said interest from US purchasers in the Bahamas was still strong at the upper end of the market, due to an unfavourable tax regime in the US and falling property and real estate values there.

“Any beautiful oceanfront property will maintain its value,” he added. “They’ve [US real estate buyers] recognized the Bahamas as a value place to invest in, with the flight to quality.”

Mr. Williams explained that the Bahamas’ tradition of stable government, a stable political system, the rule of law, large international banking sector, and infrastructure would continue to prove attractive to high-end, luxury developers and buyers alike.

He added that Seabridge Bahamas’ “price point and type of market we’re going after” would further insulate the project from the global credit crunch, as it was targeting buyers who would live in its properties for the long-term – rather than those who were more transient – through providing units that were larger and had more added amenities.

Nevertheless, to account for the international environment, Seabridge Bahamas had adjusted its 'cash flow' model to account for what it anticipated might be a slightly slower pace of sales.

Describing initial interest in Seabridge Bahamas from prospective buyers as "very strong", even though the development had "tried to stay below the radar screen" until all necessary approvals and permits had been received by the Government, Mr. Williams said the sales process had just begun "in the last couple of weeks".

"All of Phase I we hope to get done [in terms of sales] in the next six to 12 months," Mr. Williams said. The developers had still to meet with a number of key real estate brokers, he added, having concentrated on getting their design finalized, and the website and all promotional materials in order.

"We've seen other developers in the Bahamas do things out of sequence, and that doesn't work very well," Mr. Williams said.

The development will be built in three phases, with the first encompassing 28, three and four-bedroom luxury townhome residences, landscaping and multiple pools, with pre-constructions prices starting at \$1.8 million.

At least 50 construction workers are likely to be employed on that phase, and the largest of the villas in Phase one will be four bedrooms with four-and-a-half baths, 4,320 square feet of air-conditioned space, and two large balconies with ocean views.

Phase two will include about 25 condominiums and five penthouses, and Phase three will be a combination of villas, condominiums and penthouses. The master plan calls for about 90 townhomes, with the initial phase expected to be completed within 24 months. The first home will be finished in 18 months.

Mr. Williams said Seabridge Bahamas had received all the necessary Town Planning approvals, and was now submitting all construction and engineering drawings to the relevant government agencies to obtain its building permits, which they hoped to obtain in January 2008.

The project by Source Development Group LLC, which will be located on a 10-acre site a quarter mile to the east of The Caves, will be constructed in three phases and targeted at Bahamian professionals and entrepreneurs, plus retirees and foreign purchasers searching for a second home.

Ranging in size from 3,690 to 4,320 square feet, the ocean view, hillside residences will have 24-hour security, private garages and pools, without the challenges of individual home ownership.