

RESEARCH

## Aging UHNW population looks to Caribbean for wealth protection: report

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*Christie's property listing in Barbados*

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By JOE MCCARTHY

A confluence of positive developments is recasting the Caribbean as one of the top regions for ultra-high-net-worth consumers looking for sound investments, according to a new report by Wealth-X.

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Barbados in particular is a market with promising real estate opportunities due to lax regulatory policies and a burgeoning luxury landscape. Behind-the-scenes of this boom in roving real estate interest is an aging UHNW population looking to protect wealth.

"The Caribbean UHNW population has grown at a steady rate of between 2-5 percent per year over the past three years," said David Friedman, president of [Wealth-X](#), New York.

"This growth is based on a number of different factors.

"Steady economic growth in the broader Caribbean economy has fueled business ventures involving resident UHNW individuals and attracted new immigration to the region," he said. "Many Caribbean nations also offer very favorable tax structures."

The "[Caribbean Wealth & Investment Report 2015](#)" examines the real estate opportunities in the Caribbean.

## Changing seasons

The UHNW population is aging.

More than \$4.1 trillion in wealth will be transferred to the next generation in the next 10 years and to safeguard this transfer, many consumers are investing in real estate, which is generally a safe, secure investment as prices rise every year. Prices of properties owned by UHNW consumers rose 8 percent over the year-ago period.

When possible, UHNW look for properties in areas that will not be subject to what they consider unfair taxes.

At the same time, young UHNW are more likely to invest in real estate than their peers as they diversify their portfolios, hedging against the future.



### *Sotheby's Web site*

Also, emerging UHNW populations in China and other Asian countries are looking to buy properties in resort markets that are globally diverse.

These factors contributed to the momentum that led to the rise of the Caribbean, which saw property prices climb 10 percent in 2013 and 2014.

Of course, this momentum would have been derailed had the Caribbean not been ripe for investment.

As the report writes, "The Caribbean meets these requirements with a unique combination of economic stability and sustainable growth, well-developed infrastructure and legal institutions, deep cultural integration with the cultures of UHNW individuals from North America and Europe, a wide range of recreational opportunities and a favorable tax climate."



*Bathsheba, Barbados courtesy of Wokipedia*

Also, government incentive programs that have been created to court the ultra-wealthy plow over any reservations.

In Barbados, for instance, residency is granted to anyone who invests more than \$2 million in the country's real estate.

The report describes Barbados as a haven for the UHNW, with low-crime, strong health and education services and plenty of recreation.

There are currently 1,155 UHNW individuals living in the Caribbean, 67 percent of which relocated from elsewhere, primarily the U.S., Britain and Canada.

High times

Real estate has always been a safety net for the ultra-wealthy.

The 211,275 ultra-high-net-worth individuals collectively hold \$2.9 trillion worth of residential properties, according to a report from Wealth-X and Sotheby's International Realty.

From 2013 to 2014, the value of these residential real estate assets grew 8 percent, and in 2014 7 percent of the world's wealth was made through real estate, up from 5 percent the previous year. Between the third quarter of 2013 to the same period in 2014, luxury residential real estate grew 2 percent faster than the entire real estate market ([see story](#)).

Last year, 15 people per day joined the ranks of ultra-high-net-worth individuals, a trend that is expected to continue with a predicted 34 percent growth this year, according to The Wealth Report 2015.

The United States launch of the ninth edition of The Wealth Report from Knight Frank and Douglas Elliman was held at One World Trade Center overlooking New York, a fitting location considering the city's prominence within the findings. The Wealth Report's glimpse at trends among UHNW individuals focuses on real estate, the top investment among many affluent consumers and a driving force behind economic trends ([see](#)

story).

Final Take

*Joe McCarthy, staff reporter on Luxury Daily, New York*

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