

REAL ESTATE

## The Caribbean sees highs and lows following Hurricane Irma: Knight Frank

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*Listing for a villa in Mustique available with Knight Frank. Image credit: Knight Frank*

By BRIELLE JAEKEL

The impact of Hurricane Irma has spread beyond locations with physical damage from the storm and is now benefiting areas outside the destruction zone.

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Islands such as Mustique and Barbados are seeing positive real estate activity due to a variety of factors including lowering prices and recent hurricanes that impacted other areas, according to Knight Frank. Rental inquiries are increasing in these areas, and Mustique has even seen a record-breaking number of sales in the past two years.

"Buyers seeking a value opportunity are looking closer at Barbados," said Kate Everett-Allen, partner at **Knight Frank**, London. "For islands such as Mustique and Barbados, outside of the hurricane belt, now is a chance to raise their flag and snare some of the attention diverted away from the British Virgin Islands, St. Maarten and St. Bart's.

"Barbados is a prime case," she said. "Its property market has been going through its own climate change in recent years, with prices slipping year-on-year, almost back to 2008 levels.

"The most affordable it has been in years, means buyers seem happy to make offers again and owners need to be sensible with negotiations. Some British owners are benefitting from the exchange rate, recouping any loss they make from a lower sales price in the gains from the dollar-to-pound currency exchange."

Real estate of the Caribbean

Knight Frank's "Caribbean Inside View" shows that upheaval in New York's political climate and Miami's softening market have also caused more United States buyers to be interested in areas such as Mustique again.

In 2016, enquiries from the U.S. in the Caribbean had stalled but 2017 saw a positive jump thanks to these East Coast factors.

Barbados is also gathering interest from buyers not just because of its decline in prices right now and Hurricane Irma's destruction of St. Bart's, but with a new club that resembles Miami nightlife. The Nikki Beach club recently opened up on the west coast of the island, bringing in older buyers looking to attract their adult children for fun family vacations.

Those investing in Barbados prefer to invest in real estate rather than any other venture. For instance, 61 percent of investors in Barbados look to real estate compared to only 13 percent in mutual funds, 7 percent in stocks and only 1 percent in bonds.



*St Peter listing available in Barbados. Image credit: Knight Frank*

While Hurricane Irma was devastating to some regions in the Caribbean, 70 percent of the area remained intact and unaffected.

The Caribbean tourism sector saw a steady increase in tourist arrivals from 2006 through 2016, with a growth of 35.7 percent, noted by the Caribbean Tourist Organization. This jump exceeded growth in tourism worldwide for three years in a row in 2016.

However, the central belt where Irma caused the most destruction is also seeing influence from the U.K.'s Brexit and Stamp Duty changes, the Zika virus and the recent U.S. presidential election.



*Derricks, St James Barbados listing. Image credit: Knight Frank.*

It is not all bad for the Caribbean though, thanks to the weakening pound allowing U.K. sellers in the Caribbean to be more flexible on price in areas dominated by the U.S. dollar.

The GDP forecasts the Caribbean's economy to expand by 2 percent in 2018.

#### Caribbean crises

Crisis zones and economic uncertainty in the Caribbean originally a deleterious effect on the spirits market in the region, leading to falling revenue across most categories of high-end spirits and trouble for the brands who do business there.

According to the International Wine and Spirits Record, a research company that analyzes the global wine and spirits market, sales of high-end spirits dropped over much of the region due to economic tension and repeated disasters. Meanwhile in Mexico, the overall market seems to be looking up ([see more](#)).

Hurricane Irma was the most-powerful storm to form in the Atlantic Ocean to-date, and left a wake of devastating

destruction in the Caribbean known for its high-end beach resorts and vacation homes.

Popular luxury travel destinations such as St. Bart's, St. Thomas and the U.S. and British Virgin Islands were just a few of those devastated by the passing hurricane. Unfortunately for homes and business, this will leave the areas forever changed and will impact the tourism that these countries thrive on ([see more](#)).

Knight Frank's report shows that the Caribbean as a whole will rebound and live on.

"The most surprising finding is that 70 percent of the Caribbean was unaffected by Hurricane Irma according to the Caribbean Hotel Association," Knight Frank's Ms. Everett-Allen said. "Irma's impact on the market has been augmented by Brexit, U.K. Stamp Duty changes, the Zika virus, the U.S. election and for those islands popular with U.K. buyers, the weaker pound has influenced U.K. applicant numbers.

"Another point worth highlighting is the Canadian interest in the market," she said. "Demand from the Canadian market has proved notably strong, rising by 6.4 percent year-on-year in 2016 according to the Caribbean Tourist Organization, with cruise ships and boat charters a growth segment within the industry."

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