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Enchanted Visitors Turn Into Eager Buyers

By Julie Bennett

Lee Taylor, a London corporate attorney, never intended to build a vacation home in Belize — until he visited the country and fell in love with it.

"My girlfriend and I had been going to the Caribbean islands of St. Lucia and Barbados and to Mexico for about 10 years," Mr. Taylor says. "On one trip, my girlfriend suggested we go to Belize. Within three days, we wanted to have a house there. It was a bit mad."

Hundreds of investors and second-home buyers in the U.S., Canada and Europe are catching the same madness. While sales of new and existing homes in the U.S. have slumped recently, condos and houses in Latin America and on Caribbean islands are selling faster than developers can build them.

Although Peninsula Playa Langosta, a condominium community in Playa Langosta, on the northern coast of Costa Rica, is still under construction, one of its three 33-unit towers is already sold out, says Fred Cifuentes, project director. "We're getting a lot of U.S. buyers," Mr. Cifuentes says, "because people see that property is still appreciating here. Some of our initial buyers are reselling their condos and walking away with \$100,000 or more in profits before their units are even finished."

Mr. Cifuentes's development company, Cogecor, is so certain that visitors will be enchanted with Costa Rica's 26 national parks, live volcanoes, tropical rainforests and miles of beaches that they offer a "Fly and Buy" program. If you buy a condo while visiting the project, they'll reimburse your travel costs. One-bedroom units start at \$290,000; a penthouse unit costs about \$860,000. Maintenance fees for 24-hour security and upkeep of the pool, jacuzzi and gardens will cost \$200 a month for a one-bedroom condo, more for larger units.

As with most Caribbean resort communities, Peninsula Playa Langosta has an onsite management office to rent your condo (for a 20% fee) when you're not using it. Rentals for Caribbean properties generally begin at \$1,500 a week for one-bedroom units and can rise to \$4,500 or more for luxury three-bedroom penthouses. "The area is in high demand for seven or eight months



Luxury homes in Latin America and the Caribbean islands, such as Innesfree on the Cayman Islands, are proving popular.

each year," says Mr. Cifuentes. "You could come out way ahead."

Annual appreciation of 20% to 35%, low prices and strong rental programs are also luring buyers to the Dominican Republic, says Laurel Pine, president of Boomerang Unlimited, in Napa, Calif., a real estate advisory company. Villas in the Jardines de Coson beachfront resort near Las Terrenas on the Samana Peninsula, that sold for \$285,000 last year, now start at about \$368,000.

Ms. Pine says that about half the buyers of Dominican Republic property are seeking vacation homes that they'll rent out when they can't be there, while the other half are investors. Some, like Janine Rood of Chico, Calif., and her husband, Mike Trowbridge, have never even been to the Dominican Republic. "We've seen pictures of the country and the resorts," Ms. Rood says, "and felt so confident in Laurel's recommendations that we bought two small condos as an investment and a townhouse we'll use as a vacation home and rent out when we're not using it. They will all be ready in 2009."

Many condo buyers at La Amada in Playa Mujeres, Mexico, have visited the nearby resort town of Cancun during spring break, or while on their

honeymoon. But La Amada, under construction by Spanish developer Grupo Excellence, "will have less congestion and more amenities," says Bryan Jones, international director of sales. Again, 40% of the 167 units in that resort's first phase have already been

The 7,000 islands stretch for 2,500 miles and differ greatly in topography, climate, culture, demographics, tax structures, language and infrastructure.

sold. Prices start at \$273,000 for a one-bedroom, one-bath unit with a balcony and marble flooring. The most expensive unit, at \$1.7 million, has 2,900 square feet of indoor space, plus a 3,000-square-foot rooftop terrace. When completed, all 550 units will face the nearby beach or a 170-slip marina, open

only to 40-foot or larger boats. "We want the area to look like Monaco or Monte Carlo," says Xavier Hawley, La Amada salesman.

While La Amada is only four miles from Cancun, nothing at all is near Molasses Reef, a resort community Ritz Carlton Reserve is building on West Caicos, an 11-mile-long uninhabited island in the Turks & Caicos archipelago. There, Ocean Cottages start at \$6.5 million and prices of Island Villas begin at \$2.4 million for two-bedroom units. All homes will face the beach and all will be accessible only by boat, small airplane or helicopter.

Beachfront condos facing the Caribbean are so popular that in some countries the true bargains are single-family homes. Sheena Conolly, a broker/owner with Cayman Islands Sotheby's International Realty, says, "You can find tremendous values here. Innesfree, for example, is a beachfront home selling for \$1.95 million. It's designed in the West Indian style with cathedral ceilings and traditional balconies. Two of its bedrooms are in the main house, with a third in a guest cottage next to the pool."

John Wood, a property investor from Canterbury, U.K., says he spent four

years looking for a new place to live. "As soon as I landed in the Caymans, I felt at home," he says. Mr. Wood bought a small house first, "to see if I'd like it," then purchased a five-bedroom Italian-style villa, with a pool and a dock for his yacht for under \$2 million. "The people are kind, the country is politically stable and I've made some wonderful friends. I've loved every minute here," he says.

During the three days that Lee Taylor was falling in love with Belize, he was introduced to homebuilders Diane and Bob Campbell. "Six months later, we went back to see some land they'd purchased on Ambergris Caye to develop with single-family homes," Mr. Taylor says. "They named a price that was under \$1 million, and Diane e-mailed us pictures as it was being built. When we returned again in January 2007, we had a beautiful four-bedroom house with verandas that cost half as much as a house in Barbados." Mr. Taylor says that maintenance of the house costs about \$8,000 a year and that they plan to spend a month there every year.

If you, too, are dreaming of a tropical lifestyle, here are some things to consider:

All Latin American and Caribbean island resort communities are not alike. The 7,000 islands stretch for 2,500 miles and differ greatly in topography, climate, culture, demographics, tax structures, language and infrastructure. Many regions lack international airports and some resorts can be reached only by boat. Visit several before you decide to purchase property.

Beware of buying sight unseen. Some projects fail because of lack of financing; others open long after the promised date; and still others open on time but are not kept up, says Ms. Pine of Boomerang Unlimited. Those "nearby towns" may be vibrant, sophisticated communities, or rows of shacks along a dirt road.

Most Caribbean countries do not license realtors and almost all except the Caymans have no multiple-listing services. The properties you are shown may not be the best ones available, says Ms. Conolly of Sotheby's.

The Caymans, the British Virgin Islands and Belize are governed by U.K. law where real estate titles are secure; in other countries gaining a clear title to property can be complicated. Have a local attorney review all documents before you sign anything.

Illustration: Sparrow; Cayman Islands: Sotheby's International Realty