

Grenada Real Estate Market Report

CENTURY 21 - GRENADA GRENADINES REAL ESTATE
VALUATIONS DIVISION

2018



UPDATES /

CITIZENSHIP BY
INVESTMENT PROGRAM

INSIGHT ON

MARKET OVERVIEW

OPPORTUNITIES

TRENDS

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Cover photo of the Carenage, St. George's, Grenada. Photo by Joshua Yetman.

Note of Thanks: This report takes an entire year to prepare, and could not have been completed without the support of a dynamic network of individuals and organizations. A special thanks to: Hugh Whyte and Opixels for the design and layout; the Government of Grenada Registry Office; the Physical Planning Department; El Sylvester and his team for their hours of data collection; The Grenada Citizenship by Investment Committee (CBIC); The Grenada Bankers Association; The Eastern Caribbean Central Bank (ECCB) and the entire Century21 Team (in particular the Valuations Division) for helping to compile the report.

Caveats: Grenada's real estate market is very small. The small datasets are easily skewed by a single outlier. This will sometimes be noted in the body of the report and must always be considered.

There are very limited sources to obtain data, and the task is a purely manual one. Research clerks have spent weeks capturing the data in this report from the various Government of Grenada sources. The result is accurate, but less than perfect. Once gathered, data is input into our in-house database for use in compiling market reports, for providing valuation services, and in supporting our professional guidance for a range of real estate services.



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FROM PAULA'S DESK

As we move quickly into 2018 one thing is for sure, change is the new constant. It is a dynamic time for Grenada. We are on the cusp of ushering in several ultra-luxury resorts. The St. George's University continues to grow and expand, driving a range of commercial real estate developments. All while our tourism product continues to develop and diversify, with an increasing number of visitors opting for non-traditional accommodations by staying in private homes and villas.

As a tech-lover, it is fascinating to see the opportunities being created by online platforms like Airbnb and Homeaway, empowering local homeowners by providing access to the global accommodations marketplace (See Page 14). It is also exciting to see the changing "face" of Grenada. We are thrilled to have clients from around the world come in to our office.

It takes a lot to keep up. At Century 21 we continue to hone our skills, expand on our use of technology, and remain the market leader in providing professional real estate services.

It is my pleasure to present the 2018 Grenada Real Estate Report, which I truly hope you enjoy. If you do, please share it with a friend. And feel free to send me an e-mail, or stop by the office; I would love to hear from you.



Paula LaTouche-Keller

MARKET OVERVIEW

It was another excellent year for the Grenada Real Estate Market. Total real estate sales for 2017 were US\$50,438,995, slightly above the record high set in 2016.

Seller's expectations have come in line with market conditions and the domestic economy continues to strengthen. The domestic residential housing market continued to make up the majority of all real estate sales. In addition, purchasers living in the diaspora grew from strong to stronger, having a continually increasing impact on local market conditions. A fall in foreign buyers, while acute, had a negligible impact on the overall market. It remains a minor segment of the Grenada real estate market, with massive potential.

Total Annual Real Estate Sales 2013-2017

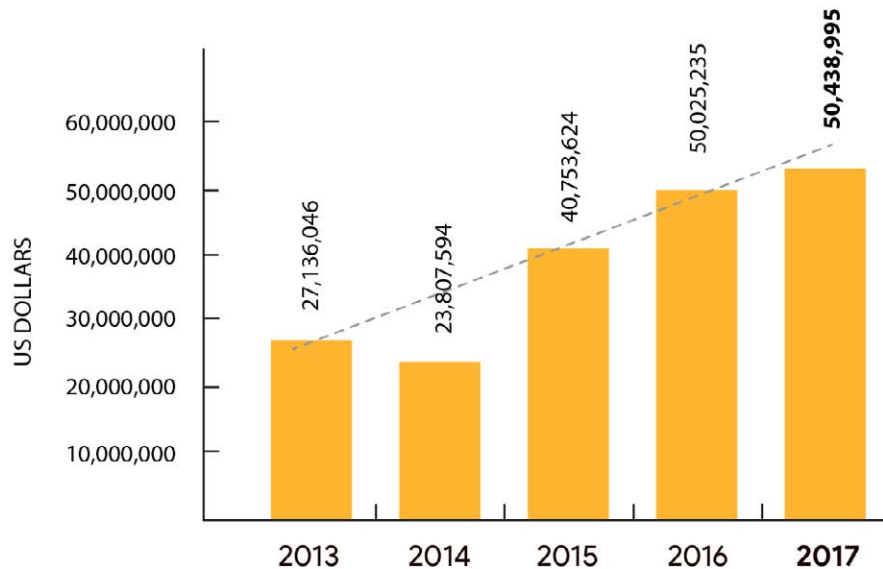


FIGURE 1 GRENADA'S TOTAL ANNUAL REAL ESTATE SALES (US DOLLARS)

Throughout the report all statistics are based on total real estate sales, inclusive of commercial, residential, vacant lands, etc. All figures are in United States Dollars. In addition, none of the data include sales made through Grenada's Citizenship by Investment Program. This is due to the fact the these purchases are overwhelmingly fractional purchases in a property or equity shares in a company, and not traditional real estate transactions.

The geographic distribution of real estate sales remained very stable with 2015 and 2016. The primary marketplace in Grenada in terms of total volume and value of transactions remains the Parish of St. George. It made up 74% of total sales value for Grenada. It is followed by St. David at 10% and St. Andrew with 8%.

Distribution of Real Estate Transactions by Parish

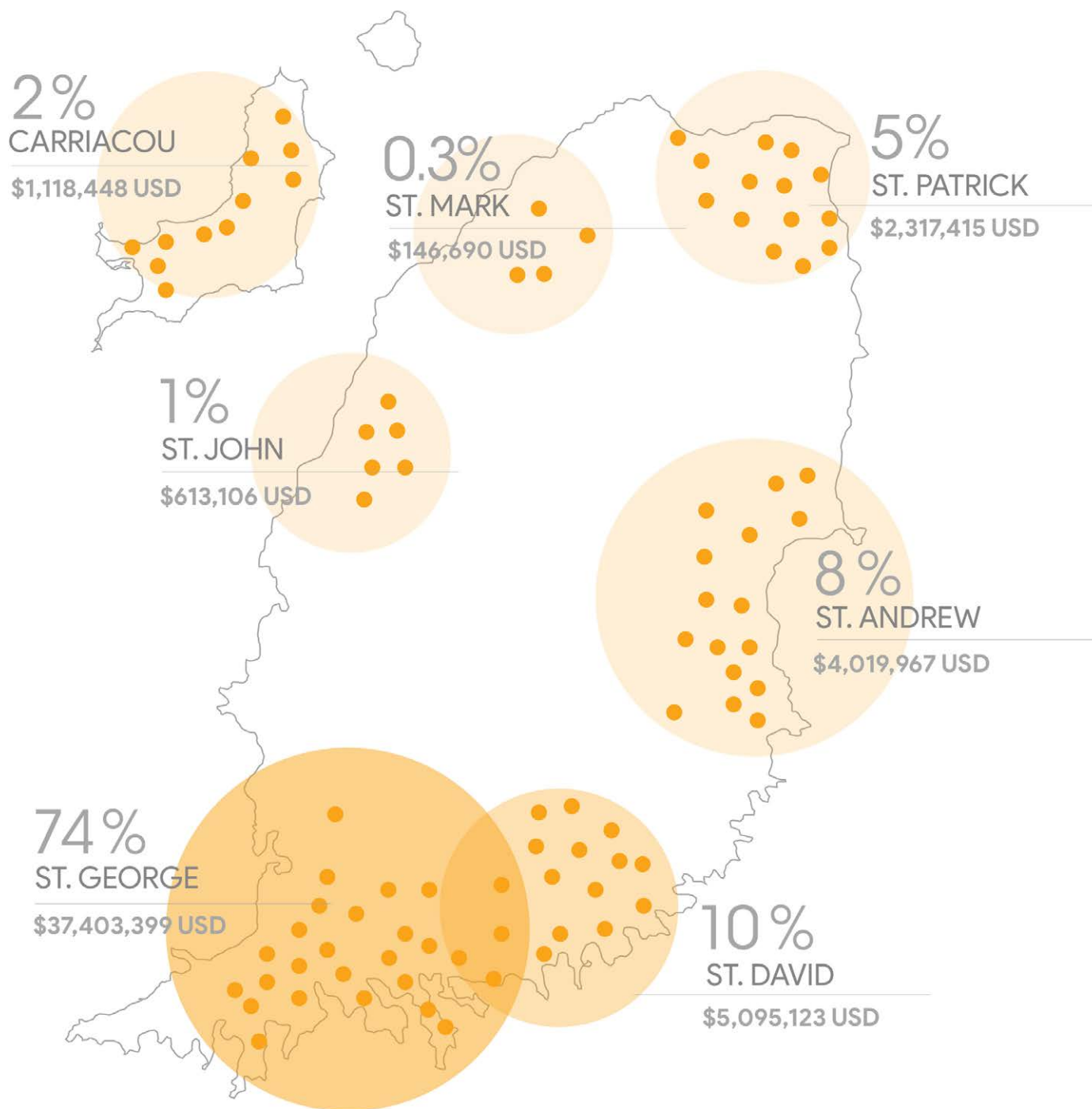
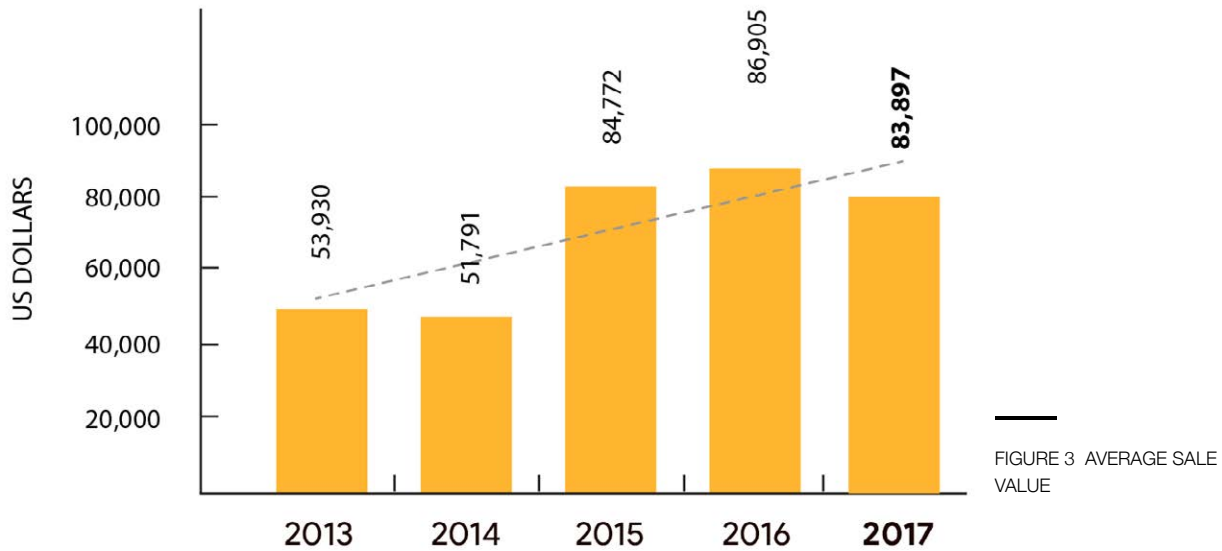


FIGURE 2 GRENADA'S TOTAL ANNUAL REAL ESTATE SALES (US DOLLARS)

It is important to note that the data in this report does not include most of the transaction occurring through Grenada's Citizenship by Investment Program. The reason being that the majority of the product sold through that program is fractional ownership or equity shares, and is not recorded as a real estate transaction. We are working on capturing this data for 2018, as it is a growing portion of Grenada's real estate market.

The average transaction value was also stable when compared to the two previous years, at US\$83,897. As noted above, these figures are inclusive of all island-wide real estate sales. Grenada’s real estate market is dominated by vacant land sales. This is evident in the average transaction value, as there is very limited housing stock selling at or below the indicated value of US\$83,897.

Average Sales Value
2013-2017



Grenada’s real estate market is dominated by vacant land sales.

Market activity remains clustered at the lower end of the value spectrum, with only limited activity above US\$500,000.

The following chart divides real estate sales into the two categories of Domestic Buyers and Foreign Buyers.



St. George Parish comprised over 74% of the total value of real estate sales in Grenada

Breakdown of Total Real Estate Sales
BY DOLLAR VALUE - GRENADA (2017)

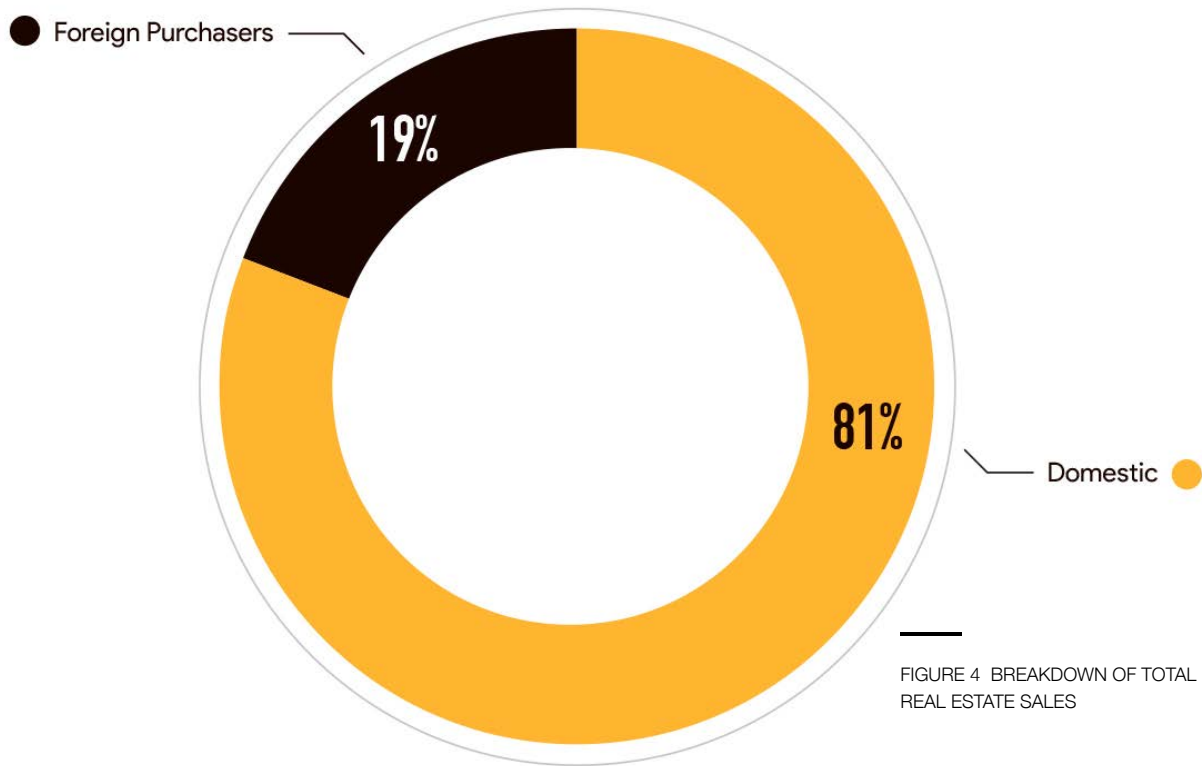


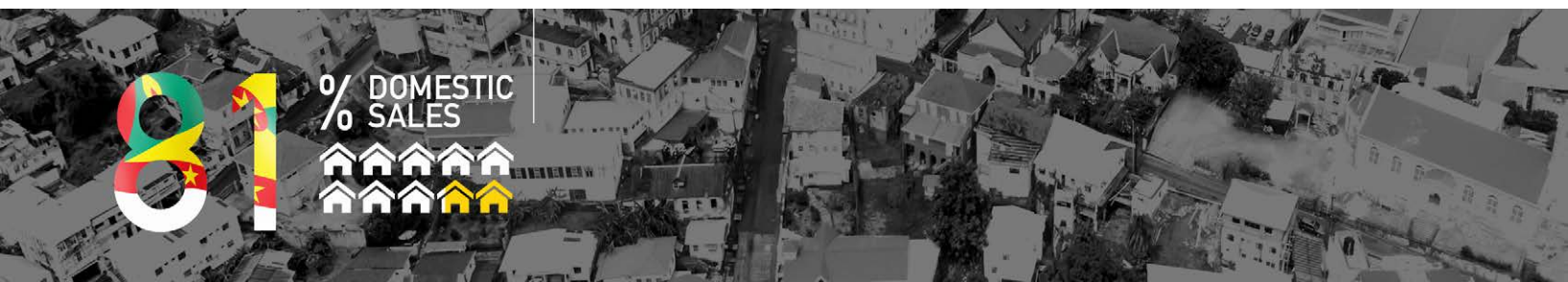
FIGURE 4 BREAKDOWN OF TOTAL REAL ESTATE SALES

Grenadian buyers accounted for 81% of all real estate purchases. It must be noted that this is not a precise figure, as there are several challenges to matching the required data fields. That being said, while not precise, it provides a very accurate indication.

Considering that Grenada is overwhelmingly a domestic real estate market and the impact of foreign buyers is virtually negligible, indicates the potential for massive growth in the real estate market. The single greatest deterrent continues to be an antiquated and increasingly unattractive tax on foreign buyers and sellers.

Grenadian buyers accounted for a total of 81% of all real estate purchases

*Domestic buyers include Grenadians living in Grenada and the Diaspora





...Citizenship by Investment projects will be coming on-stream in 2018. This will almost certainly have a positive impact on Grenada's tourism and real estate market

We enter 2018 with some very positive indicators. At Century 21 we have seen robust activity at the end of 2017 and into the start of 2018.

- Several of the Citizenship by Investment projects will be coming on-stream in 2018. This will almost certainly have a positive impact on Grenada's tourism and real estate markets through their destination marketing and improvement to our overall attractiveness as a luxury destination.
- We anticipate 2018 sales totals will be significantly higher than 2017. This will likely result in stability in sales values.
- There will be an election in Grenada in 2018. Election years are disruptive, but we anticipate limited impact on the real estate market.

MARKET INSIGHT

CARRIACOU & PETITE MARTINIQUE

Summary Description: Sister Isles, world-class maritime activities
Population: 6,081 (Carriacou) 900 (Petite Martinique)
Average Transaction Value: US\$ 30,228
Number of Non-Grenadian Real Estate Purchasers in 2017: 5
Opportunities: Marina development, boutique resort

ST. MARK

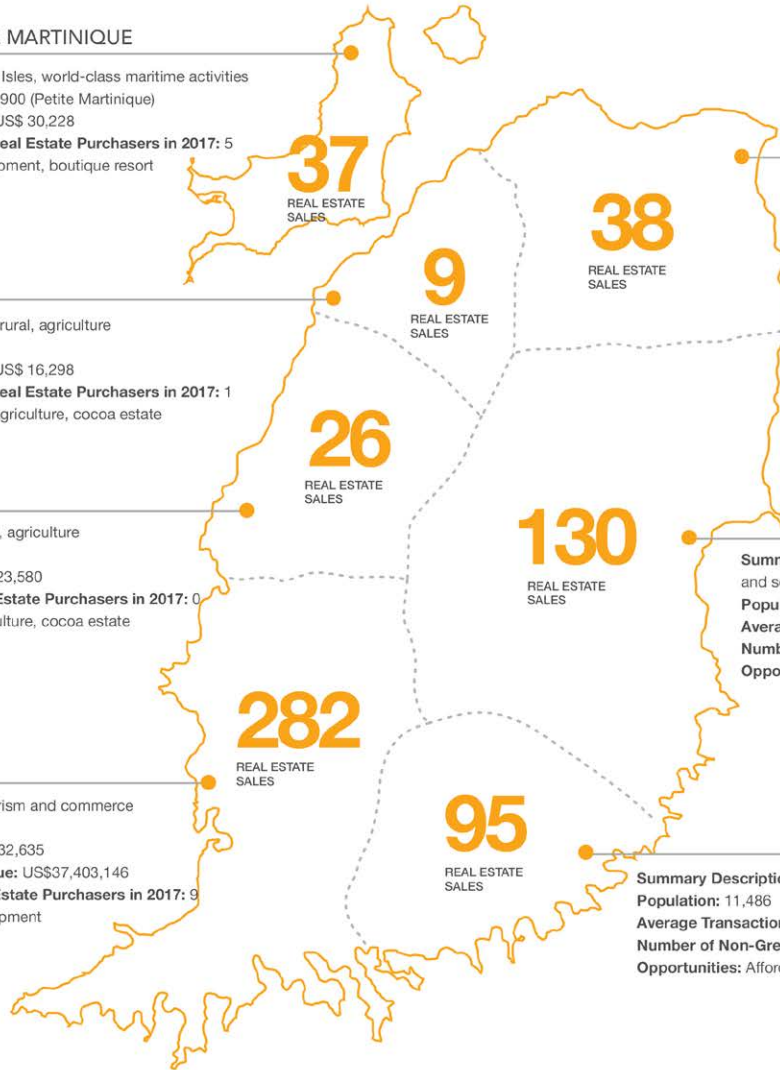
Summary Description: Lush, rural, agriculture
Population: 3,994
Average Transaction Value: US\$ 16,298
Number of Non-Grenadian Real Estate Purchasers in 2017: 1
Opportunities: Eco-tourism, agriculture, cocoa estate

ST. JOHN

Summary Description: Lush, rural, agriculture
Population: 8,591
Average Transaction Value: US\$ 23,580
Number of Non-Grenadian Real Estate Purchasers in 2017: 0
Opportunities: Eco-tourism, agriculture, cocoa estate

ST. GEORGE

Summary Description: Hub of tourism and commerce
Population: 37,057
Average Transaction Value: US\$132,635
Total Real Estate Transaction Value: US\$37,403,146
Number of Non-Grenadian Real Estate Purchasers in 2017: 9
Opportunities: Commercial development



ST. PATRICK

Summary Description: Northernmost parish, "bread basket"
Population: 10,674
Average Transaction Value: US\$ 60,984
Number of Non-Grenadian Real Estate Purchasers in 2017: 5
Opportunities: Marina development, boutique resort, eco-tourism

ST. ANDREW

Summary Description: The "Big Parish" with largest landmass and second largest population
Population: 24,749
Average Transaction Value: US\$ 30,922
Number of Non-Grenadian Real Estate Purchasers in 2017: 2
Opportunities: Commercial development, affordable housing

ST. DAVID

Summary Description: Southern Parish, deep water bays & beaches
Population: 11,486
Average Transaction Value: US\$ 53,632
Number of Non-Grenadian Real Estate Purchasers in 2017: 3
Opportunities: Affordable housing for St. George workforce, boutique resort

Game Changers

The 2017 Century 21 Annual Real Estate Report identified the following three developments as "game changers", with a belief that they would "have profound and sustained impacts in the markets in which they have occurred and in some instances over broad swathes of Grenada and its real estate market".

1. The Break Water, Sauteurs
2. The Tyrell Bay Marina Facility, Carriacou
3. The Citizenship by Investment Program, Grenada

Continue on Page 12

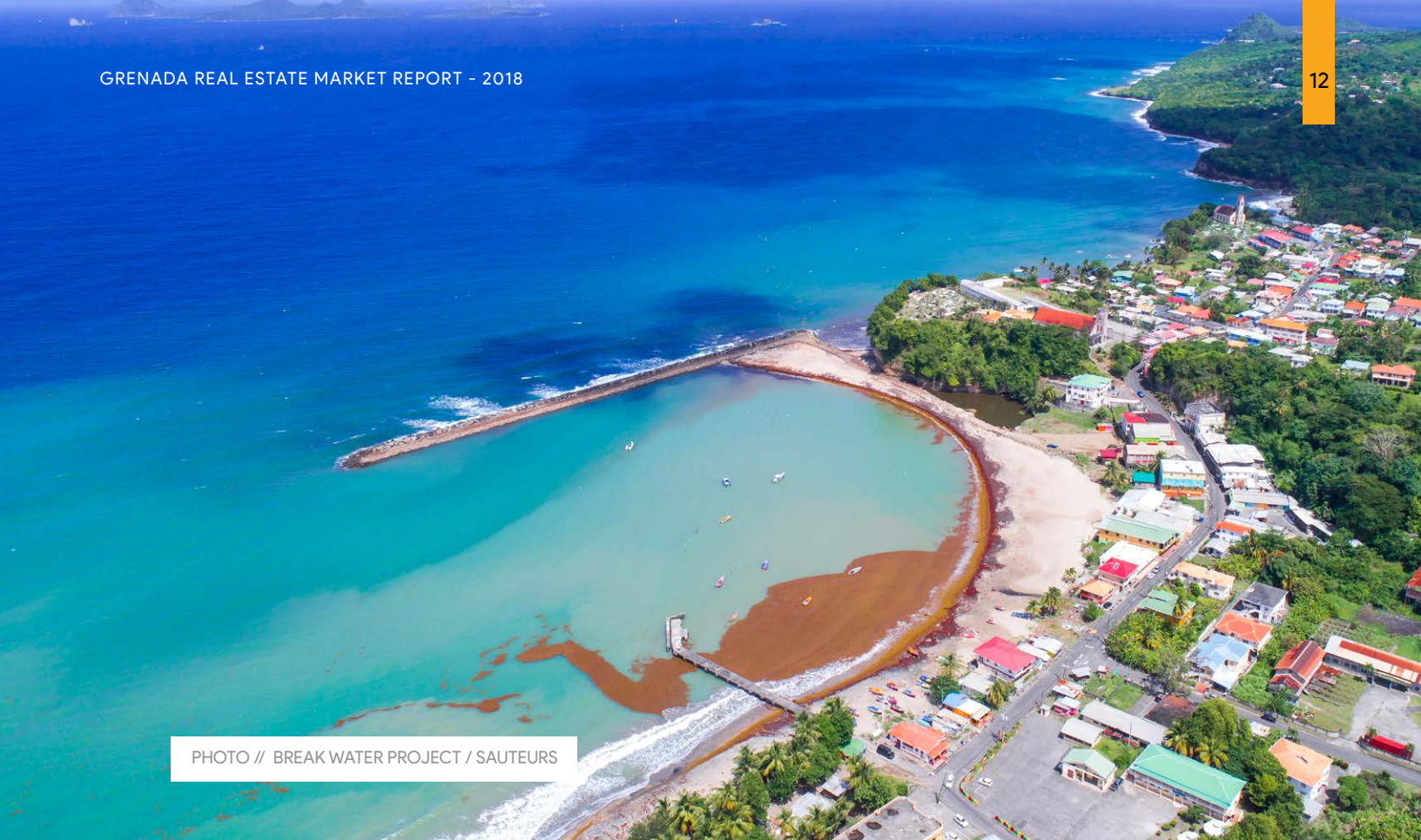


PHOTO // BREAK WATER PROJECT / SAUTEURS

All continue to have the greatest potential for dynamic impact on Grenada's real estate market. Some have already begun to have considerable impacts, while others are yet to reach an inflection point.

The Break Water in Sauteurs is taking shape. It is planned to be 1,500' in length, much of which has already been built. It has already accomplished its primary and most important goal, reestablishing a stable coastline to prevent massive damage and loss of the seaside buildings in "Lowtown" Sauteurs. This has greatly expanded the size and beauty of the beach, while creating a safe and calm bay.

The project has been a lifesaver for the buildings located along the waterfront, as many had been losing the battle against the rising and encroaching tides. For the project to reach full potential as a "Game Changer" there is some additional engineering and investment required. They will need to establish and stabilize the water's edge within the newly created bay. This will allow for further improvements (boardwalk, dingy docks, moorings, waterside food & beverage, dive shop, etc.) to be built along the waterside and begin and create safe and easy access to the sea for residents and visitors in the northern parishes. In addition, it is time to open up to the private sector for inward investment in creating these infrastructure and attractions.

The Tyrell Bay Marina continues to move closer to reality. Despite the slow pace of this development, it continues to make significant progress towards operational reality and play a leading role in spurring additional investment in the immediate area. We saw the opening of the Plaza Tyrell Bay in late 2017. This 18,000 ft² facility will offer 14 commercial spaces. The anchor tenant is Save-A-Lot Supermarket.

Grenada's Citizenship by Investment Program was the greatest new dynamic to the real estate market in 2017. This will be consistent for 2018, and likely well beyond. Those impacts include the following:



PHOTO // TYRELL BAY MARINA / PLAZA TYRELL BAY

1. Purchases of large, prime properties to be used in the development of CBI projects.
2. Global marketing efforts raising the profile of Grenada as an attractive location to visit, invest, live.
3. Creation of luxury accommodations that in 3-5 years will enter the traditional real estate market.

While we note that there remains some public reservation to the selling of citizenship, there is no question that the program is creating a never before seen quantity and caliber of luxury accommodations and real estate products.

Waiting in the Wings: Reduction or Removal of the Alien Landholders Tax

The greatest potential for the development and appreciation of the Grenada real estate market is the removal of the Property Transfer Tax applied to non-Grenadian nationals upon purchase and sale of property. While we note the strong positive impact of the CBI program, it falls short of directly impacting the desirability of residential property outside of the limited number of CBI approved projects. Grenada is protective of its high rate of local property ownership, and rightfully so. However, the reduction or removal of the punitive tax on non-nationals would raise property values and bring in the needed capital to resurrect areas such as St. Georges, Sauteurs, and Hillsborough.



TRENDS & OPPORTUNITIES

The Global Doorstep: Airbnb, home-sharing platforms active in Grenada

Grenada currently has around 400 listings on Airbnb...

The global tourism marketplace has arrived at Grenada's doorstep. There has been a monumental shift within the tourism and real estate market over last 3-years, yet it has gone virtually without notice or comment. Airbnb, and other home-sharing apps are online platforms that market short-term rentals in a variety of privately owned accommodations. This is a global phenomenon, with that largest home sharing platform, Airbnb bringing in nearly US\$3 billion in annual revenue. They project that this number will grow to more than US\$8 billion by 2020! They booked over 100 million guest arrivals in 2017.

Grenada currently has around 400 listings on Airbnb alone. The nightly rates range from US\$19 for a two-bedroom private accommodation in the Limes, to more than US\$4,000 for a luxury seven-bedroom compound in Lance aux Epines. The average yearly revenue for a host is US\$2,200

Airbnb has democratized access to the global tourism market. Prior to its advent, it would not be practical for a small property in the Limes that charges US\$19 a night to promote to a global audience, utilize an advanced online booking engine, accept online payments, and extend the many protections and guarantees that Airbnb provides end users.

What does this mean for Grenada real estate? So far, the available data does not provide statistical insights into the revenues and returns on desirable, well managed properties. However, there are anecdotal indications that those returns exceed what is possible through more traditional long-term rental arrangements. For now, it is clear that it provides increased market exposure and opportunity for a broad range of property owners in Grenada. Furthermore, active short-term rentals, while requiring increased effort, tend to provide higher revenues. This will provide welcome relief for many property owners and may eventually begin to increase rental rates and property values.

Commercial, Commercial, Commercial

There is an intense need for a range of commercial properties. Much of Grenada's commercial inventory is severally challenged in some way or the other. The town of St. Georges, while beautiful and charming, lacks parking. True Blue, while full or potential, has opted for temporary structures. Grand Anse, while attracting more and more commercial tenants, lacks a sufficient range and supply of commercial space.

We see strong opportunities in the following locations and sub-sectors of commercial real estate:

- **True Blue Commercial Complex** – St. Georges University is the crown jewel of Grenada's economy. It has been here for decades, and will be here for many more. There is an intense need and opportunity for the creation of a planned commercial center to provide student housing, food & beverage locations, and a range of commercial activities.
- **Storage Solutions** – A recent development within the Woodlands area has shown the pent up demand for commercial storage. There are a range of other underserved storage solutions including document storage (climate controlled), self-storage (personal goods), and marine & yachting storage, to name just a few.
- **Grand Anse Food & Beverage** – There is some really great food being produced and served in Grenada! Sadly, there are insufficient purpose-built structures available to house these businesses. There is a demand for a wide range of commercial property solutions to house our growing number and diversity of food and beverage providers.

Contact **Century 21 Grenada** if you would like to discuss how you can invest in one of these real estate opportunities, or reposition an existing property to better capitalize on market trends.

INTERNATIONAL BUYERS INDEX

The number of non-Grenadian purchasers buying property in Grenada, and the value of those transactions, declined significantly in 2017. The contribution of international buyers to Grenada's real estate market was minor, and primarily focused in the parish of St. George and St. David. Purchases clustered at the lower end of the value spectrum, primarily inexpensive vacant lands.

The Total Value of Real Estate Purchases by Non-Grenadians, declined from US\$10 million in 2016 to US\$2.6 million in 2017, falling by 74%.

There has been a significant shift in the source markets for international buyers. In 2015, British buyers accounted for 81% of the value of real estate purchases by foreign buyers. That number has contracted to 27%. American buyers have increased from 8% in 2016 to 24%. It is important to note that these are very small data sets, and as such are easily skewed.

	# of buyers	Percentage by number of sales	2017 (US \$)	Percentage by value of sales
American	6	24%	1,071,369	40%
British	5	20%	707,844	27%
Canadian	3	12%	252,375	9%
European	2	8%	91,386	3%
Latin American & Caribbean	7	28%	441,029	17%
Other	2	8%	98,858	4%
Total	29	100%	10,089,741	

The average sales value was US\$106,514. Of note is the reality that the average transaction value for non-Grenadian purchasers is only moderately greater than the average sales value for the overall market, which is US\$ 83,897.

NOTE: None of the data nor comments above include purchases made by buyers through the Citizenship by Investment program. This is due to the fact that these transactions tend to be purchases of fractional or equity shares of a property. The transactions are not recorded in the registry, nor is there an Alien Land Holding License required. The CBI program and associated transactions has had only a limited impact on the traditional real estate market. This pertains almost exclusively to the purchase of large, prime properties that can be positioned as CBI-approved projects.

The most desirable locations for non-Grenadians to purchase were:

St. George	St. David	Carriacou
1,461,279	552,285	294,243
54.9%	19.6%	11.0%
9	3	4

It is unclear what caused the precipitous decline in foreign buyers. Some possible contributors include:

- Competition from Grenada’s Citizenship by Investment Program (as well as other regional programs). The projects being built through the Grenada CBI program are highly desirable, achieving a new level of luxury and offering attractive returns on investment.
- A punitive property transfer tax on foreign buyers applied to the purchase and sale prices of properties. While this is not a new tax, it is becoming increasingly out of touch with global real estate norms.
- The loss of the British buyer. The malaise caused by Brexit and the weakened British pound have undermined the appetite of the UK market for luxury lifestyle purchases.

Origin of International Buyers of Real Estate in Grenada

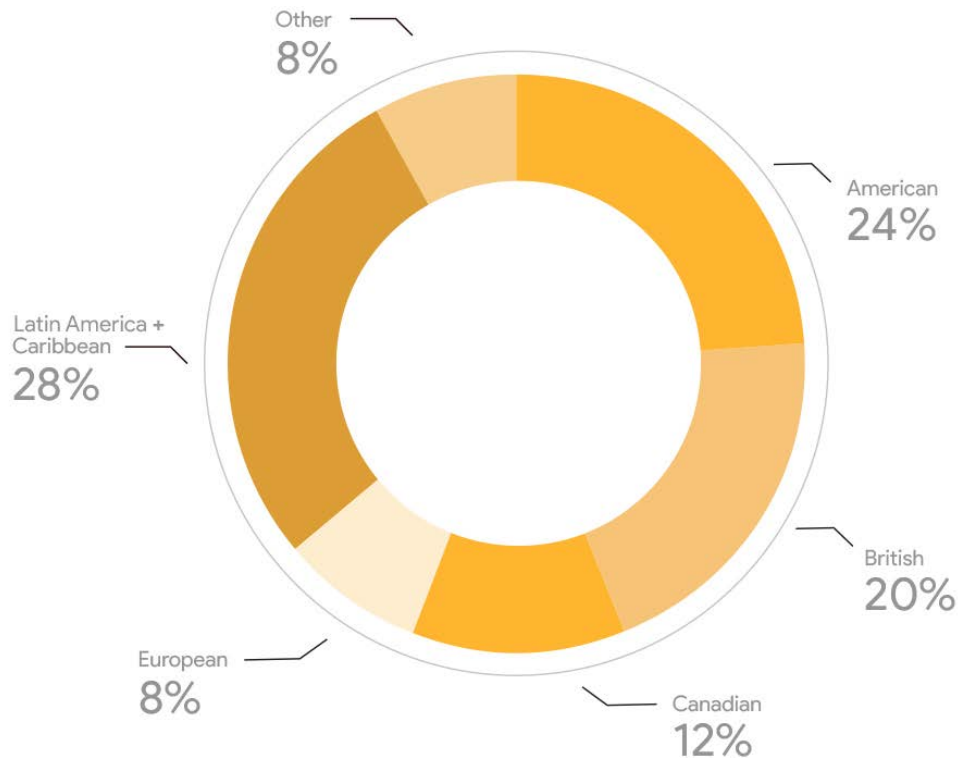
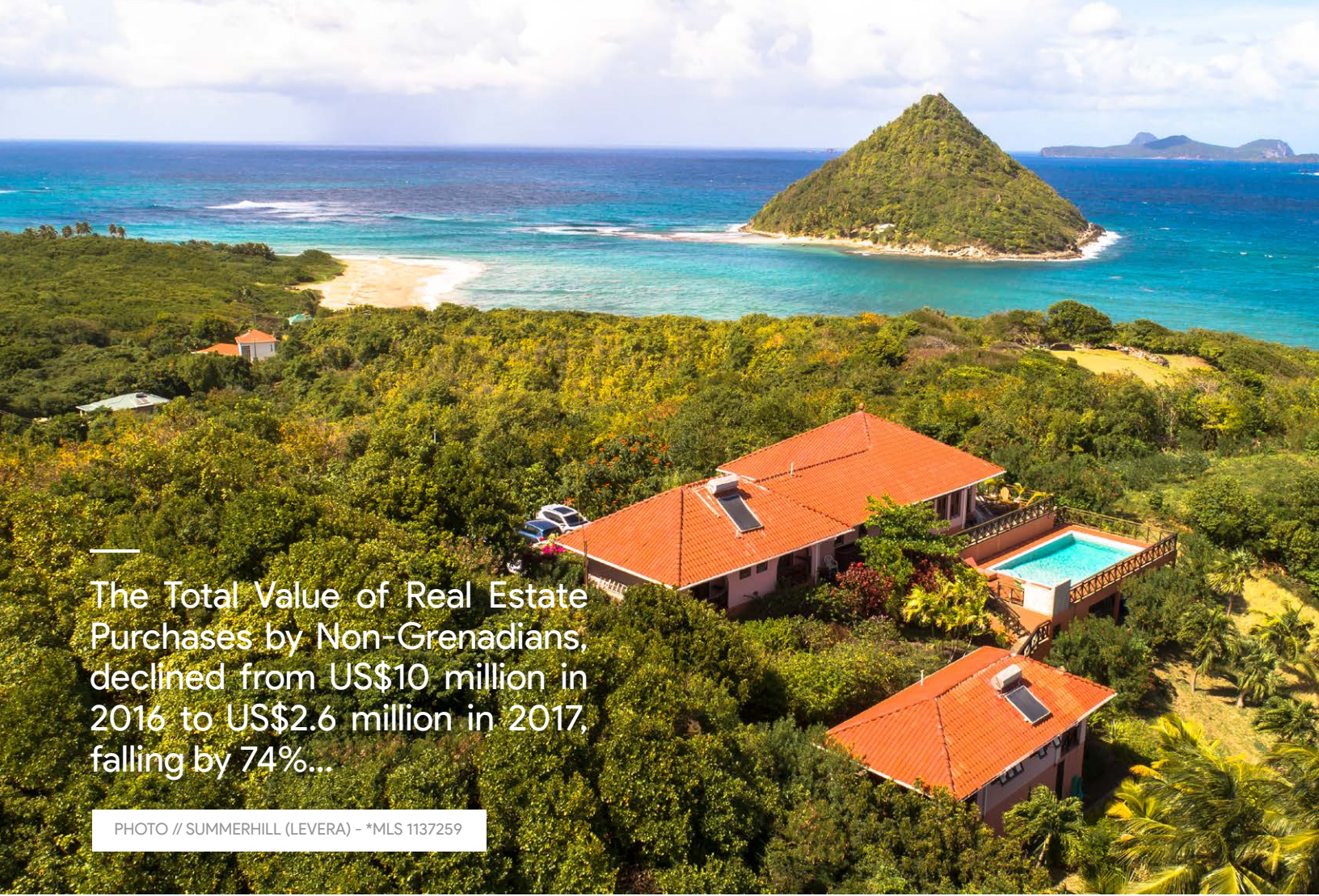


FIGURE 5 ORIGIN OF INTERNATIONAL BUYERS OF REAL ESTATE IN GRENADA



The Total Value of Real Estate Purchases by Non-Grenadians, declined from US\$10 million in 2016 to US\$2.6 million in 2017, falling by 74%...

PHOTO // SUMMERHILL (LEVERA) - *MLS 1137259

Real Estate Sales Purchases by International Buyers

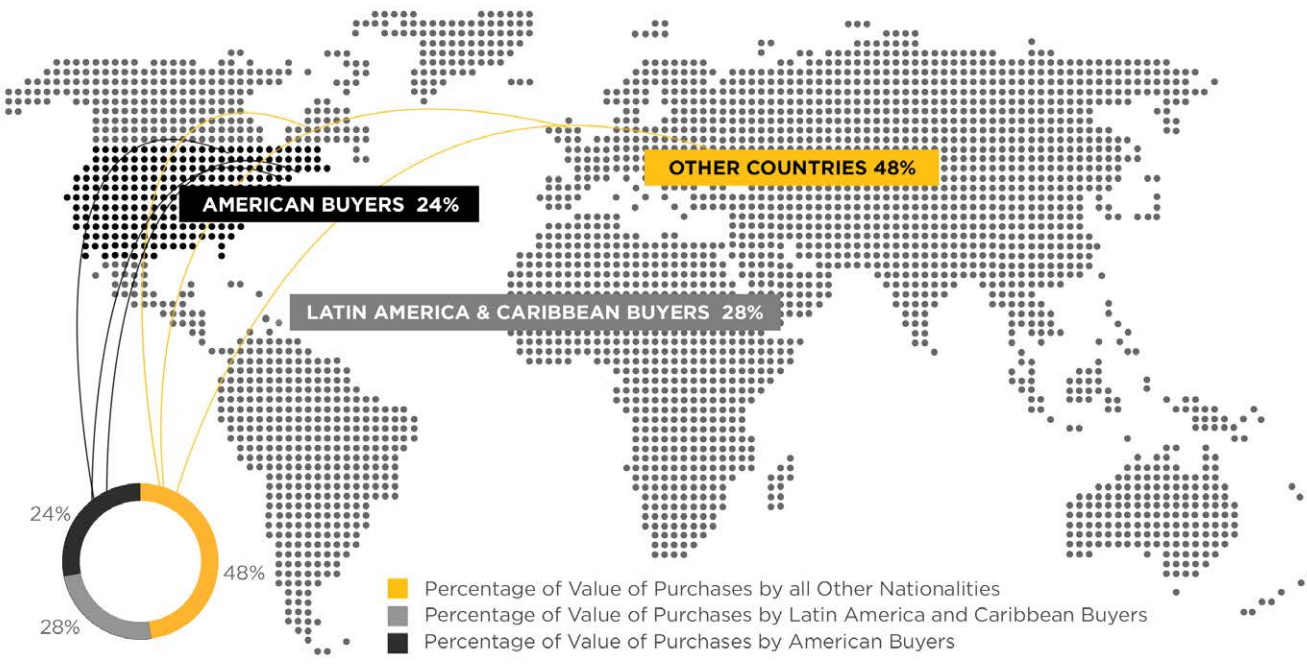


FIGURE 6 REAL ESTATE SALES PURCHASES BY INTERNATIONAL BUYERS



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Silversands residences offer a solution: stop still and call Grenada home. And that's why Silversands bridges the gap between the five-star hotel and the permanent residence; dotted along the beach and amid the hillside above, nine awe-inspiring villas present an opportunity to claim an everlasting piece of this undiscovered hideaway.

INVESTMENT PROPERTIES



Villa Lance Aux Epines

Lance Aux Epines, St. George
2 Acres
US\$ 6,900,000
MLS: 1138085



Pointe Marquis Hotel Site

La Sagesse, St. David
25 Acres
US\$ 5,500,000
MLS: 1138073



Mangineel Beachfront Lot

Hermitage, Carriacou
10 Acres
US\$ 2,500,000
MLS: 1137466

Century 21 is the market leader in providing comprehensive, professional, development support services. We have supported a range of successful Citizenship by Investment projects and student housing complexes. Services include market research, feasibility studies, property acquisition, rental programs, and property management.

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Twelve Degrees North

Established apartment hotel in prime residential area on popular bay on the south coast. Ideal for CBI Development, Hotel Investment or Residential retirement community.

LANCE AUX EPINES
3.80 ACRES
MLS# 1137977

US\$ 6,000,000

Citizenship By Investment

Impact on Grenada's Real Estate Market 2018



The Grenada economy is growing. A significant contribution is being made by the luxury real estate being built through the Citizenship by Investment (CBI) program.

While once the stuff of action movies, the attraction of multiple passports (often referred to as “global citizenship”) is fast becoming relatively common. Grenada’s program is designed to spur investment in several critical sectors, including the development of a world-class luxury tourism product.

Construction is underway at several luxury resort developments; including, The Pointe at Petite Calivigny, Silver Sands, Kiwana Bay, and Mt. Cinnamon. When completed, all of these properties will rank among the highest levels of luxury available in Grenada, with some on-par with the highest standards of tourism anywhere in the world.

Project Updates

	<p>A private residence club and boutique resort built around a private marina.</p> <p>Planned facilities include multiple pools, swim-up bar, state of the art gym and wellness center, private marina, panoramic views, and lush tropical gardens.</p> <p>Units are available through freehold or fractional purchase.</p>	<ul style="list-style-type: none"> • Phase I is nearing completion • Infrastructure completed • Three luxurious 3-bdrm villas completed • Six 2-bdrm townhomes complete • Soft opening scheduled for 2nd qtr 2018 • The project has achieved significant sales of Phase I, and is in planning to release Phase II
	<p>Kimpton Kawana Bay is a new 5-star condo-hotel development on Grand Anse Beach, Grenada.</p> <p>1-bedroom units, and studios are now for sale as freehold condominiums from US\$350,000.</p> <p>Kimpton Kawana Bay will be run by Kimpton Hotels, part of Intercontinental Hotels Group.</p>	<ul style="list-style-type: none"> • Renovation of the Culebra building is underway • The excavation and demolition of the existing buildings on the site is complete and development of the main infrastructure is continuing • Hotel on schedule to open end 2019 • During 2017 first phase of condo hotel suites and studios almost fully sold or reserved with a waiting list growing for Phase 2
	<p>Sleek contemporary boutique property comprising 43 suites and 9 villas 100-meter pool</p> <p>9 residential villas (ranging from 13,500 to 26,500 square feet) and available for purchase (both waterfront and hillside available)</p> <p>The Spa will offer four treatment rooms, including a sauna, hammam, chilled swimming pool and state of the art gym</p>	<p>Opening in 2018</p> <p>The following works have been completed or are in advanced states of construction:</p> <ul style="list-style-type: none"> • Waterfront villas • Hotel suites • Back of house • Swimming pool
	<ul style="list-style-type: none"> • Existing operating Boutique Hotel and Resort with 45 rooms • Consistently top-rated resort on Trip Advisor • Expanding under CBI investment • First CBI phase completed in June 2017 • Freehold and share-hold options available 	<ul style="list-style-type: none"> • First phase of CBI construction completed in June 2017 • 8 new suites added to Hotel inventory • Second phase scheduled for construction in 2018 • Bespoke villa design and build new for 2018



PHOTO: THE POINTE AT PETITE CALIVIGNY - *MLS 1137157



- 45 Luxury Condominiums with fully furnished units
- Located in the affluent True Blue area, only steps away from the world renowned St. George's University, with impressive sea views.
- Minutes from the Maurice Bishop International Airport
- Modern technologically-centric building
- 24-hour security and monitoring

- Condominium is currently under construction
- Foundation completed February 2018
- Structure scheduled to be completed by mid-April 2018 and operational by late-2018
- Facility is currently 45% rented as of January 15th 2018

NOTE: All the information indicated above has been provided by the project developers and has not been verified by Century 21.

The Grenada Citizenship by Investment Committee provided the following insights into the program.

- Grenada's program is regarded as one of the highest rated in the world among global citizenship programs.
- In 2017, the program brought in approximately US\$50 million through a combination of development-tied projects (primarily luxury resort developments) and direct contributions to the Grenada National Transformation Fund.
- The program continues to grow from strength to strength, with an increase in applications in 2017 of more than 100%
- The program maintains a stringent due diligence process in the approval of applicants and proposed projects within the program.

The Grenada tourism and real estate markets are starting to see the positive impacts of the increased marketing and PR emanating from the CBI program and the projects noted above. We anticipate this will only increase as these projects move from construction into operation.

Thus far, the greatest impact the CBI program has had on local real estate is in the demand it is placing on prime development sites in the south of the island. There were several such acquisitions in 2017 and several more pending for 2018. Century 21 Grenada has provided several international investors with support in finding and acquiring such properties, and we look forward to seeing these projects come on stream in 2018.

115

VISA FREE COUNTRIES

110,694

POPULATION | ENGLISH SPEAKING

73

ARTON INDEX

Grenada citizenship by investment program was launched in 2013 under the regulations of the Grenada Citizenship by Investment Act.

The program offers many benefits in exchange for several requirements that applicants must meet.



Grenada's Citizenship *By* Investment Program

Investment Options: Real Estate Investment | Donation

Grenada Citizenship by Investment, Burns Point, St George's, P.O. BOX 298, Grenada, W.I.
Phone: +1 473 435 0177 or +1 473 435 0178 Email: info@cbi.gov.gd

www.cbi.gov.gd

GRENADA'S NEWEST 5-STAR RESORT & CITIZENSHIP-BY- INVESTMENT OPPORTUNITY



KIMPTON

KAWANA BAY

FOR SALE:

1-bedroom suites and studios are now for sale
as freehold condominiums.

Purchasers in this stunning 5-star beachfront resort are eligible to apply for Grenadian citizenship through the country's Citizenship by Investment (CBI) programme. Grenada is the only country in the Caribbean with a CBI programme that has an E2-Visa treaty with the US.

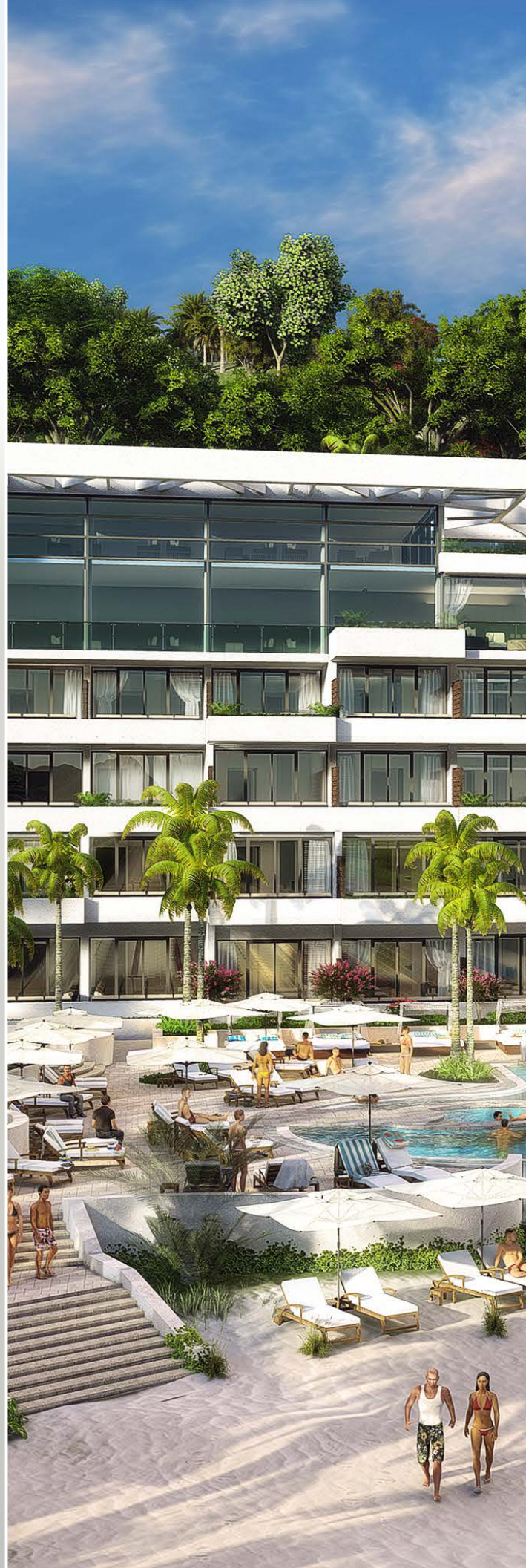
Grenada has a source-based taxation system. Citizens who are tax resident in Grenada are not subject to Grenadian tax on their foreign income, nor do they pay any wealth, gift, inheritance or capital gains tax.

Prices from \$350,000.

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BEST HOTEL
ARCHITECTURE
CARIBBEAN
Kimpton Kwana Bay
by True Blue
Development Limited

2017-2018



**CARIBBEAN
PROPERTY
AWARDS
DEVELOPMENT**

Award Winner
NEW HOTEL
CONSTRUCTION
& DESIGN GRENADA

Kimpton Kwana Bay
by True Blue Development
Limited

2017-2018



**CARIBBEAN
PROPERTY
AWARDS
ARCHITECTURE**

★★★★★
BEST HOTEL
ARCHITECTURE
GRENADA

Kimpton Kwana Bay
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Limited

2017-2018



SGU Rental Market Update

PHOTO BY: JOSHUA YETMAN

1,626

On-campus housing at SGU (Current)

+260

New On-Campus (Superdorm-8)

+384

New Off-campus Housing

St. Georges University is a US-accredited medical and veterinary school located in southern Grenada. It has a tremendous positive impact on Grenada's economy, particularly on property values and rental rates within proximity of the True Blue Campus. Beginning in 2016, Century 21 Grenada has held a reserved position on the attractiveness of the overall student accommodations sector. This is due to a surge in planned housing projects, with nearly 650 additional rooms coming on stream between 2017 and 2018.

This is not to say that the new buildings will underperform, quite the opposite. Most of the new buildings offer far more competitive products than the existing room stock. Students continue to demand a higher level of design and finish, excellent locations (close to campus, on the bus route, and in quiet and safe locations), and additional services (such as free wi-fi, airport pick-up, security, study areas, etc.) The greatest challenge will be for lower quality structures (new and existing) in sub-prime locations. There

has been downward price pressure on rental rates for these types of properties for several years. It will intensify over the coming years.

With nearly 650 additional rooms coming on stream between 2017 and 2018, new supply is exceeding growth in enrollment.



Opportunities

We continue to see strong opportunities in the following areas related to St. Georges University.

- Well planned, high quality, student housing in competitive locations. Location continues to be the primary consideration, with True Blue being the gold-standard. Buildings with attractive design and quality furnishings also rent extremely well.
- A planned, student-focused community within True Blue. We say without reservation that there is no greater need or opportunity than the creation of a planned community within True Blue that provides student housing (both for sale and rentals), an SGU-focused hotel, food & beverage, entertainment, grocery, and a range of student-focused services.
- Administrative and operational space. The university is a large campus, but with diminishing buildable area. There are a range of university operations that do not need to be housed on-campus. In fact, the university already uses significant off-campus storage. As on-campus lands are earmarked or built-out as dormitories, lecture halls, and labs, there will be greater pressure to migrate those activities that can be, off-campus. Possible investment opportunities include build & lease of storage and warehousing solutions, office space, and a childcare facility.

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POWER OF SALE

At the end of 2016, we predicted Power of Sale transactions (also known as foreclosures or compulsory sales) had reached their peak. However, in 2017 there was a further increase of 12% in compulsory sales.

As noted above, the total value of power of sales transactions in Grenada increased. In addition, Power of Sale Transactions also increased as a percentage of the total real estate market.

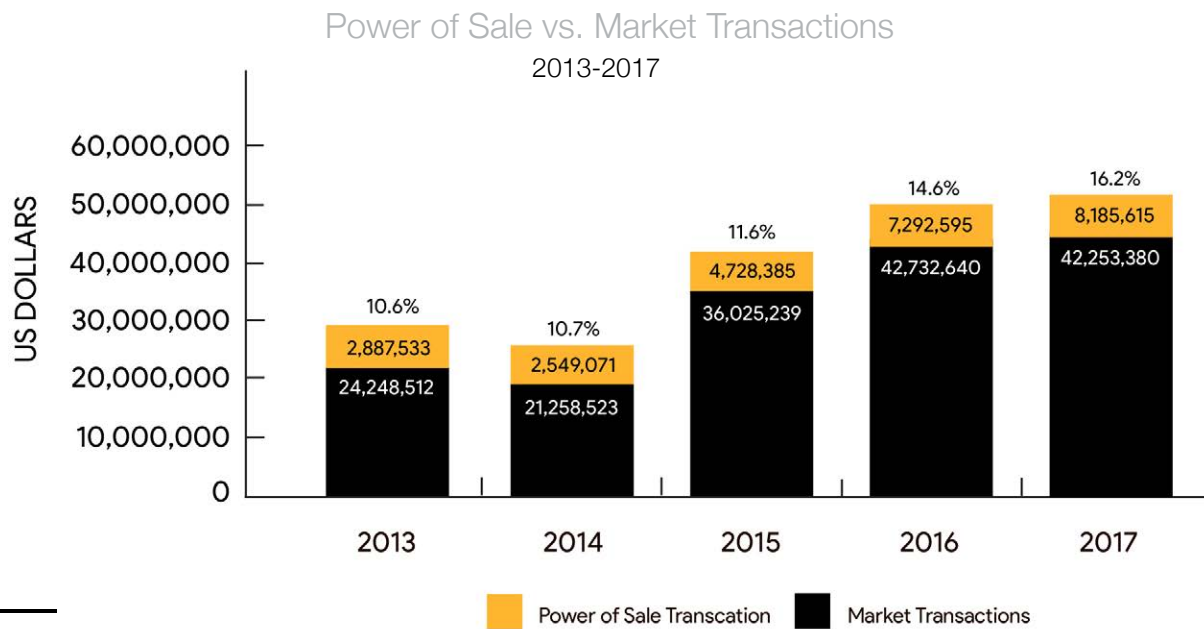


FIGURE 7 POWER OF SALE VS MARKET TRANSACTION

Data obtained from the Eastern Caribbean Central Bank show that total loans remained steady, while non-performing loans as a percentage of that total have been falling off over the last two years.

Category	Units	Sept-16	Dec-16	Mar-17	Jun-17	Sept-17
Total Loans and Advances	EC \$M	1,667	1,635	1,623	1,622	1,631
Nonperforming Loans to Gross Loans	%	7.25	6.7	6.11	5.25	4.68

Avg. "Power of Sale" US\$ Transaction Value 2013-2017

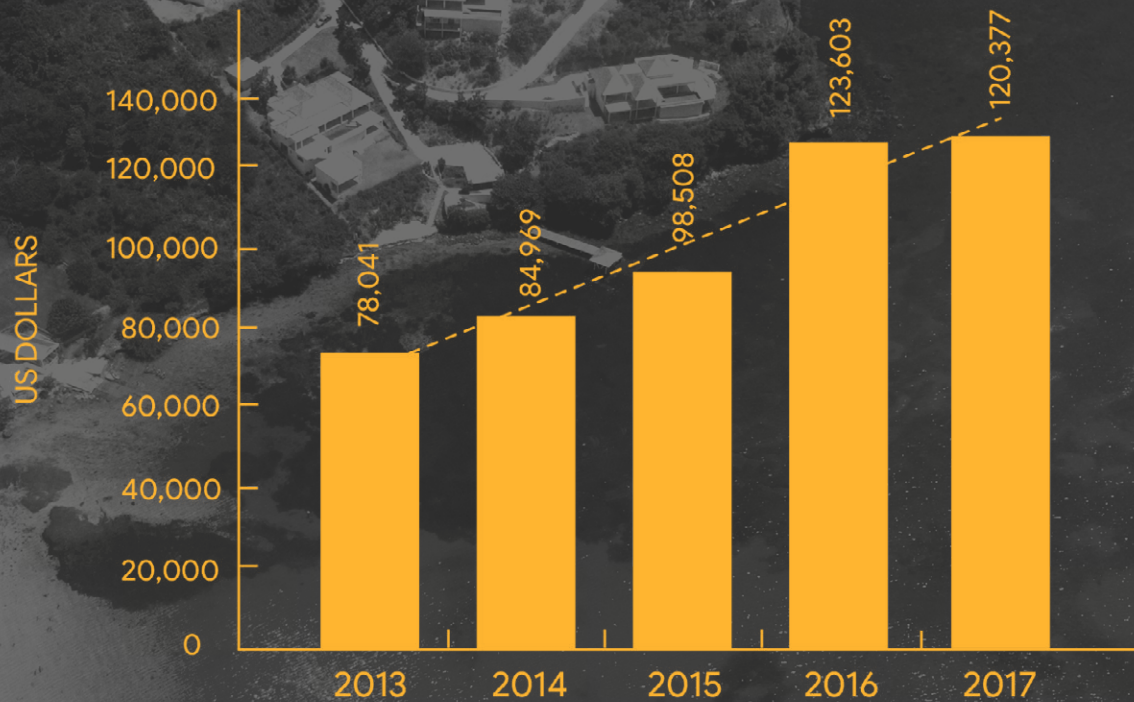


FIGURE 8 POWER OF SALE
TRANSACTION VALUE

The data indicate that Power of Sales transactions hit their high-water mark in 2017

Equally important is the rate of increase over the last three years. The annual growth rate for power of sales transactions exploded in 2015, increasing by 85%. This was followed in 2016 by a further increase of 54%. And a modest increase of 12% in 2017. This shows a clear deceleration of the growth rate in Power of Sale transactions.

The data indicate that Power of Sales transactions hit their high-water mark in 2017. We anticipate 2018 will bring decreases in volume and decreasing significance when compared to total market transactions. This bodes well for further improvement in the broader real estate sector, as Power of Sale Transactions tend to apply downward pressure on values of similar real estate products.

We want to give a special thanks to the Grenada Bankers Association for reviewing our assumptions and providing some very useful insights. In addition, we received support from the Eastern Caribbean Central Bank, as they have begun to share a significant amount of pertinent data online.

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