

RLB | Rider Levett Bucknall

CARIBBEAN |
REPORT

CONSTRUCTION MARKET
INTELLIGENCE
2016



INDEPENDENT CONSULTANTS LOCAL KNOWLEDGE AND EXPERTISE GLOBAL NETWORK

RIDER LEVETT BUCKNALL

Rider Levett Bucknall is a global property market and construction cost consultant with offices located worldwide.

THE CARIBBEAN REPORT

The Rider Levett Bucknall Caribbean Report is published annually and provides detailed local construction market intelligence and data. It benefits from more than 40 years of local experience enjoyed by the company.

Rider Levett Bucknall's long history can be traced back to a small firm of quantity surveyors established in 1785 in Reading, England. Following two centuries of consolidation and growth, three major companies with common strengths and ambitions – Rider Hunt, Levett and Bailey and Bucknall Austin – pooled resources and expertise to form the Rider Levett Bucknall global practice in July 2007.

Rider Levett Bucknall's cost consultancy, project management and advisory services inform a diversity of project types, locations and clients, responding to contexts as diverse as Asia, Oceania, Europe, the Middle East, Africa and the Americas, including the long association in the Caribbean.

Rider Levett Bucknall is a substantial group with over 3,500 people operating from more than 120 global offices. Senior directors are responsible for integrating local knowledge and expertise with access to the global network to provide the best and most up-to-date knowledge. Open communication and depth of interaction transcends to vast experience across a range of sectors.

RLB would like to thank the following people for their cooperation and assistance in preparing this report...

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CARIBBEAN OVERVIEW

For most of the Caribbean, improved economic conditions have continued into 2015 and the outlook for 2016 is for further growth. Tourist numbers are rising and countries are investing in the infrastructure to maintain their competitive position, although a number of them are having problems with debt levels and financial stability. Hotel development also continues, although availability of finance can be an issue.

The Caribbean hospitality industry continues to strengthen, with a strong performance in 2015 and further growth anticipated in 2016. In the first half of 2015, there was growth in all three key performance metrics across the 1,922 hotels: occupancy was up by 3% to 73%, average daily rate was up by 4% and revenue per available room was up by 8%. As of June 2015, the Caribbean had 44 hotels with 9,382 rooms under contract. Of those, 14 hotels with 4,240 rooms were under construction. However, there is a concern about the limited amount of financing available for new construction, which in turn limits opportunities for developers to build new hotels.

Construction costs have largely remained at a similar level to those shown in last year's report, but during 2015 we have seen increases of 2-3% in Antigua, Cayman, Grenada and Haiti; there have been greater rises in Cuba (4%) and Dominica (5%). Bermuda continues to have the highest construction costs, while the Dominican Republic and Haiti have the lowest costs.

The IMF expects that growth in 2015 will remain at the 2-2.5% level that was achieved in 2014, but that this will rise to 3% in 2016. The commodity exporting countries in the Caribbean are forecast to grow faster (2.6% in 2015 and 3.5% in 2016) than the tourism-dependent countries (1.9% and 2.4% respectively). The strongest growth is expected in Cuba, the Dominican Republic and St Kitts & Nevis. However, the IMF warns that "external, fiscal and financial vulnerabilities remain high in several economies".

The number of international tourists (overnight visitors) to the Caribbean grew by 7% in 2014 to 26 million and the expected outcome for 2015 is for a further 5% increase. Particularly strong growth has been seen in Barbados, Cuba, Haiti and Trinidad & Tobago.

In order to continue to improve their competitive position in the tourist market, the Caribbean countries have been maintaining their policy of investing in their infrastructure. This covers airports, ports and roads. As a result, there have been a number of enhanced air services from the USA and Europe in particular arising from these infrastructure improvements.



US VIRGIN ISLANDS

The Territory continues to struggle to recover from the severe economic and financial impacts of recent events - notably, the recession of 2008 and the 2012 closure of the HOVENSA oil refinery on St. Croix. However, 2015 has seen some signs of economic recovery, with tourist numbers up by 7% in the first half of the year. GDP growth in the 2015-19 period is forecast to be 0.5-1% per annum after some significant decline since 2010.

The government is encouraging tourist developments such as Frederiksted's Paul E. Joseph Stadium, and the multi-sports complex on Mars Hill. The planned expansion and improvement in port facilities is aimed at capturing a larger share of the very important cruise ship market.

The 297-room Dreams Sugar Bay resort in St. Thomas opened at the end of 2014 to provide a boost to the tourist industry and works are planned to commence on the Summers End Marina project in Coral Bay. Other planned developments include a boutique resort by the Water Island Development Company and a \$275m Golf Resort and Casino project on St Croix by Golden Resorts.

MARKET DATA

CARIBBEAN COSTS

The following data represents estimates of current building costs in the respective market. Costs may vary as a consequence of factors such as site conditions, climatic conditions, standards of specification, market conditions etc. Costs are given per square foot of gross floor area.

| LOCATION | OFFICES | | | | RETAIL | | | | HOTELS | | | | |
|-----------------------------|---------|------|---------|------|-----------------|------|----------------|------|--------|------|--------|------|--|
| | PREMIUM | | GRADE A | | SHOPPING CENTRE | | STRIP SHOPPING | | 5 STAR | | 3 STAR | | |
| | LOW | HIGH | LOW | HIGH | LOW | HIGH | LOW | HIGH | LOW | HIGH | LOW | HIGH | |
| (US\$) | | | | | | | | | | | | | |
| ANGUILLA | 163 | 271 | 136 | 217 | 131 | 244 | 109 | 217 | 271 | 434 | 195 | 271 | |
| ANTIGUA & BARBUDA | 208 | 328 | 177 | 297 | 150 | 270 | 140 | 261 | 291 | 530 | 234 | 297 | |
| BAHAMAS | 232 | 414 | 217 | 304 | 152 | 263 | 141 | 222 | 253 | 657 | 142 | 454 | |
| BARBADOS | 211 | 352 | 191 | 302 | 162 | 251 | 141 | 221 | 241 | 402 | 161 | 251 | |
| BERMUDA | 329 | 438 | 307 | 416 | 274 | 350 | 242 | 318 | 329 | 438 | 274 | 329 | |
| BRITISH VIRGIN ISLANDS | 271 | 281 | 236 | 347 | 196 | 326 | 163 | 217 | 434 | 597 | 271 | 380 | |
| CAYMAN ISLANDS | 266 | 390 | 246 | 359 | 256 | 359 | 225 | 308 | 276 | 359 | 235 | 328 | |
| CUBA | 300 | 419 | 269 | 389 | 300 | 420 | 215 | 287 | 269 | 420 | 215 | 300 | |
| DOMINICA | 180 | 193 | 143 | 204 | 181 | 181 | 146 | 181 | 239 | 312 | 192 | 239 | |
| DOMINICAN REPUBLIC | 115 | 184 | 92 | 150 | 92 | 139 | 80 | 127 | 173 | 346 | 115 | 231 | |
| GRENADA | 266 | 348 | 232 | 289 | 209 | 290 | 186 | 256 | 256 | 348 | 232 | 291 | |
| GUADALOUPE | 244 | 282 | 179 | 261 | 152 | 227 | 174 | 228 | 325 | 445 | 244 | 298 | |
| HAITI | 176 | 236 | 117 | 176 | 94 | 153 | 84 | 142 | 176 | 260 | 94 | 153 | |
| JAMAICA | 176 | 201 | 131 | 151 | 131 | 181 | 100 | 151 | 231 | 352 | 151 | 201 | |
| MARTINIQUE | 245 | 283 | 180 | 262 | 153 | 229 | 175 | 229 | 327 | 447 | 245 | 299 | |
| MONTSERRAT | 171 | 284 | 142 | 227 | 137 | 255 | 114 | 227 | 284 | 454 | 204 | 284 | |
| NETHERLANDS ANTILLES | 240 | 305 | 175 | 273 | 164 | 240 | 164 | 238 | 218 | 436 | 142 | 218 | |
| PANAMA | 174 | 278 | 145 | 242 | 141 | 231 | 126 | 193 | 259 | 389 | 185 | 261 | |
| PUERTO RICO | 246 | 329 | 192 | 274 | 192 | 247 | 110 | 164 | 356 | 438 | 219 | 274 | |
| ST KITTS & NEVIS | 230 | 330 | 191 | 253 | 165 | 231 | 176 | 232 | 308 | 463 | 232 | 287 | |
| ST LUCIA | 207 | 316 | 152 | 218 | 131 | 196 | 153 | 196 | 305 | 382 | 207 | 263 | |
| ST VINCENT & THE GRENADINES | 171 | 182 | 137 | 193 | 114 | 171 | 137 | 171 | 227 | 295 | 182 | 227 | |
| TRINIDAD & TOBAGO | 219 | 384 | 197 | 307 | 164 | 274 | 110 | 165 | 274 | 384 | 164 | 242 | |
| TURKS AND CAICOS ISLANDS | 273 | 436 | 196 | 382 | 164 | 382 | 164 | 218 | 245 | 327 | 164 | 240 | |
| US VIRGIN ISLANDS | 265 | 386 | 243 | 352 | 209 | 308 | 154 | 220 | 496 | 606 | 331 | 413 | |

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All costs current at 4th Quarter 2015