

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.



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.

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.

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.

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	

USE 550

All costs current at 4th Quarter 2015