

High Priced Gravy in the Bahamas

OR WHAT PROSPECTS OF BUYING PROPERTY IN THE BAHAMAS FOR
HOLIDAY HOMES, FOR RETIREMENT OR SIMPLY FOR INVESTMENT?

By Julia Bastian

THE CONSUMERS' ASSOCIATION, which each month puts out the highly controversial magazine *Which?*, has turned its attention to the delusions and delights of buying property in the Bahamas—"the islands with the greatest development potential."

To find out what lies under all the "palm-fringed advertisements" currently attracting a flood of investment from American, Canadian, Bahamian and British investors, *Which?* invited an ex-member of its staff, who had already been attracted to live in the area, to find out just what the development sites are really like.

His report, published February, 1967, is revealing. Land prices around Nassau, where most of the 140,000 inhabitants live, "are already very high," he writes guardedly. A quarter-acre building site might cost £2,500 or more, though land offered by development agencies on one or other of the 700 small islands will be cheaper than this. Touring the romantically beautiful Out Islands he found land on development sites which cost from £295 to £1,600 for quarter-acres, depending on position. Land sold privately sometimes went for rather less.

But buildings, he writes, "are imported, prefabricated and expensive." The *Bahamas Handbook* (available from the Bahamas Ministry of Tourism in London) quotes the building cost of an average two-bedroom villa at £8,570. A luxury home with servants' quarters might come to over £30,000—without furniture. Thus the idea that it would be worth-while to own a house simply for holidays is dismissed in one sentence. BOAC's inclusive sixteen-day holiday at luxury hotels is only £164 or £5 more than the economy return fare, so it would be cheaper to use the best hotels. Surprisingly, the writer makes no mention of the letting value of a holiday home, which even in the hands of an agent may bring in a very useful return.

For retirement, the prospects, the author points out, seem slightly brighter, though he does his best to put off those contemplating such a move with cryptic notes on the stormy season, the mosquitoes, the excessive humidity, the need for hurricane proofing, which is required by law on all buildings, and the likelihood of finding the sea in your back garden. "Reckon on three bad storms a year," he says, adding for the squeamish, "cockroaches are common—large and fast-moving."

But the really off-putting factor would appear to be the cost of living in the Bahamas, which is about half as much again as it is in Britain. Prices are bumped up by a 27½ per cent import duty and shipping costs. A retir-

IN THE last few years land values in development areas of the Bahamas have gone up very fast indeed. In one area, land bought in 1955 for £1 an acre is now worth over £20,000 an acre. But the price of the land in the development schemes that you might buy has already gone up to over £1,000 an acre—so it does not seem likely that there are still fortunes to be made there."

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ed couple who had £1,000 a year to spend in Britain would need to double this income to live in the Bahamas in comfort.

Uppermost in consideration must be the fact that if one keeps a *pied-a-terre* in the U.K. one is still liable to full income tax, surtax, capital gains tax and estate duty on any profits from Bahamas property. Advice from a top tax specialist seems vital.

Not surprisingly, the third reason for buying land in the Bahamas—for investment purposes—gets the highest rating. In one area land bought in 1955 for £1 an acre is now worth over £20,000 an acre, though now that the initial land rush is over speculation is likely to provide a "a sound investment" rather than "a striking capital return."

The Bahamas motto is: *Piratis expulsi restituta commercia* (the pirates having been expelled, commerce was restored). It seems to suggest that peaceful trading has always been the life blood of this people. Economic success of the islands has depended largely on the development of Freeport (free port?), a mushrooming industrial and resort area on Grand Bahama Island. Today both Freeport and Nassau are booming, but the local people cannot afford to buy their own houses.

The *London Property Letter* sums up land investment in the Bahamas this way: "Though most of the chicken has been picked clean, there still seems to be some high-priced gravy going." It is the pattern of things that what "gravy" remains after all land is enclosed will accelerate in value in direct relationship to its desirability. Right now the Bahamas are probably the most desired playground in the world, and for pirates intent on plunder there are no doubt still plenty of striking returns.