



CAYMAN ISLANDS REALTY

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“Here, there and everywhere!”

CONDOS

Table listing various condo properties with details on location, size, features, and price. Includes properties like Ritz-Carlton, Mandalay, Water's Edge, Avalon, Residences at Beach Bay, Cayman Club, Renaissance, South Sound Villas, Silver Sands, Islands Club, Britannia, King's Court, White Sands, Tamarind Bay, Lacovia, Britannia, King's Court, Discovery Point Club, Regal Beach, Windsor Village, Emerald Beach Club, Tamarind Bay, Carib Sands - Cayman Brac, Conch Club - Little Cayman - Phase II, Villas Pappagallo, Kaibo Yacht Club, Ocean Pointe, Secret Garden, Sunrise - Phase III, Cayman Crossing, Southern Skies, Tranquility Villas, Silver Oaks, Villas Pappagallo, Ocean Club, and Carib Sands - Cayman Brac.

HOMES

Table listing various home properties with details on location, size, features, and price. Includes properties like Sundance on Nelson Quay, The Rock, Cayman Brac Oceanfront, Thatch Hill - Cayman Kai, Canal Point, Banana Quay, Patrick's Island - Windswept Drive, Jellicoe Quay Canalfront, Prince Charles Quay Canalfront, Bluff Edge Estate - Cayman Brac, Fairwinds at Frank Sound, Pirates Dream - S. Side, Cayman Brac, West End Colonial Cayman Style House, Cayman Brac Oceanfront Home, North Sound Estates Canalfront, Prospe ct, Buttonwood Ave., West Bay, Bolin's Ave., East End Beachfront Cottage, Breakers Beachview Property, South Side - Little Cayman, North Side Waterfront, Cayman Brac, Savannah Meadows, Stake Bay Caymanian Style House, and Watering Place, Cayman Brac.

COMMERCIAL & MULTI-FAMILY

Table listing commercial and multi-family properties with details on location, size, features, and price. Includes properties like Trinity Square, Owen Roberts Drive - 36 Rental units, Templeton Road - 18 Rental units, Central GT Commercial Buildings, Anthony Drive - 8 Rental units, Grand Harbour Commercial Lots, Foster's Trinity Apartments, and Adventure Travel.

LAND

Table listing various land properties with details on location, size, features, and price. Includes properties like West Bay Road Commercial, Pease Bay, Crystal Harbour Development Site, By Pass Commercial, North Sound Island, Fairbanks Road, Spotts Beachfront, Cayman Brac Bluff Edge, By Pass Industrial, South Sound, Governor's Harbour Waterfront, West Bay Beach Land, Almond Hill, Old Prospect Beachfront, Land Next to Pappagallo Restaurant, Cayman Kai - Water Cay, Cayman Kai Ridge, High Rock Oceanfront, Rum Point Dr. Oceanfront Lot, Little Cayman - South Side, Bodden Town Main Road, Half Moon Bay Beach & Tennis-Lot #8, Patrick's Island Waterfront, South Sound, Little Cayman Beachfront, Frank Sound Beach Lot, South Side Beach Lots - Cayman Brac, South Side Ocean Front, Cayman Brac, Cottage Point - Cedar Lane, Grand Harbour, Little Cayman - Kingston Bight, High Rock, Cayman Brac Bluff, Little Cayman, Patrick's Island, The Lakes at South Sound, Birch Tree Hill, Savannah Acres, The Highlands - Phase III, Alta Vista Bluff Lot - Cayman Brac, Admiral's Landing, Frank Sound, Cayman Brac Inland Bluff, The Highlands - Phase III, North Sound Estates, Powery Road, Barkers, North Sound Estates, Boatwau Bay, Lower Valley, Carlton Road, Green Acres Sub-Division, Cayman Brac, Songbird Meadows Sub, and Little Cayman - Spy Glass Hill.

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COLDWELL BANKER

MARKET REPORT
MID YEAR 2008 AND PROPERTY LISTINGS

an honest appraisal of the cayman marketplace

Review

In our last issue we predicted some good deals to be had this Winter Season, but said they would not be around forever due to limited supply in our small market.

General Outlook

The prediction was correct. Buyers have been coaxing good deals out of the Sellers for a number of months and that trend continues. However, as we have warned in many past issues, it is difficult to generalize about these things because different parts of the market have different supply and demand curves. You can see that reflected in the statistics if you look deep enough.

The number of active listings year-to-date are about the same as last year which is a healthy sign, however, there are 22% more new listings this month than the same month last year. Pending sales are down 9% over last year, and both those statistics indicate a continued slowing of the Real Estate Market. The number of house listings is about the same whereas condo listings are down 10% with land listings up 9%.

Sales to foreigners have been more difficult to complete - especially American and British, due to the perception that the Real Estate Market is on the floor everywhere, as it is in their countries of origin. That is clearly not the case in Cayman with US\$164M worth of Real Estate sold in 2008 YTD compared with US\$134M sold YTD in 2007. Make no mistake, Sellers are having to be flexible - and they are - but this is not a distressed sale marketplace.

Residential

The YTD sales figures show us the # of houses sold is up 4% but the value of those properties on average is up 28% in the past 12 months and the marketing time has actually decreased by 27%. Not what you might expect in a "down" market! Looking more closely we find the largest homes are responsible for the increase as they are up 48% whereas the smallest are down 28% and the middle sized ones have remained about the same. It is interesting to note that the figures for the US Virgin Islands are very similar in all of the above categories for the same time period.

The list price to sales price ratio remains about 89%. This indicates that although more large homes are selling, the discounting has not gotten deeper over the past year. The figures simply reflect the recent market demand for larger homes. Many of our Sellers have paid attention to our market data and have reduced their asking price. Those properties are being scooped up keeping us very busy here. A case in point is a home in Canal Point originally listed at US\$1,895,000 and subsequently reduced to US\$ 1,495,000 which has just gone under contract around US\$1.2M. These are bargains.

Condos

In terms of condos we are seeing a different picture. The prices overall have dropped by about 25%. The list price/sales price ratio is about the same and time on the market is 6% less, so that means listing prices have come down. In the condo sector, the largest units prices have fallen by 17% over the past year, midized units have decreased by 38% whereas the smaller units have remained the same or risen slightly. We have recently contracted units in Water's Edge, Cayman Club, Silver Sands, etc. at about 15% less than the original listing price. These are bargains. Meanwhile, at the very top end of the condo market, Alexandra Calhoun of Coldwell Banker just sold the highest priced single freehold condominium ever sold in Cayman. This was a 7,000sf. Water's Edge unit which sold for US\$7,350,000.

Developments

Pre-construction sales are slower. There are still a number of units left at Beachcomber, Renaissance and South Beach. The new Ivory Point project Ivory Sands in Cayman Kai is ready for release. That luxury condo project will probably be successful. Call for specific details. In fact, Cayman Kai has been Cayman's most active sales area this season. That has been a welcome relief as Cayman Kai had been at a standstill since Ivan - and even before. Cayman Kai's slower pace, and more islandy alternative with the absence of big hotels provide a welcome alternative for some to the increasing activity along Seven Mile Beach. Around Easter and a bit later we had instances of multiple offers and backup contracts put in place for several residences in Cayman Kai by foreign visitors. That is a very good sign - and reinforces what we have said all along about the effect of the small size of our market. Camana Bay continues to develop with the recent opening of Caymans newest Restaurant "Abacus", to add to the cinemas, bookstore, bank and office complex. The residential component was previewed to the public last month and the amount of thought which is going into this project is as impressive as the quality of the materials. It may not be for everybody, but at the end of the day it will be unique, and a project that all of Cayman can be proud of.

Commercial

Coldwell Banker is pleased to be offering 25 commercial condominiums for sale in George Town at Trinity Square. There are units available from 640sf., and the starting price is C\$166,400. This is a fantastic opportunity for small businesses to purchase office space in this currently low interest rate climate. There is also an opportunity for investors to purchase units occupied by Class A tenants on long-term leases. Please call us for further details.

Sister Islands

In Little Cayman raw land has been the big seller so far this year. It appears more and more people are seeing the appeal and value of owning a piece of this tranquil paradise. Although condo sales have slowed, land has shown an increase over the previous year with numerous beachfront lots and inland acreage parcels changing hands. Prices are still relatively low compared to other similar destinations and people are beginning to realize that will not last forever. There are a number of houses currently under construction and the local builders are getting new projects going as soon as one is finished.

Raw land has also been the top seller in Cayman Brac this year with the double incentives of having the stamp duty waived if you build within two years of purchase and also the duty free building supplies. Still, houses and condos are very affordable on the Brac and are great value for money. The bluff is still in demand as interest continues to grow in this high elevation stronghold. With direct flights planned from Miami later in the year, now is the time to buy before this mostly undiscovered gem of an island becomes more well known.



### Staff

We would like to welcome **Daryn Lansdell** back to our staff. Daryn worked with us before and moved to Canada with his wife Anita and 3 kids back in 2006. He is now back in Cayman after finding the grass was not greener! He has just contracted a three million dollar Water's Edge unit for one of his customers and we are happy to have another experienced agent back on our staff. We also want to congratulate **Michel Trumbach** and **Anthony Ebanks** on their recent sale of Commercial property on Shedden Road. After a strong marketing effort, they completed the deal at CI\$1.8M for 1.88 acre which was right where our CMA predicted the value to be.

### Listing Prices

There is still a lot of “bidding for listings” going on. This is where a realtor indicates the potential for a sale of a property at a higher price than the market data suggests just so the Owner will give that agent the listing. This happens quite a bit and is a disservice to the customer in any marketplace – especially one where prices are falling. Of course, **Sellers with unrealistic expectations fuel this phenomenon**. A listing price is supposed to place your property at a level which the market will find attractive enough to want to investigate further. The higher you go – the less likely that is to happen – and it is a proven fact that the earliest interested customers are usually the most likely buyers. So don't start high & expect to drop later; you will miss those buyers. Price it right at the outset. **Having just had a very successful winter selling season, we are now running a bit short of listings and have a number of capable and energetic Agents ready to give your property their full attention.**

Note to Sellers: Make sure the market data provided with your market analysis supports the value you have been quoted.

### The Media

Perhaps the reason we get so many favourable comments about this **Market Report** is that it is honest and accurate, without being sensationalist. When reading a report or especially watching one on TV we must keep in mind that the **media outlets are simply competing businesses**. If they don't sell papers, or get people to watch the shows, then they can't sell expensive adverts. So it is a race to find (or in some cases create) the most **sensational news stories**. And since publishing is quite lucrative there are probably now more news outlets than there is news.

There is **NO** business on earth more competitive than the search for content to sell to customers. Much of the stuff we are now force-fed existed before but was not deemed newsworthy. Are there **more natural disasters** these days than there were say in the 1950's or 60's or just more news outlets reporting them? Probably the latter. Are there **more foreclosures** this year than there were previously in the US? Yes; but; there are also 5.6 million new home purchasers. Note to Reader: while we are not saying don't ever believe what you see on TV or read in the newspaper, try not to give it so much weight in your decision making. The professional media only force feed you the headlines, (as they see them), rarely the full story!

### Rental Fraud

Just when you thought it was safe to make vacation bookings on the internet, we have discovered a new scam. A customer called in who was trying to book a house rental in Cayman for a family holiday. They had been looking on a website called **vacationrentals.com** where they found a “house on Seven Mile Beach” called “Villa Marvel” which sounded great. This website just lists the properties and you deal direct with the owner. These are not Real Estate Companies – just websites which introduce properties – apparently with no vetting process or controls. This potential renter became concerned when the “home owner” asked for the deposit to be sent directly to his Swiss bank account. Luckily, that set off the alarm bells and the individual called us for advice. We confirmed that no such property existed. Note to Renters: You would be well advised when booking your vacations, to work through a recognized rental agency to avoid such scams.

### Appraisals

Recently we noted two professional Valuers using CIREBA data in their reports. While that is fine – it is the **listing information** rather than sales data being used, and on top of that the individuals noted deals which they “understood” were under contract. In both cases the use of this data which was partly hearsay, led to an inaccurate conclusion on the part of the Valuer. Certainly not what one should expect from a professional valuation.

### Land Registry

We have recently found that the information provided on the **Land Information System** is not always exactly the same as what is found at Land Registry. In the most recent case the existence of a larger right of way which had been added in 2000 did not show on the web based information. This basically delayed a potential sale for at least 6 months. This is very disturbing as Lands & Survey has historically been relied upon as the most accurate and efficient of all Government Departments.

### Planning

Doesn't it seem odd that the Regulations for the Islands different zonings are not available on the Planning Website? You have to go to <http://www.investcayman.ky/laws/developmentandplanningregulations.pdf> to get them. It often seems like Planning really doesn't want the customer to have too much information. In fact, even if you manage to find the Regulations, there is evidently another set of “secret guidelines” which are for “internal use only”. Wouldn't you think it would be in everyone's best interests to know all the rules up front BEFORE going forward with an application? Sure does to us....

### Older Folks

Did you know that several **Insurance Companies and Banks in Cayman** actively discriminate against older people? If it is not hard enough just dealing personally with the aging process, how about the Insurance Companies who say if you are over 70 they won't insure your car. Or the Banks that won't extend the term of your loan past age 65. Maybe we need a Cayman chapter of AARP.

### Poverty Study

The C.I. Government has been busy generating more studies. The most recent was a poverty study published in the NALC or **National Assessment of Living Conditions**. The results are based on a poverty line of CI\$3,983/year. The report found **1.9% of our population living below** that level compared with 9.3% in the Bahamas (in 2001) and 11% in the British Virgins (in 2002). Most countries have over 10% of the population below the poverty level. The vast majority of individuals in this category are **immigrants** and 1/3 of them have been here less than 5 years (no surprise there – those here longer probably starved to death!).

### Acronyms

A Caribbean subset from the international standard setter for anti money laundering rules (**the CFATF**) visited us recently and begrudgingly gave Cayman a favourable report for our money laundering policies. However, Cayman was still conveniently left off the list of countries which comply with the best practices of anti money laundering legislation. Funny thing about that list though. All the good old boys were on it (France, Germany, US, Britain, even Russia and Argentina) but a number of them received subsequent notification from the FATF telling them they were deficient in one way or another. Oh – they were not taken off the list mind you, but they have not qualified in all the areas. Cayman did and, in fact, ranks much the same as Britain and the US – but is still not on the list! Does anybody see a pattern here? There is no doubt these organizations have it in for jurisdictions with no direct taxation. We must look awfully attractive to the investors from those high tax jurisdictions – even with the bureaucratic shackles we are forced to wear under the auspices of money laundering compliance.

### Hurricane Abatement

With the onset of the hurricane season, people become even more sensitive to the elevation of raw land parcels which they are considering to purchase. We would all like to be as high as possible but the land with higher elevation may not be in the location where we want to live, and it has become so costly to fill land these days. Actually, there is another option.

We are starting to see **more residences built on pilings**. This makes sense in many respects. It gives you better views, better breezes, and better security for starters and provides instant covered parking. It saves on fill costs and this construction method can be employed in any location. The equipment, engineering, and architects are readily available on the island these days. So when hunting for the right parcel, concentrate on the location you want not the elevation of the lot; and just “**Build Up.**”

Since Hurricane Ivan most of us have been preoccupied with wind and impact ratings, height above sea level, strength of material, etc. Structures built since Ivan have for the most part included the latest of hurricane abatement measures. The only problem with that – besides the cost which is very high – is the look. Too many homes which are built like Fort Knox also tend to look like Fort Knox. Trust our professional judgment when we tell you that the structural features of a home, while important, will ultimately take a back seat to style points when the final decision is being made. Note to **Potential Home Builder: Do not forget the house also has to look pretty.**

### Forecast - Long and Short Term

Perhaps all the publicity of the bad Real Estate Market in the States has done us a service after all. Most serious Sellers have reduced their prices and these reductions have had a very positive effect on our marketplace. Sales are happening and extra supply is consistently leaving the market. Cayman's allure means we have constant demand and so we are bullish in the long run. Those who are trying to calculate the exact bottom of this market cycle will probably wait a bit longer to purchase, but be careful. It is very hard to hit it exactly. Right now Sellers are still feeling uncomfortable about the future and so they are willing to negotiate. Once it appears we are near the bottom, once there is any good news, two things will happen: First, Sellers will decide they might as well hold on a bit longer as there is light at the end of the tunnel. Second, all of the really choice properties, which are only available in down markets will be gone. Note to Buyers: don't wait too long. (Two of our agents have already contracted residences in June).

In the short term, we see continued partly cloudy skies with occasional showers, but no real stormy weather for the remainder of the year. (We hope that is true meteorologically as well as metaphorically!)

## THERE'S GOTTA BE SOMEBODY IN THIS GROUP YOU'D LIKE TO TALK TO!

 <i>J. C. Calhoun</i> J. C. Calhoun Broker	 <i>Allen Bloomrosen</i> Allen Bloomrosen Broker	 <i>Jerry Arnold</i> Jerry Arnold Sales & Marketing Mgr.	 <i>Rick Burgos</i> Rick Burgos Asst. Mgr./ Sales Agent	 <i>Wes Dannerfeld</i> Wes Dannerfeld Manager, Little Cayman	 <i>Stephanie Grizzel</i> Stephanie Grizzel Manager, Cayman Brac
 <i>Ann Marie Powell</i> Ann Marie Powell Property Manager	 <i>Jim Fraser</i> Jim Fraser Sales Agent	 <i>Quatro Hatch</i> Quatro Hatch Sales Agent	 <i>Alexandra Calhoun</i> Alexandra Calhoun Sales Agent	 <i>Stacey Kirkconnel</i> Stacey Kirkconnel Sales Agen	 <i>Michel Trumbach</i> Michel Trumbach Sales Agent
 <i>Anthony Ebanks</i> Anthony Ebanks Sales Agent	 <i>Bob Daigle</i> Bob Daigle Sales Agent	 <i>Daryn Lansdell</i> Daryn Lansdell Sales Agent	 <i>Danny Soto</i> Danny Soto Sales Agent	 <i>Tulsi Bodden</i> Tulsi Bodden Sales Agent	 <i>Carlene Alexander</i> Carlene Alexander Sales Agent

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