BCQS Office Locations

**BAHAMAS**
Shirley Street Plaza  
P.O. Box FH 14148  
Nassau, New Providence  
Bahamas  
Tel: +1 242 393 5352  
Fax: +1 242 394 7141  
E: dlavin@bcqs.com  
Contact: David Lavin

**BARBADOS**
‘Orena’  
St. Lawrence Main Road  
Christ Church  
Barbados  
Tel: +1 246 428 8091  
Fax: +1 246 428 7820  
E: smain@bcqs.com  
Contact: Sanjay Amin

**BRAZIL**
R. Haddock Lobo 1129/171  
Jardim America  
Sao Paulo, 01414-003  
SP Brazil  
Tel: +55 11 9 9390 8805  
E: jslattery@bcqs.com  
Contact: James Slattery

**BRITISH VIRGIN ISLANDS**
Abbott Building  
P.O. Box 3160  
Tortola  
British Virgin Islands  
Tel: +1 284 494 7144  
Fax: +1 284 494 7184  
E: bbutler@bcqs.com  
Contact: Ben Butler

**CAYMAN ISLANDS**
Whitehall House  
P.O. Box 871, GT  
Grand Cayman, Cayman Islands  
KY1-1103  
Tel: +1 345 949 8644  
Fax: +1 345 949 7184  
E: ljd@bcqs.com  
Contact: Liam Day

**CAYMAN ISLANDS**
Whitehall House  
P.O. Box 871, GT  
Grand Cayman, Cayman Islands  
KY1-1103  
Tel: +1 345 949 8644  
Fax: +1 345 949 7184  
E: ljd@bcqs.com  
Contact: Liam Day

**CAYMAN ISLANDS**
Whitehall House  
P.O. Box 871, GT  
Grand Cayman, Cayman Islands  
KY1-1103  
Tel: +1 345 949 8644  
Fax: +1 345 949 7184  
E: ljd@bcqs.com  
Contact: Liam Day

**GUYANA**
Lot 1,  
Thorne Drive, DurbanSP.  
Backlands  
Georgetown, Guyana  
Tel: +1 592 227 1161  
Fax: +1 592 226 8277  
E: dpatterson@bcqs.com  
Contact: David Patterson

**GUYANA**
Lot 1,  
Thorne Drive, DurbanSP.  
Backlands  
Georgetown, Guyana  
Tel: +1 592 227 1161  
Fax: +1 592 226 8277  
E: dpatterson@bcqs.com  
Contact: David Patterson

**GUYANA**
Lot 1,  
Thorne Drive, DurbanSP.  
Backlands  
Georgetown, Guyana  
Tel: +1 592 227 1161  
Fax: +1 592 226 8277  
E: dpatterson@bcqs.com  
Contact: David Patterson

**JAMAICA**
1 Oxford Terrace  
Kingston 5  
Jamaica, West Indies  
Tel: +1 876 926 2418  
Fax: +1 876 929 9717  
E: bgoldson@bcqs.com  
Contact: Brian Goldson

**JAMAICA**
1 Oxford Terrace  
Kingston 5  
Jamaica, West Indies  
Tel: +1 876 926 2418  
Fax: +1 876 929 9717  
E: bgoldson@bcqs.com  
Contact: Brian Goldson

**JAMAICA**
1 Oxford Terrace  
Kingston 5  
Jamaica, West Indies  
Tel: +1 876 926 2418  
Fax: +1 876 929 9717  
E: bgoldson@bcqs.com  
Contact: Brian Goldson

**TURKS AND CAICOS**
The Saltmills  
P.O. Box 158  
Providenciales  
Turks and Caicos Islands  
Tel: +1 649 946 4238  
Fax: +1 649 946 4670  
E: staylor@bcqs.com  
Contact: Simon Taylor

**ST LUCIA**
PO Box Choc8044  
Rodney Bay  
Gros Islet  
St Lucia  
Tel: +1 246 428 8091  
Fax: +1 246 428 7820  
E: smain@bcqs.com  
Contact: Sanjay Amin

**TRINIDAD AND TOBAGO**
8 Herbert Street, St. Clair  
P.O. Box 1420  
Port-of-Spain  
Trinidad and Tobago  
Tel: +1 868 622 2277  
F: +1 868 622 9185  
E: kcallender@bcqs.com  
Contact: Ken A. Callender

This 2012 Market Report has been compiled by:  
**Mark Hodkinson**  
Associate Director  
BCQS International  
Tel: +1 246 428 8091  
E: mhodkinson@bcqs.com
BCQS operate throughout **Latin America** and the **Caribbean**
Foreword

Welcome to the 2012 edition of our Caribbean Market Trend Report. Within this issue we pay particular attention to trend patterns across the Caribbean as well as observe locations where the effects of the downturn are at their most prevalent.

BCQS International is the longest serving cost consultancy in the property, development and construction industry across Latin America and the Caribbean. With over forty years experience in over 30 countries, BCQS has built on its reputation as the leading independent consultancy of its kind in the region. With an ever increasing and diversifying client base, and with a wealth of regional in-house knowledge, this report continues to offer a guide on construction costs and trends throughout the region.

In this latest issue we begin to see the benefits of our Caribbean analysis coming to fruition as both specific and collective market trends become identifiable throughout the region. The positive feedback from our Clients, clearly demonstrates that this report is a valuable preliminary source of data to fellow construction professionals, builders, established and first time developers, lending institutions and indeed anyone with an interest in, or reason to follow, the construction industry in the Caribbean.

In accordance with our previous reports, we have maintained our focus on ten jurisdictions within the Caribbean consisting of those countries where BCQS has offices, these being The Bahamas, Barbados, British Virgin Islands, Cayman Islands, Jamaica, St. Lucia, Trinidad and the Turks and Caicos Islands, as well as those that hold an affiliated presence, namely, St. Maarten and Curacao. It is our belief that the data samples taken from these locations provide a strong overview of the Caribbean Market through the diversity of the sample group taken across the region as a whole. In our 2011 report, we identified that the company had expanded its regional offering with the opening of an office in Guyana and we are pleased to announce that this expansion continued in 2012 with the opening of another office in Port-of-Spain, Trinidad to further align us with another anticipated growth market.

Our office in Sao Paulo, Brazil continues to flourish amongst the excessive demands of the South American market, which continue to be turbulent, exciting and challenging. Additionally, newer commissions in Chile, Colombia and Argentina are helping to expand and strengthen our knowledge of this region and as a result we are pleased to share this information with you in this latest report. As our involvement in the South American market continues to broaden, we hope to expand this section of the report to include additional territories, ultimately concluding with a standalone Market Trend Report specifically for South America. We hope that the enhanced data contained in the 2012 issue will be of interest and look forward to building on this moving forward.

As was true last year, this report does not attempt to comment on markets such as Puerto Rico, the French West Indies, Cuba or Haiti, which have specialized construction markets that are not necessarily
reflective of the remainder of the region, be they tied directly to other markets or have a constitution otherwise not reflective of the regional market.

The indices contained herein not only show escalation costs for building materials, plant and labour, which reflect market trends, but also consolidate useful information on general costs per square foot of various types of construction as well as local and regional sales and rental rates. We have also researched each jurisdiction in order to provide useful information regarding general statistics, government and GDP information, cost of living, population types as well as tourism types and numbers. We believe that this supplementary information helps to form a broader understanding of the countries involved and enables the reader (and/or would-be developer/ lender/builder) to form an early opinion as to the viability of any chosen project.

Whilst a diverse and varied array of data is available across the region, access and consolidating this into a usable format can be costly and time consuming. As a result, BCQS identified the need to bring this together into one combined data source, providing an informative, accurate and concise presentation of construction costs to allow both existing and potential Client’s alike, the convenience to make educated decisions at the feasibility stage of their project.

In our third consecutive year, Client feedback continues to be overwhelmingly positive and therefore we are delighted to continue providing this presentation of what we hope will be another valuable preliminary source of construction data, aimed at promoting more informed development decision making throughout the Caribbean and Latin America.
Three years in, but now at least with some glimmer of light on the horizon, 2013 may begin to provide some positive signs that the tides are at last turning, albeit in limited locations.

With key Caribbean dependents such as the US, Canada and Europe now showing indications of economic stabilization, the 2012 US election over and a general consensus in forecasts for more balanced commodities trading over the foreseeable future, we could at last be on the road to economic recovery.

Whilst a staggering number of construction projects still remain on hold, it would appear that banks are now initiating steps for reviewing, evaluating and off loading their liabilities, which may be just the stimulus required for the region. Consequently for those developers looking to take advantage of an opportunity at a calculated risk, the time could be now.

Although the greatest challenge to funders still remains the disposal of non-performing assets, with very little likelihood of any speedy recovery ahead, the decision to 'sink or swim' is gaining momentum in the face of abundant supply and limited demand.

For many of the small jurisdictions prevalent within the region, construction and real estate provide a significant contribution to annual GDP, not just in sales taxes, import duties, soft costs and occupancy taxes, but also as a significant employer, providing much needed revenue for these very small and vulnerable economies.

Across the region, total tourism numbers have on the whole managed to remain constant through 2012 albeit distribution patterns have fluctuated demonstrating that a change in trends could be on the horizon, especially for the European traveler. Although the uptake surrounding the concept of ‘Fractional Ownership’ continues to be limited, and public opinion from funders and investors alike seems to echo the same sentiments, ADR’s appear to be rising year-to-year from the depths of the economic crisis. Victory will subsequently go to those who can successfully re-shape their model to adapt to this and align effectively with the changing market place first.

As the Caribbean continues to suffer at the hands of economic downturn, the pain of the “twisting knife” persists with both funders and developers alike. Negative equity and over exposure plague both individuals and corporations in both camps, but for those with deep pockets, a healthy appetite, and the ability to effectively manage risk in trade for fruitful long term gain, the time for making a move on these distressed assets may be drawing close.

Our research has shown a year-on-year average escalation in construction costs across our sample data of only 0.33% for 2012, albeit the extremes showed more significant variations of ±3%. Nevertheless, what we can establish from this, is that the minor increases in material prices which arose throughout the same period, have been absorbed within contractor profit margins given that labour pricing for the region, for the most part remained constant. Using commodities pricing forecasts to
predict average construction costs moving forward, we can observe that these are set to rise slightly through 2013 and 2014, however as with 2012, we will have to wait and see if these costs are transferred to the Client.

As the realism and magnitude of the problem are slowly becoming accepted by the owners, receivers and funders, the victims of the battlefield continue to mount in defaulting loans. For all but those in serious denial, we’ve all accepted that there is and will be no quick fix to the problem. With a now crucial acceptance of revised property pricing levels needed, this could provide the steady food supply to willing but limited purchasers, and we might begin to see some faith restored to the marketplace and the region, along with an improved access to funding.

Whilst the Caribbean continues to remain a desired destination for many travellers, in order to entice these visitors into reinvestment within the region, something needs to give, and perhaps this has to start with the regional acceptance that property prices have fallen and may continue to for some time still. Nonetheless, this crisis is the same worldwide and unfortunately the norm for now and the foreseeable future. In light of this, perhaps relevant words could be those quoted by JFK, who said, “In a crisis be aware of the danger – but recognize the opportunity”, the question therefore has to be, is now the right time to start looking?
Summarised Findings

2012 continues to show the trend of construction cost disparity identified in our 2011 report, however, rate escalations have not been so uniform across the region. Decreases in construction costs were observed for the Bahamas, British Virgin Islands and St. Lucia with only subtle increases observed in all other jurisdictions with the exception of Trinidad and Tobago, which topped out at 3.11%.

The previous forecasts for declining construction costs up to 2015 still appear to be holding true based on current commodity pricing predictions and global and regional markets continue to take stock of the current and forecasted economic climates. With this in mind, we can only foresee that the property and construction industries will be forced into measures to keep their markets moving and generating income.

Following the significant construction cost escalations observed in Jamaica within our 2011 report, driven by Value Added Tax and Import Duty combined with a substantial levy on unionized labour costs, Jamaica’s escalation for 2012 had been minimal. Nevertheless with Turks and Caicos now poised to implement VAT at 10%, we will have to wait until 2013 to analyse the full impact of this fiscal measure on construction costs.

As stated previously, the key construction costs have remained constant across our sample jurisdictions throughout the past twelve months. While most contractors are still maintaining healthy profit margins between 10-13%, Turks and Caicos and Trinidad and Tobago are demonstrating a more aggressive bid environment. Given the prediction that there will be very little change in 2013 or the medium term, we expect these markets to begin to slowly reduce construction costs by the end of this period, in an attempt to secure the limited work available and absorb any material price fluctuations.

Because costs vary significantly throughout the regions for the construction of similar property types in any single environment, our indicative construction costs, individual rental values and sales values now demonstrate an upper and lower range of values per building type per country based on 95% confidence intervals. As with any sample range there will always be extremes to the norm and these have been excluded from our evaluation to avoid distortion.

There are many factors that influence varying construction costs across the region, including geographic make-up, accessibility, infrastructure, size and taxation, however, build quality will also play its part as a result of local skill set base and access to resources. Build quality plays a major role and is not only restricted to a change in finishing materials or local standards. Changes in building technology and the quality of standard finishes can vary drastically between semi-skilled, skilled and professionally trained tradesmen, making an acceptable product in one jurisdiction subpar for another, a factor which must be duly considered when using this data.
Reviewing all of our findings for 2012 and given the lack of change projected in construction costs for the medium term; for those with available funds and a desire to develop a second home or otherwise, the time to make a move could be now. With land and property prices now beginning to bottom out in most jurisdictions and others not too far behind, an aggressive buyer and heavily motivated seller may provide the perfect final piece to the puzzle.

Achieving best value is now key, making the reduction of risk, careful project planning, controlled design development and the definition and agreement of construction prices and contractual obligations imperative to success. The now historic year on year increases in property value to mitigate the risk of poor planning and performance to ensure profitability is no longer available. Strong experience and employing the correct professional team are now more critical than ever if all parties are to come out the other side unscathed.
General and Government Statistics

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>LOCAL CURRENCY EXCHANGE RATE TO US $1.00</th>
<th>LAND AREA</th>
<th>CAPITAL CITY</th>
<th>POPULATION</th>
<th>WORKFORCE</th>
<th>GDP (Millions), (US$)</th>
<th>GDP/Capita (US$)</th>
<th>KEY INDUSTRIES (EXC. CONSTRUCTION)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAHAMAS</td>
<td>BSD 1.00</td>
<td>10,010 Sq. Km.</td>
<td>Nassau</td>
<td>316,182</td>
<td>184,000</td>
<td>11,040</td>
<td>31,300</td>
<td>Tourism, Finance, Cement, Oil Shipping</td>
</tr>
<tr>
<td>BARBADOS</td>
<td>BDS 2.00</td>
<td>430 Sq. Km.</td>
<td>Bridgetown</td>
<td>287,773</td>
<td>145,000</td>
<td>7,091</td>
<td>25,500</td>
<td>Tourism, Sugar, Light Manufacturing</td>
</tr>
<tr>
<td>BVI</td>
<td>USD 1.00</td>
<td>151 Sq. Km.</td>
<td>Road Town</td>
<td>31,148</td>
<td>12,770</td>
<td>853</td>
<td>38,500</td>
<td>Tourism, Finance, Legal</td>
</tr>
<tr>
<td>CAYMAN</td>
<td>KYD 0.81</td>
<td>264 Sq. Km.</td>
<td>George Town</td>
<td>52,560</td>
<td>39,000</td>
<td>2,250</td>
<td>43,800</td>
<td>Tourism, Finance, Insurance</td>
</tr>
<tr>
<td>CURACAO (NETH. ANTILLES)</td>
<td>ANG 1.79</td>
<td>444 Sq. Km.</td>
<td>Willemstad</td>
<td>145,834</td>
<td>63,000</td>
<td>2,838</td>
<td>15,000</td>
<td>Tourism, Petroleum Refinement, Petrol' Transhipment</td>
</tr>
<tr>
<td>JAMAICA</td>
<td>JMD 85.25</td>
<td>10,831 Sq. Km.</td>
<td>Kingston</td>
<td>2,889,187</td>
<td>1,325,000</td>
<td>25,180</td>
<td>9,100</td>
<td>Tourism, Bauxite/ Aluminium, Agro-processing</td>
</tr>
<tr>
<td>ST. LUCIA</td>
<td>XCD 2.71</td>
<td>606 Sq. Km.</td>
<td>Castries</td>
<td>162,178</td>
<td>79,700</td>
<td>2,234</td>
<td>13,300</td>
<td>Tourism, Manufacturing, Agriculture</td>
</tr>
<tr>
<td>ST. MAARTEN</td>
<td>ANG 1.79 (Neth.)</td>
<td>34 Sq. Km.</td>
<td>Philipsburg</td>
<td>30,959</td>
<td>23,200</td>
<td>795</td>
<td>15,400</td>
<td>Tourism, Light Industrial/ Manufacturing, Heavy Industry</td>
</tr>
<tr>
<td>ST. MARTIN</td>
<td>EUR 0.70 (Fr.)</td>
<td>53 Sq. Km.</td>
<td>Marigot</td>
<td>29,820</td>
<td>17,300</td>
<td>562</td>
<td>19,300</td>
<td>Tourism, Light Industrial/ Manufacturing, Heavy Industry</td>
</tr>
<tr>
<td>TRINIDAD &amp; TOBAGO</td>
<td>TTD 6.33</td>
<td>5,128 Sq. Km.</td>
<td>Port of Spain</td>
<td>1,226,838</td>
<td>613,500</td>
<td>27,120</td>
<td>20,400</td>
<td>Petroleum, Chemicals, Food Processing</td>
</tr>
<tr>
<td>TURKS &amp; CAICOS*</td>
<td>USD 1.00</td>
<td>948 Sq. Km.</td>
<td>Cockburn Town</td>
<td>46,335</td>
<td>*12,000</td>
<td>216</td>
<td>11,500</td>
<td>Tourism, Finance</td>
</tr>
</tbody>
</table>

Note:
## Cost of Living Indicators

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>UNIT</th>
<th>BAHAMAS</th>
<th>B'BADOS</th>
<th>BVI</th>
<th>CAYMAN</th>
<th>CURACAO</th>
<th>JAMAICA</th>
<th>ST LUCIA</th>
<th>ST MAARTEN</th>
<th>TRINIDAD</th>
<th>TURKS &amp; CAICOS</th>
<th>AVG</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Water</td>
<td>$/gallon</td>
<td>0.02</td>
<td>0.02</td>
<td>0.01</td>
<td>0.02</td>
<td>0.03</td>
<td>0.03</td>
<td>0.01</td>
<td>0.07</td>
<td>0.04</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>$/kwh</td>
<td>0.12</td>
<td>0.19</td>
<td>0.25</td>
<td>0.33</td>
<td>0.44</td>
<td>0.39</td>
<td>0.25</td>
<td>0.25</td>
<td>0.05</td>
<td>0.49</td>
<td>0.28</td>
</tr>
<tr>
<td>Gasoline</td>
<td>$/gallon</td>
<td>5.87</td>
<td>6.30</td>
<td>4.10</td>
<td>7.10</td>
<td>5.12</td>
<td>4.47</td>
<td>4.10</td>
<td>4.10</td>
<td>4.08</td>
<td>5.92</td>
<td>5.13</td>
</tr>
<tr>
<td>Income tax, personal</td>
<td>%/income</td>
<td>0.00%</td>
<td>35.00%</td>
<td>14.00%</td>
<td>0.00%</td>
<td>25.00%</td>
<td>33.00%</td>
<td>14.00%</td>
<td>14.00%</td>
<td>25.0%</td>
<td>0.00%</td>
<td>15%</td>
</tr>
<tr>
<td>Income tax, corporate</td>
<td>%/income</td>
<td>0.00%</td>
<td>25.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>34.50%</td>
<td>33.33%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>25.0%</td>
<td>0.00%</td>
<td>14%</td>
</tr>
<tr>
<td>Import duty on building materials/ essential</td>
<td>% (average)</td>
<td>30.00%</td>
<td>20.00%</td>
<td>12.50%</td>
<td>22.00%</td>
<td>15.50%</td>
<td>43.00%</td>
<td>12.50%</td>
<td>12.50%</td>
<td>20.0%</td>
<td>30.00%</td>
<td>21%</td>
</tr>
<tr>
<td>Import duty on luxury goods</td>
<td>% (average)</td>
<td>50.00%</td>
<td>62.50%</td>
<td>20.00%</td>
<td>42.00%</td>
<td>32.00%</td>
<td>46.00%</td>
<td>20.00%</td>
<td>20.00%</td>
<td>20.0%</td>
<td>36.00%</td>
<td>33%</td>
</tr>
<tr>
<td>Stamp duty on property transfer</td>
<td>%</td>
<td>10.00%</td>
<td>1.00%</td>
<td>8.00%</td>
<td>7.50%</td>
<td>4.00%</td>
<td>3.00%</td>
<td>8.00%</td>
<td>8.00%</td>
<td>5.0%</td>
<td>6.00%</td>
<td>6%</td>
</tr>
<tr>
<td>Real estate commission on property sale</td>
<td>%</td>
<td>2.00%</td>
<td>5.00%</td>
<td>7.00%</td>
<td>6.00%</td>
<td>2.50%</td>
<td>5.00%</td>
<td>7.00%</td>
<td>7.00%</td>
<td>4.0%</td>
<td>6.00%</td>
<td>5%</td>
</tr>
<tr>
<td>Vendors tax on property transfer</td>
<td>% (average)</td>
<td>0.00%</td>
<td>2.50%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>3.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.0%</td>
<td>0.00%</td>
<td>1%</td>
</tr>
<tr>
<td>Lawyers fees on property sale</td>
<td>%</td>
<td>1.00%</td>
<td>1.75%</td>
<td>1.50%</td>
<td>0.50%</td>
<td>1.50%</td>
<td>3.50%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>2.0%</td>
<td>1.00%</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Note:**
Indicators such as water, electricity and especially gasoline are all subject to fluctuations but are indicators of cost levels at the time of writing. Where figures vary depending on value or type of goods or services, such as import duty on building materials, or stamp duty on property transfer, then a medium average has been calculated.
Tourism

In our 2012 report, we have attempted to identify ethnographic trends in preferred tourist destinations, by examining the travel patterns of various geographically based tourists across our sample jurisdictions within the region.

European travellers have shown a significant shift away from the region in 2012 particularly in travelling to Barbados and Jamaica, where visitor’s numbers have dropped 7.4% and 12.4% respectively year on year for the same period, a change possibly attributable to the increased air passenger duties.

As with European visitors, US travellers have similarly diversified from Barbados but with St. Lucia as their affiliate, down 7.8% and 6.7% in 2012. However in contrast, more sizeable swings can be observed toward St. Maarten and the Dominican Republic as the preferred US travellers destinations. These factors have fuelled development activity in the Dominican Republic over recent years, as a result of cheap construction costs and healthy traveller exchange rates.

Canadian travel figures for the most part have increased across the region, predominantly in St. Maarten up 25.9% and Curacao up 22%, rates which significantly overshadow the remaining destination options. Similarly, this pattern is replicated in part for ‘Other’ travellers where Curacao again came out joint top, but this time coupled with the Cayman Islands, nevertheless stronger increases in travellers can be observed across the remaining jurisdictions, which is promising, with the exception of Saint Lucia and Barbados who observed negative growth year on year.

Despite these regional fluctuations and traveller redistributions over our sample countries, it appears that collectively tourism numbers for 2012 have remained pretty constant with 2011, a point illustrated in the ‘Total Tourism’ charts, where the nominal 2% increase in tourist numbers to the Dominican Republic in 2012 is countered by falls in visitor numbers to the Bahamas and St. Maarten.

The following table and charts demonstrate ‘stay over’ tourist figures for 2011 and 2012:

<table>
<thead>
<tr>
<th></th>
<th>Bahamas</th>
<th>B’Bados</th>
<th>Cayman</th>
<th>Curacao</th>
<th>Dominican</th>
<th>Jamaica</th>
<th>St Lucia</th>
<th>St. Maarten</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>838,255</td>
<td>108,504</td>
<td>196,784</td>
<td>51,484</td>
<td>1,235,202</td>
<td>1,060,576</td>
<td>96,756</td>
<td>184,726</td>
<td>3,772,287</td>
</tr>
<tr>
<td>Canada</td>
<td>92,985</td>
<td>58,021</td>
<td>16,950</td>
<td>7,505</td>
<td>562,206</td>
<td>327,584</td>
<td>30,400</td>
<td>29,295</td>
<td>1,124,946</td>
</tr>
<tr>
<td>Europe</td>
<td>55,387</td>
<td>168,729</td>
<td>15,394</td>
<td>147,039</td>
<td>935,367</td>
<td>182,693</td>
<td>74,459</td>
<td>79,485</td>
<td>1,658,553</td>
</tr>
<tr>
<td>Other</td>
<td>63,265</td>
<td>105,900</td>
<td>16,509</td>
<td>138,299</td>
<td>1,056,070</td>
<td>84,679</td>
<td>51,846</td>
<td>53,784</td>
<td>1,570,352</td>
</tr>
<tr>
<td>Totals</td>
<td>1,049,892</td>
<td>441,154</td>
<td>245,637</td>
<td>344,327</td>
<td>3,788,845</td>
<td>1,655,532</td>
<td>253,461</td>
<td>347,290</td>
<td>8,126,138</td>
</tr>
</tbody>
</table>

Note:
2. Please note that due to insufficient current information, data for the British Virgin Islands, Trinidad and Tobago and Turks and Caicos are not displayed.
The following table and charts demonstrate 'stay over' tourist figures for 2011 and 2012:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Persons</td>
<td>1,049,892</td>
<td>1,124,946</td>
<td>1,658,553</td>
<td>1,570,352</td>
</tr>
</tbody>
</table>

The following charts demonstrate redistribution of preferred travel destinations in 2012 per tourist sector:
## Indicative Construction Costs

<table>
<thead>
<tr>
<th>ITEM</th>
<th>BAHAMAS</th>
<th>BARBADOS</th>
<th>BVI</th>
<th>CAYMAN</th>
<th>CURACAO</th>
<th>JAMAICA</th>
<th>ST LUCIA</th>
<th>ST MAARTEN</th>
<th>TRINIDAD &amp; TOBAGO</th>
<th>TURKS &amp; CAICOS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DESCRIPTION</strong></td>
<td><strong>BAHAMAS</strong></td>
<td><strong>BARBADOS</strong></td>
<td><strong>BVI</strong></td>
<td><strong>CAYMAN</strong></td>
<td><strong>CURACAO</strong></td>
<td><strong>JAMAICA</strong></td>
<td><strong>ST LUCIA</strong></td>
<td><strong>ST MAARTEN</strong></td>
<td><strong>TRINIDAD &amp; TOBAGO</strong></td>
<td><strong>TURKS &amp; CAICOS</strong></td>
</tr>
<tr>
<td>* See Page 34</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Residential High quality</td>
<td>200</td>
<td>340</td>
<td>260</td>
<td>420</td>
<td>270</td>
<td>450</td>
<td>230</td>
<td>380</td>
<td>160</td>
<td>270</td>
</tr>
<tr>
<td>Residential Medium quality</td>
<td>180</td>
<td>300</td>
<td>140</td>
<td>230</td>
<td>200</td>
<td>320</td>
<td>130</td>
<td>220</td>
<td>100</td>
<td>160</td>
</tr>
<tr>
<td>Residential Modest quality</td>
<td>120</td>
<td>200</td>
<td>100</td>
<td>170</td>
<td>120</td>
<td>200</td>
<td>100</td>
<td>170</td>
<td>70</td>
<td>110</td>
</tr>
<tr>
<td>Offices, 1-3 storey, shell</td>
<td>120</td>
<td>190</td>
<td>120</td>
<td>200</td>
<td>120</td>
<td>200</td>
<td>120</td>
<td>200</td>
<td>60</td>
<td>100</td>
</tr>
<tr>
<td>Offices, 1-3 storey, inc. fitout</td>
<td>190</td>
<td>320</td>
<td>200</td>
<td>330</td>
<td>140</td>
<td>230</td>
<td>230</td>
<td>370</td>
<td>80</td>
<td>140</td>
</tr>
<tr>
<td>High rise, 4 to 8 stories, shell</td>
<td>130</td>
<td>220</td>
<td>120</td>
<td>200</td>
<td>170</td>
<td>290</td>
<td>180</td>
<td>300</td>
<td>70</td>
<td>110</td>
</tr>
<tr>
<td>High rise, 4 to 8 stories, inc. fitout</td>
<td>200</td>
<td>340</td>
<td>140</td>
<td>230</td>
<td>200</td>
<td>320</td>
<td>280</td>
<td>460</td>
<td>90</td>
<td>150</td>
</tr>
<tr>
<td>Specialist offices</td>
<td>230</td>
<td>380</td>
<td>220</td>
<td>360</td>
<td>200</td>
<td>320</td>
<td>280</td>
<td>470</td>
<td>80</td>
<td>120</td>
</tr>
<tr>
<td>Storage or warehouse structures</td>
<td>60</td>
<td>100</td>
<td>60</td>
<td>100</td>
<td>80</td>
<td>130</td>
<td>60</td>
<td>100</td>
<td>60</td>
<td>100</td>
</tr>
<tr>
<td>Retail, single-storey</td>
<td>140</td>
<td>230</td>
<td>110</td>
<td>180</td>
<td>100</td>
<td>160</td>
<td>110</td>
<td>170</td>
<td>70</td>
<td>110</td>
</tr>
<tr>
<td>Hotels/ Condos, five star urban</td>
<td>240</td>
<td>390</td>
<td>270</td>
<td>450</td>
<td>270</td>
<td>450</td>
<td>260</td>
<td>430</td>
<td>150</td>
<td>240</td>
</tr>
<tr>
<td>Hotels/ Condos, five star low-rise</td>
<td>240</td>
<td>400</td>
<td>240</td>
<td>390</td>
<td>270</td>
<td>450</td>
<td>280</td>
<td>460</td>
<td>150</td>
<td>240</td>
</tr>
<tr>
<td>Hotels/ Condos, Three star economy</td>
<td>180</td>
<td>300</td>
<td>140</td>
<td>230</td>
<td>160</td>
<td>260</td>
<td>140</td>
<td>240</td>
<td>100</td>
<td>160</td>
</tr>
</tbody>
</table>

**Note:**
The above indicative construction costs per square foot for a spectrum of types of properties show a low to high range for each building type. These costs have been derived both from our indexing of materials, plant and labour and our on-the-ground expert opinion, and experience of the market in each jurisdiction.

All values in US$
ITEM: BAHAMAS BARBADOS BVI CAYMAN CURACAO JAMAICA ST LUCIA ST MAARTEN TRINIDAD & TOBAGO TURKS & CAICOS

**RESIDENTIAL**: COST PER Sq. Ft.

- Bahamas
- Barbados
- BVI
- Cayman
- Curacao
- Jamaica
- St Lucia
- St Maarten
- Trinidad & Tobago
- Turks & Caicos

**COMMERCIAL**: COST PER Sq. Ft.

- Offices, 1 to 3 story, shell
- Offices, 1 to 3 story, fitout
- High rise, 4 to 8 stories, shell
- High rise, 4 to 8 stories, fitout
- Specialist offices
- Storage or warehouse structures
- Retail, single-storey

**HOTELS/ CONDOS**: COST PER Sq. Ft.

- Bahamas
- Barbados
- BVI
- Cayman
- Curacao
- Jamaica
- St Lucia
- St Maarten
- Trinidad & Tobago
- Turks & Caicos

**HIGH QUALITY RESIDENTIAL**

- Residential
  - High quality
  - Medium quality
  - Modest quality

- Offices
  - 1-3 storey, shell
  - 1-3 storey, inc. fitout

- High rise, 4 to 8 stories
  - Shell
  - Inc. fitout

- Specialist offices
- Storage or warehouse structures
- Retail, single-storey

**HOTELS/ CONDOS**

- Five star urban
- Five star low-rise
- Three star economy

**LOW QUALITY RESIDENTIAL**

- Residential
  - High quality
  - Medium quality
  - Modest quality

- Offices
  - 1-3 storey, shell
  - 1-3 storey, inc. fitout

- High rise, 4 to 8 stories
  - Shell
  - Inc. fitout

- Specialist offices
- Storage or warehouse structures
- Retail, single-storey

**USES**

- Residential
- Offices
- High rise
- Specialist offices
- Storage or warehouse structures
- Retail
## Average Rental and Sales Values

<table>
<thead>
<tr>
<th>ITEM</th>
<th>BAHAMAS</th>
<th>BARBADOS</th>
<th>BVI</th>
<th>CAYMAN</th>
<th>CURACAO</th>
<th>JAMAICA</th>
<th>ST LUCIA</th>
<th>ST MAARTEN</th>
<th>TRINIDAD &amp; TOBAGO</th>
<th>TURKS &amp; CAICOS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DESCRIPTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SALES - US$/SF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential High quality</td>
<td>420</td>
<td>690</td>
<td>470</td>
<td>790</td>
<td>450</td>
<td>750</td>
<td>340</td>
<td>570</td>
<td>270</td>
<td>440</td>
</tr>
<tr>
<td>Residential Medium quality</td>
<td>170</td>
<td>280</td>
<td>190</td>
<td>320</td>
<td>270</td>
<td>440</td>
<td>190</td>
<td>320</td>
<td>130</td>
<td>210</td>
</tr>
<tr>
<td>Residential Modest quality</td>
<td>70.</td>
<td>120</td>
<td>120</td>
<td>190</td>
<td>150</td>
<td>250</td>
<td>150</td>
<td>250</td>
<td>80</td>
<td>120</td>
</tr>
<tr>
<td><strong>RENTAL LEVELS - US$/SF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offices, 1-3 storey, shell</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>Offices, 1-3 storey, inc. fitout</td>
<td>20</td>
<td>40</td>
<td>20</td>
<td>30</td>
<td>30</td>
<td>40</td>
<td>20</td>
<td>30</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>High rise, 4 to 8 stories, shell</td>
<td>30</td>
<td>40</td>
<td>20</td>
<td>30</td>
<td>30</td>
<td>40</td>
<td>20</td>
<td>30</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>High rise, 4 to 8 stories, inc. fitout</td>
<td>30</td>
<td>50</td>
<td>20</td>
<td>30</td>
<td>30</td>
<td>50</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>Specialist offices</td>
<td>30</td>
<td>50</td>
<td>20</td>
<td>30</td>
<td>30</td>
<td>40</td>
<td>20</td>
<td>30</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>Storage or warehouse structures</td>
<td>10</td>
<td>20</td>
<td>10</td>
<td>20</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>Retail, single-storey</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td><strong>RENTAL LEVELS - US$/SF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotels/ Condos, Five star urban</td>
<td>310</td>
<td>510</td>
<td>270</td>
<td>440</td>
<td>230</td>
<td>380</td>
<td>230</td>
<td>380</td>
<td>170</td>
<td>280</td>
</tr>
<tr>
<td>Hotels/ Condos, Five star low-rise</td>
<td>310</td>
<td>510</td>
<td>290</td>
<td>470</td>
<td>230</td>
<td>380</td>
<td>230</td>
<td>380</td>
<td>130</td>
<td>210</td>
</tr>
<tr>
<td>Hotels/ Condos, Three star economy</td>
<td>90</td>
<td>150</td>
<td>100</td>
<td>160</td>
<td>120</td>
<td>190</td>
<td>120</td>
<td>190</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

All values in US$
**RESIDENTIAL: SALES PRICE/ Sq. Ft.**

- Bahamas
- Barbados
- BVI
- Cayman
- Curacao
- Jamaica
- St Lucia
- St Maarten
- Trinidad & Tobago
- Turks & Caicos

**SALES - US$/SF**
- **Residential**
  - High quality
  - Medium quality
  - Modest quality

**RENTAL LEVELS - US$/SF**
- **Offices, 1-3 storey, shell**
- **Offices, 1-3 storey, inc. fitout**
- **High rise, 4 to 8 stories, shell**
- **High rise, 4 to 8 stories, inc. fitout**
- **Specialist offices**
- **Storage or warehouse structures**
  - **Retail, single-storey**

**HOTELS/ CONDOS: RACK RATES PER NIGHT**

- Bahamas
- Barbados
- BVI
- Cayman
- Curacao
- Jamaica
- St Lucia
- St Maarten
- Trinidad & Tobago
- Turks & Caicos

**Hotels/ Condos**
- **Five star urban**
- **Five star low-rise**
- **Three star economy**
Average Construction Costs by Country

Utilising a weighted average of the indicative construction costs across select property types from our ‘Country Construction Cost Escalation’ results, we can continue to track the level of construction costs throughout the sample jurisdictions.

Assuming St. Lucia as the base rate (with a value of 1.00) we can observe from the chart below that Jamaica (-12%) and Curacao (-20%) continue to offer cheaper construction costs than St. Lucia, St. Maarten and Trinidad and Tobago which are all aligned with the base rate.

In stark contrast, significant increases in construction costs arise throughout the remaining five jurisdictions, these being Bahamas, Cayman Islands, Turks and Caicos, British Virgin Islands and Barbados, where pricing levels rise as high as 34%-46% on those in St. Lucia.

Detailed analysis into geographical positioning offers little insight to supplement these results, however the findings can perhaps be validated by the following: i) The Bahamas continues to benefit from major inward investment fuelling massive development projects to sustain the market place, ii) Turks and Caicos, Cayman Islands and the British Virgin Islands continue to be strongly influenced by their size and location, which drive increased importation costs and dramatically affect labour, material rates and the general cost of living, and iii) Barbados, which appears to have encountered a lag in respect of the economic downturn when compared to other regions, nevertheless recent market activity has definitely slowed throughout 2012, indicating that construction cost reductions for 2013 may be afoot.
**Bid Environment:**

The Bid Environment can be categorised into five scenarios as per the following table:

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DESCRIPTION OF MARKET CONDITIONS</th>
<th>FACTORING REDUCTIONS AND/OR INCREASES</th>
<th>INDICATIVE PERCENTAGE (% PROFIT SOUGHT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Very aggressive bid environment with multiple bidders, vendors, subcontractors and contractors (lump sum hard bids) are willing to bid work at or below cost in order to pay for leased equipment and keep critical work force employed. They have no or critically low backlog. They are operating in the red and need work.</td>
<td>At cost</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>An aggressive bid environment with coverage in all levels of contracting. Owners are able to get participation for all work. Contractors have a little backlog but are still aggressively looking for work. The workforce and equipment is not at 100% capacity and close to operating at a loss. Bidders will place a minimal profit on the work being bid.</td>
<td>Just above cost</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>This is a neutral bid environment. Owners are able to get participation in all work, but may have difficulty getting work/bids from specialty contractors. The contractor’s labour force and equipment is operating at capacity with the flexibility to complete all work on the books. Contractors have, and are not concerned about backlog.</td>
<td>Neutral Historical Aggressive for profit</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>Contractors are operating at capacity. They are having difficulty completing work on hand. The backlog is at 100% capacity. Owners will have difficulty finding bidders for some of the specialty contractors. All tier contractors will bid work at a higher than average profit margin.</td>
<td>Marginally Aggressive above average profit</td>
<td>20</td>
</tr>
<tr>
<td>5</td>
<td>Contractors are operating above capacity. They cannot complete the work they have on hand without aggressive hiring, significant equipment procurement and/or expediting materials for projects. Contractors are pricing work with an aggressive mark up/profit. Owners are having difficulty getting participation for proposed projects.</td>
<td>Aggressive well above average</td>
<td>25</td>
</tr>
</tbody>
</table>

Research suggests that the current Bid Environment in each jurisdiction can be identified as follows:

**Average Profit Margins 2012**
Forecast Escalation

**Escalation** forecasts are again driven by a culmination of reputable local and world market indices and data sources in order to calculate and determine the basic construction cost elements, materials, plant and labour in conjunction with other Key Performance Indicators (KPI’s).

Global market commodities trading forecasts continue to influence our predictions for the region over the medium term. As a result, our escalation forecasts continue to envisage a negative trend in construction pricing running through 2013, with only moderate positive movement coming into play in early 2014 and beyond as market confidence and recovery starts to gather momentum globally and filter through to the region.

Very little change is expected throughout the region in 2013 and with the general consensus by many analysts for a sluggish and bumpy growth to economic recovery, this picture does not look set to change any time soon, subject only to localized stimulation from the start of new or pre-existing projects. Whilst commodities markets had shown some signs of increase in the second half of 2012, many viewed this with skepticism, predicting market correction in 2013 as a result of over pricing, promoting a return to the more constant trading levels of the pre-Lehman collapse in 2006. With these factors in mind, the million dollar question has to be, how will these forecasts impact on the Caribbean Region and its stakeholders? Unfortunately, as a result of a distinct lack of new investment in projects in the region, it still appears too early to tell if the savings stimulated by a stabilisation in commodities pricing will make their way down the food chain to Clients, Contractors and Developers alike.
Note: Cost research on an ongoing basis includes, but is not restricted to the following cost elements, which represent common costs of construction within the region. A weighting has then been applied to proportion the percentage of the value of each element against a notional whole project cost:

**Material**
- 8'' Hollow-core Concrete Block
- Ready-mix Concrete 4000 psi pump mix
- Washed Concrete sand
- Aggregate, 3/4 ''
- Cement
- 3/4'' rebar
- 5/8'' plywood
- 30lb Roofing Felt
- 2'' x 8'' pressure treated rafter
- Plaster Sand
- 1/2'' regular sheetrock
- Semi-gloss latex based white paint
- 16'' x 16'' ceramic floor tiles
- Hollow-core flush door 3' 0'' x 6' 8''
- Copper tubing 3/8'' diameter
- PVC Pipe 1 1/2'' sch 40 - pressure

**Plant**
- Dump truck -12 cy
- Backhoe
- D3
- Excavator, 20 tonne

**Labour**
- Labourer, non-skilled
- Skilled carpenter
- Painter/ finisher
- Tiler
- Mason (excl. helper)
- Plumber (excl. helper)
- Electrician
- Foreman/ Supervisor

---

**CONSOLIDATED LABOUR, PLANT AND MATERIAL**

<table>
<thead>
<tr>
<th>Year</th>
<th>Bahamas</th>
<th>Barbados</th>
<th>BVI</th>
<th>Cayman</th>
<th>Curacao</th>
<th>Jamaica</th>
<th>St. Lucia</th>
<th>St. Maarten</th>
<th>Trinidad</th>
<th>Turks &amp; Caicos</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.48%</td>
<td>0.08%</td>
<td>0.60%</td>
<td>0.43%</td>
<td>0.43%</td>
<td>0.78%</td>
<td>0.08%</td>
<td>0.43%</td>
<td>0.08%</td>
<td>0.08%</td>
<td>0.44%</td>
</tr>
<tr>
<td>2013</td>
<td>1.98%</td>
<td>1.63%</td>
<td>1.81%</td>
<td>1.63%</td>
<td>1.63%</td>
<td>1.28%</td>
<td>1.63%</td>
<td>1.63%</td>
<td>1.63%</td>
<td>1.65%</td>
<td>1.65%</td>
</tr>
<tr>
<td>2014</td>
<td>1.82%</td>
<td>1.82%</td>
<td>2.00%</td>
<td>1.82%</td>
<td>2.00%</td>
<td>1.82%</td>
<td>2.00%</td>
<td>2.17%</td>
<td>1.65%</td>
<td>1.89%</td>
<td>1.89%</td>
</tr>
<tr>
<td>2015</td>
<td>0.20%</td>
<td>0.38%</td>
<td>0.20%</td>
<td>0.03%</td>
<td>0.03%</td>
<td>0.20%</td>
<td>0.20%</td>
<td>0.03%</td>
<td>0.20%</td>
<td>-0.15%</td>
<td>0.13%</td>
</tr>
</tbody>
</table>

Source: Commodities forecasts, Credit Suisse (2012)
The data collected over the past three years enables us to trend our findings and forecast escalation costs, which can be seen in the chart below.

Overall Market Trend

The marked increase in construction costs in Jamaica were discussed in our 2011 report and summarised again in the market overview. Nevertheless, our findings identify little or no change in construction costs across our sample jurisdictions with only a maximum of 3% increase year-on-year through 2015.
Caribbean Map

Shows year-on-year escalation percentage change in regional construction costs.

- Bahamas +1.85%
- Turks and Caicos +1.18%
- Cayman Islands +1.52%
- Jamaica +0.41%
- British Virgin Islands -2.97%
- St. Maarten +0.80%
- Curacao +1.28%
- Barbados +1.42%
- Trinidad and Tobago +3.11%
- St. Lucia -1.69%
The following charts are intended as visual representation by building type. The nature of our escalation forecast modelling means that all charts follow the same shape, but remain useful on an individual level for those wishing to forecast for specific types of construction.
Once again, given the huge impact that hospitality has on the economic fortune of the Caribbean we look at where the sector is heading by looking at overall sector performance for 2012 in an attempt to determine the future outlook for resort development in 2013 and beyond.

In terms of the base empirical data, 2012 provided a clear indication that the growth experienced in 2011 continued to gain momentum in 2012. The industry’s three key performance indicators all experienced positive growth in 2012 with occupancy up 7% to 66.3%, ADR, (average daily rate), up 3.6% to US$175.62 and RevPar, (revenue per available room), up 10.0% to US$116.42.

Once again the ‘star’ of the Caribbean was the Dominican Republic, posting occupancy, ADR and RevPar gains of 11.1%, 17% & 30% respectively.

In terms of absolute ADR the region still has a way to go to get back to the peak of US$201 achieved in 2008. Once again in 2012 the luxury/upscale segment continues to be the strongest performer.

With respect to the total number of stay over tourists to the region, although data has yet to be collated for all destinations through the end of 2012, the data currently available does show an overall increase in numbers over 2011.

But what does this all mean in terms of the economic drivers needed to re-ignite the somewhat dormant resort development sector?

Certainly, all of the major brands are making a concerted push to get more inventory in the Caribbean, either through strategic rebranding or trying to encourage new development, as they are all experiencing increased demand and revenues, but with little if any new product in the pipeline to take maximum advantage of the upswing.

Of the five largest resort projects currently under construction, two are located within the Baha Mar project in the Bahamas, the 733 room Grand Hyatt and 320 room Mondrian, two are located in Cap Cana in the Dominican Republic, the 350 room ‘Secrets’ Gems and 350 room ‘Now’ Gems and one is located on Palm Beach in Aruba’s high rise hotel district, the 320 room Ritz Carlton.

In recent months the pipeline has started to re-gain some momentum with major resort projects recently announced in Grand Cayman, Providenciales, The Dominican Republic, Aruba, St. Kitts, Puerto Rico and Haiti.

Additionally and in some respects even more encouraging is the news that over the last twelve months we have seen a number of underperforming assets transacting. A good example of this is in Jamaica where a number of struggling older properties have been purchased by developers and operators new to that market and the majority of those properties are now undergoing major renovations and additions to reposition them at a higher level in what has become an extremely competitive ‘all inclusive’ segment.
Whilst there are still a handful of partially complete developments that are still in ‘workout’ we have seen real progress with a number of those in 2012.

Of Particular note is the Ritz Carlton in West Caicos in the Turks and Caicos Islands. The project, which was the first major development on a largely uninhabited island, came to a standstill in late 2008 in the aftermath of the credit crisis and the collapse of the main creditor to the project. After a sustained period of workout by a number of interested parties, a development agreement was signed with the Government of the Turks and Caicos Islands in December 2012 for the impending completion of the project. A group of European investors advised by Kew Capital reached an agreement with the previous developers, Logwood Development Company, to buy most of their interest in the project, and with the administrator of the original creditor to buy its interest in the land and other assets including the partially built hotel and associated infrastructure. The project will re-mobilise as soon as practicable, a huge boost for a jurisdiction that has felt the full effect of the global recession.

So a recovery does appear to be in our midst, but a cautious one at best! One significant characteristic of the majority of those projects either under construction or in the pipeline is that they are standalone hotels without the ‘branded’ residential components that became almost a prerequisite to any resort development undertaken during the last boom.

Developers will have to re-examine the way they plan resorts and will be best served completing the anchor hotel to facilitate selling through the ‘guest experience’ if and when the second home market returns.

Lenders will regain their appetite for hospitality as the market picks up and interest rate levels begin to rise, but the ability to leverage debt witnessed five or six years ago will not return, no matter how strong the market becomes.

One final word of caution! Airlift continues to be a challenge. 2012 witnessed the regions largest carrier American Airlines entering Chapter 11, then subsequently announcing a merger with US Air, which does nothing to lessen the concerns many destinations have regarding the future. Additionally, AA’s announcement that they will be ending their 41 year relationship with Executive Airlines operating as American Eagle out of their Caribbean hub in San Juan has done little to ease those concerns, particularly in those islands that depend heavily on Eagle for their airlift.

Given the often over used ‘chicken and egg ‘adage with respect to hotel beds or aircraft seats the uncertainty over the future of both AA and American Eagle in the Caribbean will undoubtedly impact negatively on the recovery of the resort development sector. As such, many believe the best opportunities for sustained growth lie in establishing new routes from the emerging Asian and South American markets.

So, it does looks like calm waters ahead, but certainly not plain sailing!  By Liam Day
South and Central America

Adding to our growing knowledge of the South American marketplace through recent commissions in Brazil, Chile and Columbia and anticipated projects in Argentina, we have expanded our reporting to share this data with our readers. In this issue, we provide cost data over more jurisdictions and across a wider diversity of property types.

As a result of a slowing Brazilian economy, a number of austerity measures were introduced by the government through 2012 in an attempt to revitalise the stalling economy. This includes a large (US$26bn) infrastructure stimulus plan aimed at the construction sector and centered on privatising and improving the roads, railways, airports and ports. In a further bid to foster more investment in the construction industry, the government also reduced construction payroll taxes in December after reporting weak economic growth figures. Still, a surge in the middle class over the last decade has made real estate very appealing to investors and Brazil has now overtaken China to occupy the top spot as the most attractive emerging country for commercial and residential real estate worldwide.

In contrast, the Argentine real estate markets have witnessed stunning growth over the last decade and up to 2011, fuelled by a desire to invest in real estate as a defensive hedge against increasing inflation and concerns about currency and banking system stability. Nonetheless, the introduction of the “Dollar Clamp” which has stalled property sales, coupled with the slowing economy, now appears to be bringing the growth to an unexpected end in 2012. Bearing this in mind, latest reports still indicate that values remain high as sellers continue to bet against the future of the peso and buyers remain confident that property investment still provides the least exposure.

With Colombia now hailed by some as, “One of the most exciting and dynamic lodging markets in Latin America” and the recent development of leading hotel chains such as the ‘W’ and Hampton by Hilton, both due to open by 2014. Other named brands such as Marriott, Starwood and Hyatt are queuing up to increase the limited stock of hotel rooms available in Colombia, by more than 25% by 2015. Similarly the signs seem positive for the residential real estate market which has continued to expand rapidly through 2012 in both price and the number of new apartments under construction; perhaps driven by government initiatives such as the “Second Home Law” designed to provide tax and duty incentives to second home purchasers. Subsequently, we believe that as Colombia continues to grow, so too will international interest.
<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>LOCAL CURRENCY EXCHANGE RATE TO US $1.00</th>
<th>LAND AREA</th>
<th>CAPITAL</th>
<th>POPULATION 2012</th>
<th>WORKFORCE</th>
<th>GDP 2012</th>
<th>GDP/Capita (US$), 2012</th>
<th>KEY INDUSTRIES (EXC. CONSTRUCTION)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>ARS 4.569</td>
<td>2,736,690 Sq. Km.</td>
<td>Buenos Aires</td>
<td>42,192,494</td>
<td>17.07 million</td>
<td>$746.9 billion</td>
<td>$18,200</td>
<td>Agriculture, food processing, motor vehicles, consumer durables, textiles, chemicals and petrochemicals, printing, metallurgy, steel</td>
</tr>
<tr>
<td>Brazil</td>
<td>BRL 2.100</td>
<td>8,459,417 Sq. Km.</td>
<td>Brasilia</td>
<td>199,321,413</td>
<td>107.1 million</td>
<td>$2.362 trillion</td>
<td>$12,000</td>
<td>Agriculture, textiles, shoes, chemicals, cement, lumber, iron ore, tin, steel, aircraft, motor vehicles and parts, other machinery and equipment</td>
</tr>
<tr>
<td>Colombia</td>
<td>COP 1,800.4</td>
<td>1,038,700 Sq. Km.</td>
<td>Bogota</td>
<td>45,239,079</td>
<td>23.08 million</td>
<td>$500 billion</td>
<td>$10,700</td>
<td>Agriculture, textiles, food processing, oil, clothing and footwear, beverages, chemicals, cement; gold, coal, emeralds</td>
</tr>
</tbody>
</table>

**Note:**
2. Exchange rates are valid as of March 2013. Exchange rates for Argentina can vary widely.
### South America - International Building Costs (per m²)

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ARGENTINA</th>
<th>BRAZIL</th>
<th>COLOMBIA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DESCRIPTION</strong></td>
<td><strong>LOW</strong></td>
<td><strong>HIGH</strong></td>
<td><strong>LOW</strong></td>
</tr>
<tr>
<td><strong>RESIDENTIAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High quality residential home</td>
<td>1,500</td>
<td>2,500</td>
<td>1,990</td>
</tr>
<tr>
<td>Medium quality residential home</td>
<td>1,130</td>
<td>1,880</td>
<td>1,280</td>
</tr>
<tr>
<td>Modest quality residential home</td>
<td>830</td>
<td>1,380</td>
<td>1,020</td>
</tr>
<tr>
<td>High quality residential apartment</td>
<td>1,430</td>
<td>2,380</td>
<td>1,800</td>
</tr>
<tr>
<td>Medium quality residential apartment</td>
<td>1,020</td>
<td>1,690</td>
<td>1,280</td>
</tr>
<tr>
<td>Modest quality residential apartment</td>
<td>750</td>
<td>1,250</td>
<td>1,090</td>
</tr>
<tr>
<td><strong>OFFICES/ COMMERCIAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Fitouts - City Centre, A/c, High quality</td>
<td>1,130</td>
<td>1,880</td>
<td>1,370</td>
</tr>
<tr>
<td>Office Fitouts - City Centre, A/c, Medium quality</td>
<td>680</td>
<td>1,130</td>
<td>840</td>
</tr>
<tr>
<td><strong>INDUSTRIAL/ WAREHOUSE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehouse/Industrial unit High Tech</td>
<td>1,130</td>
<td>1,880</td>
<td>1,190</td>
</tr>
<tr>
<td>Warehouse/Industrial unit Medium quality</td>
<td>300</td>
<td>500</td>
<td>530</td>
</tr>
<tr>
<td>Warehouse Distribution Centre</td>
<td>450</td>
<td>750</td>
<td>420</td>
</tr>
<tr>
<td><strong>RETAIL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Shopping Centre/Mall - shell and core</td>
<td>680</td>
<td>1,130</td>
<td>770</td>
</tr>
<tr>
<td>Supermarket/Hypermarket</td>
<td>530</td>
<td>880</td>
<td>610</td>
</tr>
<tr>
<td><strong>HOTELS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotels/ Condos, Five star urban</td>
<td>1,130</td>
<td>1,880</td>
<td>1,540</td>
</tr>
<tr>
<td>Hotels/ Condos, Four star urban</td>
<td>900</td>
<td>1,500</td>
<td>1,190</td>
</tr>
<tr>
<td>Hotels/ Condos, Three star economy</td>
<td>640</td>
<td>1,070</td>
<td>840</td>
</tr>
</tbody>
</table>

**Note:**
1. All building costs for South America are shown in m² (1 m² = 10.764 sq. ft.).
2. All building costs are shown in US dollars, please see pg. 29 for local currency exchange rates.
BCQS has true multi-jurisdictional reach and is incorporated independently in the Bahamas, Barbados, British Virgin Islands, Cayman Islands, Jamaica, St Lucia Trinidad & Tobago and the Turks & Caicos Islands as well as Brazil and Guyana.

Established in 1969, BCQS has earned a reputation for excellence in the property development and construction industry across Latin America and the Caribbean, servicing clients for over 40 years, in over 30 countries including Anguilla, Antigua, Argentina, Aruba, Bahamas, Barbados, Belize, Bermuda, Bonaire, Brazil, British Virgin Islands, Cayman Islands, Chile, Colombia, Cuba, Curacao, Dominican Republic, Ghana, Grenada, Guyana, Haiti, Jamaica, Montserrat, Nevis, Puerto Rico, St Kitts, St Lucia, St Maarten, St Vincent & the Grenadines, Trinidad & Tobago, Turks & Caicos Islands, United States Virgin Islands.

BCQS offers a comprehensive range of services, including but not limited to:

- Project Management;
- Quantity Surveying;
- Construction Management;
- Cost Management;
- Property Valuations and Appraisals;
- Due Diligence Analysis;
- Loan Monitoring;
- Feasibility and Market Studies;
- Risk Analysis;
- Value Engineering;
- Life Cycle Costing;
- Developer Representation;
- Distressed Property Solutions;
- Insurance Claims Consulting/Loss Adjusting.

Our Projects include prestigious residential properties, large-scale commercial buildings and offices, civic and government buildings, hotels and resorts, and apartments and condominiums. We are approved consultants for the British Government’s Foreign and Commonwealth Office, the Department for International Development (DFID), the Caribbean Development Bank, and for European Union funded projects.

Our appraisals are prepared using the Royal Institution of Chartered Surveyors (RICS) guidelines and the majority of our professional staff are members of the RICS, a 160,000 member organisation representing property interests worldwide. BCQS is the first firm in the Americas to become registered by RICS with respect to the newly introduced Valuers Registration Scheme, meaning now the RICS regulates, monitors, guides and assists our company and ensures we comply with rules, regulations and ethical standards.

We are also approved consultants for major banks in the region such as Scotiabank, CIBC FirstCaribbean International Bank, Royal Bank of Canada and Butterfield Bank, as well as other leading international institutions such as Textron Financial, Banco Popular, First Bank and Barclays Bank.

We believe in the professional development and management of our clients’ property portfolios and our mission is to ensure that every client receives the greatest value for money along with unsurpassed service. If you believe that BCQS could be of service to you, we would welcome the opportunity to discuss your project requirements. Our contact details, country by country, are detailed at the front of this report. We look forward to hearing from you.
**Notes**

Building types referred to in cost indicator sections are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.00</td>
<td>Block and steel construction, pitched shingle roofs on sarking, cedar doors and windows, wood finish or porcelain floor tiling, solid surface countertops, electrical, hot and cold plumbing</td>
</tr>
<tr>
<td>2.00</td>
<td>As above but with ceramic floor tiling, fiberglass shingle roofing, laminated plastic countertops, standard jalousie windows, electrical hot and cold plumbing</td>
</tr>
<tr>
<td>3.00</td>
<td>Block and steel walls, sheet metal roofing, ceramic floor, aluminium jalousie windows, outside laundry tubs, cold water plumbing with electrical</td>
</tr>
<tr>
<td>4.00</td>
<td>Walled and metal sheet roofed, electrical and water</td>
</tr>
<tr>
<td>5.00</td>
<td>Open plan, bathrooms, glass storefront</td>
</tr>
<tr>
<td>6.00</td>
<td>Shell only partitioned, staircase, package units A/C, bathrooms, doors and aluminium windows</td>
</tr>
<tr>
<td>7.00</td>
<td>Fitted out partitioned, staircase, package units A/C, bathrooms, doors and aluminium windows</td>
</tr>
<tr>
<td>8.00</td>
<td>As above shell only, with elevators</td>
</tr>
<tr>
<td>9.00</td>
<td>As above fitted out, with elevators</td>
</tr>
<tr>
<td>10.00</td>
<td>Including medical centres, laboratories, restaurants, etc.</td>
</tr>
<tr>
<td>11.00</td>
<td>Five-Star high rise urban</td>
</tr>
<tr>
<td>12.00</td>
<td>Low rise Five-Star resort with normal facilities</td>
</tr>
<tr>
<td>13.00</td>
<td>Low rise Three-Star economy hotel with normal facilities</td>
</tr>
</tbody>
</table>

This report is intended as a guide only. Should the reader require detailed construction advice, then the services of a professional RICS accredited and professionally indemnified Quantity Surveyor should be sought. BCQS International accepts no responsibility for results of the actions of individuals acting directly through the findings of this report:

Whilst we have made every effort to ensure that all rates and statistics herein are accurate, BCQS International accept no responsibility for the accuracy of the sources of such rates and statistics:

Sources have been referred to where appropriate. Although extensive research has been carried out in the compilation of this report, much of it has been generated in-house, and not all references have been named. We hereby extend our thanks to those sources known to us through professional relationships, suppliers, employment brokers, plant hire companies etc. throughout our named jurisdictions:

Neither the whole nor any part of this report or any reference to it may be included in any published document, circular or statement nor published in any way without BCQS International’s written approval of the form and context in which it may appear:

BCQS International gives no warranty, representation or assurance that the statements, conclusions and opinions expressed or implied in this report are accurate or valid. BCQS International has prepared this report without any acceptance or responsibility on their part to agents outside of the employ of BCQS International.

Due to current volatile financial markets, our findings should be regarded as valid for a limited period of three months, after which they will be subject to re-examination.
Weights and Measures

There is no regional pattern of quantification within the region in terms of metric or imperial systems. The following is intended as a guide to the conversion rates of the most common units of measurement within the construction industry in the region.

<table>
<thead>
<tr>
<th>METRIC</th>
<th>IMPERIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Length</strong></td>
<td></td>
</tr>
<tr>
<td>1 millimetre (mm)</td>
<td>1 inch</td>
</tr>
<tr>
<td>1 centimetre (cm)</td>
<td>12 in</td>
</tr>
<tr>
<td>1 metre (m)</td>
<td>3 ft</td>
</tr>
<tr>
<td>1 Kilometre (km)</td>
<td>1760 yd</td>
</tr>
<tr>
<td>.0394 in</td>
<td>2.54 cm</td>
</tr>
<tr>
<td>.03937 in</td>
<td>0.3048 m</td>
</tr>
<tr>
<td>1.0936</td>
<td>0.9144 m</td>
</tr>
<tr>
<td>.6214 mile</td>
<td>1.6093 km</td>
</tr>
<tr>
<td><strong>Area</strong></td>
<td></td>
</tr>
<tr>
<td>1 sq cm (cm²)</td>
<td>1 sq inch (in²)</td>
</tr>
<tr>
<td>100 m²</td>
<td>144 in²</td>
</tr>
<tr>
<td>1.1960 yd²</td>
<td>0.64516 cm²</td>
</tr>
<tr>
<td>1 sq metre (m²)</td>
<td>1 sq foot (ft²)</td>
</tr>
<tr>
<td>10000 cm²</td>
<td>144 in²</td>
</tr>
<tr>
<td>6.4516 cm²</td>
<td>28.413 ml</td>
</tr>
<tr>
<td>1 hectare</td>
<td>9 ft²</td>
</tr>
<tr>
<td>2.4711 acres</td>
<td>0.8361 m²</td>
</tr>
<tr>
<td>1 sq km (km²)</td>
<td>1 acre</td>
</tr>
<tr>
<td>100 ha</td>
<td>4840 yd²</td>
</tr>
<tr>
<td>.3861 mile²</td>
<td>4046.9 m²</td>
</tr>
<tr>
<td><strong>Capacity / Volume</strong></td>
<td></td>
</tr>
<tr>
<td>1 cu ccm (cm³)</td>
<td>1 cu inch (in³)</td>
</tr>
<tr>
<td>1000 cm³</td>
<td>1728 in³</td>
</tr>
<tr>
<td>.0610 in³</td>
<td>16.387 cm³</td>
</tr>
<tr>
<td>1 cu decimetre (dm³)</td>
<td>1 cu foot (ft³)</td>
</tr>
<tr>
<td>1000 dm³</td>
<td>1728 in³</td>
</tr>
<tr>
<td>.0353 ft³</td>
<td>0.0283 m³</td>
</tr>
<tr>
<td>1 cu metre (m³)</td>
<td>1 fluid ounce (fl oz)</td>
</tr>
<tr>
<td>1000 litre</td>
<td>20 fl oz</td>
</tr>
<tr>
<td>1.3080 yd³</td>
<td>0.5683 litre</td>
</tr>
<tr>
<td>1 litre (litre)</td>
<td>1 gallon (gal)</td>
</tr>
<tr>
<td>1.76 pt</td>
<td>8 pt</td>
</tr>
<tr>
<td>21.997 gal</td>
<td>4.5461 litre</td>
</tr>
<tr>
<td><strong>Mass (weight)</strong></td>
<td></td>
</tr>
<tr>
<td>1 milligram (mg)</td>
<td>1 ounce (oz)</td>
</tr>
<tr>
<td>.0154 grain</td>
<td>437.5 grains</td>
</tr>
<tr>
<td>1 gram (g)</td>
<td>1 pound (lb)</td>
</tr>
<tr>
<td>.0353 oz</td>
<td>16 oz</td>
</tr>
<tr>
<td>1 kilogram (kg)</td>
<td>1 stone</td>
</tr>
<tr>
<td>2.2046 lb</td>
<td>14 lb</td>
</tr>
<tr>
<td>1 tonne (t)</td>
<td>1 ton</td>
</tr>
<tr>
<td>09842 ton</td>
<td>20 cwt</td>
</tr>
<tr>
<td></td>
<td>1.016 t</td>
</tr>
</tbody>
</table>