

# Buying Guide

## Why buy in the Caribbean?

The answer to this question is simple: the Caribbean is synonymous with luxury. It is many people's dream to holiday in these exquisite islands – to be able to buy your very own piece of such tropical paradise is often pure fantasy.

An amazing landscape, near-perfect weather and a laid-back lifestyle all help to entice buyers who are fortunate enough to be able afford to get on the Caribbean property ladder. And tax-free living, which many islands offer, is no small attraction either.

English is widely spoken, flights from the UK are frequent and political stability tends to be good. Tourist infrastructure, including golf courses and marinas, are good quality and mature – resulting in plenty of repeat business.

Ultimately, a home in the Caribbean is a lifestyle choice. Whether you intend to enjoy this lifestyle yourself, or plan to profit from others enjoying it, a property on one of these islands is the doorway to the playground of the rich and famous.

## Popular property locations

The Caribbean is broken down into three main areas: the Bahamas and the Greater and the Lesser Antilles. Historically, islands such as St Lucia, Barbados and the Caymen Islands in the Lesser Antilles have been the most popular destinations to buy in – but this means that many buyers are now priced out of these markets. You do, however, get what you pay for, and as a result property here is still snapped up by those seeking quality.

Today, an increasing number of islands are emerging as a more affordable alternative to those established markets. Gated developments in the Dominican Republic for example provide the luxury expected of the Caribbean at a reasonable price. This however tends to be for a reason – crime is common on the island, making a home in a gated community perhaps the only type of property many Brits would feel comfortable buying.

Antigua has also witnessed somewhat of a property boom thanks to improved flights and the investment around Jolly Harbour on the West Coast. Like many of its counterparts, Antigua offers good golfing and yachting facilities for those after a sporting destination.

## Legal issues

The legalities of each island differ enormously, so it is imperative that you seek advice from a local lawyer before committing to any purchase. In some islands, UK solicitors are not even allowed to practice, so this really is a case of seeking local knowledge.

## At a glance

### Currency

Many of the islands have their own currencies (e.g. Barbadian Dollar) or are grouped into unions that share a currency (e.g. Eastern Caribbean Dollar). Some former British colonies still use the pound. The US dollar is widely accepted

### Cost of living

Varies widely. A simple meal in an unpretentious establishment on one of the less fashionable islands can cost as little as £5.00. In a top restaurant in a trendy location, a main course alone can cost upwards of £25.00

### Time

Most of the islands are in the Atlantic Standard zone (4 hours behind GMT). Some are in the Eastern Standard zone (5 hours behind GMT). Many do not operate Daylight Saving Time

### Business hours

Most businesses open between 7:30 and 9:30 am and close between 4:00 and 7:00 pm.

Shops are generally closed for lunch, and on Saturday afternoons and Sundays

### Population

Approximately 39 million

### Languages

English is the official language of many of the islands. Other official languages include Dutch, French and Spanish. There are also many regional dialects

### Religions

Roman Catholic: 60 per cent  
Protestant: 25 per cent  
Plus minority Hindu, Jewish, Muslim and others

### Driving

In most of the Caribbean, driving is on the left. Some islands allow drivers to use a licence from their country of origin, but others require them to obtain a temporary permit. The minimum age for car rental is 21 or 25, depending on the company

### Property prices

Vary widely from island to island. In traditionally less favoured locations, properties are available from £25,000, but from £75,000 to £1.5 million+ is the usual range

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If you are considering buying in Barbados, be aware that any non-resident will have to receive permission from the Central Bank of Barbados before they can proceed. In the British Virgin Islands and Anguilla, it may be necessary to apply for an Alien Landholders Licence. In the Caymans it is possible to purchase residency for a one-off fee. In Tobago, you will only need to acquire a Landholders Licence if you wish to buy more than five acres of land – it's three acres in Dominica.

We're sure you're beginning to get the picture of how diverse the legal requirements can be, so again the advice here has to be to receive personal advice for your individual situation.

### The buying process

Generally, when buying an off-plan property, you will be required to make stage payments. This will usually consist of an initial ten per cent deposit, but payments of the remainder of the balance will depend on the development in question. Even though you are purchasing a new-build home, your solicitor will still need to search for the Register of Title, so it is best to use an independent lawyer rather than one recommended by the developer.

If you are buying a resale property, you will need to acquire a solicitor as soon as a price has been agreed – just as you would in the UK. The good news is that generally, throughout the Caribbean, the red tape seems to be far less than we are used to, but the major difference is that you will be required to pay a ten per cent deposit on signing the purchase agreement. This money is then held in the vendor's lawyer's escrow account until you pay the balance on completion and it is all transferred to the seller. The buying process for a resale property should take around three months.

### Financing your property purchase

Many of the Caribbean islands have different currencies, including the Barbados and Eastern Caribbean dollars, but the majority of property transactions are conducted in the US dollar – even on the islands where it isn't the official unit of currency.

Local mortgages are available, but they generally require a 40 or 50 per cent deposit. Occasionally banks will lend up to 80 per cent loan-to-value, but this is the exception rather than the norm. The length of the mortgage term is also shorter than us Brits are used to, at 15 to 20 years – which can make for a rather hefty monthly repayment bill. However, banks tend to be flexible as long as they are sure you will be able to repay the loan.

If your dream is to build your own island bolt-hole, it is also possible to get a mortgage for an undeveloped plot of land. Building in the Caribbean is relatively affordable, thanks to the reasonable cost of labour so, if you have the time and the patience, this could be an economical way to get on the property ladder – just make sure that you have gained planning permission prior to applying for the loan.

### Caribbean Property: Fees and taxes



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In a bid to increase tourism, the Dominican Republic government has launched a few tax incentives, such as no stamp duty, no tax on rental income, no capital gains tax for 10 years and no tax on purchases. This brings the island in line with many others which offer favourable tax breaks.

The Turks and Caicos islands, for example, boast no income or capital gains tax – yet stamp duty here is charged at 9.75 per cent of your purchase price. In the British Virgin Islands stamp duty is levied at eight per cent.

Barbados' taxation system is different again, with a ten per cent transfer tax charged. However, if you buy your home here through an offshore firm then you will be exempt from some tax when you come to sell.

Ultimately, no two islands are the same, so make sure you consult a tax expert before you purchase anything in the Caribbean. As a rule of thumb, you can expect to pay legal fees of around two to three per cent in all islands.

### Visas, residency and work permits

The majority of islands will require a tourist visa before UK citizens can enter the country – the amount of time that one of these is valid for varies. For example, in the Dominican Republic, Brits are entitled to stay for up to 90 days, while the British Virgin Islands are more flexible with a six-month limit.

Residency is not usually hard to obtain – providing that you have adequate funds. In many of these islands it is a case that money talks, and so the more funds you can prove, the easier the process will be. Some islands demand the import of all foreign currency to be declared.

If you are planning on working in the Caribbean however, you may find the process slightly harder. Work permits tend to only be issued to those people who are planning on setting up a new business – to those who are willing to invest in the local economy – and the local workforce. If you are seeking general employment, then you will be required to prove that the job that you are intending to take can't be done by a Caribbean resident. They don't call it a millionaire's playground for nothing!

### New-build property versus resale property

The type of property that you choose really does depend on what you are planning to use it for. Old colonial-style homes offer plenty of character, but age comes with maintenance issues and, if you are simply planning to rent out your home, then you may be better off plumping for something that doesn't require quite as much upkeep.

On the plus side, resale homes tend to be in the best locations, and they offer plenty of privacy – not to mention kudos.

New-build properties can offer great value for money if you buy off-plan, but again, if you are thinking of letting your property then this option can have its own issues. Many holidaymakers are attracted by the facilities and amenities a development has to offer, and if the golf course, marina or spa isn't finished yet then you could be considerably limiting your market.



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Once completed however, purpose-built resorts do tend to appeal to a wide range of people – a fact which could also increase your saleability when the time comes to move on.

### Investment potential

Experts tend to agree that the Caribbean offers great investment potential. As an established tourist market, not to mention a Mecca for holiday-homers and retirees alike, the attraction of these islands is unlikely to diminish. As a result, rental returns tend to be good – especially considering that this is a year-round market.

Capital growth also looks promising, and this is partly thanks to the limited land mass that islands naturally offer. Coastal properties are always going to command a premium, but the topography of the Caribbean means that sea views can be had from further inland too.

New resorts and developments are opening up the Caribbean market to a wider range of buyers, as they often include a selection of studios, apartments and townhouses in addition to cosmopolitan facilities and amenities which encourage investors. Rental schemes are often in operation here, with buyers having to do very little to realise their profit. All in all, if you can afford to invest here, it is unlikely to be a decision that you will regret.

### Health and education

Due to the diverse nature of this archipelago, health care and education facilities vary from island to island. Generally, medical facilities do tend to be on the basic side though, so health insurance is a must – in addition to your normal travel insurance. It is advised that Hepatitis A and Typhoid vaccines are taken before travelling to the Caribbean and, if you are arriving from an infected area, then a Yellow Fever vaccination certificate will also be needed.

In regards to education, international schools are relatively common thanks to the number of American expats who have emigrated to the sun. Obviously, some islands are more geared towards western-style education than others, but as English is so widely spoken this may not be an issue.

### Transport

Getting to the Caribbean is never a problem, but be prepared for a seven- to ten-hour journey. If you are planning to visit your island home on a regular basis, make sure that you allow for the cost of the (expensive) flights in your budget.

Once there, the best mode of transport is simply to drive. There is a wide range of car-hire agencies on the majority of the islands, offering a good choice of vehicles. However, be aware that you will have to buy a temporary driving licence – although this tends to be readily available from the rental agency representatives.

### And finally...



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As with any destination, it is essential that you do your research before buying a home in the Caribbean. Despite the relaxed way of life, this is a property investment like any other and must be treated accordingly.

Take specialist legal advice in order to navigate the idiosyncrasies of the different islands, and pay a tax expert. If one of your primary motivators for buying in the Caribbean is to avoid tax, then it is important that you get it right in the first instance. They may save you even more than you expected.

Finally, with such a large investment, don't rely solely on rental returns to pay a mortgage or any loans secured on the property – especially if your repayments are in US dollars and therefore subject to currency fluctuations. While rentals are good in the Caribbean, they are not guaranteed, so always be prepared.

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