

Jeremy Hurst Broker/Owner of IRG and President of the Cayman Islands Real Estate Brokers Association writes a regular market report and update for the Cayman Islands Chamber of Commerce:

Overview of the property market from CIREBA as of April 2010

The Cayman property market has continued to experience a tough time in the first quarter of 2010 with CIREBA's statistics showing that first quarter sales through CIREBA fell by 11% compared to sales volumes last year. The number of transactions also fell by approximately 7%. When you compare the Land Transfer statistics from the Land Registry however, the picture is even worse with a 20% drop in land transfers for the first quarter of 2010 over 2009 with the number of transactions falling by 12%. Apart from the fact that this shows that properties listed with CIREBA have significantly outperformed those sold outside of the organisation, this is obviously not good news for the market as a whole or the economy.

That said, few will find these statistics surprising considering the near "perfect storm" of global and local pressures that have a and if there is one thing that real estate markets hate it is uncertainty.

The good news is that many of the issues Cayman are facing are manageable and resolvable and there are a groundswell of private and public sector initiatives that have come out of this hardest of times in which both Government, the private sector, the community as a whole and numerous individuals from all these sectors are stepping up to the plate. Relatively newly formed organisations such as Cayman Finance, The Cayman Islands investment Council, of which CIREBA, DART and Orion Development are founding members and Cayman Finance are now partnering with the Chamber itself to provide valuable input and guidance to Government and to work along side Government to ensure Cayman makes the right decisions at this most important point in our economic and social history.

The recent formation of the National Investment Council under the Ministry of Finance, Tourism and Development designed to "spearhead our national investment strategy" and "evaluate options for economic diversification and strengthen our existing economic pillars" is setting just the right tone and helping generate the necessary environment for new investment into the country. This change in approach has already started to deliver tangible results, with the signing of the agreement with Dr. Shetty to develop a 2000 bed Health City over a 12 year period offering the opportunity for significant diversification of our economy and the recent announcement that Government has executed a MOU with Decco to move forward with the development of the new port facility.

Part of its ongoing role will be to provide a much needed "concierge service" to investors and developers facilitating such areas as Planning Permissions, immigration and residency issues. Both the Chamber and CIIC have seats on the board of the NIC and the private sector is very well represented there. The NIC

has the full support of CIREBA and should be of significant assistance to larger developers and investors.

However, one concern that CIREBA has generally is that we should not forget the individual investor. Any larger project will only be viable if we can show a developer that there is demand for the project that he intends to build. Whether this is the future phases of Camana Bay, Dragon Bay or numerous other residential and commercial developments that are planned for the island, what developers will want to see before breaking ground is sufficient demand for their end product and this means people. Current statistics have indicated a drop in the population of the island, which is obviously not good news but again is understandable. CIREBA statistics indicate that current absorption rates will not support the levels of future development we are aiming for.

We need to reverse this trend and get our message out internationally that Cayman is a tremendous place to live, work and play. Creation of new jobs in existing and new fields of the economy will play a large part in this. But we also need to continually retarget the mid-level international investor as well as focus on the high net worth one, who want to come here, live and enjoy themselves but not necessarily work. These will play an important part in the resurrection of the Cayman economy and CIREBA is committed to this goal.

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