

Chambers



GLOBAL PRACTICE GUIDES

Definitive global law guides offering
comparative analysis from top-ranked lawyers

Real Estate

Turks and Caicos Islands
Trends and Developments
Gordon Kerr and Karen Willis
Misick & Stanbrook

practiceguides.chambers.com

2021

Trends and Developments

Contributed by:

Gordon Kerr and Karen Willis

Misick & Stanbrook see p.4

Overview

The Turks and Caicos Islands are a British Overseas Territory comprising an archipelago of 40 low-lying coral islands situated south-east of the Bahamas. The islands are renowned for their white sand beaches, turquoise waters, the annual whale migration and Jojo the dolphin. However, in addition to these incredible natural features, the Turks and Caicos Islands are also an emerging hub for the luxury real estate market.

The year 2020 will never be forgotten, as the world was hit by and battled the COVID-19 pandemic. As the reality of the “new normal” began to bite, the Turks and Caicos Islands became a focal point for affluent buyers seeking luxury safe haven retreats well away from the urban epicentres. The Turks and Caicos Islands were fortunate to be well placed to meet this new demand by offering a large choice of luxury single family homes, new managed villa developments and high-end, low-density condominiums.

Trends in 2020

Over the last couple of years, the Turks and Caicos Islands have seen a move away from the traditional condo hotel towards managed villa developments. Many of these are still in the construction phase and will continue to dominate the Turks and Caicos Islands real estate market for the next few years.

As 2020 waxed and waned with a strong Q1 which then stalled owing to the closure of the borders, a strong Q2 encouraged by stamp duty concessions, Q3 – historically always the slowest quarter given it is the hurricane season – saw

the market slow again, but the year ended with a very strong Q4 which has continued into 2021.

In fact, 2020 exceeded all previous expectations with total sales exceeding the predicted USD273 million mark; however, the pandemic did have a small negative impact with a 4% reduction in average price and a small reduction in the number of sales.

The total number of sales, in 2020, was 323 compared to 359 in 2019. The total volume was approximately USD312,682,813 with the average price being approximately USD925,316.

Single family homes

The average number and price of single family homes dropped in 2020; however, the highest recorded home sale was USD13 million. Completed sales in the managed villa development category represented 24.9% of the single family home sales volume. Managed villa developments have grown in popularity in the Turks and Caicos Islands in the last year or so, and it is anticipated that this percentage will increase as those developments currently under construction sell out and new projects commence construction. The new turn towards managed villa developments is being driven by great demand from incoming foreign investors; the product is hassle-free and offers all the amenities one would expect in the luxury market, including a rental management programme. These investments are income-focused and capital-driven. The increasing demand from tourists for villa vacations makes the returns from these products very attractive. Given the huge amount of villa development slated to take place in the

coming months, it is anticipated that sales in 2021 will continue with aplomb.

Condominiums

Historically, the condo hotel sector has been prevalent in the Turks and Caicos Islands. However, with stagnating investment and development in condominiums, owing to the focus on managed villa developments, the condominium sector has fallen behind. Now, with the Ritz-Carlton in development, and nearing completion, offering more condominiums to the market and the low density of the Turks and Caicos Islands; the vertical investment has seen some resurgence in 2020 and it is anticipated that this will continue into 2021.

In 2020, condominium sales saw a slight increase after the significant drop in sales volume in 2019. The average price increased by 37% averaging USD1,033,307 in 2020 compared to USD751,956 in 2019, and the average price per square foot increased to USD488.

Undeveloped land

With the economic fall-out of the pandemic unknown, investors are seeking safe investments in land. Given the political and relative economic stability in the Turks and Caicos Islands, coupled with the fact that there are no annual property taxes, there has been something of a flurry of activity in undeveloped land sales.

In 2020, there were 168 sales with 14 land sales over USD1 million with the overall average price being USD376,187. Included in this number was the sale of three commercial sites on Providenciales, indicating that more commercial development within the Islands is in the pipeline.

Legal Trends and Summary

In 2020 the Turks and Caicos Islands government implemented two separate stamp duty concessions which assisted the buoyant market. Despite those concessions having now ended, the real estate market has continued to flourish into 2021.

There are two major structural trends for purchasing real estate in the Turks and Caicos Islands:

- buying through a TCI corporate entity, ensuring that liability concerns are limited, particularly if such real estate is being rented (although we are finding that following the pandemic, current investors are considering their position and plans for the future, seeing value in having a second home to use for themselves with space away from the urban hubs); and
- buying the corporate entity holding the underlying real estate, thus attracting a lower rate of tax (this latter option is seen mostly on the higher-value transactions).

The zero direct tax climate in the Turks and Caicos Islands continues to make investment desirable despite increasing land prices and relatively high construction costs. In the absence of any unforeseen economic or natural factors adversely affecting the Islands, we anticipate a very strong period of growth for the real estate sector here in the Turks and Caicos Islands.

Contributed by: Gordon Kerr and Karen Willis, **Misick & Stanbrook**

Misick & Stanbrook was formed 40 years ago, making it one of the longest-established law firms in the Turks and Caicos Islands. With this history comes a breadth of experience and knowledge. The team can provide the highest standard of care, understanding and legal expertise to enable any transactions to be completed expeditiously and at the right price.

Misick & Stanbrook employs a total of nine attorneys, of which five specialise in the real estate sector, making it one of the largest practices within the Turks and Caicos Islands. Given the size of the firm, the attorneys can truly strive for their mantra of “working together to achieve more”.

AUTHORS



Gordon Kerr qualified in Scotland and was admitted as an attorney in the Turks and Caicos Islands in 1988. Gordon has been a partner at Misick and Stanbrook since 1998.

Experienced and dedicated, he is a past president of the Turks and Caicos Bar Association and served as a director of the Turks and Caicos Financial Services Commission for many years. He has also sat on the bench as a magistrate. Gordon’s practice is almost exclusively in the area of property-related transactions and includes acting for large commercial clients and major banks as well as private clients.



Karen Willis qualified as an attorney in 2006 and joined Misick & Stanbrook in 2013.

Karen is tenacious and commercial and has specialised in all areas of real estate, corporate and intellectual property law. Prior to joining Misick & Stanbrook, Karen worked in a top law firm in London with a particular emphasis on commercial real estate. Karen diligently assists clients with the sale and purchase of real estate within the Turks and Caicos Islands, focusing on hotel and commercial developments and residential property transactions to high net worth clients.

Misick & Stanbrook

Richmond House
PO Box 127
122 Blue Mountain Road
Leeward Highway Providenciales
Turks and Caicos Islands
TKCA 1ZZ

Tel: +1 649 946 4732
Fax: +1 649 946 4734
Email: info@misickstanbrook.tc
Web: www.misickstanbrook.tc

MISICK & STANBROOK

BARRISTERS AND ATTORNEYS