

Supply and Demand: Understanding the Economics of the Barbados Real Estate Market

By [Richard Eames](#) · February 14, 2012 · [No comments](#) [Real Estate](#) ·



Battaleys Mews

Anyone who meets Richard Eames, Managing Director of [Island Villas Ltd](#), is immediately struck by his passion for the [real estate industry](#) in Barbados. “On the global market, Barbados represents a unique investment opportunity that appeals to a diverse group,” says Eames, “this is the selling point that keeps the island in high demand, and will prove crucial for surviving the economic recession.”



In the real estate business for nearly two decades, Eames recalls how the industry landscape has changed and the influence that Barbados’ primary tourist market, the United Kingdom, has had on property development. “Traditionally, the UK market prefers single, beachfront dwellings. This has led to the success of villas on premium beachfront property on the West Coast of the island in the last fifteen years.” More recently, with beachfront land cost of approximately US\$10million per acre on the Platinum Coast, high-rise condominiums became the preferred choice for

developers, allowing for higher density and potentially earning a stronger ROI per square foot.

However, according to Eames, this was far removed from what the market desired, leading to a surplus of condominiums that were not selling. Coupled with the global economic situation, the market stuttered and projects stagnated. This trend was not limited to condominium developments, as high profile villa and resort projects also halted due to the state of the global economy. The highly anticipated Four Seasons development was one of these casualties and the media has criticized the project as a large-scale failure. “Unfortunately, I think the Barbados Four Seasons Development is receiving negative press because of the UK celebrity investors involved, irrespective of the fact that developments globally have run into financial difficulty,” says Eames, “the truth is that real estate in Barbados still presents an excellent opportunity.” In fact, Eames cites unique properties such as beachfront sites or the famous Sandy Lane Estate as recession-proof and always in demand. Further, he believes that buyers have become more security-conscious, making gated communities such as [Battaleys Mews](#), [Saint Peter’s Bay](#), [Royal Westmoreland](#) and Sugar Hill potentially more lucrative.

On the South Coast of the island, Eames describes a different situation, highlighting the buyer diversity he considers as beneficial to Barbados. “This side of the island attracts a younger demographic, the ‘lock up and leave’ type customer, looking for low overheads and less hassle. Consequently, condominiums and apartment living are more appealing to this type of buyer.” Eames cites the fractional ownership model utilized by the Crane Resort as a potential opportunity for the future success of developments on the South Coast. “In the long term, aligning with international timeshare companies that have wide reach and excellent reputation could be a lucrative formula for the South Coast product.”

Discussing the future of the industry in Barbados, Eames emphasizes the urgent need to incorporate sustainable development into project designs. “Sadly, I think we have missed the boat when it comes to being environmentally friendly. Sustainable construction and the use of photovoltaic technology have proven to be cost-effective in the long-term and it offers another unique selling point with myriad benefits for the island.” As Managing Director of Island Villas, Eames promotes corporate social responsibility and Island Villas has been recognised locally and internationally for its green policies and practices. Eames also expresses plaudits for friend and colleague, Fraser Young, one of the first eco-developers in Barbados. After successfully completing an eco-friendly, off the grid house in St. Joseph, Mr. Young is now undertaking the construction of a villa in Apes Hill, utilizing green building techniques. “At both the government and individual level, it is imperative to consider the environmental impact of our actions,” says Mr. Young, “this property at Apes Hill will not only incorporate eco-friendly, synthetic roofing material and sustainably farmed lumber, but it will operate primarily off the grid within the confines of the Apes Hill development, ensuring maximum energy efficiency.” While Mr. Young acknowledges that sustainable building may carry additional upfront cost, he argues that long-term savings are well worth the investment. Mr. Young is also working with the [Future Centre Trust](#) to

introduce green building guidelines and a certification process for the Barbadian industry.

According to Eames, it is this type of innovative, proactive approach that is required to enhance the investment profile of Barbados. “We are already a premium real estate product with global appeal. It makes sense ethically and financially for us to do everything possible to preserve the island and its natural environment.” Eames predicts that this recession will follow the traditional ten-year cycle, with the market recovering in approximately three years and achieving optimal performance in five years. “Now is the time for us to plan for the future, make necessary changes and sharpen our global competitiveness.”

Written for Island Villas by Karla Sealy and Richard Eames