

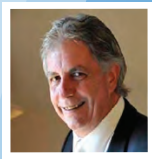
# BERMUDA HOSPITALITY

## COLDWELL BANKER COMMERCIAL

INTRODUCES HOSPITALITY TEAM OF EXPERTS *by: Brian Madeiros, President & CEO*



Growth in the real estate market is defined by an organisation's ability to identify market niche areas that require expertise and provide those services with exceptional quality. The 'Hospitality Development' market is one such niche that is emerging in Bermuda and **Coldwell Banker Commercial** provides decades of experience and market knowledge from other jurisdictions that can assist potential developers and current owners of hospitality properties to maximise their returns and potential benefits for Bermuda. Local real estate experts from various disciplines within Coldwell Banker Bermuda Realty have teamed up with long time hotel operator The Hon. Michael Winfield JP FIH and developers Sandra and Craig Christensen, CA TEP to address the needs of purchasers, sellers, developers and financiers who either have an interest or wish to procure an interest in property zoned for Tourism purposes. External (global) relations with Pinnacle Realty Investments, Newmark Knight Frank, and Firm Advisory Limited; along with the Coldwell Banker Commercial network, provide extended reach and market knowledge. The goal of this eclectic group is to offer navigation through the complexities of hotel development in Bermuda. "Our team can assemble the services you require so that you can effectively navigate the hotel development process in Bermuda, obtain the necessary market data and market intelligence and efficiently carry out your due diligence." offered Brian Madeiros, President & CEO of the local real estate entity. See [www.bermudahospitality.com](http://www.bermudahospitality.com) for more detail.



## CONSTRUCTION COSTS IN BERMUDA

*by: Craig Christensen C.A. TEP, CEO Morgan's Point*

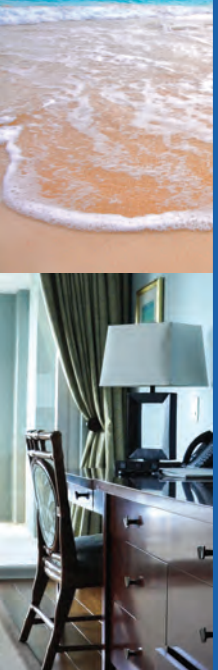
Bermuda historically had extremely high construction costs. Demand for services outstripped supply, and costs continued to escalate. Since 2008, however, the cost of construction has significantly decreased as a result of diminished demand.

Traditional construction methods of using concrete block and steel have improved with new methods of construction. The important factor that has to be considered is the reduction of the labour component cost. Methods that can reduce that component need to be fully pursued by developers.

For smaller developments, say under 100 keys, there are a number of medium sized firms that can easily manage the construction process. During a recent survey, the costs quoted per square foot can range from \$280 to \$350. These prices do not reflect the Hotels Concession Act which can save approximately 10% on these costs. All new hospitality construction and renovation will be given full duty relief under the Hotels Concession Act and that process has been greatly simplified and can be efficiently coordinated through Government officials.

There are a number of recommendations to consider. Close attention to the mechanical and electrical components are vital. These costs are very high in Bermuda, and are a component that is generally overlooked and needs to be carefully studied.

The design of the property is critical to ensure it is an efficient design so that the revenue generating



space is a high percent of the build. In addition careful consideration of air conditioned space needs to be analyzed from the design component. The use of renewable energy options has to be considered as well as gray water and potable water solutions. Bermuda's energy costs are high, and efficient design up front can save significant operating costs.

In Bermuda, there is a requirement that there be a local architect and engineer of record. This can be easily coordinated, and there have been cooperative efforts by these local groups. Generally, Bermuda follows the AIA standards, and the local service providers can assist in the planning process.

The Government of Bermuda will also assist in the planning process. One should be aware that major hospitality approval will likely require a Special Development Order, as the guidelines for that development generally falls outside the scope of the Planning Act and will need Parliamentary approval.

As a rule of thumb, an efficiently designed property should be constructed, furnished, and completely outfitted for around \$800,000 per key in today's environment.



## THE FRACTIONAL MARKET

by: Rob Newton, BSc. (Hons), MRICS, R. Surv.

Data available is current at time of production. Subject to change.



*The first fractional interests were developed by the exclusive Tuckers Point Club development in around 2005. In an effort to assist in exposing this new residential product to our overseas buyers, we collaborated with our Coldwell Banker Island Group to create our own property fractional web portal, [www.thefractionalsmarket.com](http://www.thefractionalsmarket.com).*

Bermuda's total current inventory of fractional units stands at around 800 fractions (or shares) contained within 98 physical structures, divided between 3 developments.

Total available inventory currently on the market directly from developers (i.e. not including re-sales) consists of 21 two bedroom shares and 19 three bedroom shares at Harbour Court (Tuckers Point Club), and 43 two bedroom shares and 53 three bedroom shares at the Reefs. There are no developer units available at the Golf Villa scheme at Tuckers Point Club.

At Newstead there are 40 unsold fractions. The sale of these have been "on hold" during the receivership although progress is expected soon. Re-sales have been taking place. Of the three schemes combined, since inception, initial sales (excluding re-sales currently on the market or contemplated) tell us that around 22% of the total shares available in the fractional interest remain unsold.

In terms of approximate current pricing, the following could be said:

\* **Tuckers Point Club** (*Harbour Court*): The unsold two bedroom units are offered at \$199,500 and the unsold three bedroom units at \$299,500.

\* **The Reefs**: The unsold two bedroom units offered at \$179,500 and unsold three bedroom units offered at \$239,000.

\* **Newstead**: When the units do come back to market, studios will be at around \$75,000 with the larger three bedrooms at \$350,000.



*Newstead's Infinity pool & lounge area  
Overlooking the city skyline  
and Hamilton Harbour*



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