

Should You Retire On Scrub Island? With Hot Spots Built Out, Big-Name Developers Turn To Obscure Caribbean Locales

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In a bid to feed the growing appetite for second homes among U.S. residents, a number of major developers are building luxury projects on far-flung Caribbean islands.

Americans have been buying vacation or retirement places for years on well-known Caribbean islands like St. Thomas, Barbados and St. Croix. But the latest wave of building involves real estate that doesn't register on most people's radar -- islands with names like Great Exuma, Roatan and Scrub -- and is geared toward everyone from small-time investors looking for a bargain to wealthy executives seeking a tax haven.

The new waterfront developments include big players like Marriott International Inc.'s Ritz-Carlton, Four Seasons Hotels Inc., and Starwood Hotels & Resorts Worldwide Inc.'s St. Regis Hotels and Resorts. With Swiss/Italian partners, New York developer Donald Trump is building Trump Island Villas on the five-square-mile island of Canouan.

At least 30 resorts with some residential component are planned or under construction throughout the Caribbean, double the number of two years ago, says Scott Berman, a partner specializing in the hospitality industry at PricewaterhouseCoopers in Miami.

Although island chains closest to the United States, like the Bahamas and Puerto Rico, remain popular, Geoffrey Pidduck, an Antigua real-estate broker, has seen home prices as much as quadruple in the past two years on the lesser-known and more-remote Caribbean islands. "It's been a feeding frenzy," he says.

The development boom is part of a broader movement of Americans buying homes overseas in pursuit of a better climate, a cheaper cost of living, tax breaks or other incentives another country may offer. Some are simply looking for lower-cost waterfront housing without having to compromise certain standards. Although no reliable current statistics exist on how many Americans live abroad, or in the 7,000 islands in or bordering the Caribbean Sea, a growing scarcity of prime waterfront property on better-known islands is causing builders to turn to more isolated places.