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Chartered Surveyors
Property Consultants

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Cayman Property Review 2020

An Independent Review by Charterland



About the RICS

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With offices covering the major political and financial centres of the world, our market presence means we're ideally placed to influence policy and embed standards at a national level.

We work at a cross-governmental level, delivering a single, international standard that will support a safe and vibrant marketplace in land, real estate, construction and infrastructure, for the benefit of all.

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In order to ensure that the Cayman Property Review is compiled in accordance with the highest standards of independence and objectivity, all research has been undertaken by qualified Chartered Valuation Surveyors acting in

As always, we hope that you will find our report to be the best in independent, unbiased information on the Cayman Islands property market and, should you wish to find out more, please feel free to contact us directly and the Partners and Staff at Charterland will be more than happy to assist.

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Simon J Watson FRICS
Partner
Charterland Ltd.



“Our review has been undertaken by qualified Chartered Surveyors acting with independence, integrity and objectivity”



Overview

As per previous Cayman Property Reviews by Charterland, our analysis of the Cayman Islands property market in 2020 begins with a review of every single property transfer registered with the Cayman Islands Government's Land Registry for the calendar year. Since we are interested in the true market for "arm's-length transactions" we have excluded from our analysis any sales by Court Order for nil consideration, transfers for Natural Love and Affection and transfers where there was no change in beneficial ownership. Using this methodology, we are able to account for all sales for monetary value, rather than just part of the market, such as with CIREBA's statistics, for example, whilst also ignoring any possible distortions through non-market transactions.

Based on our analysis of data obtained from the Cayman Islands Government's Land Registry, the

total number of open market transfers registered with the Land Registry for 2020 was 1,430 compared with 1,936 in 2019, a drop in total numbers of 26%. This represents the biggest drop in the number of property transfers in the Cayman Islands since the fall in the market in 2010, where the number of transfers fell 30% on the previous year* (**Fig. 1**).

Similarly, the total value of the transfers also fell in 2020, from over C\$826 million in 2019 to just over C\$700 million in 2020. However, this decrease in total value of 15% was significantly less than the decrease in the total number of sales (**Fig. 2**).

* Go to www.charterland.ky to download all the previous editions of the Cayman Property Review.



Fig. 1 Total Number of Property Transfers



Fig. 2 Total Value of Property Transfers (CIS Millions)

Interestingly, the decrease in the total number of sales and the total value of these sales does not translate to a decrease in the average value of the total sales which actually increased overall by just under 15% from C\$427,000 to C\$490,000 (**Fig. 3**). Nevertheless, this does not apply to all areas of the market as we will see later in this report where it can be seen that sub-sectors of the Cayman Islands property market may perform very differently from each other, notwithstanding their relatively small sizes.

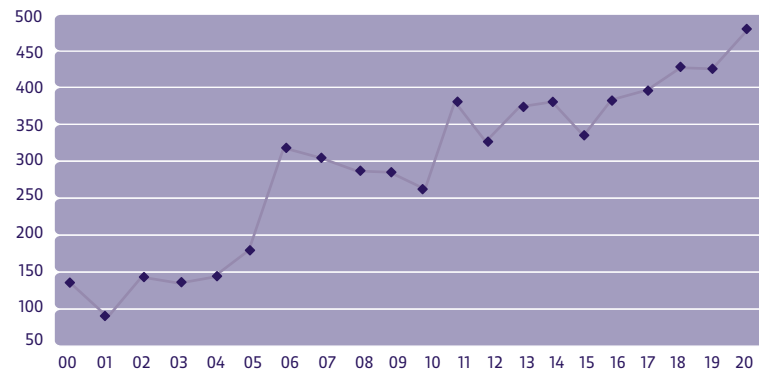


Fig. 3 Average Value of Property Transfers (CIS 000s)

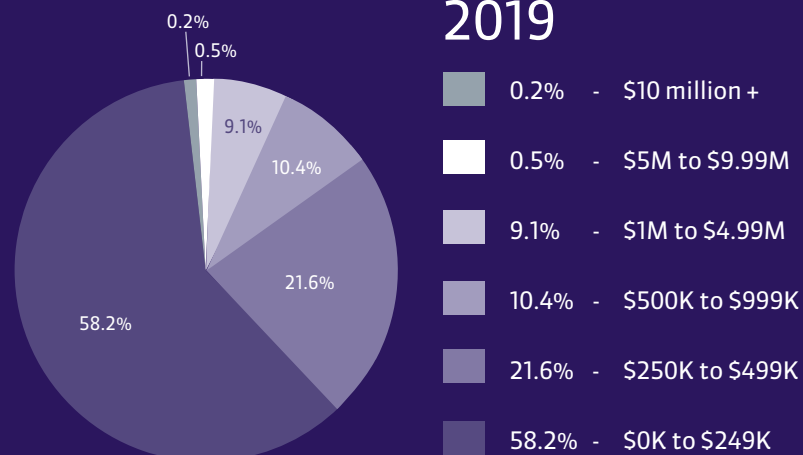
Pre-Construction Sales

When considering the total and average value of the total sales each year, it is worth noting that the market data can be distorted by a number of factors, one of these being the registration of pre-construction sales for site value.

This happens where a purchaser of a condominium registers a transfer with the stated consideration being based on the nominal 'site value' of the condominium only. This results in the transfer being registered for a sale value generally in the tens of thousands, whilst the true value of the condominium is really in the hundreds of thousands or more, thus significantly reducing the Stamp Duty payable by the purchaser. Statistically, however, this results in many transfers being registered at significantly lower sale prices than the actual purchase price being paid and thus lowering the true total value of the sales for a year and indeed the average value for that year.

Whilst this loophole has in theory been closed by the Government since the end of December 2019, pre-construction sales on this basis were still being accepted through 2020 on a number of pre-approved developments.

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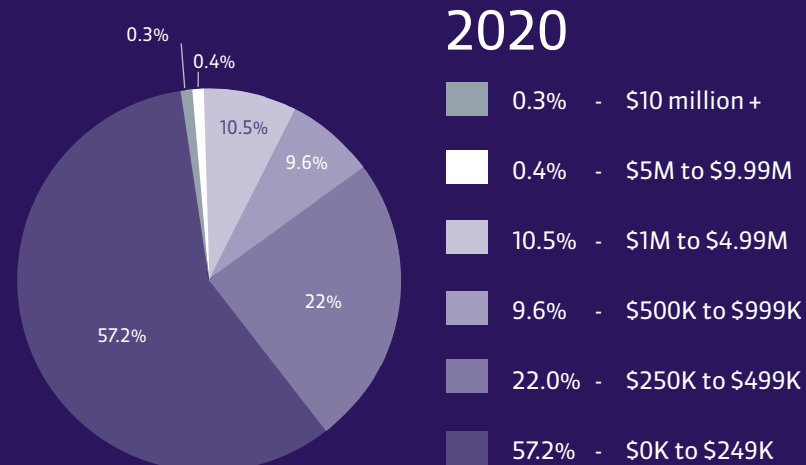


Fig. 4 Range of Sale Prices

When all the transfers in 2020 are analysed by sale price and compared with 2019 we see that there have not been any significant changes in the market, apart from a slight increase in the number of sales in the over C\$10M sector and a corresponding decrease in the sector below of C\$250K.

In 2020, there were 5 sales registered in the upper end of the market, the C\$10M and above sector, compared with 3 sales in 2019 and 2 in 2018. The highest value sale was the former Cayman Islander property. This 5.67-acre development site sold for C\$15,120,000 (US\$18,000,000), equating to C\$61.22 (US\$72.88) per SF*. The second highest value sale

was the sale of the former HSBC House commercial building and associated retail and restaurant units. Located on the southern end of West Bay Road, this 44,477 SF commercial building sold for C\$14,025,602 (US\$16,697,145) Net**, equating to C\$315 (US\$375) per SF of lettable space.

The third highest priced sale registered in 2020 was 16.78 acres of undeveloped land adjacent to the landfill which sold for C\$13,450,000 (US\$6,011,905) equating to C\$18.40 per SF.

Another commercial building was the fourth highest value sale, with Elizabethan Square,

located in central George Town, selling for C\$13,435,275 (US\$15,994,375) Net which equates to C\$169 (US\$202) per SF.

The highest value house sale is the fourth highest sale, with a 12,549 SF house situated on a 1.17 acre lot on Ironshore Drive, in Vista Del Mar, selling for C\$11,312,951 (US\$13,467,800) Net, equating to C\$901 (US\$1073) per SF. The highest condominium sale was a 3,799 SF condominium at the Seafire Residences which sold for C\$5,175,726 (US\$6,161,578) Net, equating to C\$1,362 (US\$1,622) per SF.

* Square Feet / ** Net of Chattels

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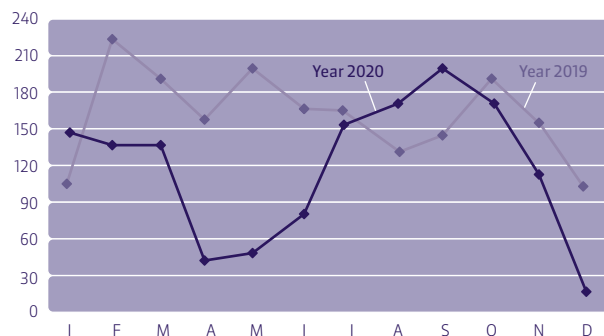
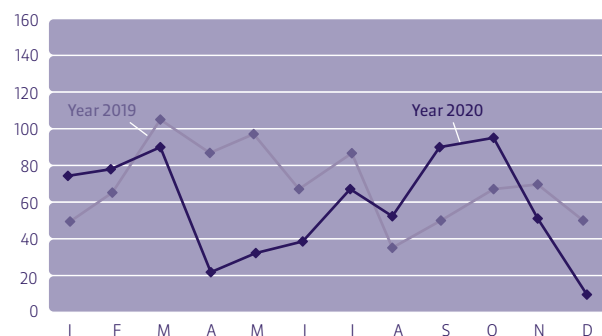
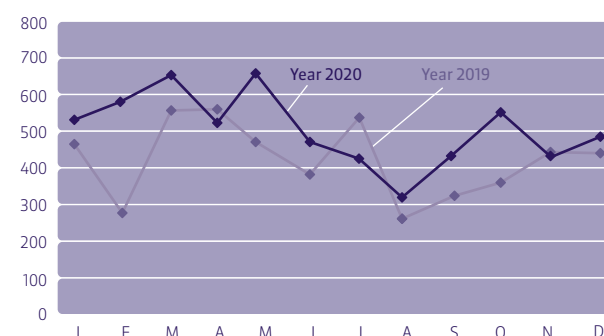


Fig. 5 Total Number of Property Transfers 2020

Fig. 6 Total Value of Property Transfers 2020
(CIS Millions)Fig. 7 Average Value of Property Transfers 2020
(CIS 000s)

Transfers by Month

In addition to a year-by-year comparison, we have also examined the distribution of sales through the calendar year in order to see the impact that the COVID-19 related lock-down had on the registration of property transfers through 2020.

In terms of the number of transfers, sales in 2020 showed a noticeable drop in the second quarter, whilst the Cayman Islands was generally under lock-down for the COVID-19 pandemic, but with a recovery in the third quarter to exceed 2019 in terms of numbers of sales, when the islands opened back up internally, but dropping off again in the final quarter of the year (Fig. 5).

When the total value of the sales are considered the pattern is again fairly similar, with a noticeable drop in the second quarter, a recovery in the third and a decrease again in the final quarter (Fig. 6).

The trend for the average value of the sales is, however, much less clear, with the average values for May and June actually exceeds the average values for the same time in 2019 and with the year finishing relatively strongly.

Transfers by Chargee

In recent years there has been much discussion regarding the number of repossessions of property by lenders, which are registered as 'Transfers by Chargee' and the percentage that these represent of the total number of property transfers.

Based on our research at the Land Registry there were 16 Transfers by Chargee registered in 2020 representing only 1.1% of all the transfers registered in 2020. By comparison there were 48 Transfers by Chargee in 2019 representing 2.5% of all property transfers for that year.

The Transfers by Chargee were generally evenly spread between 8 of the main lenders, with the CICS Co-Op Credit Union Ltd. having the greatest number of Transfers By Chargee registered during 2020 at 4.

Condominiums

In accordance with our established practice for the Cayman Property Review, we have divided our analysis of the condominium market into two main sections. The first group consists of those condominiums located along Seven Mile Beach, generally 'higher-end' condominiums many of which are bought by overseas purchasers, whilst the second group comprises of the more 'lower-end' condominiums located inland, in the George Town area. From each of these two groups we have selected specific developments where there have been sufficient sales of condominiums in each calendar year, in order to be able to identify meaningful trends in the market for these properties, whilst also trying to maintain an element of diversity in our selection.

In presenting our analysis of the sub-markets in the already relatively small Cayman Islands property market, we always must always remind the reader that the limited number of sales being analysed can mean that there is a risk of trends being easily distorted by anomalous sales. These may be as a result of the sale of a

particularly upgraded or improved property, or conversely by a dilapidated, or perhaps otherwise inferior, property. It should, therefore, always be remembered that the following analysis and commentary is presented for general information purposes only and that in order to establish the Market Value of any specific property it is most advisable to retain the services of a qualified Chartered Valuation Surveyor with extensive relevant, professional experience in the Cayman Islands' property market.

Seven Mile Beach

Our analysis of the Seven Mile Beach condominium market reveals that there were only 47 sales of beachfront condominiums registered in 2020 compared with 71 sales in 2019, 101 in 2018 and 130 in 2017. The total value of these 47 sales in 2020 was C\$106 million, compared with just over C\$131 million for the 71 sales in 2019, C\$134 million for the 101 sales in 2018 and a total of C\$125 million for the 130 sales in 2017. This equates to an average value of Seven Mile Beach beachfront condominium sales in 2020 of C\$2.25

million, a 22% increase over the average sale price in 2019 of C\$1.84 million. We have commented in previous editions of the Cayman Property Review that it is our opinion that the decrease in the number of sales is more a result of the lack of available inventory rather than a lack of demand and this was compounded in 2020 by the reduced market activity in the second quarter of the year, as discussed in the previous section of this report.

In reading this report, readers are reminded that all the sale prices quoted are in Cayman Islands Dollars, since this is the principle currency of the Cayman Islands; however, United States Dollars are accepted for property transfers and this is often the currency used in the purchase of high-end properties. When registering sales stated in United States Dollars, the Cayman Islands Governments uses a conversion rate of 0.84 and it is this rate that we have used in any conversions stated in this report. Further, all prices quoted are excluding (Net) of chattels, furnishings and furniture, in order to ensure that the figures are comparable.



The Discovery Club

The average sale price for the 2 sales registered in this beachfront Seven Mile Beach development in 2020 was C\$1,195,162 (US\$1,422,812) Net. compared with C\$1,135,680 (US\$1,352,000) Net. in 2019. This represents a 5% increase over the average value for 2019 and, more significantly, it is a 169% increase in average sale prices since 2015 (**Fig. 8**).

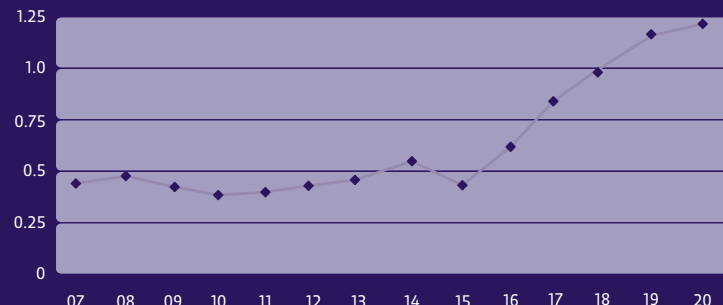


Fig. 8 The Discovery Club
(Average Sale Price Net C\$ Millions)



Fig. 9

Silver Sands

The average sale price for the 2 sales registered in 2020 for this older Seven Mile Beach, beachfront condominium development was C\$1,096,981 (US\$1,305,930) Net., which is almost the same as the average sale price for 2019 of C\$1,096,359 (US\$1,305,189) Net. and, whilst the prices were stable compared with 2019, the average for 2020 still represented an 83% increase over the average for 2015 (**Fig. 10**).

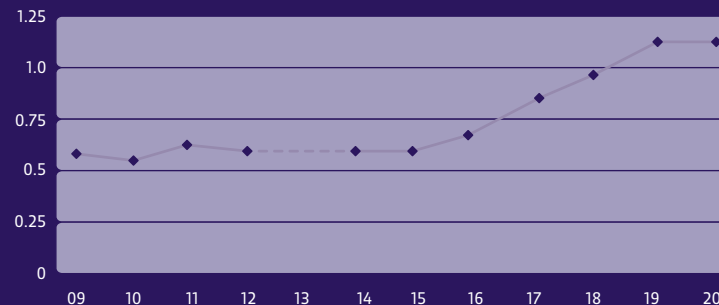


Fig. 10 Silver Sands
(Average Sale Price Net C\$ Millions)



Fig. 11





Fig.13

The Pinnacle

Although there were no sales in this beachfront development of 42 mainly 2,120 SF, three-bedroom units, in 2019, a single sale in 2020 at C\$2,621,965 (US\$3,121,387) Net. represented an 11% increase over the average sale price in 2018 of C\$2,365,445 (US\$2,816,005) Net (**Fig. 12**).

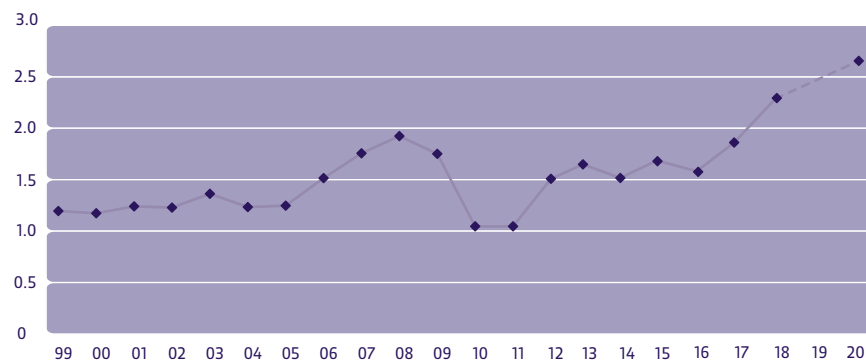


Fig. 12 The Pinnacle

(Average Sale Price Net CIS 000s - 2 Bed Units)

George Town Villas

There were 2 condominium sales in George Town Villas registered in 2020 with an average sale price of C\$918,952 (US\$1,093,990) Net. This represents a 15% increase over the average sale price in 2019 of C\$800,275 (US\$952,708) Net. and a significant 160% increase over the average sale price in 2015 of C\$352,914 (US\$420,135) Net (**Fig 14**).

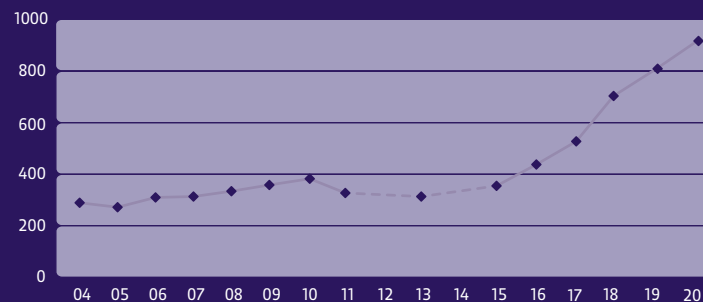


Fig. 14 **George Town Villas**
(Average Sale Price Net C\$ 000s)



Fig. 15



George Town

The second sector of the condominium market that we have analysed for our Cayman Property Review, is the more lower-end, two-bedroom townhouse and three-bedroom villa market in the George Town area which are generally acquired by Cayman residents rather than the overseas purchasers more prevalent in the Seven Mile Beach area. These units may be acquired for owner-occupation, or for rental income, investment purposes.

Garden, Coco, Mystic and Sunset Retreat

As per previous editions, the best dataset for this sub-market are the four 'Retreat' developments located in south George Town, off Bobby Thompson Way and consisting of Garden,

Coco, Mystic and Sunset Retreat. These developments of a total of 185 similar townhouse units provide an excellent barometer on the state of the George Town townhouse market.

The average sale price of the two-bedroom units in the four developments broke the C\$300K barrier for the first time ever in 2020 with an average sale price for the 4 sales registered in 2020 of C\$304,263 Net. This represents an 8% increase over the average sale price in 2019 of C\$280,772 Net, and a 57% increase over the average sale price in 2015 of C\$193,591 Net. Whilst these increases are lower than those being experienced on Seven Mile Beach, they still represent significant increases compared with market norms (Fig. 16).

Silver Oaks

Located between Crew Road and the Linford Pierson Highway, the average sale price of the 3-bedroom villas in this development in 2020 was C\$256,435 Net, a 12% increase over the average price for 2019 of C\$228,735 Net, and a 61% increase over the average sale price in 2015 of C\$159,466 Net (Fig. 17).

Readers are, however, reminded that average sale prices across a calendar year do not represent the Market Value of all, or any of the units, but are an average of all the sales that were registered in that calendar year and average values may be distorted by particularly upgraded units, or conversely unimproved units or those in a poorer condition.

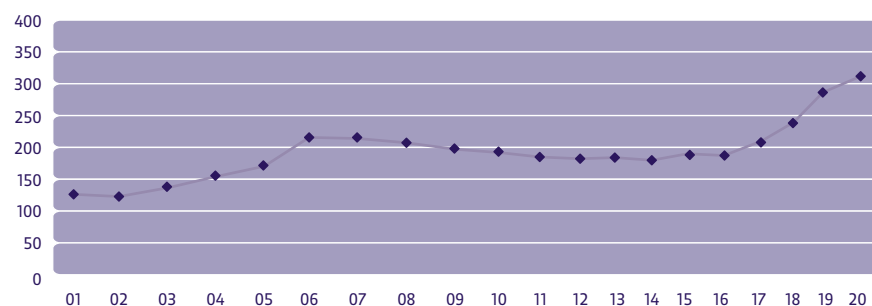


Fig. 16 Garden, Coco, Mystic & Sunset Retreat: 2-Beds
(Average Sale Price Net C\$ 000s)

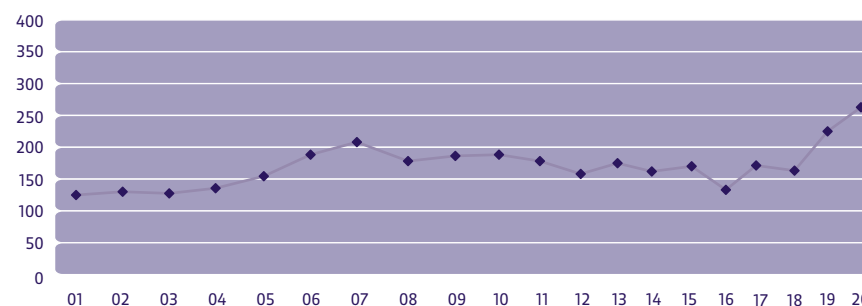


Fig. 17 Silver Oaks: 3-Beds
(Average Sale Price Net C\$ 000s)



Houses

When analyzing the market for houses, or single family dwellings, in the Cayman Islands we always stress that due to the relatively small size of the market in the Cayman Islands with the total number of house sales totaling only a few hundred each year, and the unique nature of much of the housing, we always stress that any trends that we may identify can easily be distorted by a single anomalous sale.

Nevertheless, due to the great public interest in this area of the market, from home-owners, potential purchasers and of course the lenders, we have undertaken a review, based on three differing geographical and socio-economic sub-sets, as follows.

Snug Harbour

We have historically relied on this area of individually constructed, heterogeneous homes, as an example of the upper-middle housing market due to the good number of sales in this area from year to year. The average sale price for this neighbourhood for 2020 equated to C\$373 per SF, an increase of 35% over the average for 2019 of C\$276 per SF and a 70% increase over the average for 2015 of C\$220 per SF. Of course, as with the analysis of all house sales in this report, this large increase may well be down to the specific characteristics of the houses sold in 2020 being superior in terms of age, size, level of finish etc... to those sold in 2019 (**Fig. 18**).

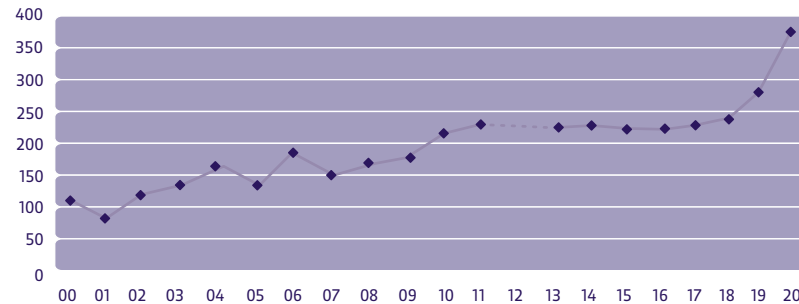


Fig. 18 Snug Harbour

(Average Sale Price CIS per SF)



Fig. 19

West Bay

Sales of single-family dwellings in this area also demonstrated increases in the average Market Values similar to Snug Harbour and Savannah with an average sale price per square foot in 2020 of CI\$218, a 35% increase over the average for 2019 of CI\$161 per SF. It should be noted that this average, however was based on only 2 sales in 2020, compared with 4 in 2019 and thus is based on a very limited dataset (**Fig 20**).

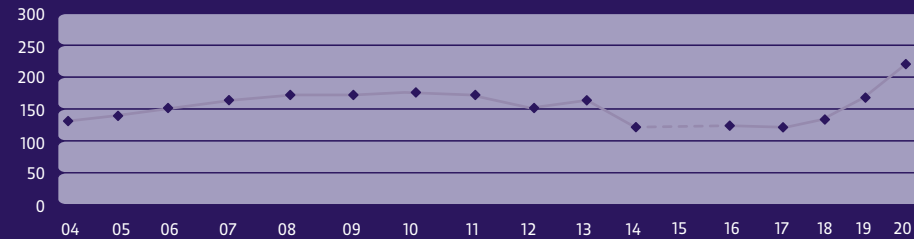


Fig. 20 West Bay: House Sales

(Average Sales Price CI\$ per SF)



Fig. 21

Savannah

The house sales in the Savannah area also showed a similar trend to house sales in the Snug Harbour area with the average sale price for this geographical data set equating to C\$172 per SF, a 40% increase over the average for 2019 of C\$123 per SF although it should be noted that the average sale price for 2020 is still slightly less than the average for 2011 of C\$179 per SF (**Fig 22**).

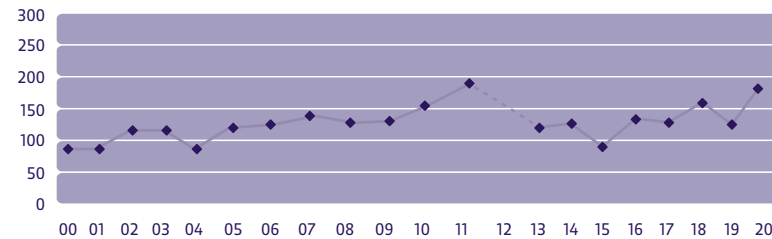


Fig. 22 Savannah: House Sales
(Average Sales Price C\$ per SF)



Fig. 23

Readers are of course reminded that these statistics are based on very limited datasets and that they can easily be skewed by anomalous sales in terms of the condition of the houses sold in one particular, or the terms of the sale, for example. Therefore anyone seeking to establish the actual Market Value of their property should seek the services of a Chartered Valuation Surveyor who will be able to provide a valuation report based on a detailed inspection of the subject property and which will be prepared to the strict internationally accepted guidelines of the RICS Valuation – Global Standards 2020, incorporating the International Valuation Standards.

Land

Compared with the analysis of house sales set out in the previous section of this report, the analysis of undeveloped house lot sales provides a much more reliable indication of trends since there are fewer variables to consider. In this regard, we have undertaken the analysis of five different sub-divisions from the high-end Crystal Harbour and Grand Harbour canal front residential sub-divisions, to the mid-range Savannah sub-divisions, and the lower end Frank Sound and Cayman Brac Bluff areas.

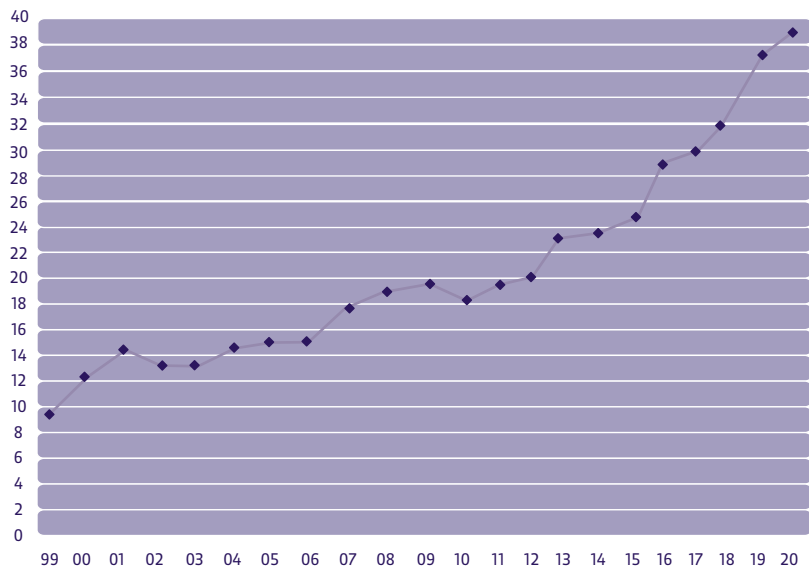


Fig. 24 Crystal Harbour: Land Sales
(Average Sales Price C\$ per SF)



Fig. 25

Crystal Harbour

Sales of house lots in this high-end, canal front sub-division have started to slow in the last year with 5 sales in 2020 compared with 8 sales in 2019 and 10 sales registered at the Land Registry in 2018. As we have commented previously, this is most likely due to a diminishing supply of undeveloped parcels as vacant lots get developed, rather than a lack of demand. The average sale price for the 5 sales in 2020 equated to C\$38.90 per SF, and increase of 4% compared with the average for 2019 of C\$37.50 per SF, but a 57% increase over the average sale price in 2015 (Fig. 24).

Grand Harbour

As per last year's Cayman Property Review, we have extended our dataset for Grand Harbour to now include the new phase called 'Harbour Reach' in addition to the established sub-divisions of Grand Isle, Grand Estates and Bimini Drive. The average sale price of the 6 land sales registered in 2020 was C\$29.80 per SF representing an 11% increase over the average for 2019 of C\$26.81 per SF, and a 53% over the average sale price for 2015 of C\$17.97 per SF (Fig. 26).



Fig. 27

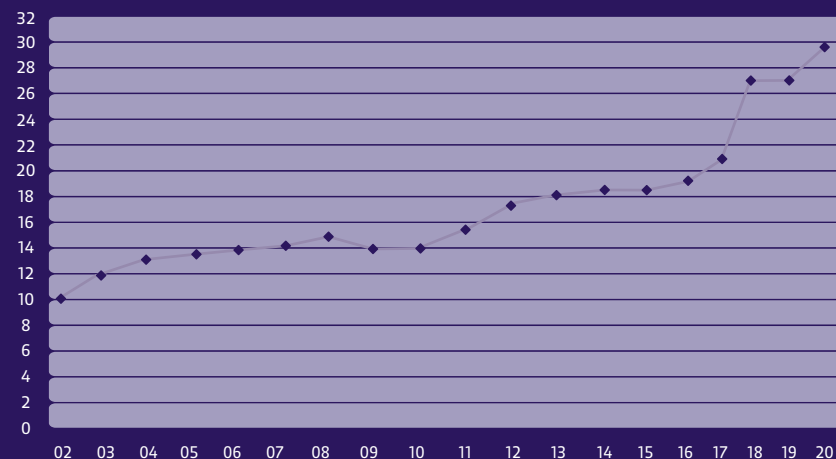


Fig. 26 Grand Harbour: Land Sales
(Average Sales Price CIS per SF)

Savannah

There were only 3 sales of undeveloped house lots in this mid-range, geographical dataset in 2020, compared with 5 in 2019 with an average sale price equating to CI\$7.83 per SF. This represents a significant 24% increase over the average for 2019 and the first time that average sale prices have passed the CI\$7.00 per SF price point after many years of average prices being in the CI\$5.50 to CI\$6.50 per SF range (**Fig. 28**).



Fig. 29

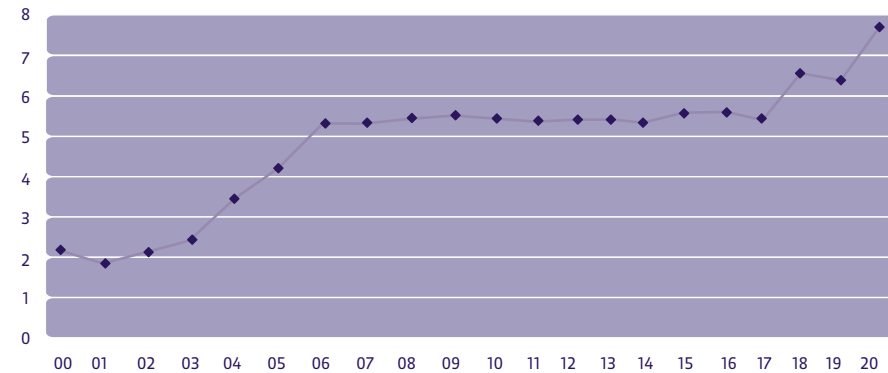


Fig. 28 Savannah: Land Sales
(Average Sales Price CI\$ per SF)

Frank Sound

Land sales in Frank Sound also continued the upward trend shown by house lot sales elsewhere on Grand Cayman with an average sale price of CI\$4.95 per SF. This represents a 28% increase over the average sale price in 2019 of CI\$3.86 per SF and the first time that the average price for land sales in this data set have exceeded CI\$4.50 per SF (**Fig. 30**).



Fig. 31

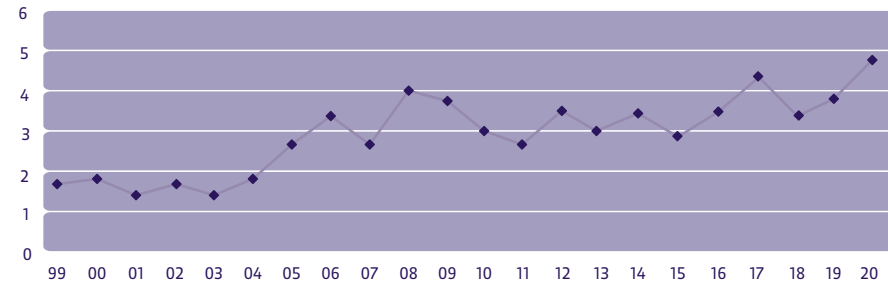


Fig. 30 Frank Sound: Land Sales
(Average Sales Price CI\$ per SF)

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Cayman Brac, Land on The Bluff

Despite a drop in 2019, the average sale price of the undeveloped house lots in our geographical dataset towards the western end of the Bluff of Cayman Brac, showed an increase of 18% with an average sale price of C\$2.05 per SF in 2020 compared with C\$1.73 per SF in 2019. It is noted, however, that the average sale price for 2020 is still less than for the 5 years following Hurricane Paloma in 2008 when the high land of The Bluff was at a premium (Fig. 32).



Fig. 33

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Fig. 32 Cayman Brac: Land Sales

(Average Sale Price C\$ per SF)

Dual Market?

As discussed in last year's edition of the Cayman Property Review, one of the interesting trends when analysing land sales on The Bluff in Cayman Brac is the appearance of what could be seen as a dual market. As noted from our research, land sales in the subject sub-division which benefits from services, close proximity to the airport, shops and other amenities, with ground conditions which generally require minimal fill has average sale prices of between C\$1.70 and C\$2.70 per SF.

However, in a remote sub-division at the far end of The Bluff, in a sub-division with no services and sites with generally poor topographical conditions that may require significant fill, the average sale price in 2020 was C\$7.10 per SF. As noted previously, what is significant is that the purchasers in our subject sub-division were local buyers,

whereas most of the purchasers of lots in the second sub-division were mainly from China. Where sale prices were more in keeping with the values in the subject sub-division, these were found to be sales where both the buyers and the sellers were locals.

In considering the wide difference in sale prices between these two sub-divisions, which are the opposite of what one may expect based on normal valuation practice, it is worth noting that the RICS definition of Market Value requires that the parties have acted 'knowledgeably' i.e. they have relied on their own knowledge of the market, like the local buyers in our subject sub-division, or were professionally advised by independent property professionals, knowledgeable in the local market. It remains to be seen if this was the case with respect to the overseas purchasers in the second sub-division.



Commercial Market



In this year's edition of the Cayman Property Review, we have again focused solely on the commercial/retail leases registered within the geographical areas of Central George Town (Fig 34) and the Seven Mile Beach corridor (Fig 35).

It should, be remembered that the following data and commentary is presented for general information purposes only and that not all the registered leases during 2020 are represented in this review and that in order to establish the Market Rent or Market Value of any specific property it is most advisable to retain the services of a qualified Chartered Valuation Surveyor with extensive experience in the Cayman Islands property market.

Stewart Connolly MRICS
Partner
Charterland Ltd.





Fig. 34



Fig.35



Central George Town

Anderson Square

There were two leases registered at Anderson Square during 2020, the first a between Beaufort Investments Ltd (landlord) and The Governor of the Cayman Islands (tenant), in January 2020, for a term of 4.83 years, at an annual reserved rent of C\$89,056, with a registered area of 2,969 SF, which equates to C\$30.00 per SF.

The final lease was between Beaufort Investments Ltd (landlord) and Brady Attorneys at Law (tenant), with effect from April 2020, for a term of five (5) years, at an annual reserved rent of C\$68,717, equating to C\$30.24 per SF, based upon a registered area of 2,272 SF.

Cayman Corporate Centre

There was a single registered lease for Cayman Corporate Centre during the 2020 year. Being between Cayman Corporate Centre Holdings Ltd (landlord) and UBS Trustees (CAYMAN) Ltd (tenant), for a term of three (3) years, with an annual reserved rent of C\$77,575 equating to C\$36.54 per SF, based upon a registered area of 2,123 SF.

Citrus Grove

There was a single registered lease for Citrus Grove during the 2020 year. Being between UBW Ltd (landlord) and Bodden Holdings Ltd (tenant), for a term of five (5) years, with an annual reserved rent of C\$110,425 equating to C\$39.48 per SF, based upon a registered area of 2,797 SF.





Cricket Square

There were four (4) registered leases at Cricket Square during 2020, between Cricket Square Ltd (landlord) and BARAUD SPECIALIST CARE LTD (tenant), for a term of five (5) years, with effect from February 2020 at an annual reserved rent of C\$28,669, equating to C\$35.28 per SF, based upon a registered area of 813 SF.

The second being again between Cricket Square Ltd (landlord) and CAYMAN ISLANDS MONETARY AUTHORITY (tenant), with effect from August 2020, for a term of 8.83 years, at an annual reserved rent of C\$180,477, equating to C\$54.64 per SF, based upon a registered area of 5,617 SF.

The third being between Cricket Square Ltd (landlord) and COASTROAD FINANCE (tenant), with effect from August 2020, for a term of five (5) years, at an annual reserved rent of C\$73,823, equating to C\$37.80 per SF, based upon a registered area of 1,953 SF.

The fourth lease is between Cricket Square Ltd (landlord) and CNC ENTERPRISES LTD (tenant), with effect from August 2020, has a term of five (5) years, at an annual reserved rent of C\$29,500 equating to C\$25.00 per SF, based upon a registered area of 1,180SF.





One Capital Place

There were two leases registered at One Capital Place during 2020, the first between Kindred Investments Ltd (landlord) and TRIDENT TRUST COMPANY LTD (tenant), in April 2020, for a term of five (5) years, at an annual reserved rent of C\$309,679, with a registered area of 8,551 SF, which equates to C\$36.22 per SF.

The final lease was between Kindred Investments Ltd. (landlord) and PARADIGM GOVERNANCE PARTNERS LTD (tenant), with effect from November 2020, for a term of three (3) years, at an annual reserved rent of C\$88,200, equating to C\$35.28 per SF, based upon a registered area of 2,500 SF.



Crown (Trinity) Square

Crown Square (formerly Trinity Square) had two (2) leases registered during 2020, the first between Crown Square Ltd (landlord) and LOWE LTD (tenant) for a five (5) year term, with an annual reserved rent of C\$30,000, which equates to C\$25.86 per SF, based upon a demised area of 1,160 SF.

The second and final lease between Crown Square Ltd (landlord) and ASPIRE THERAPEUTIC SERVICES LTD (tenant) for a five (5) year term, with an annual reserved rent of C\$28,560, with a demised area of 1,020 SF, which equates to C\$28.00 per SF.

Zephyr House

Finally, there were two (2) registered lease for Zephyr House during 2020. The first being between Beaufort Investments Ltd (landlord) and GARY SMITH / DENNIS BRADY (tenant), for a term of five (5) years, with an annual reserved rent of C\$76,842 equating to C\$26.74 per SF, based upon a registered area of 2,874 SF.

The second being between Beaufort Investments Ltd. (landlord) and BARTON LTD (tenant), with effect from June 2020, for a term of three (3) years, at an annual reserved rent of C\$22,614, equating to C\$35.28 per SF, based upon a registered area of 641 SF.

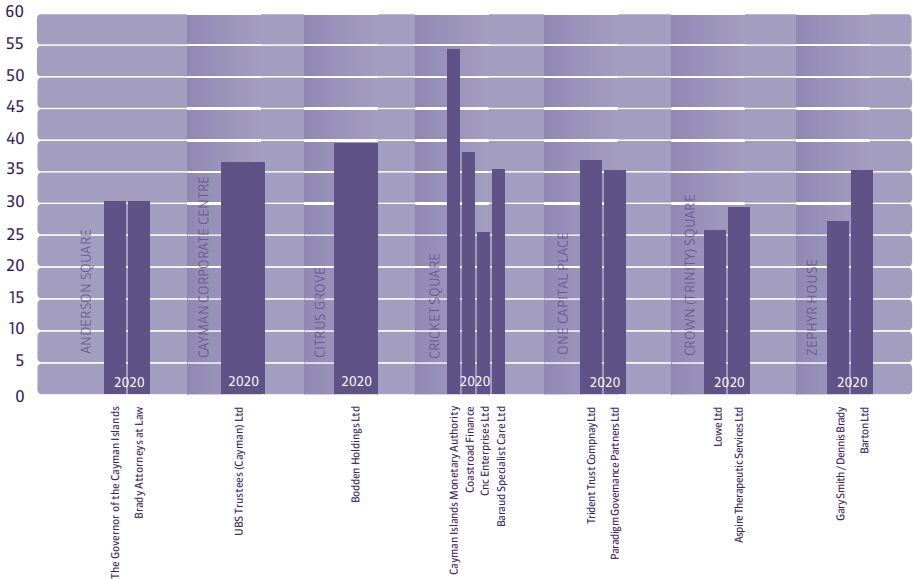


Fig. 36 George Town - Commercial/Retail
(Rent Cost C\$ per SF)



Seven Mile Beach Corridor

Camana Bay

Camana Bay had fifteen (15) leases registered during 2020, we have listed them with the tenant details and rents per square foot only. Should any readers require further information with regards to terms, demised areas etc... then please contact the author directly.

TENANT	RENT/SF
CITCO FUND SERVICES (CAYMAN ISLANDS) LIMITED	\$50.56
CARNIVORE CAYMAN LTD	\$34.38
RBC DOMINION SECURITIES GLOBAL LIMITED	\$40.32
CAYMAN DENTAL LTD	\$26.46
KNIGHTHEAD ANNUITY	\$44.23
BNY MELLON FUND MANAGEMENT (CAYMAN) LIMITED	\$41.70
PANE & PASTA LTD	\$21.00
DMS GOVERNANCE LTD	\$26.41
BEDELL CRITIN PARTNERSHIP	\$40.95
WHEATON PRECIOUS METALS INTERNATIONAL LTD	\$42.62
VERITAS TRUSTEES LTD	\$43.68
ALPHA SOFT LTD	\$33.60
TRIO CAYMAN LTD	\$50.40
SIMPSON GROUP LTD	\$50.48
JTC FUND SERVICES (CAYMAN) LTD	\$51.50

Governors Square

Governors Square had nine (9) leases registered during 2020, the first between Governors Square Ltd (landlord) and SOTHEBYS (tenant) for a 1 year term, with an annual reserved rent of C\$44,142, which equates to C\$42.00 per SF, based upon a demised area of 1,051 SF.

The second lease being between, Governors Square Ltd (landlord) and HEATH CARE PHARMACY LTD (tenant) for a five (5) year term, with an annual reserved rent of C\$44,730, which equates to C\$42.00 per SF, based upon a demised area of 1,065 SF.

The third lease being between, Governors Square Ltd (landlord) and ZEDRA TRUST COMPANY (CAYMAN) LTD (tenant) for a 1 year term, with an annual reserved rent of C\$118,776, which equates to C\$33.60 per SF, based upon a demised area of 3,535 SF.

The fourth lease was between, Governors Square Ltd (landlord) and KRY & ASSOC Cayman Ltd (tenant) for a five (5) year term, with an annual reserved rent of C\$81,080, with a demised area of 2,027 SF, which equates to C\$33.60 per SF.

The fifth registered lease was between Governors Square Ltd (landlord) and RONNIE DUNN (tenant) for a five (5) year term, at an annual reserved rent of C\$18,043, with a demised area of 537 SF, which equates to C\$33.60 per SF.

The sixth registered lease being between Governors Square Ltd (landlord) and CAYHAUS HOLDINGS LTD (tenant) for a five (5) year term, at an annual reserved rent of C\$44,730, with a demised area of 1,065SF, which equates to C\$42.00 per SF.

The seventh lease being a lease between, Governors Square Ltd (landlord) and INREGEN (tenant) for a five (5) year term, with an annual reserved rent of C\$21,806, with a demised area of 649 SF, which also equates to C\$33.60 per SF.

The eighth lease being a lease between, Governors Square Ltd (landlord) and BODDEN AND BODDEN (tenant) for a term of ten (10) years, with an annual reserved rent of C\$115,382, with a demised area of 3,434 SF, which equates to C\$33.60 per SF.

The ninth and final registered lease being between Governors Square Ltd (landlord) and NASSAU RE (CAYMAN) LTD (tenant) for a three (3) year term, at an annual reserved rent of C\$39,379, with a demised area of 1,172SF, which equates to C\$33.60 per SF.

TENANT	RENT/SF
SOTHEBYS	\$42.00
HEALTH CARE PHARMACY LTD	\$42.00
ZEDRA TRUST COMPANY (CAYMAN) LTD	\$33.60
KRY & ASSOC CAYMAN LTD	\$33.60
BODDEN AND BODDEN	\$33.60
RONNIE DUNN	\$33.60
CAYHAUS HOLDINGS LTD	\$42.00
INREGEN	\$33.60
NASSAU RE (CAYMAN) LTD	\$33.60



Regatta Business Park

Regatta Business Park had three (3) leases registered during 2020, between Corporate Centre Ltd (landlord) and RAWLINSON AND HUNTER (tenant) for a five (5) year term, with an annual reserved rent of C\$54,954, which equates to C\$28.52 per SF, based upon a demised area of 1,927 SF.

The second lease being between, Corporate Centre Ltd (landlord) and RAWLINSON AND HUNTER (tenant) for a

five (5) year term, with an annual reserved rent of C\$629,060, which equates to C\$47.22 per SF, based upon a demised area of 13,321 SF.

The third lease being between, Corporate Centre Ltd (landlord) and CAYMAN FINANCE (tenant) for a three (3) year term, with an annual reserved rent of C\$50,803, which equates to C\$29.39 per SF, based upon a demised area of 1,728 SF.

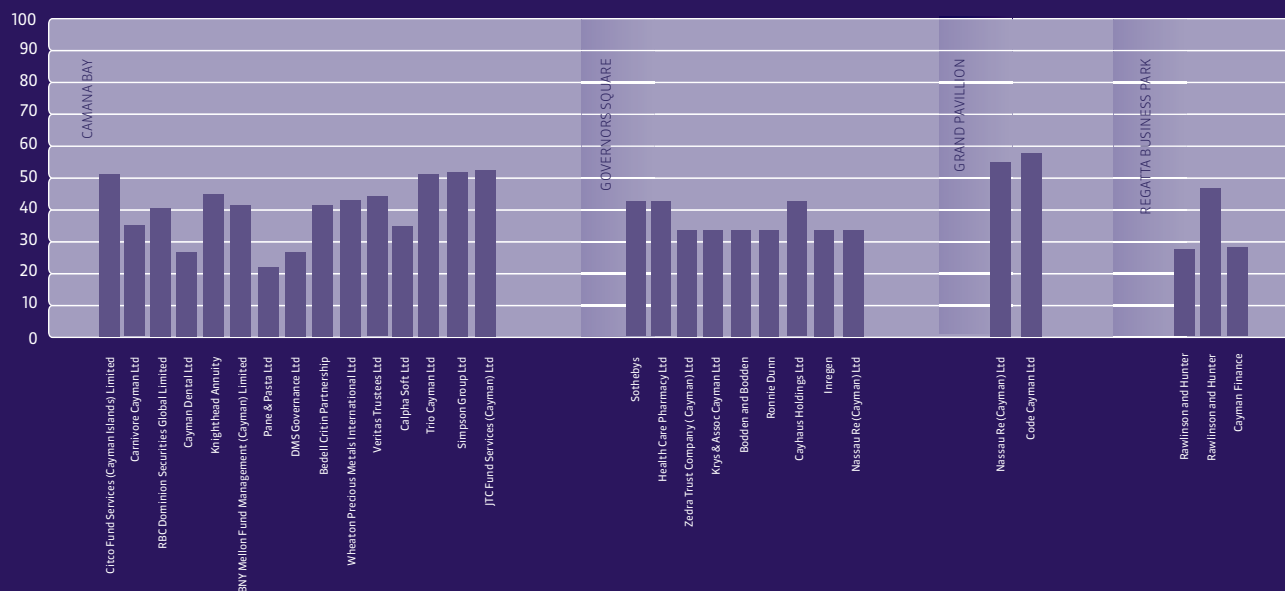


Fig. 37 Seven Mile Beach - Commercial/Retail
(Rent Cost C\$ per SF)

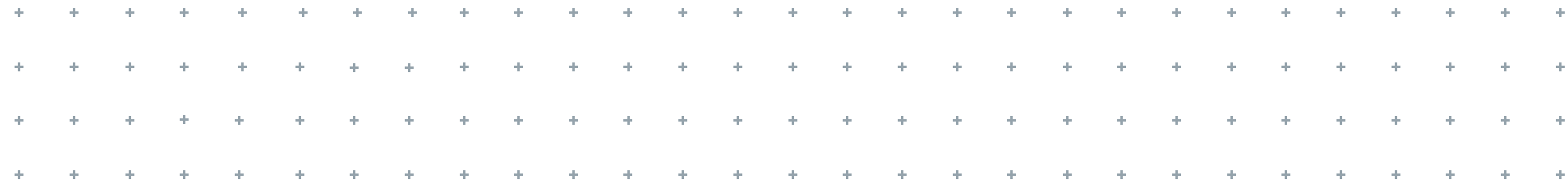


Construction Market

In order to provide an analysis of the construction market in the Cayman Islands for the calendar year of 2020 we have reviewed data obtained directly from the relevant Cayman Islands Government’s Planning Department including an analysis of all approved Planning Applications and Building Permits for that year. Our review

process includes removing all planning applications for sub-divisions, applications of no value and modifications to existing approvals from the data set in order to ensure that our results are a true reflection of the construction market for 2020. Based on our analysis of the data provided, we note that the total value of the new

construction projects approved in 2020 was just under C\$556 million, an 18% increase over the total value of approved projects in 2019 of C\$469 million, and a significant 67% increase over the total value of projects in 2018 of C\$333 million **(Fig 38)**.



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When the projects are analysed by property type, the majority of planning applications, 68% overall, are in the residential sector. It is noted that this is down in percentage terms from 2019 when 93% of all new planning applications were in the residential sector. However the total value of residential projects remains similar in terms of total value with C\$349 million of approved residential projects in 2020, compared with C\$347 million in 2019.

The drop in the overall percentage of residential projects can be accounted for by the significant increase in commercial projects up from just under C\$22 million in 2019 to C\$137 million in 2020.

This increase can generally be accounted for by the approval of a new 5-storey commercial building in Camana Bay and the Harbour Walk commercial development at Grand Harbour.

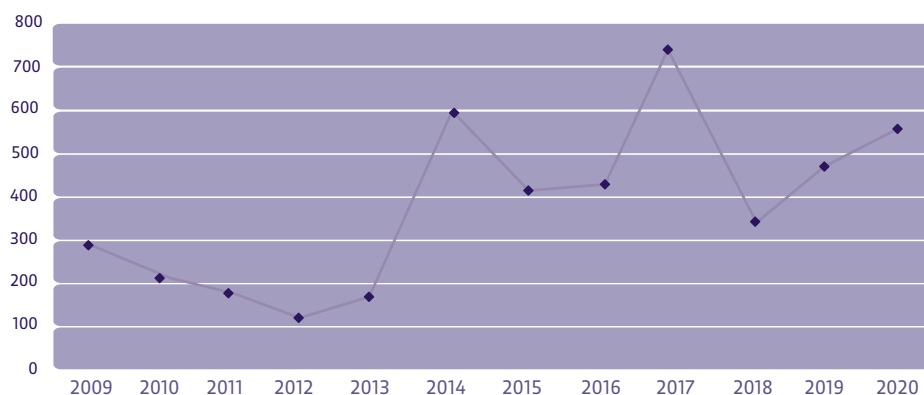


Fig. 38 Total Value of Permits Issued (CIS Millions)

YEAR	TOTAL VALUE
2009	CIS295,330,598
2010	CIS213,485,782
2011	CIS184,143,707
2012	CIS110,701,252
2013	CIS170,930,245
2014	CIS600,287,424
2015	CIS401,127,806
2016	CIS406,720,750
2017	CIS727,441,339
2018	CIS333,364,571
2019	CIS469,122,358
2020	CIS555,848,593

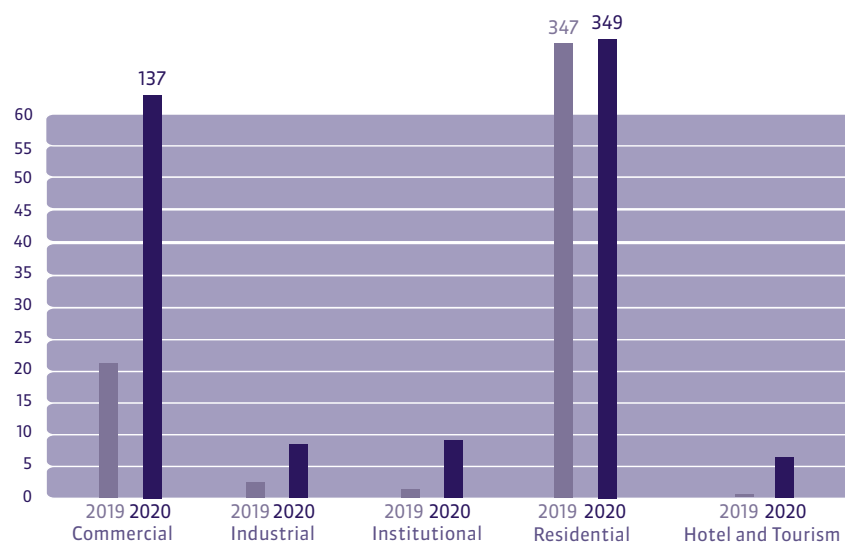


Fig. 39 Total Value of Permits Issued By Sector (CIS Millions)

SECTOR	TOTAL VALUE	
	2019	2020
Commercial	CIS21,698,705	CIS137,238,950
Industrial	CIS2,975,000	CIS8,306,500
Institutional	CIS1,363,000	CIS9,416,503
Residential	CIS347,309,895	CIS349,243,767
Hotel and Tourism	CIS150,000	CIS6,274,000
TOTAL	CIS373,496,600	CIS510,479,720

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About Charterland

Charterland is an RICS Regulated Firm of Chartered Surveyors providing a comprehensive range of professional property services with integrity and independence, and in a timely manner, focusing on our clients' needs, with a view to building long-term relationships.

With offices in the Cayman Islands and the British Virgin Islands, Charterland have assisted clients with valuation, cost consulting and property management services across the Caribbean region, including engagements in Antigua & Barbuda, Aruba, The Bahamas, Barbados, the British Virgin Islands, the Cayman Islands, Costa Rica, Cuba, Grenada, Jamaica, Panama, St. Kitts & Nevis, St. Lucia, Trinidad & Tobago and the Turks & Caicos Islands.





Our Services

Valuations & Appraisals

Professional, impartial and independent real estate valuations all carried out to strict deadlines and with the emphasis on accuracy and professionalism. All valuation reports will be prepared by a Chartered Valuation Surveyor in accordance with internationally accepted standards of The Royal Institution of Chartered Surveyors and the International Valuation Standards.

With professional experience covering all types of property including commercial, residential, hotel & leisure, industrial, institutional and specialized across the Caribbean region, we can provide the client with all required valuations including Market Valuations, Mortgage Valuations, Insurance & Reinstatement Cost Assessments and Asset Valuations for Financial Reporting.

Strata & Property Management

Property management that reduces risk and improves the value of your asset. Our innovative and rigorous property management strategies backed up by our local knowledge and international qualifications will help our clients to reduce their operating and ownership costs and enhance property values. With experience in the management of the premier commercial and residential properties in the Cayman Islands we are well placed to become the provider of choice for property management services.

Quantity Surveying & Cost Management

Commercial or residential, new build or fit-out, with our international qualifications and local experience we are able to advise on all aspects of the construction process, including construction estimates, pre and post contract services, interim certificates for payment and works in progress, project, contract and cost management and settlement of final accounts.

Business Valuations

Whether required for financial reporting, internal restructuring, share transfer, inheritance or taxation purposes our RICS Certified Business Valuer can provide you with valuation reports prepared to the latest in international professional standards.

Stamp Duty, Compensation & Asset Management

Knowledge of the local Cayman Islands legislation on property finance; such as the payment of Stamp Duty and the claim of statutory compensation is an area of specialized knowledge in which we excel. With experience both within and acting against the Cayman Islands Government, our professional knowledge has resulted in the substantial reduction in the Stamp Duty being paid, and increase in the compensation being received, by our Clients.

Insurance Loss Adjusting

With in-depth experience of hurricane and fire damage insurance claims we are able to represent our clients in all types of disaster recovery. We can also provide risk surveys and analysis.





“...one of the most qualified and experienced Chartered Surveyors based in the Caribbean.”

Our People

Simon J Watson FRICS Partner

Simon is a founding Partner of Charterland, a firm of Chartered Surveyors with offices in the Cayman Islands and the British Virgin Islands providing professional, property consulting services throughout the Caribbean region. A Fellow of the Royal Institution of Chartered Surveyors (FRICS), Simon has over 25 years' professional experience in the Caribbean. Prior to founding Charterland, Simon was previously the Director of Deloitte responsible for the Property Consulting Division in the Caribbean & Bermuda. He also worked in the Cayman Islands Valuation Office, advising the Government on valuation and other property related matters.

Simon has a broad background in property consulting but has specialised in preparing valuations, cost estimates and feasibility studies for hotels, resorts and other major properties throughout the Caribbean region, including engagements in Antigua & Barbuda, Aruba, The Bahamas, Barbados, the British Virgin Islands, the Cayman Islands, Costa Rica, Grenada, Jamaica, Panama, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Trinidad & Tobago and the Turks & Caicos Islands. Simon has also provided expert witness evidence and assisted the legal teams with respect to the two largest legal actions relating to property values in the Caribbean, the Half-Moon Bay Hotel compulsory acquisition case in Antigua & Barbuda, and the legal action relating to Dellis Cay in the Turks & Caicos Islands.

With RICS Certifications in Valuations, Business Valuations and Quantity Surveying, Simon is one of the most qualified and experienced Chartered Surveyors based in the Caribbean. Simon is a founding Board Member of the regional Chapter of The Royal Institution of Chartered Surveyors, RICS Caribbean, and also the Cayman Islands National Chapter, RICS Cayman. He was the first accredited RICS Assessor for the Valuation Faculty in the Caribbean and he was also previously the Caribbean representative to the Board of RICS Americas. Simon currently serves on the Council of the Cayman Islands Chamber of Commerce.

Professional Designations & Qualifications

- Bachelor of Science in Urban Estate Management
- RICS Certification in Quantity Surveying
- RICS Certification in Business Valuations
- RICS Registered Valuer #0088812
- Member of the Royal Institution of Chartered Surveyors
- Fellowship by Achievement of The Royal Institution of Chartered Surveyors





“Premises costs are second only to staff in a company's outgoings. Reduce these through professional facilities management.”

Stewart T. Connelly MRICS Partner

Prior to founding Charterland, Stewart was the Manager of the Commercial Property Department of Deloitte Property Consulting, where he worked previously. Stewart is a Chartered Surveyor (MRICS), whilst also being a member of The British Institute of Facilities Management (MBIFM) and a member of the International Facilities Management Association. Stewart has over fifteen years experience in facilities, property/real estate management, valuations and commercial agency spread across Australasia, Europe and the Caribbean. Five of those years based in London and, since 2005, in the Cayman Islands specializing in facilities/property management, commercial agency, valuations and health and safety in the built environment. Stewart holds a BSc (Hons) in Estate Management, through the prestigious College of Estate Management, Reading University in the UK.

Stewart has managed a Cayman portfolio worth in excess of \$50million with annual budgets in excess of \$2.5million.

Professional Designations & Qualifications

- Bachelor of Science (Hons) - Estate Management
- Member of The Royal Institution of Chartered Surveyors (MRICS)
- Member of The British Institute of Facilities Management (MBIFM)
- Member of The International Facility Management Association
- Member of The Cayman Society of Architects, Surveyors and Engineers



“When employing the services of a Chartered Valuation Surveyor it is essential that the valuer has a proven track record of relevant on-island experience.”

Neal Ainscow MRICS Senior Valuation Surveyor

Prior to joining Charterland, Neal was a member of the Valuation and Estates Office team in the Lands & Survey Department of the Cayman Island Government. His main responsibilities involved the provision of valuation advice, both informal and ‘Red Book’, mainly on individual properties over the majority of property asset classes throughout the islands. The purposes of valuation ranged from the revaluation of all the Government’s property assets, potential Government acquisitions, disposals and determining the market value of property for stamp duty purposes.

Neal worked in Romania in the valuation and investment department of King Sturge’s Bucharest Office before joining the Lands & Survey Department. He was involved in the provision of ‘Red Book’ valuation advice on individual or property portfolios over the majority of property asset classes throughout Romania on behalf of banks, investment funds, and developers, for financial statements, loan security & stock listing purposes, in addition to providing market over views and feasibility studies for these clients. The investment remit covered all asset classes providing advice and

recommendations regarding acquisition and disposals of investment products, exit strategies, international marketing, property characteristics, tenant profile and market analysis, either for individual or property portfolios.

Preceding his move to Romania, Neal has worked for GVA Grimley and King Sturge in their UK Birmingham Office’s, assembling a broad range of valuation experience over various asset classes around the West Midlands.

Professional Designations & Qualifications

- Masters of Science in Estate Management
- RICS Registered Valuer
- Member of The Royal Institution of Chartered Surveyors (General Practice Surveying)



**James J. Cooper BSc (Hons) MSc Proplnv
Senior Valuation Surveyor**

Similar to other members of Charterland's professional staff, prior to joining Charterland, James was part of the Valuation and Estates Office team in the Lands & Survey Department of the Cayman Islands Government. His responsibilities comprised providing advice to Government on valuation and other professional property matters, including the provision of 'Red Book' valuation reports across all of the major property classes and across all three islands. The purposes of valuation ranged from potential acquisitions and disposals, asset re-valuation, and determining the market value of property for stamp duty assessment.

James was involved in some notable projects during his time at Government, to include the valuation of a US\$100 million + hotel and subsequent successful negotiation of a ground lease extension, and the valuation and marketing of the George Town Police Station. Preceding his move to the Cayman Islands, James worked for a niche firm of Chartered Surveyors in the UK, being based in Cardiff, Wales, but working across the wider region and into London. He was primarily involved in investment and valuation matters for property

funds, this including the management of a high value investment portfolio, providing valuation advice, implementing asset management initiatives and undertaking financial modelling analysis to maximize the investment value of individual assets and portfolios.

James recently completed a Master's of Science degree in Property Investment at the prestigious College of Estate Management, University of Reading in the UK.

Professional Designations & Qualifications

- Masters of Science in Property Investment
- Bachelor of Science with Honors in Real Estate Appraisal and Management
- RICS Registered Valuer
- Member of The Royal Institution of Chartered Surveyors
- Member of The Investment Property Forum

“Accurate valuations of real estate assets and sound professional advice are fundamental to the investment decision-making process.”



“... a wealth of knowledge in residential property management.”

Lisa Terry Assoc RICS Residential & Commercial Property Manager

Lisa joined Charterland from the United Kingdom in 2013, bringing with her a wealth of knowledge in residential property management. With over 10 years' experience in the property industry, Lisa previously worked for the largest residential property management company in the United Kingdom and was responsible for the management of a portfolio of 33 developments and over 2,000 homes.

Throughout her time working in the property industry, Lisa has completed the professional qualifications to obtain Membership status of the Institute of Residential Property Management and has qualified as an Associate Member of the Royal Institution of Chartered Surveyors. Lisa is currently working towards an MSc in Quantity Surveying through the prestigious University College of Estate Management.

Professional Designations & Qualifications

- Member of the Institute of Residential Property Management
- Associate Member of The Royal Institution of Chartered Surveyors



“Finance is more than just producing numbers – it’s providing valuable input to the Team to ensure the right decisions are made at the right time.”

**Simon Garnett FCCA
Director/Owner SGC Limited**

Originally from the UK, Simon had fifteen years’ experience in Finance and Accounting prior to moving to the Cayman Islands in early 2001. He qualified with PKF Worldwide in 1994 and worked in various roles including Financial Controller for various onshore entities and as a lead financial consultant specializing in Benchmarking in Further and Higher Education Establishments.

On moving to Cayman, Simon worked in the Financial Services Sector for sixteen years in progressively more senior roles including Regional Head of Finance for RBC Wealth Management, Head of Internal Audit for Cayman National Corporation and CFO for Sackville Bank & Trust Company Limited. In 2017 Simon set up SGC Limited to provide outsourced financial and accounting support to private companies based in Cayman. SGC Limited have been engaged by Charterland to oversee and manage the accounting needs of their property management division since early December 2020.

Professional Designations & Qualifications

- Fellowship of the Association of Chartered Certified Accountants (FCCA)
- Cert. IFRS



Notes

- 1 All property transfer data was obtained from the Cayman Islands Government's Land Information System and Land Registry. All information provided is in the public realm and no confidentiality has been breached in its presentation in this format.
- 2 Aerial photography is by Licence Agreement with the Cayman Islands Government's Lands & Survey Department.
- 3 All stated consideration for property transfers is in Cayman Islands Dollars and is net of chattels, unless stated otherwise.
- 4 All US Dollar sale prices have been converted at 0.84 in accordance with the Cayman Islands Government's standard conversion rate for property transfers.
- 5 Average sale prices and rentals have been arrived at either by analysis of all, or a best sample of, similar property transfers within a specified development, sub-division or other.
- 6 The opinions stated in this report are based on information obtained from sources considered reliable and believed to be true and correct; however no guarantees are offered on the accuracy of the information provided.
- 7 Average sales prices should not be interpreted as the Market Values of any particular property and any person seeking the same should procure the services of a qualified Chartered Valuation Surveyor with professional experience of the Cayman Islands property market.
- 8 Average rental rates should not be interpreted as the Market Rent of any particular property and any person seeking the same should procure the services of a qualified Chartered Valuation Surveyor with professional experience of the Cayman Islands property market.
- 9 This report has been prepared for general information purposes only and the whole, or any part of this report, or any reference hereto, should not be included in any published document, circular or statement, or published in any way, without the author's prior written approval.
- 10 Neither the authors, nor Charterland Ltd., accept any responsibility for persons or companies relying on information provided in this report for any reason whatsoever. Property, by its very nature, is often heterogeneous and can therefore provide anomalous results when subjected to mass analysis. It is therefore always advisable when considering a specific property in particular, to directly engage the services of an experienced Chartered Valuation Surveyor prior to making any monetary decisions.
- 11 This report has been prepared in accordance with the Royal Institution of Chartered Surveyors strict code of professional conduct and the author's declare that they have acted independently and objectively in their analysis.





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