

BOOMERS FUEL A BOOM: US RETIREES BUYING IN THE CARIBBEAN

By Mike Williams

COX NEWS SERVICE

Sunday, Oct. 28 2007

CABARETE, Dominican Republic — Fifteen years ago, this beachfront village was a bohemian paradise where windsurfers and backpackers could buy a week of sun and sand for what they might pay per day at pricier Caribbean resorts.

Cheap deals are still available, but now a higher class of tourists is flocking here, many coming with their checkbooks open and their eyes peeled for beachfront investment property.

With U.S. real estate prices in a swoon and Florida stung by steep tax hikes and runaway insurance premiums, Americans in growing numbers are shifting their search for sunny second homes overseas, overcoming long-standing fears about investing in foreign countries.

"Prices are rising about 20 percent a year," said Joanne Hammond, a Canadian who traded snowy Toronto for a house overlooking the beach and a RE/MAX real estate franchise in nearby Puerto Plata. "Two years ago, most of our customers were Brits and Canadians, but now it's probably 50 percent Americans."

From Mexico's Maya Riviera to Belize, Costa Rica and Panama, new developments are sprouting along once deserted stretches of gorgeous shoreline. Around the Caribbean, posh marinas for luxury yachts are popping up or expanding, while developers are snapping up parcels for complexes that often include golf courses, condos and luxury hotels.

"It's a real trend," said Suzan Haskins, Latin editor for International Living magazine, which targets overseas buyers. "It's driven by baby boomers who want a second home in a warm place. The cost of living is so much lower. They can afford a maid, a cook, a gardener. It's quality of life."

Along with Panama, the boom seems hottest in the Dominican Republic, which shares the island of Hispaniola with Haiti, only a 90-minute flight from Miami. Although it is far larger than most of its neighbors in land mass, the country of 8 million was long a sleepy, impoverished Caribbean backwater.

Now the economy is red-hot, growing around 10 percent per year, and the government is scrambling to improve roads, airports and other public works.

Cheap land prices, stunning beaches and easy access to major U.S. airports have lured Americans, both retirees and investors — along with heavy-hitters in real estate development.

In May, Donald Trump sold a whopping \$368 million worth of lots in only 4 hours, part of a gigantic development called Cap Cana on the Dominican Republic's eastern tip.

"You can't describe it or even imagine it from just a photograph," said Eric Trump, vice president of his father's company. "It's one of the most beautiful places in the world. And it's only an hour more than people would fly to reach Miami. It will be a five-star product, by New York standards."

Built in partnership with a Dominican company called the Abrisa Group, Cap Cana will eventually cover 30,000 acres. It will feature luxury hotels, a huge marina with slips for mega-yachts, condos, luxury mansions and several golf courses designed by Jack Nicklaus.

The project is cementing the Dominican Republic's entry into the high-end market, while creating thousands of jobs for poor Dominicans.

"We've got 2,000 permanent jobs here, with more to come," said Ellis Perez, Abrisa's vice president and a former tourism minister for the Dominican Republic. "Investors know we have a politically stable country and a stable economy. We've had the highest growth rates in recent years of any country but China. We still have a gap between rich and poor, but we're working on that."

With competition for foreign investors increasing, the Dominican Republic enjoys two advantages: low prices and large tracts of undeveloped land, something its smaller Caribbean neighbors typically lack.

But another key to the boom has been the Internet, which real estate pros say allows people to do their own research and ease fears that overseas investments might be too risky.

"We get people looking for security and investment," said Lyle Burke, who runs Tropical Pathways, a company based near San Antonio that hosts tours for prospective real estate investors in Panama and the Dominican Republic. "We offer a moving workshop, allowing our customers to meet with local professionals. But we get a lot of savvy travelers who have already done their own research."

Pablo Rivera, a Century 21 agent in Sosua, another beachfront town on the north coast here, says the area has enjoyed steady growth since the 1970s when the government built an international airport at Puerto Plata.

"But now we're getting retirees and investors instead of just vacationers," he said. "They can get an oceanfront unit with marble bathrooms and top quality construction for half of what they might pay elsewhere."

Californian Chris Bonnema discovered the Dominican Republic through friends, bought land and in just a few months has already had offers that would earn him a substantial profit.

"It's far easier to invest here than Mexico," he said. "And the rates of return are better than I'm seeing in California."

For now, it seems, the sky is the limit.

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