

## Slow, steady and balanced

By Liz Gill

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It is hard to find anyone with a good word to say about the aesthetics of the five-storey, 500-room St Kitts Marriott hotel, on the beach at Frigate Bay. But, from an economic standpoint, the view is slightly rosier.

The opening of an internationally branded hotel on the island five years ago is now seen as a turning point in its progress from an old sugar monoculture to a 21st-century financial services supplier and tourist destination. And it has been followed by dozens of smaller but nonetheless significant developments.

"A lot of what's happening has been driven by Marriott," says estate agent Hans Mallalieu. "The government courted a Canadian developer who knew the island through playing on the Royal St Kitts golf course and offered various concessions. It was a huge investment so it was something of a gamble as there's always this chicken-and-egg situation where you can't get many direct flights until you get the room stock."

But it paid off. The number of flights from the US and the UK increased (British Airways is set to launch a weekly flight from London's Gatwick airport this weekend) and so did the number of tourists. "It also put us in a position to co-host the Cricket World Cup in 2007 and it brought in, via conferences and incentive trips, people who might not otherwise have thought of coming here," Mallalieu says. "They liked what they saw and wanted to come back and in some cases to buy. No one sees a big hotel like this as a model for the future - we want smaller, boutique-style ones now because they're less intrusive and more sympathetic to the landscape - but it has given other developers the confidence to invest. A rising tide floats all boats."

Although St Kitts is historically the oldest European settlement in the West Indies - it was from their bases here that the British and French expanded their interests across the Caribbean in the 17th century - its modernisation has lagged behind many of its neighbours. What tourism there had been was hit by hurricanes in 1998 and 1999 and a decline in travel following the 9/11 attacks. Today it is hoped the island will not just catch up with its peers but also learn from their mistakes.

A key policy element involves attracting second-home owners from North America and Europe, with several developments already under way. Ocean's Edge, a 40-acre site on Frigate Bay, will have almost 200 cottages, villas and apartments priced from \$350,000, while Sundance Ridge, perched 500ft above sea level with views on a good day to Antigua, Anguilla and St Barts, will have 15 large villas - three bedrooms and five bathrooms in a minimum of 4,100 sq ft with 1,200 sq ft of verandah - starting at \$ 2.1m. (Property prices on are routinely quoted in US dollars.)

At the northern end of the 23-mile-long island there are other ambitious projects too, including the \$ 140m Kittitian Heights scheme, which will offer villas and condominiums built round an "artists' village" and a golf course on the slopes of Mount Liamuiga, which peaks at nearly 4,000 ft.

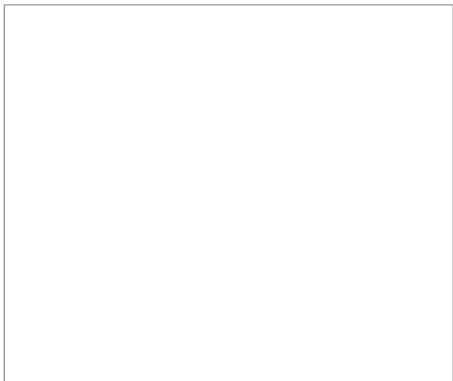
But all these will be dwarfed by the massive project just begun on the South Peninsula. Less than 20 years ago this 6-mile stretch - from the island's narrowest point near the Royal St Kitts, where golfers can play from the Atlantic Ocean on one side to the Caribbean Sea on the other, to Turtle Bay near the southernmost tip - was virtually inaccessible. That changed a few years ago with the building of a proper road, prompting Ricky Pereira, owner of estate agency St Kitts Realty, and several other island residents to build homes and create a small community.

Now they are about to be joined by the Christophe Harbour development, spearheaded by US companies Kiawah and Firesky, as well as the Mandarin Oriental hotel group and Auberge, a San Francisco-based boutique hotel group. By the time it is complete in 2010 the development will have six beaches along 13 miles of shoreline, a Tom Fazio golf course, yacht and beach clubs, watersports facilities and a marina with berths for yachts of more than 300ft. The area is zoned for 2,000 residential units, including villas at both hotels.

Pereira, whose family has been on St Kitts for five generations, says the attractions for developers are clear. As well as the usual Caribbean draws of sun, sand and sea, the island has a stable government; a literate, well-educated population of 30,000; established medical, nursing and veterinarian schools that pull in foreign students; and an increasing amount of overseas investment, up by 80 per cent in the past couple of years. It also has long-standing affinity with the UK (the two-island federation with Nevis has been a member of the Commonwealth since independence in 1983 and the Queen is head of state) and a sound currency - the East Caribbean dollar is tied to the US dollar.

"There's no income tax, no capital gains tax and no inheritance tax," Pereira adds. "Also, if you invest over \$ 350,000 in an approved project you can apply for citizenship, which can have financial and other advantages."

British retirees David and Judy Stevens saw the attractions as early as 2000 when they bought



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the third house on Turtle Bay - a three-bedroom, 3,600 sq ft villa in half an acre of garden on the hillside looking across the two miles of water to Nevis. "We were selling our house in Mallorca because we wanted somewhere warmer for the winter," recalls David, who used to run his family's fertiliser business. "The intention was not just to have a holiday home but a place where we could spend a lot of time and join in the community. We knew the Caribbean from sailing but we knew that some islands were too expensive or too crowded or too built up."

The couple, both now in their early 70s, spend three quarters of the year on the island - they have rented out their old home near Maidstone in Kent, south-east England - and are often joined by their two sons, daughter and eight grandchildren. Yet they're worried about the rash of new development on the island, particularly Christophe Harbour. "There'll be some advantages like the new golf course," says David, who is treasurer of the Royal St Kitts, "and we're relieved that it's going to be high-end and low volume. But we saw in Mallorca what can happen when foreign money floods in; the lovely Spanish part where we had a house is now completely German. You have to be careful in these beautiful, peaceful places not to kill the goose that lays the golden egg."

Shawna Lake, director of the marketing and development department at St Kitts Ministry of Finance, believes there are sufficient safeguards since the government can control development by requiring foreigners to have alien landowning certificates and creating designated areas solely for Kittitians. "We want real estate development because we want the revenue from stamp duty and we want to add to the pool of rooms for tourists but we want it to be sustainable and we want it to be steady," she says. "If you build too much too soon you find yourself overly dependent on foreign labour. You also have to be careful that you don't reach a situation where there's nothing left for the locals. It's a balance between boosting the economy and protecting the people."

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