



# DIVE INTO TURKS & CAICOS

While the government implements a new strategy to diversify and strengthen the national economy, tourism and real estate are booming in the Turks and Caicos Islands, thanks to tax incentives and investment-friendly legislation.



# Beautiful by nature

Once the region's best kept secret, exclusive Turks and Caicos is now proving to be one of its best performers.

**A** landslide victory for the Progressive National Party (PNP) in February this year secured a second term for PNP leader Michael Misick. The victory was the ultimate in a long line of high-points celebrated by the Premier and his party, whose country enjoyed its most successful year in 2006 and now has one of the region's most dynamic and wealthy economies. Premier Misick says: "Last year, we achieved the greatest surplus in our history, some U.S.\$26 million, and were able to start work on some key infrastructural projects, such as the causeway linking the islands together, plus road-building and other modernization projects. We also started building two state-of-the-art hospitals in Providenciales and Grand Turk."

Investment has been flooding into the islands in recent years, fueled by the explosion in tourism. And it doesn't take a degree in rocket science to see why. The islands are big on "exclusive" in the real meaning of the word, offering secluded cays lapped by clear, turquoise seas, as well as abundant mangrove forests and superb, barely-touched coral reefs.

These attractions aside, the Turks and Caicos Islands (TCI) can truthfully boast having the "World's Leading Beach" and it was also voted "World's Leading Island Destination" by the World Travel Awards (WTA) 2006. At the international event,

**"World's Leading Island Destination"  
-- World Travel Awards 2006**

which the TCI hosted, Graham Cooke, WTA president noted: "In the 30 years I have been in the business, I have never met a leader so committed to investing in the travel industry. There are very few heads of state that lead their government and the Ministry of Tourism, yet Premier Misick is one of them."

Tourism is both the fastest-growing sector, and the islands' number one industry. More than U.S.\$1.5 billion of private investment was pumped into the economy last year, two thirds of that from the Mandarin Oriental Hotel Group, who are developing Dellis Cay for exclusive housing and apartments and a top quality hotel.

Misick says: "People are lining up to invest here on a daily basis, primarily in tourism, but also in our second pillar, the financial services sector. We also have a four-year plan to attract some of the world's best universities to set up campuses here. We spend U.S.\$15-20,000 a year to send our



Michael Misick,  
Premier

kids abroad to study, when we can spend that money here."

An exciting U.S.\$50,000 cruise ship development on Grand Turk was completed last year by Carnival Cruise Lines, and there are also plans to develop medical and sports tourism. Misick says: "In the coming years, we will be looking at motor sports, like a Formula 1 or Indy 500 event, plus track and field and motor boat events. We want to make Turks and Caicos sexy!"

A new (and probably very sexy) world-class marina will also be built, which Misick has hailed "the best in the Caribbean". In addition, four or five other marinas are under construction, which Misick hopes will appeal to the rich baby-boomer demographic who "can bring their mega-yachts and keep them here."

However, it is by no means a free-for-all. Sustainability is a priority. Misick says: "If someone comes in and buys private land to develop, they can do it by themselves. However, if they want land that is government-owned (currently 60%), they have to own it as a joint venture with a "belonger", a Turks and Caicos native. That way, you are merging land and capital."

Deputy Premier and Minister of Finance, Floyd B. Hall, puts the country's rapid growth down to an unrelenting promotional campaign both on a national and international scale. He says: "In the last three years, the PNP has promoted the TCI as a safe destination, where you can have a good return on investments. The real estate sector has spun off to the tourism sector because people see it not only as a trendy place to come, but also a clean and wholesome environment."

Although the majority of the TCI's visitors are from the U.S., the country is an associate member of CARICOM, which means it can tap into a market of some 6 million people. Both Hall and Misick note how tourism is viewed within the region as a whole. Hall says: "While we are in the West Indies, at the border of the Caribbean Sea, we sit in the Atlantic Ocean, like the Bahamas. However, we still have very close ties and we would like to see ourselves as partners going after the same market. Barbados is a good example of the type of destination we are striving to become. We get our share of that market, and we are looking to expand on that." To fulfill the potential for more European visitors however, Hall says: "we must accomplish the expansion of our airstrip to accommodate trans-Atlantic traffic."

Hall is also convinced of the potential of the financial services sector in Turks and Caicos, with a view to offering a product that complements the areas of investment by foreigners. He says: "If an investor wants to buy a condominium, for example, we will look at other services we can provide him with, such as registering his aircraft or luxury yacht and issuing proper insurance and value-added services. The telecommunications

system is very good, so we would also encourage people to come here and have a business vacation. In TCI, you are never fully removed from your business if you choose not to be.

"We are looking at improving the mutual funds legislation and there could definitely be additional business here. The Limited Life Company has always been a product for the Turks and Caicos Islands, which is a corporate instrument that people use for their businesses. We are looking to set up a charitable foundation and produce our own insurance company. A whole battery of new legislation is being rolled out to address these areas which will only enhance the destination and the financial services it offers to complement real estate and tourism opportunities."

Since there is no direct taxation in the TCI, the banks are not required to pay corporate or income tax. This offers them a distinct advantage in being able to place funds and competitive rates at a lower margin.

The Financial Services Commission was set up in 2003 and is responsible for regulating the TCI's financial sector, covering banking, insurance and corporate houses. It issues all licenses and is currently in the process of an extensive modernization. Neville Cadogan, the Commission's managing director, says: "We want to ensure we can offer the product investors would like to have, so that when they arrive here, we can operate as a one-stop-shop. They can also feel comfortable that their funds are being managed well."

**"Our main priority is to attract quality investments to the islands."**

The explosion in inward investment has been down to the proactive efforts of the Turks and Caicos Islands Investment Agency, TCIInvest, which promotes the destination to the outside world. Since 2005, several world-class brands have entered the market, such as Ritz-Carlton and Amanya, which has in turn boosted investments being made by local people.

All of this is having a positive effect on the TCI experience for "belongers" and visitors alike. Conrad Higgs, CEO of TCIInvest, cites the Grand Turk Carnival project as an example. He says: "Carnival has completed U.S.\$50,000 worth of cruise ship facilities and now, if you go to the island, you will see evidence of new housing and infrastructure, including paved roads. They are also building new docks in the North, Middle and South Caicos islands.

"Our main priority is to attract quality investments that create a sustainable economy for the Turks and Caicos Islands. We have made a lot of effort to promote offshore investment, encourage entrepreneurship among the residents and provide financing to the local population. For outside investors, we facilitate the presentation of new development opportunities by offering several services, such as consultancy, negotiation of joint ventures, and most



Floyd Basil Hall,  
Deputy Premier



**Abundant in marine wildlife**

importantly we advise the government on investment policy."

The TCI has a number of competitive advantages. For one thing, it has the U.S. dollar as its currency. For another, it is located just over an hour from Miami, and air links are efficient, regular and reasonably priced from Miami, London, New York, Boston and Philadelphia. And, unlike many other areas in the region, it has pristine land and space for future developments.

Meanwhile, the tourism figures just keep on rising. Since 2005, the islands have welcomed 295,000 cruise passengers, which is 639% more than in 2004. They received 176,000 air passengers in 2005, which increased to 248,000 last year. Lindsey Musgrove of the Turks and Caicos Tourist Board says: "We believe that with this sort of growth, we should be able to reach the 700,000 passenger mark by the end of 2007. The private sector has responded positively by introducing upscale hotels, tourist activities and attractions. We have also seen other islands become more developed."

The decision to disclose the Caribbean's best-kept secret has obviously paid off. Now it is known and appreciated as a hotspot, the tourist board will keep on working to make sure it doesn't lose its edge. Musgrove says: "As the Premier said, we are developing all the niche markets, such as sports and medical tourism. We will also continue to encourage eco-tourism developments, because of their minimal impact on the environment, plus honeymoons, weddings, and wellness products. Wellness products target thousands of people who want to get away from the hustle and bustle of New York and other places in the U.S. and even London.

"In terms of markets, we are starting to investigate China, Japan, Eastern Europe, and South America, areas where our product might appeal during the low season."

Reassuringly, the tourist board will always keep a watchful eye on the exclusivity factor. Musgrove says: "We are an upscale destination offering a premium product. The marine and coastal resources are our main assets and because of their fragility, we are careful in the markets we select. We are probably the last of the Caribbean's truly exotic islands. Every island has a unique characteristic that may appeal to those who wish to partake, whether as investor or tourist."

# A Piece of Paradise

Luxury homes and hotel suites in the TCI are tempting top-end investors, while niche markets are being explored.

**W**ith the doors of opportunity wide open, there are many tasteful and varied developments underway across the TCI. Only eight of the 40 different islands and cays are currently inhabited and each has its own unique character. Providenciales (or Provo as the locals call it) is the main tourist center, and Grand Turk the historic capital island.

More than 1,000 hotel rooms are planned for the lush and tranquil North Caicos over the next two to three years, courtesy of Royal Reef and Saint Charles and others, while The High Point Radisson Hotel is planning 600 more rooms for its establishment at fishing capital South Caicos. Dellis Cay, a small uninhabited island, is currently under contract to the O Property Collection for the development of a multi-use "hideaway" property, run by the Mandarin Oriental Hotel Group.

Meanwhile, West Caicos, another uninhabited island, is currently being developed by Ritz-Carlton. More developments are planned for the South and East Caicos Islands.

Joe Zahm of Connolly Zahm Properties notes: "There is a high level of electricity flowing through the channels of TCI, bringing in a very multicultural gathering of people. In the long run, it will make the



Crystal-clear waters and a laid-back lifestyle

TCI jurisdiction one of the most eclectic real estate hotspots in the world. Most people who have been here will tell you that 20 years ago the islands were empty. Since the early 1990s, development has been phenomenal."

Zahm puts the TCI's attractions down to

No wonder 60% of visitors come back for more.

## Seven Stars

Jak Civre is one of many who came to the TCI on vacation and ended up making the islands their home. The property

**"There is a high level of electricity flowing through the channels of the TCI."**

it having a pro-active local government plus an enticing mix of being a Crown colony with British government involvement that has the U.S. dollar as its currency. That combination, he says, makes for a financial and government infrastructure that supports the investors so they come back again.

However, no amount of incentives will woo an investor if the product isn't good, and this is where the TCI loom large above the rest. The islands are only 75 minutes from Miami, they boast the world's third largest coral reef system, and they are known to have the best tropical beaches in the world. The mainly flat islands are graced with 230 miles of pristine white sand, complemented by crystal clear turquoise waters.

developer purchased a 22-acre site on the highly sought after Grace Bay beach in Providenciales.

Jak and his team demolished the former all-inclusive Allegro Hotel and lovingly planned the Seven Stars Luxury Resort and Residences to stand in its place. "We spent around 18 months researching the project to understand the profile of our customers. Ninety five percent of them are from the U.S.," says Jak, who presides over Sodalco Development Co. Limited.

The project, to be built in three phases, will have seven residential buildings in total, all of which have beach views—a unique selling point. A tasteful fusion of Colonial and Caribbean styles, Seven Stars will have all the amenities of a five-





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star hotel, as well as 24-hour security, a conference and activities center, swimming pools, tennis courts, restaurants, fitness center, and spa.

Jak says "Phase one, comprising the first three buildings, will be delivered early 2008, and we only have seven units left in this phase. The second phase has already been launched with twelve sales already made. Owners can visit whenever they want, and their residences, when not in use, can be part of the rental program providing a handsome return on investment. Also on this island paradise, the capital appreciation of the Residences just keeps on getting better." Phase two promises two additional pools and an expansion of the fitness and spa facilities to incorporate squash courts and a pilates studio.

The exclusive Resort was named with the seven-star Pleiades constellation in mind, because views of the starry night sky from Provo are, according to Jak, second to none—and because, if all goes to plan, Seven Stars will be a heavenly attraction.

### A Royal Investment

Gary Greenwood is another TCI resident who can vouch for the magic of the islands. Also in Grace Bay, Greenwood's Royal West Indies Resort is a first class beachfront suite resort that currently boasts 60 botanical, oceanview and oceanfront studios, and one and two bedroom suites, along with a spectacular free form pool and pool

front/oceanview bar and restaurant.

Royal West Indies Resort also represents a larger development of 150 condominiums. Greenwood says: "Grace Bay is its own little world of high-end investment opportunities. We came onstream in the year 2000 and sold out. Everybody bought on the basis that they would have an investment that was in a resort that met the threshold. The success has been phenomenal."

With Provo Golf & Country Club less than a mile away, and diving, fishing, and spa facilities close by, Greenwood stresses the positive impact of the area "on your mental health and on your bank balance." In the TCI, he says, "it is always a beautiful day."

### Raising Events Profile

The TCI is also growing its reputation for hosting major international events. More than 500 athletes from 26 Caribbean Community countries, plus hundreds of spectators, descended on the islands in April for the 36th Annual Carifta Games. Events were held at the National Stadium on Providenciales, a new, state-of-the-art track facility rated among the top 50 in the world, which has enough capacity to host the Olympic Games.

As Premier Misick has said: "We are embarking on sports tourism under the diversification program and plan to showcase our product at relevant international events, where sports organisers can recognize our vast potential." TCI will also stage its

renowned Music and Cultural Festival in July and August, which promises a star-studded line-up.

### Growing Niche Markets

As well as working on promoting the islands' vast investment opportunities worldwide, under its TEAM TCI initiative, the government is exploring all the

*Turks & Caicos Islands*

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options it can to add value to its already excellent tourism product. Eco-tourism is becoming one of the most interesting options, with islands such as East and West Caicos and Middle and North Caicos still virtually unspoilt. What's more, the Turks and Caicos Islands have some of the only near-perfect coral reefs left in the Caribbean, which is the tourism industry's most precious asset.

So far, thanks to a government that is mindful of the need to maintain a delicate balance between preserving nature and ongoing development, most of the country's tourism infrastructure is located on Providenciales, with almost all the islands' diving, snorkeling, parasailing, and boating activities located within the Princess Alexandra National Park.

Meanwhile, on Grand Turk, the Columbus Landfall National Park plays host to most of the guest activities. Combined, these two parks are the setting for 90% of tourism. The government will continue to encourage more eco-resorts, such as the Amanyara Resort on Provo, because of its minimal impact on the natural environment.

### Red Carpet, Not Red Tape

As well as coral reefs and beaches, the TCI offers a wide range of other attractions, so visitors can be as lazy or as adventurous as they like. Local companies offer diving, snorkeling, water-skiing, sailing and kayaking activities, and there are a wealth of day trips to try: Little Water Cay, for example, is a nature reserve where one can walk along boardwalks while iguanas come and go nearby; North Caicos offers guaranteed sightings of flamingos year-round and is also good for mountain-biking, while Middle Caicos is the site of Conch Bar Caves, home to a number of rare bat species and perfect for long walks. Plane or boat operators are on hand to transport visitors between the islands.

Finally, for islands as beautiful as these, wellness tourism seems an obvious investment opportunity. Resorts like the Mandarin Oriental, which plans to open at Dellis Cay in 2009, are blending luxurious accommodation, excellent cuisine, and panoramic, feel-good ocean views with holistic spas offering top-class treatments.

For the investor looking to have a piece of paradise, the TCI is the place to be. And, as Premier Misick always maintains: "We lay out the red carpet, not the red tape. Let's do business in a friendly environment." ■



A variety of resort and condominium possibilities beckon.

### Osprey Beach Hotel, Grand Turk

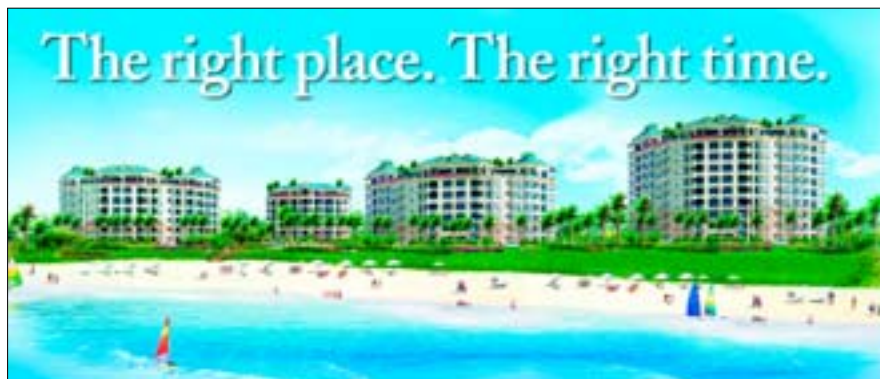
Osprey Beach Hotel offers a very special Island hideaway in the British West Indies, where guests can bask on secluded beaches, dive into spectacular reefs minutes from shore, or take an easy stroll to Cockburn Town to enjoy the old Bermudian architecture in the seat of government of the Turks and Caicos Islands.

#### On-site features include:

- 27 beachfront suites and rooms
- 2 restaurants, one beachside
- Bar, beachside
- Freshwater pool, beachside
- Spa and beauty salon
- Dive shop
- Travel agency
- Free access to wireless Internet

As Jenny Smith, Osprey Beach Hotel's proprietor, remarks: "The hotel attracts a high percentage of repeat guests who come to enjoy the ease of Caribbean living. Many cruise passengers come and look around, then go home and make a reservation." The hotel will be listed for sale Summer 2007. Any interested parties should contact Ms. Smith.

[www.ospreybeachhotel.com](http://www.ospreybeachhotel.com)  
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