



Building Communities of Distinction

# NCB HOMES QUARTERLY NEWSLETTER

June 2008

## BUILDING COMMUNITIES.....by Mark Sorrill

When we first started NCB Homes in 2001 we had a clear understanding of what we wanted to achieve in all our developments, much more than building "some condos" or "some houses" we wanted to strive to create communities with design and amenities that create a pleasant environment for the residents not only when they moved in but also far into the future.

As a local company with products tailored mainly for Caymanians and residents it is very important to us that all our communities function well and sustain good value appreciation for purchasers, so that the potential purchasers know that by buying an NCB home they are not only purchasing a quality built residence but they are also becoming a member of a community, the pleasing environment of which will further enhance their lifestyle and home value in the future.

For most of us purchasing our home is the biggest investment we make and it is therefore very important we make the right decision not only in choosing who is to build our home but where it is to be built. In Cayman we have many great subdivisions but the problem with any sub-division is the lack of control and understanding of what the future build out of the area will bring, or if in fact it will be built out in the foreseeable future! You may have a beautiful home but if it is situated in a "marl desert" it will be far less attractive to potential buyers when you come to sell your investment in the future. Many of our better subdivisions have restrictive covenants in place to help control development but even these do not allow for all contingencies and are often unwieldy to enforce.

NCB's philosophy is to take smaller areas of land and fully develop the property from raw land through to completed residences and infrastructure, in this manner we can ensure the quality of the community and that the size, style and quality is in keeping with the initial vision of the development. As a purchaser this allows you to be sure of what you as a home buyer are investing in. Because we take smaller land areas and develop fully it also ensures that you will be part of a fully functioning community that will not only increase the value of your investment but also will enhance your lifestyle as a resident.

In order to establish communities rather than simply develop property it is necessary for us as a company to spend considerable time and effort in the initial design and urban plan of developments paying close attention to home style, proximity to



infrastructure, landscaping and amenities such as pools, parks and Gymsnasiums. Another important factor is consideration of the community management post construction to ensure the maintenance of the development.

The result is what we hope are great communities that will be enjoyed by residents for the foreseeable future. I would encourage you to take a drive around our finished communities and speak to some of the residents to ask what living there is like such as Woodland Glen, Springfield's, Cypress Pointe, Lakeside and Sailfish Quay which cover most price points.

If you need directions be sure to call us, or we will happily give you a tour!



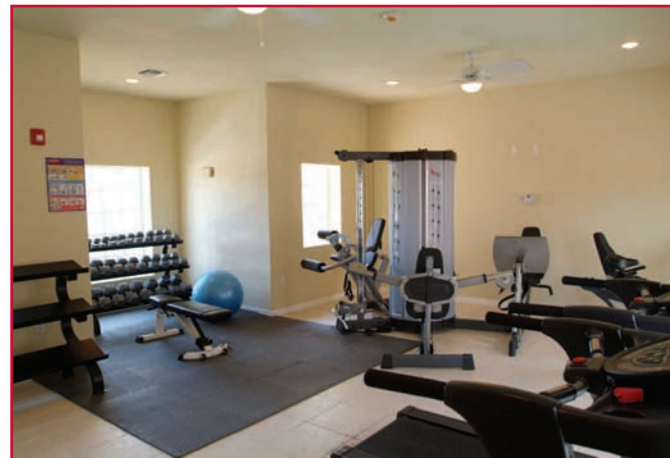


## Affordable Living in the Heart of Town

The Lakeside Development is located on the Bypass, minutes from Georgetown and Seven Mile Beach.

There is a total of 195 units spread out over 13 buildings. The development is split up into 3 phases. Each phase has a swimming pool, and the whole development benefits from the use of a clubhouse. The clubhouse consists of a gym, kitchen, common room and changing rooms.

- A choice of 1, 2 or 3 bedroom design on either the 1st, 2nd or 3rd floor.
- White GE Appliances to include a fridge, dishwasher, microwave/range hood, oven, and stack type washer and dryer.
- White Thermafoil "Mills Pride" cabinets with "Wilson Art" Formica tops
- Cream ceramic 16 x 16 tile in living areas and Berber carpet in bedrooms
- Stainless steel kitchen double basin.
- Two piece tub/shower combination units with a towel rail, towel ring, toilet paper holder and a vanity mirror
- Quality doors, locks and lighting.
- Low Monthly Strata Fees: 1 bed – CI\$160, 2 bed – CI\$220, 3 bed – CI\$275
- Annual Insurance Fees: 1 bed – CI\$1407.25, 2 bed – CI\$2091.86, 3 bed – CI\$2689.53



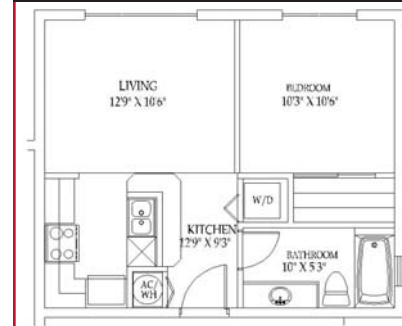
## Lakeside Rentals

Lakeside is the pinnacle of luxury. Amenities include:

- Clubhouse with Gym
- Cable Television
- Convenient to Harquail bypass
- 3 Swimming Pools
- Energy Efficient Construction
- Lush Landscaping

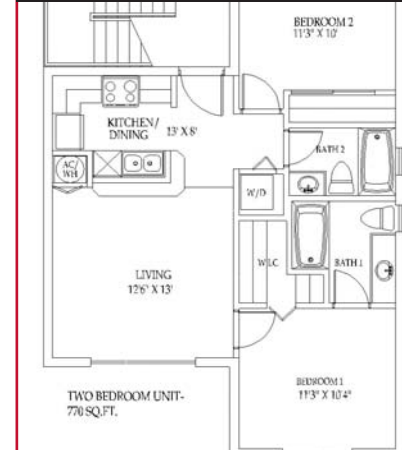
1 bed – CI\$1350 • 2 bed – CI\$1850 • 3 bed – CI\$2350

### 1 BEDROOM



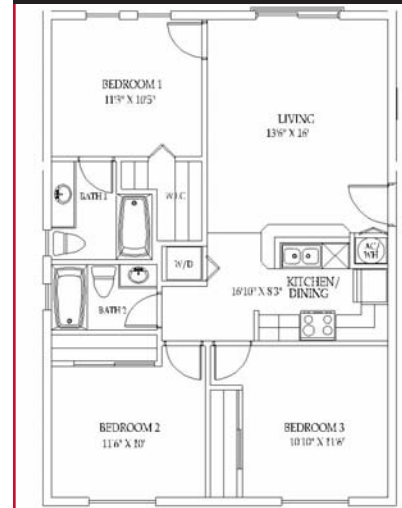
starting at only **SCI \$139,950**

### 2 BEDROOM



starting at only **SCI \$175,945**

### 3 BEDROOM



starting at only **SCI \$219,945**



*"I was very impressed with not only the quality and appearance of the property on completion, but the professionalism of the developer and their staff. My property was very quickly rented, and considering all the new upscale development in the surrounding areas, I am confident they are good long term investments."*

Tamara Siemens



*"Purchasing my Lakeside unit has been a pleasant and rewarding experience. I found the staff at NCB to be very knowledgeable, patient, and informative through out the purchasing process. This was a great buy."*

Jody Jervis



## Cypress Pointe, a Boaters and Golfers Paradise

Cypress Pointe is a distinctive neighbourhood of 20 luxurious Mediterranean style villas nestled between Mitchell's Creek in Governors Harbour and The Links Golf Course, offering unparalleled views of the 15th fairway green and Mitchell's Creek beyond. Each home has a pool, landscaped gardens, dock or a slip at the marina.

Cypress Pointe's Lot 7 is under construction, and is due to be completed September 1, 2008. Sale price US\$1,350,000, includes:

- 4 bed 3.5 bath
- Pool with Jacuzzi and planters
- Double garage
- Berber carpet
- 3638 sq ft living space
- Kohler fixtures throughout
- Porcelain tile
- Kitchen-Aid stainless steel appliances
- Paver deck
- Solid wood cabinets with granite tops

There is also a larger lot for sale on 19. Fully customizable house. Its 0.4 acre to build a 5000-6000 sq ft house on. US\$2.5mill.

### CYPRESS POINTE SPOTLIGHT: LOT 14 SOLD!

Cypress Pointe has taken shape as one of the premier high-end communities in Cayman as its newest resident Mrs. Ummy Kapoor moved into her new home within the quaint, self-sufficient, secluded Mediterranean style development.

Cypress Pointe is located in the fastly developing area of Crystal Harbour, adjacent to the North Sound Golf Club and located just off the recently completed Esterly Tibbetts highway. Half the development overlooks the 15th hole on the golf course; the other half is on the canal, which allows the two larger estate lots picturesque views over Mitchell's Creek.



A boater's paradise with access to the North Sound, Stingray City and North Side, homes on the canal have private docking facilities which can accommodate large boats whilst homes on the golf course have a private marina which facilitates up to twelve boats.

A total of 19 home sites make up this very unique gated community, predominantly with 3 different floor plans which all have the uniformity of room tiles, spatial definition through setbacks from the road and high-end specifications. Five years into the project has allowed the lush landscaping to grow-in and the community to take its new-urbanism shape. Many families are now proud to call it their home, a week-end drive would bear you witness to the kids fishing, playing in the narrow and safe streets or hearing families enjoying their private pool areas.

The lots range from 8,000-11,000 square feet accommodating beautiful 3,500 to 4,500 sq.ft homes. With two more villas under construction this year there is only one home-site remaining. Completed villas start at US\$ 1.35 million. There are two large estate lots at the end of the drive, of 0.4 and 0.5 acre lots respectfully. These custom homes will be priced from US\$2.5 Million.



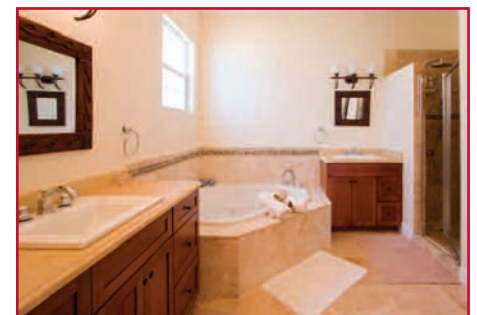
## Georgian Caribbean Homes are Welcomed in Sunrise Landing

If you walk a few steps into the heart of Sunrise Landing, you'll discover one of Cayman's best-kept secrets... the exquisite gated island of Sailfish Quay.

Our tranquil waterfront location is the perfect setting for a community that reflects the delightful and majestic architectural style of the Georgian Caribbean period. There are a few lots still available ranging from 15,000 to 22,000 sq ft. Lot prices start from US\$225,000 with home prices starting from US\$1,200,000.

Three delightful housing styles, each fully customisable according to your individual taste and requirements, ranging from 3,000 to 4,000 square feet with one and two story layouts.

- Solid wood cabinetry throughout
- Granite countertops throughout
- Top of the line plumbing/lighting fixtures
- Stainless steel appliances
- Porcelain tiles and Berber carpet
- Lush landscaping, pool and dock.



# NCB Gives back!

The annual NCB Charity Golf Tournament was a huge success once again. We managed to raise US\$15,000 in total and were able to donate US\$5000 to each of the charities. Over 92 players took part in the tournament last December.

We are hoping to have another successful tournament this coming November.



NCB Homes Director of Operations and Sales presenting a check to Rotary Club of Grand Cayman President Sharon Stone.



Matthew Wight donating a check to Janice Wilson, Chief Executive Officer of NCVO.



General manager Mark Sorrill presenting a check to Danielle Coleman of "No Strings" in February 2008.



## IN THE WORKS - THE LAKES AT SOUTH SOUND

The Lakes was a design build development for NCB. We were approached by representatives of land owners and asked to do a subdivision concept for the property; we encouraged the owners to partner with another group owning property on south sound to develop the properties in conjunction with one another. The property to the North had enough space to excavate a lake to fill the land and the property to the south had the important prestigious South Sound address.

Design aspects include a park for public use on south sound, a residential park for residents allowing access to the 5 acre lake for recreation and common area landscaping/lighting not found in typical subdivisions. The in house design includes mostly curvilinear roads which create a pleasing community aspect and provide differing size lots according to appeal to a wider range of purchasers.

# Cayman's Real Estate Market.....by Matthew Wight

The real estate market in the Cayman Islands has followed a fairly consistent increase over the past few decades, with an overall significant rate of capital appreciation and solid returns on investment for rental properties. With the exception of the years 2004 and 2005, following Hurricane Ivan when there was an island-wide shortage of "livable homes", there have been no significant spikes in any one year.

This is an unusual scenario when compared to other markets within the Caribbean. Other Caribbean markets have experienced significant increases within relatively short periods of time; for example, this has been the case when some Caribbean markets have become exposed to overseas investors. For Cayman, this trend is a positive sign because these significant increases typically lead to a correction in the market, often referred to as a "bubble burst".



Development and business in Cayman have always been directly linked to the United States, especially in what have historically been our two largest markets—the financial and tourism sectors. This last year has seen the U.S. housing market experience a national decline, with billions of dollars in sub-prime loans being written off. The knock-on effect has produced an increase in foreclosure rates, as many people struggle to make their mortgage payments. At the same time, oil has hit new record highs of US\$ 130 per barrel resulting in a major effect, albeit delayed, on the prices consumers will pay at the pumps and unfortunately this process has only just begun. Despite all of this, Cayman has proved its resilience, this has been illustrated by the increased

sales and renewed interest in the market over the past two months, despite the dip in the market last year.

It is important to note that much of the steady increase in Cayman's property prices can be attributed to our high standard of construction and building codes, the government's consistent improvement of our infrastructural system, and the recent work the U.S. Federal Reserve has done in order to reduce interest rates.

As a result of the direct link between Cayman's prime lending rate and the U.S. market, Cayman is starting to feel the effects of the decisions made by the Federal Reserve. More specifically, there has been a fair impact on the residential market, as there has been a renewed interest in this segments resident market. To emphasize the role interest rates play, consider that only 8 months ago in

September 2007, the bank prime rate was 8.25% in Cayman and today this has dropped to 5%. To put this in perspective, the standard bank lending rate is between 1% and 3% above prime for mortgages. When calculating a 15 year mortgage, assuming a 10% down payment, this 3.25% drop in the prime rate will have a significant effect on mortgage repayments and thus a family's disposable income.

In an additional comparison of impact of the shift in interest rates, consider that a home purchased in September 2007 for CI\$ 200,000 with the loan amount being CI\$ 180,000 (10% deposit made). Monthly loan payments would then be CI\$ 1,906.85 with 9.75% interest (assumed rate of prime plus 1.5%) over a term of 15 years.

The same purchase price and the details above made today with an interest rate of 6.5% (1.5% over prime) equals monthly payments of CI\$ 1,567.99. The difference between the two, and thus the increase in disposable income available to the buyer is CI\$ 338.86 per month or CI\$ 4,066.32 per year, for the same purchase and mortgage amount.

For affordable housing purposes, I have used a property priced at CI\$200,000 as Government recognizes this as the highest price that can be paid for a property by a first time Caymanian buyer in which they will receive a stamp duty waiver. Given the new

**Cayman’s Real Estate Market** (cont’d)

interest rates and the banks general policy on lending, which suggests that a mortgage should be no more than 40% of a household’s monthly income, we can assume a joint or single salary of CI\$ 4,000 per month is the criteria for a mortgage to be approved; just 8 months ago this same stipulation would have been calculated to require a single salary of CI\$ 4,800 per month.

Home buyers are not the only ones who are reaping the benefits of the latest interest rate changes. Reduced interest rates are also felt in realized savings and increased returns on investment for landlords. The rental market has remained strong and it is not uncommon for properties to be purchased by investors. As landlords, they are able to cover all costs associated with their property, such as mortgage, strata fees and insurance, through their rental income. These returns, often between 7-12% per annum, are very uncommon in rental markets world-wide and thus, in addition to the number of high-end resorts and condominium developments, support the claim that Cayman’s property prices are generally undervalued and should experience further capital appreciation over the next three to five years.



Commercial investors are also included in the upward swing of the current real estate market. Historically, commercial investment has been very sound and signs are indicative that this will continue. Major commercial developments are ongoing, as completion of Camana’s Bay’s first phase core business center enables the next phase of Cricket Square and Governor’s Square to begin. In addition, there are several projects currently under construction, including Government’s new administration building, Walkers 7 story office building, the offices of HSBC, The Land Mark Square, Park Place (a mixed used retail and residential development). Finally, construction on several proposed new office buildings, such as Citrus Grove 2, are due to commence in the near future.

As with any investment strategy there are risks associated with investment, one very real risk to the property market in Cayman is the possible effects of the roll-over policy. Expatriate individuals and families who invest in Cayman are all subject to being “rolled-over” after seven years providing they are not issued a key personnel status. If Cayman is no longer able to attract high-class professionals due to this policy (due to lack of long-term security) then there is the genuine threat of part of Cayman’s GDP leaving the island. There are long-term effects if this GDP is not replaced.

In the meantime, however, it seems that the outlook on the Cayman Islands real estate market is hopeful. With consistent increases in the market, attractive home buying equations, a thriving rental market, and steady commercial construction, investors can feel confident that they can achieve substantial returns on their investment in the Cayman Islands.

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