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Dedicated to Luxury Real Estate

LUXURY HOME MARKET UPDATE

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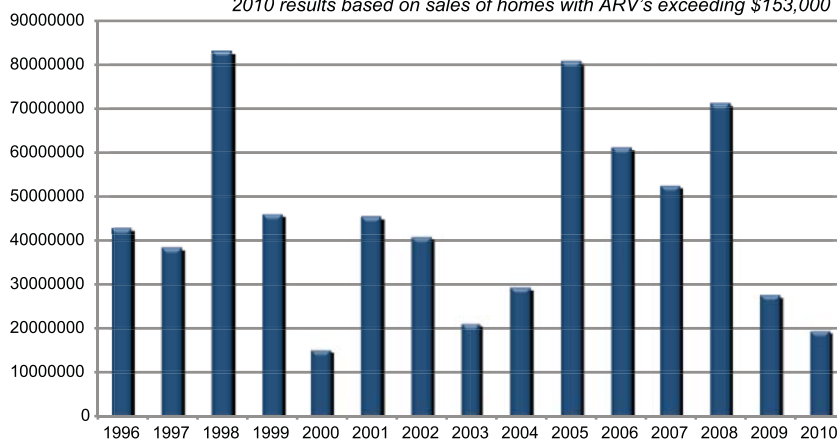
Market Update

Bermuda's luxury home market remained a sleeping giant during the second and third quarters of 2010. However, we are pleased to report the long awaited completion of the sale of one of our sole waterfront listings situated in Tucker's Town. Bermuda's 2010 luxury home market will still be recorded as underperforming compared to the years 2005 to 2008 but we are seeing positive signs on the horizon.

Tangible demand from luxury home buyers in the last two quarters of 2010 will hopefully culminate in a couple of large transactions during the first six months of 2011 giving our luxury home market a much needed boost in terms of performance. New inventory, including spectacular islands and waterfront estate property, was introduced to the market during the latter of part of 2010. This notable increase in choice bodes well for international buyers who appear to have developed an increase in consumer confidence during the last several months. This has been reinforced by one of our Coldwell Banker luxury home agents who reports that year to date there was a 50% increase in the sale of luxury homes selling between \$5 and \$10 million in the Boston and Massachusetts area. We remain optimistic that our island may see similar changes as we move into 2011 providing we remain an attractive domicile to international buyers.

Luxury Property Sales

Research conducted by Coldwell Banker Bermuda Realty
2010 results based on sales of homes with ARV's exceeding \$153,000



Hospitality Residential Incentives

In 2010, new regulations to encourage hotel development were announced by the Bermuda Government. These much welcomed incentives included adjustments to alien licence fees associated with sales transactions within designated hotel development schemes. These adjustments, for example, saw alien licence fees fall from 18% to 6.5% in some instances. Further adjustments were possible if owners agreed to actively participate in the hotel's rental pool. It will be interesting to see what impact this may have on this sector of our luxury home market and whether such incentives should be considered for the very high end of our residential market in the hopes of attracting suitable buyers to our shores which would not only assist to support our tax base but also employment base.

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THE WHITE HOUSE



Majestic beach front setting with enchanting ocean views. The White House is situated in one of the Island's most sought after beachfront locations and offers 4 bedrooms, 4 bathrooms, living room, dining room, sun room and a garage.

List Price: \$6,950,000USD

THE PARAPET



The Parapet is a distinctive historic landmark and represents a phenomenal opportunity for the discerning buyer who is looking to acquire a private and enchanting estate property in Bermuda. Situated on 9 acres of naturally manicured grounds of unsurpassed beauty, the main house benefits from sweeping vistas of the surrounding area and the waters of the Great Sound. The sizeable parcel of land includes a private waterfront peninsula comprising two deepwater docks and a covered boathouse.

List Price: \$8,470,000USD