

REAL ESTATE & CONSTRUCTION

CONSTRUCTING THE PACIFIC DREAM

WORK ON THE HIGH-PROFILE NEW WHITESANDS RESORT IS ALREADY UNDER WAY.

Real estate and construction are areas of considerable activity in Vanuatu. While the sector has slowed in early 2009, local business leaders don't believe the industry will experience the 'doom and gloom' being felt in other parts of the world.

Loic Bernier, CEO of leading real estate firm Caillard & Kaddour says that, while there has been some slowdown in enquiries from Australia as the dollar has fallen in value, he is seeing interest in Vanuatu's real estate sector from Europe and elsewhere, and that investment in rental properties is likely to grow.

GROWTH EXPECTED

Bernier expects the market to grow in 2010, particularly as new tourism products come on line and the Millennium Challenge-funded ring road around Efate nears completion. He points to developments such as Ratua, a private island with 15 rooms which is a 30-minute motorboat journey from Espiritu Santo airport; and Eratap Bungalows (close to the capital), as setting the benchmark.

Another project being talked about at present is the Manuro Shores development on the opposite side of Efate to Port Vila. With a masterplan that includes a resort and residential lots, the waterfront site will be 50 minutes drive from the capital once the relevant section of the Efate ring road is complete.

Another major development, Whitesands Resort, is expected to meet the demand for five-star accommodation. Whitesands will include a medical facility and conference facilities, as well as residential lots. Whitesands' developers are also reportedly looking at other projects in Vanuatu (see box).

CONSTRUCTION CAPACITY EXPANDS

Vanuatu's construction boom has led to the expansion of Wilco Hardware, a leading local retailer of construction materials. Thanks to an investment of US\$2.4 million from the Kula Fund, the Pacific's venture capital company, the company is constructing a major new site in Port Vila that will bring its three current sites under one roof, and enable it to expand its range. The company already has a presence on the island of Santo, and has ambitions to expand regionally.

TOURISM FEEDS OPPORTUNITY

First National Real Estate Partner Mark Saville identifies particular opportunities emerging from the continued growth of Vanuatu's tourism industry. Like Bernier, he believes there will be growth in the still fledgling rental properties market, for both holiday villas and high-quality serviced apartments in the centre of Port Vila. 'Villas for family (holiday) rental at around A\$200 [US\$156] per night could work well. For investors this could offer high yields,

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especially when based on strata title models,' he says.

Saville says that, while the number of enquiries has dropped since November 2008, price points have stabilised.

'Fundamentally, land is still undervalued in Vanuatu—because development only begun so recently—especially waterfront development,' he says. 'Vanuatu offers both good value and excellent quality of life.'

ATTRACTIVE RETIREMENT LOCATION

'One interesting positive outcome of the global financial crisis has been the overwhelming interest in places like Vanuatu for retirement,' Saville says. 'As people become disillusioned by the cyclic ebbs and flows of economies, doom and gloom media and lack of self-sustainability, small island nations with their favourable climate, friendly people and more down-to-earth living, have become increasingly sought after.' ■

STRATA TITLE A GOOD FIT FOR VANUATU

'Strata title works well in Vanuatu because consent from the custom owner is not required for transfer or mortgage,' says Managing Partner of Barrett & Partners Lindsay Barrett. 'Investors from overseas are comfortable with the strata process and know that where common property is involved procedures are in place to ensure it is properly maintained.'

Strataworld Pacific, a division of Barrett & Partners, is Vanuatu's leading consultancy with regards to both the establishment and management of strata titles and also body corporate management. It was instrumental in the registration of the first strata title to be lodged in Vanuatu in February 2005, Breakas Beach Estate in February 2005, followed by Irikeri Island in April 2005.

WHITESANDS SETS OUT TO RAISE THE BAR



CREDIT: WHITESANDS

Whitesands Resort is one of the most ambitious real estate and resort developments underway in the Pacific Islands.

Once complete, the secure, gated community, located about 20 minutes drive from Port Vila, will feature 95 residential lots in Stage One. According to Whitesands Resort Limited, 50% of the Stage One offering has already been sold.

The house and land packages start at A\$500,000 (US\$384,320). Designed by the Melbourne-based firm Bruce Henderson Architects, they highlight the outdoor lifestyle offered by Vanuatu's tropical climate. Design choices incorporate elements of local architecture, including high ceilings, shaded patios, high quality timbers, outdoor decks, spas and plunge pools, outdoor showers and European appliances. The builders are established Port Vila firm Enterprise Dominique Dinh, whose projects include the Vanuatu Airport building, Chantilly's on the Bay hotel, and the Reserve Bank of Vanuatu and Air Vanuatu complexes.

Whitesands homes will be built around an 18-hole, International PGA-rated championship golf course designed by architect Robert Trent Jones II, who is responsible for more than 250 golf courses world-wide. His company's Chambers Bay course in Washington was recognised as best new course by a number of golf publications last year. The development will also include a golf clubhouse and sports centre, with spectacular views from the greens. An on-site medical centre is also planned.

The remaining residential lots will be released into multiple stages and sold in a number of countries.

VANUATU'S LAND TENURE SYSTEM

Land tenure in Vanuatu is based on a land lease system that is not always well-understood.

Urban areas

In urban areas (Port Vila & Luganville), land belongs to the Vanuatu Government. Leases are granted in general for a period of 50 or 75 years, commencing on 30 July 1980 (the date of Independence). Recently, with the development of subdivisions, some leases have been re-negotiated. A new law now allows the extension or renewal of leases 'for a period of 75 years.'

Each year, the holder of a lease in the urban area has to pay rent. The amount varies according to the surface area and the location of the land but is generally 1% of the unimproved value of the land.

Rural areas

Customary owners lease out the land and negotiations take place directly with them. In most cases, the lease begins on the date when the custom owner agrees to grant a lease. All these leases are made official by the signature of the Minister of Lands. The same system of annual rent applies.



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