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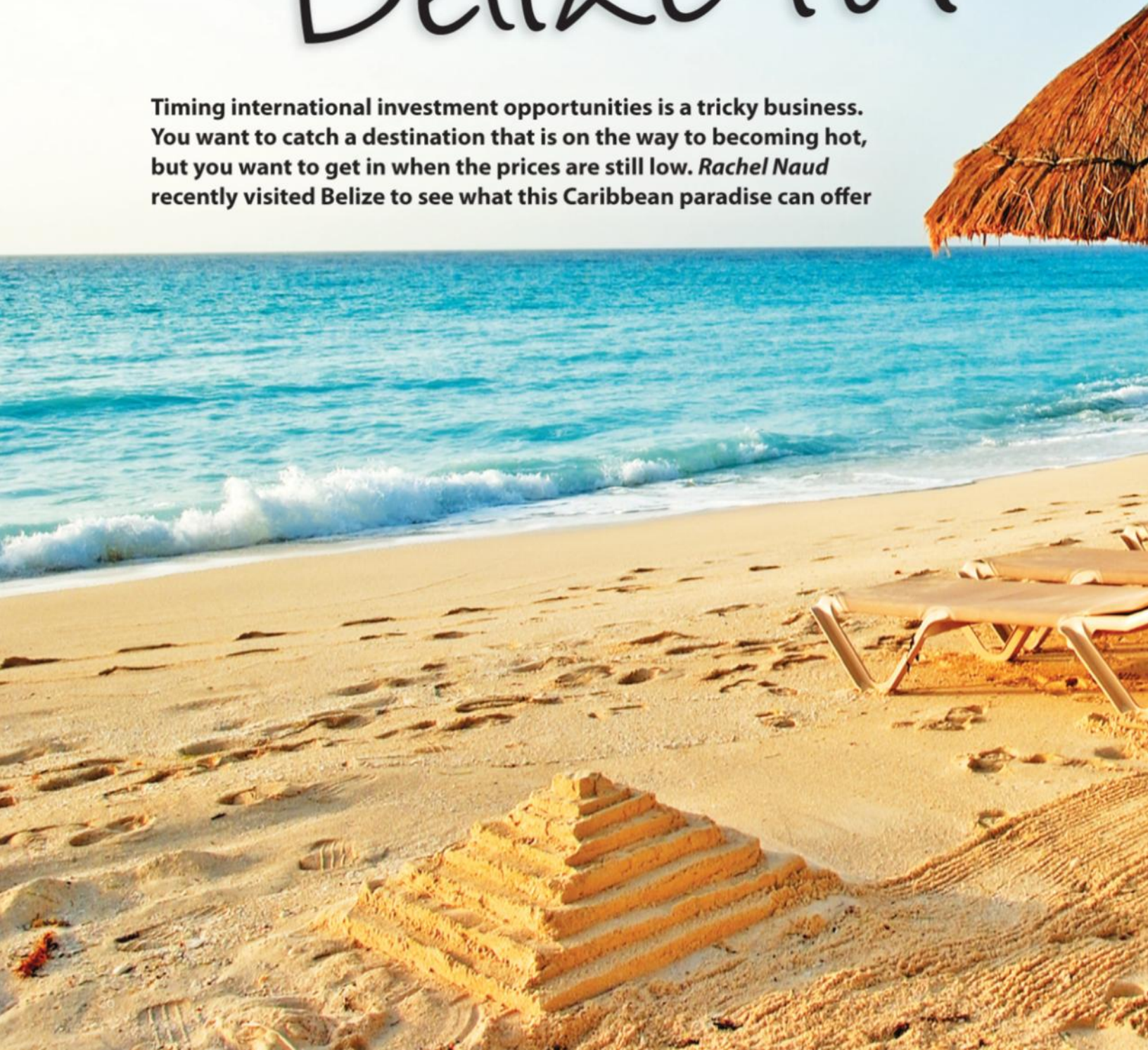


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# You better Belize it!

Timing international investment opportunities is a tricky business. You want to catch a destination that is on the way to becoming hot, but you want to get in when the prices are still low. *Rachel Naud* recently visited Belize to see what this Caribbean paradise can offer



**T**hink Caribbean getaway and many Canadians drift to Turks, Cancun or the Cayman Islands, however Belize is a destination not to be missed – both in travel and investment opportunity.

Sitting on the eastern coast of the Central American coastline facing the Caribbean Sea, Belize is the Caribbean gateway to Central America. Located in the northern hemisphere above the equator, Belize is bounded on the north by Mexico, the south and west by Guatemala, and to the east by the Caribbean Sea. Approximately the size of the state of Massachusetts, Belize is 176 miles long at its longest point, 88 miles at its widest point and covers 8,867 square miles, including 266 square miles of offshore islands.

Belize is highly accessible from the U.S. and Canada. Its proximity to Canada and the US creates short travel time and since Belize is on Central Time, there is no jet lag due to time differences. Direct flights to Belize depart from Miami, Atlanta, Charlotte, Newark, Dallas, Houston, Los Angeles and Toronto (seasonal). With the expansion of the runway completed at Belize International Airport, long-haul direct flights from Canada and Europe are expected to begin service in the very near future.

International arrivals to Belize have been increasing drastically in the last six years – at an annualized growth rate of 11.1 per cent, which is the highest in Central America. The Belize Tourist Board, a department of the Ministry of Tourism, is aggressively marketing and promoting Belize to the North American and European markets now that the airport can accommodate long-haul direct flights. In fact, overnight visitors to Ambergris Caye totalled 200,000 visitors - in comparison,

that is the number of visitors to Cancun in any single month of the year.

### Belizian background

Belize has a long history of peace and stability. It gained independence from Britain in 1981, but it became a self-governing territory under the name of British Honduras in 1964. Similar to Canada, Belize is a parliamentary democracy and constitutional monarchy with Queen Elizabeth II as Sovereign, which is represented by Governor General Sir Colville Young since 1993. Belize has a democratic legislature based on the Westminster system – executive power belongs to the Minister Cabinet, under the leadership of the prime minister, Hon. Dean Oliver Barrow. The 294,385 people that live in Belize come from a spectacular blend of backgrounds. Research shows that Mayans were the first to inhabit Belize. Even though by 1000AD, the Mayan civilization began to fade, traces of the mystical Maya society can still be found in the majestic ruins, scattered through Belize's countryside.

The Spanish were first to arrive in Belize in the 1500s, followed by the British settlers in the early 1600s. The 1600s and 1700s were marked by conflict between the Spanish and British over the rights to the rich and tropical islands of Belize. In 1798, the British defeated Spain in the Battle of St. George's Caye, a victory that is still celebrated every September 10 because it cleared the way for the British settlers to



Victoria House beach



Diver with Hawksbill Sea Turtle

inhabit the country.

Today, the primary language in Belize is English, followed by Creole and Spanish; with the languages of the Garifuna (descendants of African slaves), Maya and Mennonite spoken in smaller communities.

country attracts visitors worldwide for its diving, snorkeling and outdoor expeditions. It's also garnered accolades from *Island* magazine as one of the Top 10 Islands in the World to live on as well as Ambergris Caye as the No. 1 Island in the World to retire on. In addition, *Travel*

## Recent oil discoveries on mainland Belize have helped the country move towards economic independence

### Why it's a safe place to invest

Belizian law is based on British Common Law, the same as Canada, providing a familiarity with legal rights and protections. With its currency pegged to the U.S. dollar (US 1 = BZD \$2), Belize offers financial stability on the global currency market. In addition, the Belizian banking system did not suffer from a subprime mortgage crisis as lending requirements have always been much more stringent than in the U.S.

"Belize is just now becoming recognized as one of the top offshore banking capitals and as such foreign deposits and investment are increasing significantly," says Dennis Kay, Realtor/broker with Re/Max Isla Bonita. Additionally, recent oil discoveries on mainland Belize have helped the country move towards economic independence, further strengthening the financial stability of the country.

Tourism is huge in Belize. The

+ *Leisure* magazine readers recently voted three Belizean properties onto the 2010 T+L 500 List, the magazine's annual recognition of the top 500 hotels in the world. Victoria House on Ambergris Caye, Blancaneaux Lodge in San Ignacio and Turtle Inn in Placencia ranked fifth, ninth and tenth respectively in the Latin American hotel category.

"Belize has become increasingly diversified over the last several years, with tourism becoming more widespread in its sources," says Kay. "Canada, the U.S., Mexico, Europe and the rest of Central America are all leading sources of tourism revenue and traffic."

### Where to invest

#### ► San Pedro

San Pedro is the largest town on Ambergris Caye, which is best known as "the place to get away." It is located



Kayaks in San Pedro

in the northern-most waters of the country, three-quarters of a mile west of the Belize Barrier Reef and is

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## Belize bargains

It's a jungle out there, but check out these investment opportunities so you can purchase your own piece of personal paradise.

### Tranquility Lodge in Punta Gorda (P.G.)

Tranquility Lodge is a bed and breakfast located a few miles west of P.G. – the main town in the Toledo District of Belize. It's in a superb location just off the main highway so it's easy to get to but very quiet in its jungle setting. But just because it's smack dab in the jungle doesn't mean it doesn't offer the comforts of the city. The property boasts cable TV, high-speed Internet and electricity. It has 20 acres of land with 750 feet of creek frontage. About three acres of the property are landscaped gardens with the other 17 being raw native jungle complete with walking trails and the ability to expand.

Asking price – US \$539,000.

For more information, visit [www.erei-belize.com](http://www.erei-belize.com)

### Grand Belizian Estates in Ambergris Caye

Located on Ambergris Caye, voted one of the Top 10 Islands in the World by *Island* magazine, Grand Belizian Estates are surrounded by lush tropical jungle, high elevation of land and are close to the beaches of the Platinum (West) Coast. Build a retirement home or a vacation getaway on one of these vacant lots. The lots in this subdivision are priced at US \$7,550 and go up to US \$13,250. They are currently appraised at US \$33,500. More than 600 of the 1,200 lots have been sold.

For more information, visit [www.grandbelizianestates.net](http://www.grandbelizianestates.net)



San Pedro

surrounded by prominent dive and snorkel sites, including the Hol Chan Marine Reserve and Shark Ray Alley.

San Pedro, with a population of about 9,000, is renowned for its barefoot lifestyle. The town boasts cobblestone streets instead of asphalt and the primary mode of transportation are golf carts, as opposed to cars. Although this area boasts some of Belize's hippest restaurants, funkier bars and quaint boutique hotels, San Pedro retains its relaxed atmosphere and vibe.

It also holds its investment value.

"While the real estate difficulties in North America have been felt in Latin America and the Caribbean, San Pedro continues to hold up pretty well," says Michael Cobb, chairman and CEO of ECI Development. "There was very little if any bubble in pricing and the drop from the 2007/2008 highs has been less than 20 per cent."

Property values in San Pedro range from \$75,000 to \$350,000 for

a beach-front lot; \$10,000 to \$20,000 for a vacant lot ready to build on within 3.5 miles of San Pedro and \$175,000 and up for a two-bedroom condo. Values on Ambergris Caye have historically increased by 10 to 20 per cent annually, though appreciation has been less during the recent economic downturn.

One-bedroom condos typically rent for \$200 per night in high season and \$150 per night in low season; while two-bedroom condos typically rent for \$300 per night in high season and \$225 during the low season. Annual occupancy among all property types, including hotels, condos, luxury resorts and villas, is approximately 49.8 per cent and has been slowly increasing by one or two points each year in spite of additional room inventory tripling from 670 rooms in 2005 to 2,000 rooms in 2010.

"San Pedro is definitely on the way up," says Kay. "It has only just recently reached 2,000 rooms,

# Top 10 reasons to invest in Belize

Don't Belize it? Realtor/broker John Turley breaks down why you should invest in Belize today.

► **Location.** Belize is highly accessible from the U.S. and Canada, and now from Western Europe as well. Its proximity to Canada and the U.S. creates short travel time and there is no jet lag due to time differences. (Belize is on Central Time).

► **Currency.** The Belize dollar is fixed two to one with the U.S. dollar, making it a very stable currency. The U.S. dollar is accepted anywhere and everywhere in Belize. Anything of substantial value, such as real estate, is priced in U.S. dollars. This means that prices in Belize are more stable for American dollar holders than they would be if the Belizean currency floated against the dollar.

► **Excellent Retiree Program.** The Belize Residency Program enables foreigners to retire to Belize under a very favourable set of guidelines, with status as a Qualified Retired Person. This simple process exempts people from the payment of all taxes and levies on all income or receipts which accrue from a source outside of Belize (whether income is from work performed or an investment). This program also provides a duty and tax exemption on new and used personal and household effects, including motor vehicles, boats and aircraft. You must be over 45 to qualify, and be able to substantiate monthly income of at least US \$2,000.

► **Ambergris Caye.** Tourism is Belize's No. 1 industry, and Ambergris Caye is Belize's No.1 tourist destination. It is also the No. 1 retirement destination in Belize. Ambergris Caye offers miles and miles of white sandy beaches, unforgettable views of the second largest Barrier Reef in the world and some of the best fly- and deep-water fishing in the Caribbean. Ambergris Caye is best known for being one of the top 10 diving destinations in the world, featuring tours to numerous Barrier Reef dive sites as well as the world renowned "Blue Hole." Ambergris Caye continues to sustain the highest appreciation rates on property anywhere in the country (for more than 20 years now), showing that the market is stable and based on ever-increasing demand.

► **Stability.** Belize has a stable, democratic government, and the economy in Belize is stable and balanced. As a Commonwealth country (just like Canada), property rights are protected in Belize through the traditions of English Common Law. In Belize, private property is respected and protected. Foreigners can own property in Belize, with exactly the same rights and protections that exist for Belizeans. There are absolutely no restrictions on foreign land ownership.

► **Tax-Friendly.** Belize is a tax haven. The offshore financial services industry in Belize is highly regarded and well regulated; it is also quite advanced and well supported by the government. In addition, those who own real estate in Belize pay no capital gains or estate (inheritance) taxes. Property taxes are very low – just a fraction of what they are in Canada or the U.S. Rental income is taxed at only 1.75 per cent of gross receipts.

► **Friendly people.** Belize is home to the most genuinely and sincerely friendly people to be found anywhere in the world. You will hear this time and again from everyone who visits Belize, and for good reason.

► **Language.** Belize is the only English-speaking country in Central America, making business and real estate transactions easy to navigate for most Canadians. Everything from street signs, restaurant menus and newspapers, to official government documents and real estate contracts are in English. This makes Belize hugely attractive to English speakers as a second-, retirement-, or vacation-home destination.

► **Natural Beauty & Eco-Tourism.** Belize has the second largest and most fascinating barrier reef in the world. The diving and snorkeling are consistently rated among the very best in the world. Over 46 per cent of Belize is dedicated to National Parks and Marine Reserve, including United Nations World Heritage sites such as the 27,000-acre Balcarar Chico National Park and Marine Reserve on Ambergris Caye.

► **Tropical Climate.** The climate ranges from sub-tropical to tropical all year long, similar to that of South Florida. As long as you're comfortable with warm to hot temperatures, perhaps tempered by cooling breezes from the sea, you'll like Belize weather. As a bonus, if you are on the Cayes, you'll enjoy those cooling breezes even more so, and will find that the temperatures are cooler than on the mainland and the humidity less of a factor.



Ambergris Caye

which is the minimum number for charter companies and travel agents to really stop and take notice of a tourist destination. The amount of capacity is necessary to provide sufficient lodging for a charter flight or for group travel to a tourist destination.”

Additionally, Hugh Dunleavy, executive vice-president of strategic planning of WestJet, was recently in San Pedro to look at opening up direct flight routes from Canada to Belize, making it even easier for the Canadian market to access Belize.

### ► Punta Gorda (P.G.)

Although located opposite from San Pedro, P.G. in southern Belize offers the same great investment opportunity.

Hugged by mystic mountains, lush jungle and immaculate sea, P.G. is known as the gateway to exciting adventure and steeped Maya civilization. It is the capital of the Toledo District and boasts more than 50 traditional Maya villages, which account for more than half of P.G.'s population of 4,900. The destination, only once reachable by boat, is now accessible by commuter flights, car or express bus, as the paved roads conveniently make travel from Belize City a mere four or five hours.

“P.G. is definitely on the way up,” says Kay. “It is much more of a long-term growth and investment opportunity as it lacks the maturation of services and amenities available in San Pedro. But for the long-term investor, P.G. is very much a ground floor opportunity.”

Jungle land in P.G. can be found for less than \$500 an acre.

“But that will probably still be the price a few years from now because so much of Belize is raw, untouched natural beauty,” says Kay. “So while everyone wants to ‘get away from it all,’ a sound real estate investment in Belize will be one where you are close to the services and amenities that attract people to come to the area and return again and again.”

On that note, Ari Kahn, C.E.O. of Orchid Bay development, admits PG has its challenges due to its remote location but says the area

should have a steady future ahead.

“P.G. is on the way up and government investment in roads will help continue it to grow,” says Kahn.

### Benefits of investing in Belize

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The Qualified Retired Persons Incentive Act, passed by the Belize legislature in 1999, is being implemented by the Belize Tourist Board, offering foreign retirees some of the most competitive incentives in the world. The program



San Pedro

### What to avoid

- Remote areas with poor transport links
- Properties without views
- Buying without conducting extensive due diligence

is designed to attract more retirees to Belize. Anyone at least 45 years old, from anywhere in the world, can qualify for the program and may also include his or her dependents in the program. Run by the Ministry of Tourism, this unique Belize retirement program is simple and user-friendly.

### How can Canadians get a Belizean mortgage?

Requirements are very similar from one lender to another with 35 per cent to 50 per cent required for a down payment, depending on the bank. Most banks offer a 10-year amortization on vacant land or commercial loans, and either 15- to 20-year amortizations on residential loans, with a five-year balloon payment.

“One bank offers 25-year amortizations with no balloon payments and this is fast becoming a very popular option,” says Kay. “You will need to provide the last two years of tax returns and tax assessments, and will have to show sufficient income-to-debt ratio to qualify for financing.”

All banks in Belize are competitive with one another with interest rates of 10.5 to 11 per cent, however Kay says many Canadian investors borrow against equity in property they have in Canada where interest rates are much lower.

“There are usually no restrictions of whether the property is owner-occupied or a rental property,” says Kay. “However, the lender will only consider actual rental income history of the property (if applicable) and not projected rental income on new construction when factoring rental income in the loan qualification process.”