



# WHY OWN LAND IN THE CAYMAN ISLANDS?



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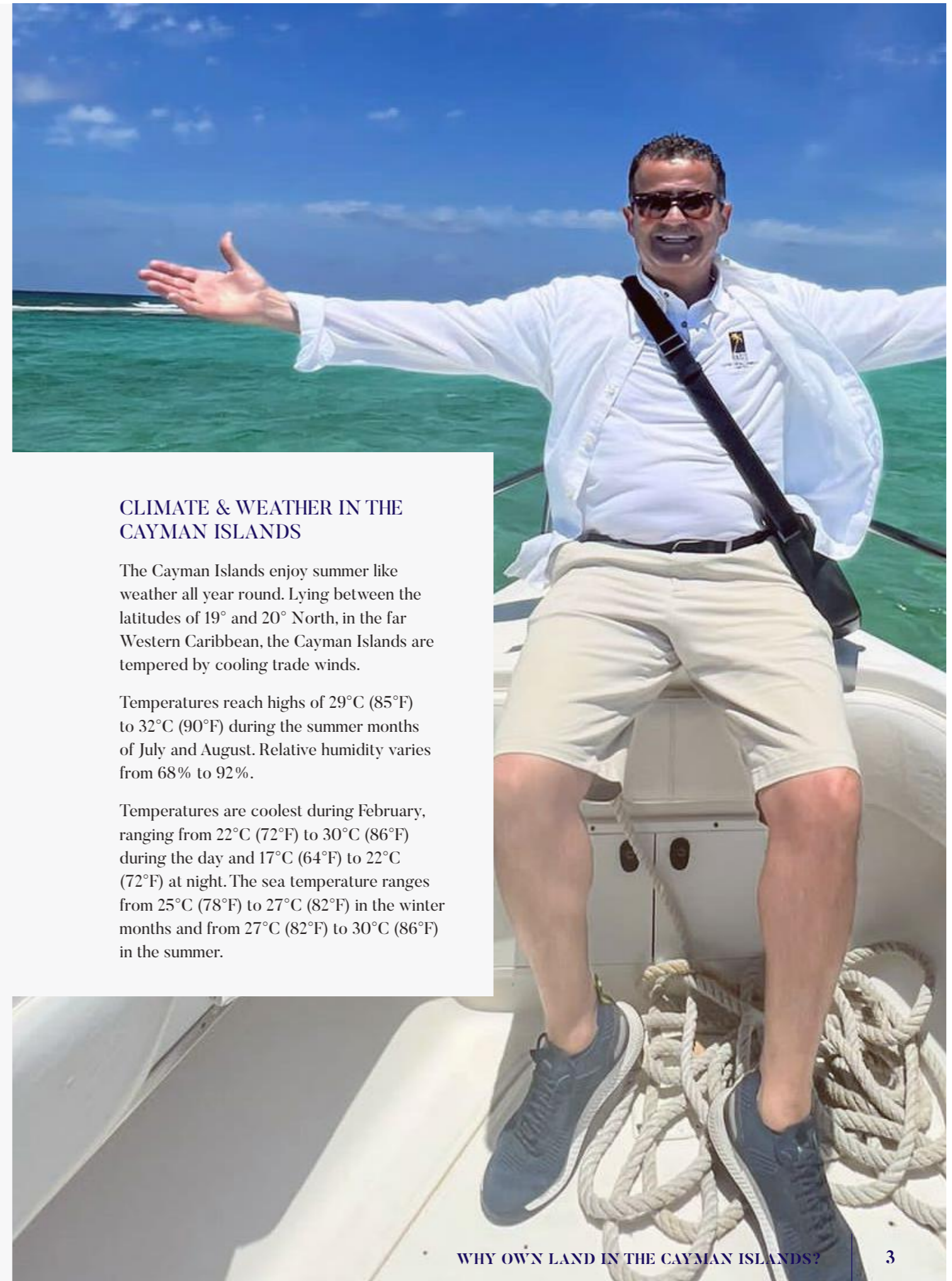
# Key facts about The Cayman Islands

**The Cayman Islands is a British Overseas Territory located in the Western Caribbean.**

Some key facts about the islands, made up of Grand Cayman, Cayman Brac and Little Cayman, are presented below:

|                         |   |
|-------------------------|---|
| Language:               | English   |
| Currency:               | KYD (Cayman Islands Dollars) USD also widely accepted   |
| Fixed exchange rate of: | 0.83KYD to 1.00USD  |
| Population:             | 81,546 (2022*) mainly residing in Grand Cayman  |
| Capital City:           | George Town   |
| Area:                   | 264 km <sup>2</sup>   |
| Coastline:              | 160km   |
| Location:               | Grand Cayman and its sister islands are located just south of Cuba in the Caribbean Sea approximately 1 hour flight south from Florida, USA (Miami Airport, Fort Lauderdale Airport). |
| Law:                    | Combination of common law and statute, heavily based upon the law of UK   |
| Major Industries:       | Financial Services, Tourism, Banking, Insurance, Construction and Construction materials  |

All information was deemed accurate at the time of publication October 2023.



## CLIMATE & WEATHER IN THE CAYMAN ISLANDS

The Cayman Islands enjoy summer like weather all year round. Lying between the latitudes of 19° and 20° North, in the far Western Caribbean, the Cayman Islands are tempered by cooling trade winds.

Temperatures reach highs of 29°C (85°F) to 32°C (90°F) during the summer months of July and August. Relative humidity varies from 68% to 92%.

Temperatures are coolest during February, ranging from 22°C (72°F) to 30°C (86°F) during the day and 17°C (64°F) to 22°C (72°F) at night. The sea temperature ranges from 25°C (78°F) to 27°C (82°F) in the winter months and from 27°C (82°F) to 30°C (86°F) in the summer.

# Real Estate

**The Cayman Islands has seen record growth in property sales since 2021. Cayman’s real estate market is highly desirable for both local and international investors. With tourism expected to further recover this year and directly affect the real estate market, sales are expected to slowly grow throughout 2022 and beyond.**

### Accommodation

Overall, the Cayman Islands has experienced substantial growth in its property market in recent years, with a key driver being the increased demand for both property purchases, and rentals, from the growth in the country’s population (from 69,914 in 2019, to 81,546 in 2022).

Additionally, the high demand from tourists for short-term vacation properties has resulted in a reduction in long-term rental inventory, as landlords pivot to seek higher yields from vacation letting.

Tourist arrivals growth and the overall tourism industry had been steadily increasing for several years prior to COVID-19. However the Cayman Islands closed their borders in 2020 and 2021, halting tourist activity. The borders reopened at the end of 2021, and tourist arrivals are now expected to surpass 2019 levels in the near future. This puts further upward pressure on property values.

Approximately 60% of tourist accommodation is in the form of apartments and guest houses (which includes single residential dwellings), with the remaining 40% comprised of hotel bedrooms in one of the 23 hotels in the Cayman Islands. In 2022, the average length of stay for overnight tourists increased to 8 nights, 2 nights more than the average in 2019.

### Property Sales

Luxurious oceanfront properties have been particularly in demand, especially since the pandemic, as high-net-worth individuals seek idyllic remote working locations with favorable taxation and residency-by-investment programs.

Sophisticated high-end complexes along Seven Mile Beach and in the Seven Mile Corridor, close to Camana Bay, appeal to those looking for a lock-and-leave lifestyle. These properties typically provide resort-like amenities and can command values of over \$1,500 per square foot.

Rising interest rates have resulted in a moderate decrease in property sales volumes in 2023 vs 2022. However, the Cayman Islands’ prime real estate market (often characterized by cash buyers) has been more resilient to the impacts of these increases than other markets.

In addition, the upward trend in property prices has continued into 2023, with the average sale price of properties in the Cayman Islands continuing to rise into Q1 2023.

In 2022, an aggregate \$1.48bn of property transferred ownership reflecting a 52% increase in value from 2019 (\$0.98bn). Between January and June 2023, \$0.71bn of property transfers have already occurred, with an average sale value of USD \$602k, showing an 18% increase on the average sale value of USD \$510k observed in 2019.



### Rental Properties

In Cayman there are various types of rental properties to choose from: family homes, town-homes, condominiums, apartment complexes or rooms/apartments carved out of larger houses. At the end of 2021, there were 14,807 rental properties, an increase of 12% from 13,895 observed at the end of 2019.

The most common type of properties available are two and three bedroom condos and townhouses for which owners are looking for long-term tenants.

Detached four and five-bedroom family/executive homes are less easy to find, they command much higher rents and are usually well-tenanted if they are well maintained. Cayman has relatively few large rental apartment complexes – rather the complexes are comparatively small with 20-40 units per complex being the norm.

### Rental Rates & Yield

In Q1 2023, despite the increase in sales values increasing demand for rental properties coupled with supply constraints, due to population growth and increased construction costs resulted in a robust median rental income yield of 5.6%.

### Rental / House Insurance

The average cost of annual house insurance is based upon a percentage of the property value and generally, includes liability insurance.

When purchasing a home with a mortgage, the bank requires you to have home insurance to cover any damages while paying off the mortgage.

Home insurance coverage protects you against loss from fire, smoke, storms, vandalism, theft, and other hazards. Most home insurance plans also include contents insurance.

Waterfront properties may attract higher insurance rates depending on the value of the property, their proximity to the water, storm-protection features, and height above sea level. Storm protection is treated as a separate peril with a different and larger deductible calculation.

**Cayman Islands' housing market is robust with good yields and limited supply.**

**Rental incomes in Cayman Islands realise good yields, ranging from around 5.87% to 9.78%.**

(Global Property Guide October 2023)

### Recent Developments

The rising sales value of properties has led to an increased appetite from developers for construction projects focused on complexes of residential homes and apartment buildings. Some of the more notable projects are the Grand Hyatt Hotel and Residences (USD \$244m, approved in 2017); Periwinkle in Grand Harbour (USD \$73m, approved in 2017), Watermark (USD \$215m, approved in 2018) and Olea (USD \$46m, approved in 2018).

### Construction Prices

In common with the UK, the Cayman Islands manages the development of its built environment and infrastructure by means of statutory planning controls administered by the Central Planning Authority established by Government. It is the Development & Planning Law and its attendant Regulations that together with the Development Plan 1997, provides the mechanism that controls the development of land in the Cayman Islands.

The Department of Planning, part of the Ministry of Planning, Lands, Agriculture, Housing & Infrastructure in the Cayman Islands Government administers the process of obtaining planning consents for development and monitors and enforces, where necessary, the conditions of any such consent or otherwise.

Between January and June 2022, the Department of Planning issued 528 building permits worth a total of USD \$513.9mn, covering 1.86mn square feet.

The underlying data shows that the average price per square foot of the House subtype ranged from US \$150 to \$700 per square foot, where the average cost was US \$211.52.

Although the square footage per swimming pool was not disclosed by the Department of Planning, we note that the total planned construction cost for swimming pools was USD \$10.7m and the average cost per swimming pool was USD \$167k, where the prices ranged from USD \$14k to \$1.9m.

Inflation increased by approximately 9.5% since the average prices per square foot were disclosed by the Department of Planning.

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**52%**  
**increase in**  
**property**  
**transfer value\***

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\* 2019-2022

## Tax, Legal and Regulatory

**There are no restrictions on foreign ownership if the property is for personal use. In addition to this, there is no annual property or capital gains tax if the property is rented out as an investment, and no tourist tax applicable if the property is rented to residents of the Cayman Islands. “Staycations” have become an increasingly lucrative market since March 2021.**

This attractive investment opportunity sets Cayman apart from any other property investment opportunities around the world. Rental property enquiries saw an increase as use for vacation homes as some flocked to the Cayman Islands for a more idyllic backdrop to the pandemic.

Beachfront properties saw an increase in occupancy by long-term tenants that would normally be snapped-up by tourists. As tourism recovers, however, we will likely see a change back to short-term rentals due to a gradual influx of seasonal visitors.

### Taxation

The Cayman Islands’ government’s primary source of income is indirect taxation: there is no income tax, capital gains tax, or corporation tax.

There are no taxes other than import duties (generally 20 to 27%), stamp duty at rates up to 7.5% on transfers of real estate (inclusive of shares in land holding companies), and stamp duty of 1% upon

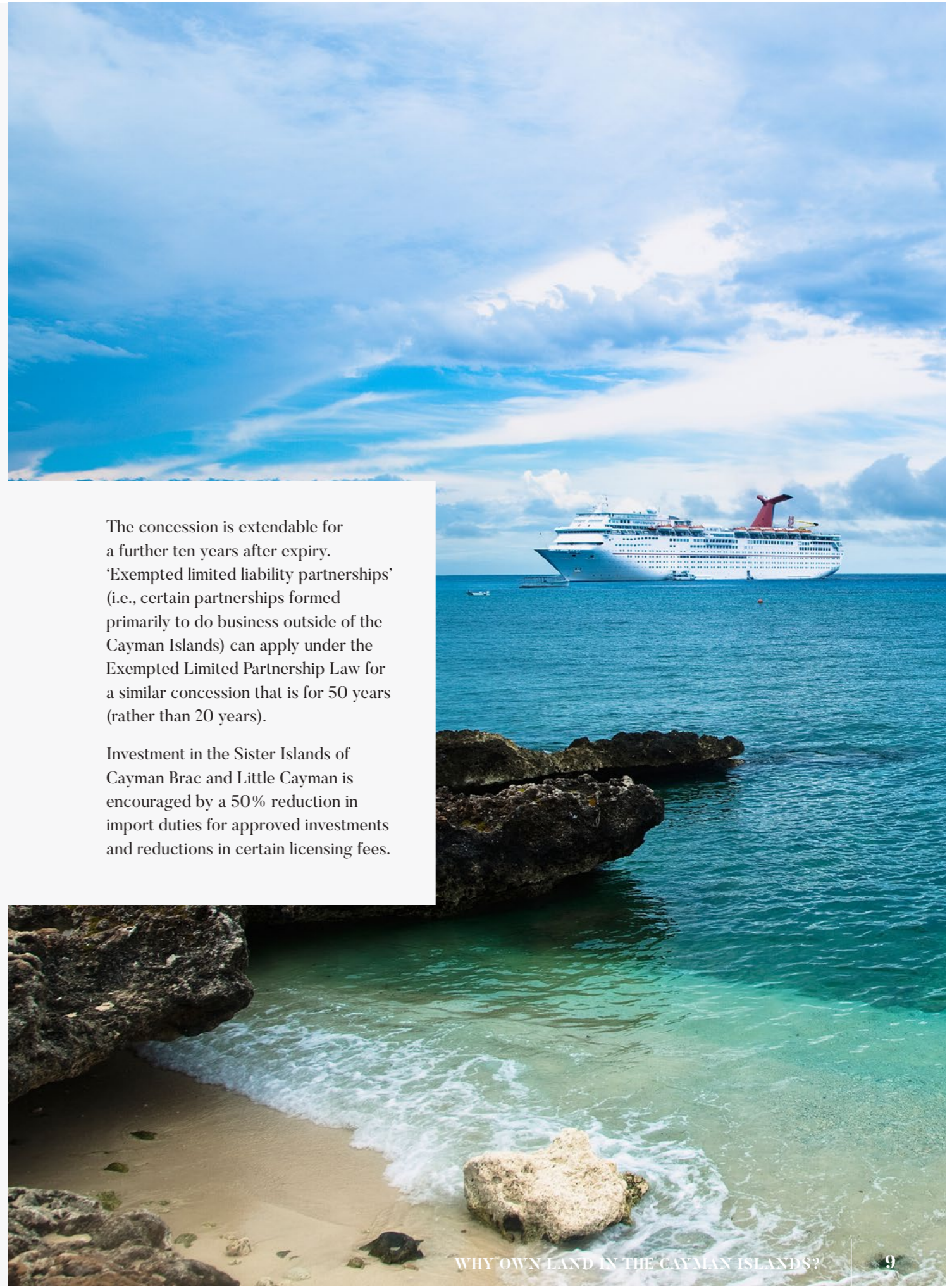
mortgages less than KYD \$300k, 1.5% on mortgages KYD \$300k and higher. Issues of securities, mutual fund shares or units are normally exempt from stamp duty. Few goods are exempt from import duties; notable exemptions include books, cameras, gold, and perfume.

### Incentives for new business

Since no corporate income, capital gains, or other taxes are imposed on corporations in the Cayman Islands, tax incentives are not relevant in the context of Cayman Islands taxation. However, Cayman entities carrying on business outside the Cayman Islands can register as ‘exempted companies’ (i.e., a company formed primarily to do business outside of the Cayman Islands and subject to certain requirements) and can apply under the Tax Concessions Law for an undertaking to be issued by the Cayman Islands government exempting such company from any tax on profits, income, gains, or appreciation that might be introduced in the period of 20 years following the grant of such concessions.

The concession is extendable for a further ten years after expiry. ‘Exempted limited liability partnerships’ (i.e., certain partnerships formed primarily to do business outside of the Cayman Islands) can apply under the Exempted Limited Partnership Law for a similar concession that is for 50 years (rather than 20 years).

Investment in the Sister Islands of Cayman Brac and Little Cayman is encouraged by a 50% reduction in import duties for approved investments and reductions in certain licensing fees.



## Financial Services and Banking

**The Cayman Islands financial services industry has evolved as one of the world's most important financial centers, helping to ensure the flow of the global economy and providing professional services second-to-none in many aspects of the industry, such as fund management, the formation of private and commercial trusts and captive insurance.**

In addition, the Cayman Islands regulatory regime adheres to international regulatory standards, helping the jurisdiction reach the exceptionally high levels of service it does today, required within the global financial services industry. The Cayman Islands Monetary Authority is a member of the International Organization of Securities Commissions (IOSCO) and the Cayman Islands has twice chaired the Caribbean Financial Action Task Force.

Because of its high standing among the world's top financial services jurisdictions, the Cayman Islands has attracted some of the world's top financial services professionals,

including lawyers, accountants, fund administrators, trust, insolvency and insurance professionals, all offering a superlative level of service.

There are hundreds of private banks established in the Cayman Islands and several retail banks. Cayman is the world's most important location for the domicile of mutual funds and hedge investment funds and the second largest domicile for captive insurance companies. There are many service providers on island able to assist with the establishment of a captive insurance company, general company incorporation and the establishment of an investment fund.



### DID YOU KNOW?

The Cayman Islands' are home to some of the beaches in the world. US News and World Report named Seven Mile Beach the "Best Beach in the World". Cayman is also home to over 300 dive sites and is renowned for some of the worlds best hotels. The Cayman Islands Marriott, Kimpton Sea Fire, Ritz Carlton and Westin are all nominees for the Best MICE Hotel 2022.

Through established partners, the Cayman Islands offers special economic zones for companies based in technology, commodities and derivatives, as well as maritime and aviation. This framework allows businesses to establish a physical presence in the Cayman Islands while benefiting from corporate, income, sales and capital gains taxes exemptions and less stringent work permits and residency rights requirements. It is also possible to access similar benefits without having to operate out of a particular zone.

## A straight forward process

### Fortunately, purchasing property in the Cayman Islands is not difficult...

The Torrens land registration system is used by the Cayman Islands, as well as Canada and Australia. This system is generally regarded to be simple and effective. The Cayman Islands government guarantees absolute ownership of each parcel of land, there are no restrictions on foreign ownership of a single property and there is zero income tax, zero capital gains, and zero property tax. The Cayman Islands does not require title insurance, according to its "statutory guarantee." In most cases, the transaction is divided into two parts: i) negotiating an offer and ii) finalising the transaction.

The Cayman Islands has a pro-business, pro-market economic policy that encourages foreign direct investment and, to this end, has an open market policy that welcomes foreign ownership.

The Cayman Islands' most recent record-breaking sale has been eclipsed by the sale of Sea of Dreams located in Pease Bay in 2021 selling at USD\$26.4 Million.

This is the most significant residential sale in the Cayman Islands and one of the highest prices ever seen in the Caribbean region. Sea of Dreams (pictured on the right) offers the new owner a perfect balance of simplicity and first-class living, privacy, and connectivity, all within a safe, beautiful, and welcoming island community.

The home is an epic masterpiece of modern architecture. It perfectly complements its surroundings with a pleasingly simple design that exudes the same peace and tranquillity one enjoys from sitting at the seashore and listening to the ocean, awed by its grandeur and calmed by its beauty.

Prior to the sale of Sea of Dreams earlier in 2021, the sale of The Peninsula Estate – a 25,000-squarefoot, six-bedroom property on a 1.75-acre private compound in Crystal Harbour – was sold a USD\$17 Million.



Sea of Dreams, Pease Bay

# Foreign Ownership

## Restrictions on foreign ownership of land:

- There are no restrictions on foreign ownership of property.
- No annual property taxes
- Stamp Duty on Conveyance or Transfer of immovable property is generally levied at 7.5% of property value.
- Reduced rates of 0% and 2% may apply to first-time Caymanian purchasers of real property under certain conditions.



## Restrictions on foreign ownership of business:

- A local company must have at least sixty percent of its shares beneficially owned by Caymanians and at least sixty percent of its directors are Caymanians (the “60/40 Rule”); or
- The company has been granted a license under the Local Companies Control Law (a “LCCL License”) and under the TBLL and is carrying on business in accordance with the terms and conditions imposed in such license and not otherwise.
- A company which is not in compliance with the 60/40 Rule, whether a foreign registered company or an ordinary non-resident company (hereinafter referred to as “Foreign Controlled”), may carry on business in the Cayman Islands if it is so empowered by its memorandum of association and:
  - (i) it is licensed under the LCCL and the TBLL and, at the relevant time, is carrying on such business in accordance with the terms and conditions imposed in such license and not otherwise
  - (ii) it is licensed under the Banks & Trust Law or other regulatory laws; or
  - (iii) it is a company operating under a franchise granted by the Government.





# Quality of Life

## Education

Education in the Cayman Islands is compulsory to the age of 17 and is free to all Caymanian children. Public schools follow a British-style educational system. The Cayman Islands Education Department operates 10 primary, one special education, and 3 high schools. In addition, there is a university and a law school. There are also numerous private schools. The literacy rate for residents over age 15 is 99%.

## Healthcare

Cayman has 3 fully equipped hospitals, 24 healthcare practices with over 300 doctors, over 200 private healthcare facilities (including pharmacies, laboratories, physician clinics and therapy clinics), and numerous private specialists.

In the private sector, three stem cell treatment-focused centres opened, Health City won three awards from America's largest healthcare conference, one of which was for providing high-quality healthcare based on US parameters while still reducing costs.

However, healthcare and medications are costly, so it is essential that you either have a health insurance policy that covers travel if you are visiting, or health insurance coverage if you are a resident.

Life expectancy is 82.1years (80.4years for males, 83.7years for females).

## Crime

Crime rates are low, but you should take sensible precautions to protect your personal safety and belongings.

Take particular care of your passport as this can't be renewed or replaced in the Cayman Islands. Report the theft or loss of your passport immediately to the police (from whom a written report must be obtained).

## Registry Services

The Cayman Islands is the registry country of choice for many owners and management companies with corporate aircraft ranging from Cessna Citation, Gulfstream, Embraer, Airbus and Boeing Business Jets. Standards are rigid and specifications exact to qualify, but this has led to the register being highly respected and recognized throughout the aviation industry internationally.

The Civil Aviation Authority of the Cayman Islands (CAACI) is the statutory body responsible for aviation regulatory oversight throughout the Cayman Islands and for aircraft registered in the Cayman Islands. The CAACI works in close partnership with a specialized group of legal firms and Cayman Islands Government authorities to ensure that clients have the most comprehensive counsel on every avenue of law, custom law, tax and insurance.

Cayman is an important domicile for the registration of ships and the Maritime Authority of the Cayman Islands (MACI) oversees the administration of registering a vessel.

## Infrastructure

The roads here are smooth, modern and well maintained. The government even undertakes regular road maintenance and widening projects to ensure that transportation around Cayman is safe and easy.

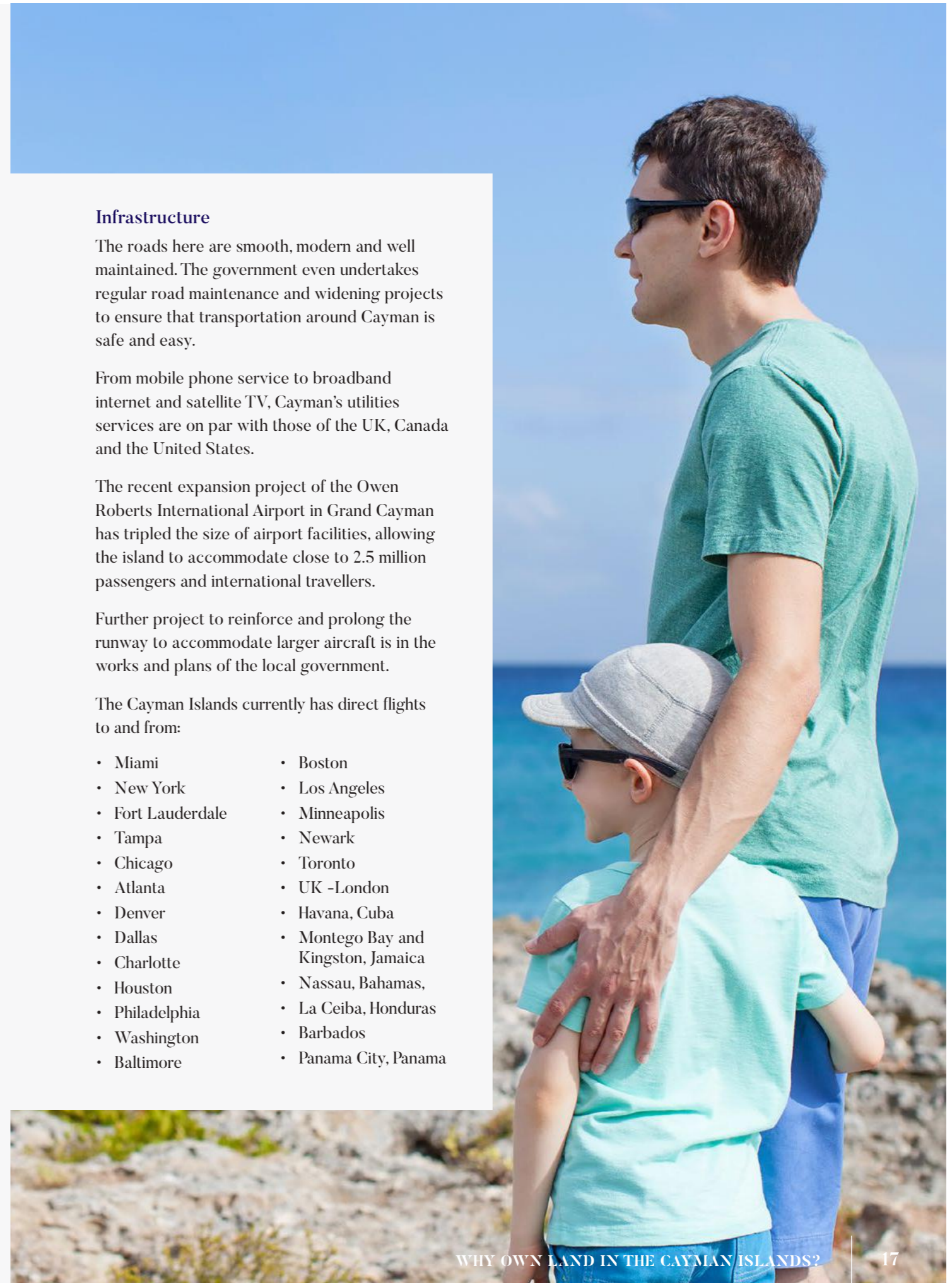
From mobile phone service to broadband internet and satellite TV, Cayman's utilities services are on par with those of the UK, Canada and the United States.

The recent expansion project of the Owen Roberts International Airport in Grand Cayman has tripled the size of airport facilities, allowing the island to accommodate close to 2.5 million passengers and international travellers.

Further project to reinforce and prolong the runway to accommodate larger aircraft is in the works and plans of the local government.

The Cayman Islands currently has direct flights to and from:

- Miami
- New York
- Fort Lauderdale
- Tampa
- Chicago
- Atlanta
- Denver
- Dallas
- Charlotte
- Houston
- Philadelphia
- Washington
- Baltimore
- Boston
- Los Angeles
- Minneapolis
- Newark
- Toronto
- UK -London
- Havana, Cuba
- Montego Bay and Kingston, Jamaica
- Nassau, Bahamas,
- La Ceiba, Honduras
- Barbados
- Panama City, Panama





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