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2023: Cayman property overview

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2023 was another big year in the Cayman Islands for Real Estate, with figures revealing that while the number of transactions were lower than previous years, the value of transactions have increased year-on-year, explains Senior Associate Alistair Wade.

Property transactions

Total freehold sales surpassed the US$1Billion mark for the third year in a row with US$1,316,557,370 of consideration changing hands throughout the year. Whilst this figure is down year-on-year compared to both 2021 and 2022, 2023 is still generally considered to have been another strong year when taking into account the effect the pent-up sales lag during covid had on 2021/2022 figures and the interest rate spike mid year.

Interest-rate spikes were countered to some extent by banks promoting special lending packages and fixed interest rate terms. In an increasingly competitive lending market, there has been a fair amount of shopping around by borrowers which in turn has resulted in increased levels of refinancing.

In contracts, average transaction values in 2023 were up 5% on 2022, compared with a 3% increases in 2022 vs 2021. The number of transactions in 2023 was down 73% compared to 2021 which, in addition to "the covid effect", perhaps suggesting that some investors are now holding on to their properties after capitalising following the lockdown period.

New developments

A number of development schemes were launched in 2023, with West Bay seeing a large percentage of new builds. Offers ranged from US$315,000 in Arza, to CI$909,000 in Secret Beach and prices upward of US$7.2Million in Dolphin Point.

However, 2023 was a difficult year for developers in construction stages. Build costs remained high, pushing larger developers to absorb the costs and others left debating whether to pass them onto buyers through various clauses in the sale agreements.

Stamp duty changes

In response to increasing sales values, the stamp duty rates paid by Caymanian first time buyers was updated mid-2023 to better reflect the financial reality of the market.

A single first-time Caymanian buyer now pays 0% stamp duty on the purchase of a home up to CI$550,000 and land up to CI$250,000. In addition, purchases of a home up to CI$650,000 will now only be charged 3.75% stamp duty on the element

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over CI$550,000. This could represent a CI$45,000 saving compared to current system. Further information can be found here.

2023 closed with rumours circulating that stamp duty applicable to high end residential units for Non-Caymanians could potentially increase by as much as 9-15%, however recent Government messaging indicates that this proposal appears to have been dropped.

The outlook for 2024

'Cayman continues to be an attractive place to live, and real estate in all three islands a sound investment', says Gina Berry, Partner and head of Cayman Islands Real Estate.

'Many businesses, attracted by the stability and lifestyle, have established physical presences in the Cayman Islands in recent years, and this is predicted to continue. 2024 also promises increased opportunities with new hotels scheduled to open, as well as more high-end developments and commercial properties becoming available.'

'With interest rates unlikely to come down until the back end of 2024, we are likely to see a similar year to 2023, and we would expect transaction values to remain high, but a lower number of transactions than previous years. However, any reduction in stamp duty rates should serve to bolster increased activity.'

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