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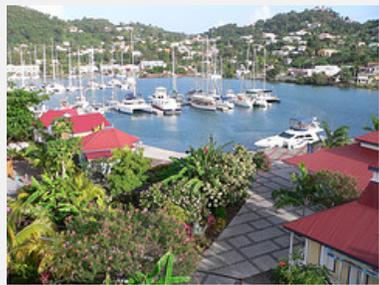


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The \$700 Million Vision to Put Grenada on the Global Luxury Map



Port Louis, Grenada (Photo credit: Lee Edwin Coursey)

Products that transform an industry are few and far between – which is why they get so much attention from users and the media. On any given day, you’ll find business news coverage of smartphones, shale gas, drones or electrical cars. But when was the last time you heard of a single business venture that has the potential to revamp an entire country? Enter the island nation of Grenada. Chances are you haven’t been thinking about Grenada for a while – and

when you last did, it was likely in the context of the 1983 US-led invasion. Or maybe you had a fleeting moment of thinking why one hears so little about Grenada compared to other Caribbean islands such as Barbados. If real estate developers Peter de Savary and Robin Paterson have their way, this is about to change. Their vision is to put Grenada on the map – with a development the tune of \$700 million.

Sound like a pipe dream? Not so fast: De Savary and Paterson are among the most seasoned real estate developers and investors in the Caribbean. De Savary has owned 33 projects worldwide, including seven championship golf courses and three marinas. In 2003, he became a citizen of Grenada (without relinquishing his UK citizenship) and last year, he was appointed the country’s Ambassador for External Investment. De Savary’s partner, Robin Paterson, made a name for himself in the UK as CEO of Hamptons International. Since then, he has focused on Caribbean projects – most prominently the acquisition and redevelopment of the fabled Petit St. Vincent private island resort in the Grenadines.

De Savary owns the land to be developed on Grenada, and the duo is in

advanced negotiations with several global investors.

Marc E. Babej: Tell me about the property you'll be developing.

Robin Paterson (RP): The core is a mixed-used development at Port St. Louis marina, right by the harbor of St. George's, Grenada's capital. We will be building 600,000 square feet over 60 acres, with two hotels, 18 townhouses (starting price \$975,000) and 25 villas (starting price \$3 million). The marina will have 300 berths, including 12 for super yachts [200 ft or longer] and 182,00 square feet for a yacht club, retail and restaurants. By the end of 2015, the Port St. Louis hotels will have opened, and all key elements will have been built.

The other part of the venture is Tufton Hall, an eco spa and working plantation in the mountains. It's a refuge, even by the standards of a laid-back island. Tufton Hall will be completed in the middle of 2014 with some parts open by end of 2013. There will be air-conditioned tented rooms similar to those in luxury safari lodges and up to thirty 2-3-bedroom contemporary tree houses.

MEB: That's a lot of luxury real estate to put onto one market. Why Grenada?

Peter de Savary (PdeS): I've been in the Caribbean for 37 years – the head office of my companies has been in Nassau, Bahamas, since 1976. Being a sailor and ex Americas Cup challenger for Britain, I've been to most islands over the years. There's nothing like Grenada in my mind. I first visited the island in 1952 and it's always been a very special place to me. You don't just have beautiful beaches, but also mountains with a distinct climate. Grenada is authentic: the island isn't overdeveloped, and the people here are down to earth, friendly and charming like nowhere else.

MEB: Doesn't a development of this scale, by definition, work against what makes Grenada so appealing?

PdeS: The key is to maintain this authenticity, to focus on quality rather than quantity. We don't want to be in the T-shirt and bottle and beer business; we want to attract a chic, well-heeled clientele.

MEB: But to date, Grenada has never broken through as a luxury beach destination like St. Barth's or the Costa Smeralda in Sardinia. What leads you to believe that the kind of people who buy multi-million Dollar villas will want to buy a residence here?

RP: There's a tremendous amount of wealth already going to the South of the Caribbean. But in comparison to Grenada, many islands are overdeveloped and somewhat generic. Many people, even ones who own properties on other Caribbean islands, want something more authentic.

PdeS: I own two homes here, one by the beach, the other in the mountains. In many ways I'm an example for our market. I come here to truly get away from it all, without losing access to modern conveniences. The kind of people who will be buying the larger villas here increasingly look to have one of their

residences in a place where they can be free from social obligations and just relax and spend time with their loved ones.

MEB: How would you describe your target market?

RP: For the larger villas in particular, we are targeting customers for whom Grenada could be their third or fourth home: Say someone has residences in London or New York, then Southern France or Italy, and maybe even on an island like Barbados. On their third or fourth property they want a place that doesn't revolve around the social circuit, but is a true retreat.

PdeS: I can't mention names, but in the past couple of months alone, we have met several American mega household names who have discovered Grenada and are now back for the second time. And they are not all American or Western European. We are seeing Eastern Europeans and visitors from Asia here – people you wouldn't assume to find here. Grenada is a bit of a bit of a secret and a revelation. The secret is already starting to get out organically. To me that's always a good sign.

MEB: But how will they all get there? The scale and timing of the development seems out of sync with the current transport capacity?

RP: Currently there's sufficient airlift for the number of visitors coming to the island. As the visitor number will increase, the number of flights will increase accordingly. We've spoken to both Virgin Atlantic and British Airways, and they're willing to put on more flights. American Airlines is already flying in from Miami, and they will put on flights from NYC. We will work with the airlines financially to assure the airlift capacity in conjunction with development. We've done this already with American Airlines since 2007. Developers, together with the government, issued a bond for the Miami to Grenada route that continues to this day.

PdeS: And flights are just one part of the story. It's no coincidence that a marina is at the core of our development. For yachtsmen crossing the Atlantic, Grenada is an easy the first stop. The marina's berths can accommodate the world's largest largest yachts, such as the Emir of Qatar's, or Roman Abramovich's. As I'm looking out my window, we have two \$50mln yachts moored here today.

MEB: The scale of the development is impressive – but for the same reason, it makes marketing a crucial factor. How will you get from Grenada's present to the future you envision?

PdeS: We will apply two strategies. The first is a steady approach that looks for incremental growth over a time horizon of 3-5 years. Several of the villas have buyers already.

The second strategy is “if you build it they will come” – building the right thing in the right place. We are taking our cues from Marina Papagayo in Costa Rica and the Costa Smeralda on Sardinia. They built things that people wanted and liked, and they invested heavily in marketing to get people and businesses to come there. It turned out to be money well spent. According to a

report by McKinney & Rogers, marina developments offer high yield real estate prices per square foot and some of the highest ADRs [average daily rates] in the hotel industry. In July and August 2012, Sardinia's Porto Cervo marina achieved five of the top ten ADR rates globally. Average daily room rates exceeded \$1850. Grenada is on a tiny scale compared to these destinations, but similar in concept.

MEB: Are you also taking your cues from these destinations when it comes to marketing investment?

PdeS: To get momentum fast, the venture will require significant marketing investment. We're budgeting \$100 million in total marketing and PR spend over 6 years, starting this year. Both Robin and I have achieved significant absorption rates in our past projects, and this track record is a factor helping us attract capital.

MEB: ... and a significant amount of capital it is. Which kind of investor is most suitable for this venture for this development.

RP: The opportunity to create a world class luxury destination almost from scratch doesn't come along every day. This is doubly true for an investment with the potential to have an enormous positive potential economic and social impact on an entire country. Accordingly, this project has caught a lot of attention We're in advanced stages with several global investors and sovereign wealth funds. Grenada is a blank canvas – that's at the core of its appeal. It's also the reason why it won't stay a blank canvas much longer.

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