

COLDWELL BANKER COMMERCIAL DISTINCTLY DIFFERENT BULLETIN



DISTINCTLY DIFFERENT

GRAHAM SMITH: 247-1824 / GSMITH@BRCL.BM
SCOTT POWELL: 247-1823 / SPOWELL@BRCL.BM

CAUTIOUS OPTIMISM FOR 2014

Year in Review

In 2013 we saw a slight increase in interest/ activity in both the commercial leasing and commercial sales market. The commercial rental market has shown a move to quality space at prices similar to those paid for old spaces leased 5 years ago, with companies making the investment to do fit out more frequently with some Landlord incentive. Prices range from \$35 - \$100 per sq. ft. per annum (including service charges).

Most of the activity is internal but there is an encouraging increase in new interest, with the majority of this interest coming from Europe versus the United States. 2013 saw the largest number of company incorporations that we have seen in the last 5 years, according to the Registrar of Companies' full-year 2013 results. Bermuda Realty Company Limited has leased approximately 6,000

square feet of commercial space to new companies that have relocated their business to Bermuda, and more than 29,000 square feet of commercial space to existing companies that have expanded this past year. This change is not a full blown trend and it should be noted that the new international insurance companies are not following the old model with 50+ staff in 5 years' time. However, we are encouraged by what we have seen.

We have seen geographic absorption rates vary depending on location, with areas in the city that host the majority of our Insurance and Reinsurance companies having the highest level of absorption. Similarly, high quality, fit out space is most sought after, resulting in a limited amount of this type of space being currently available.

The commercial sales market has seen a shift with more inventory becoming available and interest from buyers. To date, eight commercial properties are on record as sold in 2013, and three properties that we are aware of are currently under contract. Although we are seeing increased activity there is still opportunity for buyers to take advantage of more reasonable prices & good inventory levels.

Real Estate transactions are driven by our population and the strength of our local and exempt business growth. If we can import new labour to occupy vacant office space this will start to have an impact on sales & rentals appreciation. Our government is making strides to encourage necessary changes. We are on the right track for encouraging activity in 2014.

POLICY IMPLEMENTATION & CHANGES

In 2013 we saw the implementation of a number of policies and changes intended to encourage international companies to bring their business to Bermuda.

Following is a brief summary of policy changes affecting commercial real estate market trends. These are not intended to provide a comprehensive overview.

1. THE INCENTIVES FOR JOB MAKERS ACT 2013

- Makes it simpler and more affordable for senior non-Bermudian executives to obtain a permanent resident certificate (PRC)
- Fee to apply for PRC reduced to \$25,000
- Allows those eligible for a PRC to simultaneously apply for work permit exemption
- Reduces required number of Bermudian staff needed to be eligible for exemption to a minimum of ten
- Removes the limit of five exemptions allowed for eligible companies

2. ADJUSTMENTS TO INVESTMENT FUNDS ACT

- Created a new class of funds, Exempt Class A Funds allowing for an expedited registration process for qualifying hedge funds
- Adjustments to exempt Class B Funds – now fund administrators for this class no longer need to be recognized by authorities and no longer need to file changes to service providers (a minimum level of investment of \$100,000 is required for Exempt Class B Funds)

3. WORK PERMIT POLICY CHANGES (APRIL 2013)

- Elimination of term limits
- Special categories including Global Work Permit & New Business Work Permit
- Elimination of the Business Visitor Letter (for visitors coming to do business for up to 10 days)

4. INTERNATIONAL COMPANIES CAN PURCHASE RESIDENTIAL HOMES

- Ability to purchase residential accommodation within designated hotel/ residential developments

5. ALIEN LICENSE FEE ADJUSTMENTS

- Reduced to 8% (from 25%) for standalone homes
- Reduced to 6% (from 18%) for condominiums



All information deemed reliable, but not guaranteed and should be independently verified with an attorney. All properties are subject to prior sale, change or withdrawal. Neither listing broker(s) nor agents shall be responsible for any typographical errors, misinformation, misprints and shall be held totally harmless.



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COMMERCIAL LISTINGS

BUYERS BOX

GREEN LANTERN Listing #6778



A well established restaurant building, formerly known as "The Green Lantern Restaurant" is perfectly located on Serpentine Road. Consisting of two kitchens, a large entrance area, two dining areas, two half baths and storage room.

Listing Agent: Fiona Hatfield
Dir: 441.247.1813
email: fthatfield@brcl.bm

What are buyers looking for in a commercial property?

1. Return on investment
2. Looking in the \$800,000 - \$3,000,000 price range
3. Good quality, turn-key product that can combine commercial with residential

IBM PARTNERS BUILDING Listing #6906



20 Dundonald Street is a convenient location for an owner occupied local business. The building is offered with vacant possession, with secure vehicle parking for customers and the business itself.

Listing Agent: Scott Powell
Dir: 441.247.1823
email: spowell@brcl.bm

HEMISPHERE HOUSE Listing #6962



Hemisphere House is located on Church Street West across from Par-la-Ville car park. There are five storeys of office space and a basement storage. Views over Par-la-Ville Park to Hamilton Harbour from the higher floors.

Listing Agent: Scott Powell
Dir: 441.247.1823
email: spowell@brcl.bm

MODERN CENTRAL WAREHOUSE Listing #7097



Price Adjustment - Modern warehouse with vehicle access to all levels. Sitting on 0.19 Ac. the lower level has 4 large steel roller doors, under ramp storage and bathroom.

The upper level has offices, boardroom, bathroom, kitchen and warehouse storage. There is also a dry basement warehouse that is climate controlled. Upper floor 2,567 sq. ft. (offices, kitchen, toilet facilities & upper warehouse) Lower Warehouse with 4 Steel Roller doors 2,675 sq. ft. Basement Storage 1,458 sq. ft.

Listing Agent: Tab Froud & Graham Smith
Dir: 441.247.1812 | 441.247.1824
email: tfroud@brcl.bm | gsmith@brcl.bm

RESIDENTIAL & COMMERCIAL Listing #7165



Unique Opportunity - to purchase a Commercially Zoned property that has both Residential and Commercial ability. Sitting on 0.25 Ac. There are 3 buildings which comprise of the following:
Building One - Two Residential units of 2 bedrooms, kitchen, dining, living and bathroom. (1106 sq. ft. & 1029 sq. ft.)

Building Two - Garage/Car repair facility and Upholstery shop. (2281 sq. ft.)
Building Three - Warehouse storage on 2 floors. (1575 sq. ft.)

Listing Agent: Tab Froud
Dir: 441.247.1812
email: tfroud@brcl.bm

RAM RE Listing #7266



Office Building with Multi-use Potential

46 Reid Street is conveniently located in the heart of Hamilton, close to banks, restaurants and shops. The building consists of 7 rentable floors, two below Reid Street with natural light from south facing windows, and a ground level retail floor plus 4 office floors with Harbour views. The 3rd and Penthouse Floors are connected with a sweeping spiral staircase which creates an approximately 4,800 sq. ft. suite on two floors with a north-facing balcony overlooking Reid Street treetops and with views of the Harbour. Ram Re House is an ideal building for retail or office owner occupation with residential potential on the top floors.

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email: spowell@brcl.bm