

# FT WEEKEND

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PROPERTY • INTERIORS • ARCHITECTURE • GARDENS

## House & Home

### California in the Caribbean

**Puerto Rico property** Ambitious beachfront developments and economic incentives lure rich buyers to the island. By David Kaufman

Puerto Rico is an American oddity. Not quite a state, but far from independent, the north-eastern Caribbean island has been a Commonwealth of the US since 1898 when it was lost by King Alfonso XIII following Spain's defeat during the Spanish-American War. More than a century later, Puerto Ricans are still unable to vote in the US presidential elections, yet the island's dollarised economy and Gringo-style law and order form the foundation of its crucial \$2bn tourism industry.

At the centre of that industry is the island's capital, San Juan, home to Puerto Rico's financial district, the Caribbean's busiest airport and the base of an increasingly sophisticated residential market in its surrounding beachfront communities.

To the east of San Juan, bordering the El Yunque National Forest, is Bahia Beach, with a St Regis Hotel and luxury homes along a two mile stretch of Atlantic Ocean beachfront. Also east of the capital is the Trump National Coco Beach, a 500-unit, \$600m golf development fronting the crystal-line Caribbean. And in San Juan itself, Paseo Caribe will open next year as the capital's first upscale, mixed-use

retail, residential and leisure complex. Set between the ocean-front Condado district and historic Old San Juan, the Paseo Caribe towers will include 80 three- and four-bedroom condominiums priced between \$990,000 and \$1.9m, half of which are already sold.

It is to the west of San Juan, however, that Puerto Rico's most ambitious projects are now being completed in the resort town of Dorado. Founded in 1842, Dorado was placed on the international jet-set map almost a century later when American industrialist Laurance Rockefeller built a sprawling family compound on its northwestern fringe.

Eventually, Rockefeller evolved from resident to hotelier, opening the modernist design Dorado Beach Hotel and Golf Club in 1958 – the first property in what would eventually become the Rockresorts hospitality chain. Built directly along the beach, the resort (and its Rockefeller cachet) lured power players such as Elizabeth Taylor and then-president Dwight D Eisenhower. Dorado Beach also included a clutch of private residences nestled around Rockefeller's own low-slung compound, a local landmark that is currently on sale for \$7m.

While Rockefeller may be gone, the community he established remains as a historic blueprint for Dorado's more recent large scale expansion. Shuttered in 2005 after decades as a Hyatt hotel, the Dorado Beach Hotel will reopen next year as the first Ritz-Carlton Reserve property in the Americas. In keeping with the Reserve brand's "six-star" ethos, the resort itself will be modestly sized, with just 115 guest rooms set on 50 ocean-front acres of a larger 1,400-acre estate. Along with a five-acre spa and the Caribbean's only 72-holes of golf, Dorado Beach's surrounding acreage will initially include 45 private Ritz-Carlton residences, nearly a third of which are already sold and under construction.

The units – a mix of villas, condominiums and town houses – range from 2,200 sq ft to 4,100 sq ft and sold

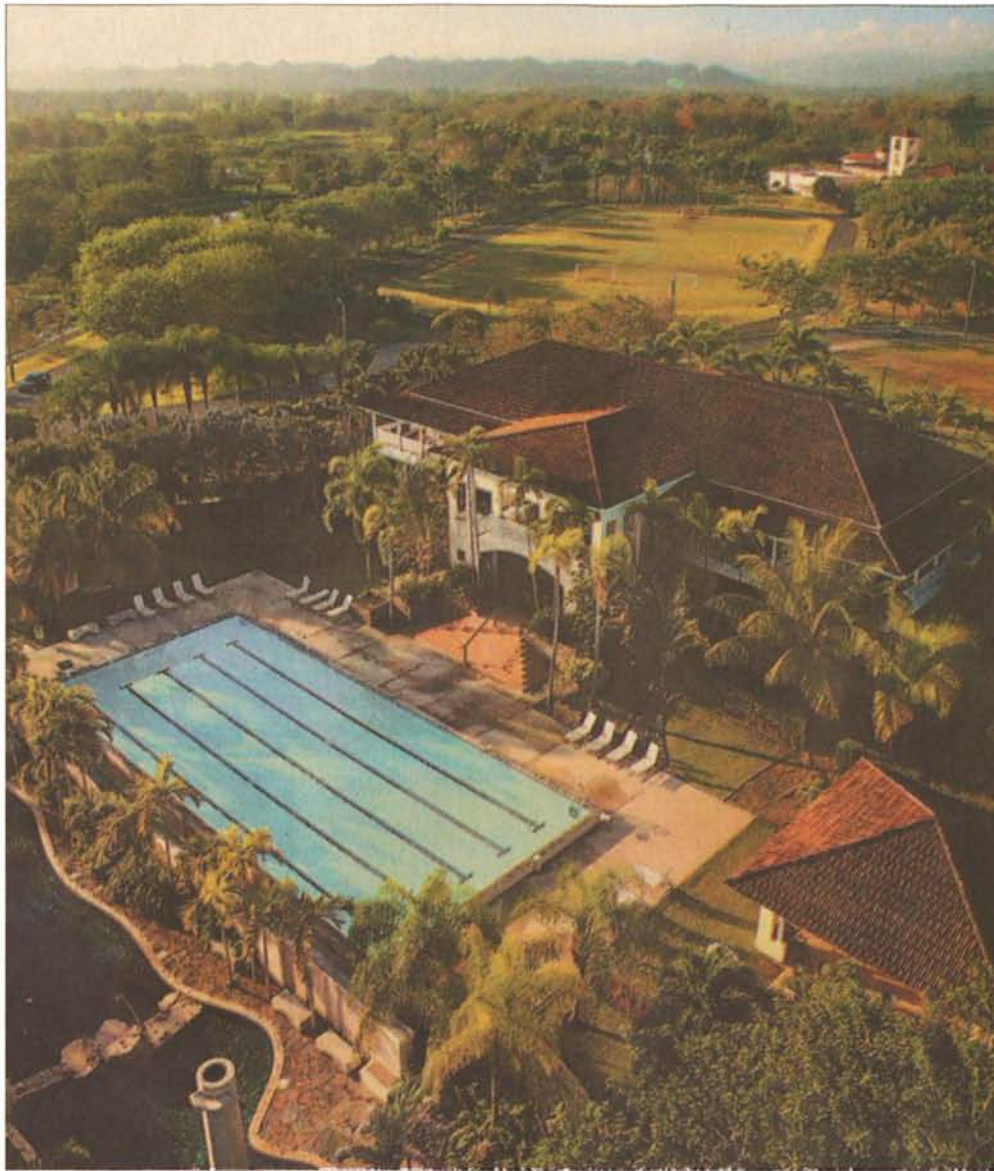


The mixed-use complex at Paseo Caribe



PRISAGROUP®





One of 500 American-style homes in Sabanera, priced from \$485,000 to \$750,000

## Buying guide

### Pros

- US laws, widely-spoken English, US dollar
- Beach-front properties are just that – a rarity in the Caribbean
- Lucrative government incentives can save buyers thousands – if not hundreds of thousands – of dollars

### Cons

- Resort areas are away from San Juan's culinary and nightlife scene
- Puerto Rico, though safe, is experiencing rising crime concerns
- Seasonal hurricanes may mean residences are a no-go during late summer and early autumn

### What you can buy for...

- **\$100,000** Nothing
- **\$1m** A 2,768 sq ft, three-bedroom unit at Paseo Caribe

### Contacts

- **Dorado Beach Clubs**  
[www.doradobeachclubs.com](http://www.doradobeachclubs.com)
- **Sabanera Dorado**  
[www.sabaneradorado.net](http://www.sabaneradorado.net)
- **Bahia Beach**  
[www.bahiaeachpuertorico.com](http://www.bahiaeachpuertorico.com)
- **Trump International Golf Club**  
[www.trumpgolfclubpuertorico.com](http://www.trumpgolfclubpuertorico.com)
- **Paseo Caribe**  
[www.paseocaribe.com](http://www.paseocaribe.com)



for an average of \$3.1m; similar to prices of private homes at Bahia Beach. But unlike Bahia Beach, Dorado Beach benefits from the hotel's existing 55-year-old footprint, allowing new construction almost directly to the beach-line – now prohibited under local environmental laws. "This water frontage makes for a very unique campus," says Scott Berman, industry leader of hospitality and leisure at PricewaterhouseCoopers. "There is really nowhere else in the Caribbean that has a 72-hole golf resort sitting directly on the beach."

For Brian Sisko, a Philadelphia-based attorney, Puerto Rico's easy access and Commonwealth status are as much a draw as Dorado Beach's good weather and waves. "We like Puerto Rico because English is widely spoken and there's no passport requirement. It's just easy and predictable," says Sisko, who bought a two-bedroom and three-bedroom Ritz-Carlton residence with his wife and a group of friends.

Beyond Dorado Beach is Sabanera, the Dorado area's second major development. The vast purpose-built community of Sabanera is set on a series of man-made islets with roughly 500 homes, all of which are sized like those at Dorado Beach but range in price from \$485,000 to \$750,000.

The development lures mostly upper class Puerto Ricans who work in San Juan. Their children, however, never have to leave Sabanera, which opened a branch of The American School in Switzerland in 2001. Over 700 students are now enrolled at TASIS, whose pre-kindergarten through 12th grade curriculum is taught in English and follows the US education system.

While both Sabanera and Dorado Beach offer value, safety and quality, their vision of Caribbean living – manicured lawns, faux-colonial architecture, nearby retail malls – they can feel far more like California than the Caribbean. The adjacent town of Dorado still maintains its languid, tropical charms, while historic Old San Juan is barely 45 minutes away. But in the quest to lure the deepest-pocketed buyers, project developers have clearly prioritised luxury over authenticity.

Whether opting for Dorado Beach or Bahia Beach, homebuyers still benefit from some strong economic draws. Technically part of the Puerto Rico Housing Authority Housing Stimulus Program, the incentives are lucrative: a five-year tax abatement on new property; no future capital gains tax on new property; tax-exempt rental income until 2020; no recording fees for new property and 50 per cent reduction on existing property and zero capital gains tax on new properties.

*David Kaufman was a guest of the Dorado Beach Club*