



Bahamas Realty Investment Guide

The following information attempts to answer many of the main concerns prospective buyers have when looking to invest in property in The Bahamas. We have tried to make this a comprehensive guide to the general rules and regulations, but if you have other questions, please email them to us at: faq@bahamasrealty.bs, and we shall endeavour to answer them for you.

What kind of properties do you sell in the Bahamas and what islands are they on?

Bahamas Realty Limited is a full service real estate company. We sell both residential and commercial properties. These include vacant land, acreage, single-family homes, condominiums, private islands, resort properties, office/retail buildings, shopping centers, and warehouses. On the residential side we are the exclusive associate in The Bahamas for Savills Plc a UK based international real estate company. Additionally we are the exclusive member of The Board of Regents of Who's Who in Luxury Real Estate and Leading Real Estate Companies of the World. On the commercial side we are the exclusive correspondent for CB Richard Ellis.

Why should foreign property investors consider buying a home in Bahamas? Isn't it just an overpriced tax haven for the seriously rich?

The Bahamas has attracted a very wide range of property investors... from the very rich who have purchased large multi-million dollar estate properties to those who have purchased modest condominiums or homes in the \$100,000 - \$250,000 price range. The old axiom that states that location, location, location is a major determinant of demand and value has pushed the price of properties in specific areas of New Providence and Paradise Island to very high levels, but even at these levels prices are on par with other similar resort destinations. It is still possible to purchase waterfront and beachfront property in the Bahamas for as little as \$50,000. Alternatively one can also spend \$4,500,000 for 1 ½ acre beachfront site on Old Fort Bay.

Is it possible for a non-Bahamian to purchase property in The Bahamas

Yes. The International Persons Landholding Act, 1993, provides for the sale of real property in The Bahamas to non-Bahamians.

Are there any special permits required when purchasing property in The Bahamas?

Permits are required by non-Bahamians, as provided under the International Persons Landholding Act, if:

1. The property being purchased is greater than 5 acres.

2. The intention is to rent out all or a portion of the property.
3. The property being purchased is for commercial development.

Non-Bahamians who buy land for which a permit is not required must register their purchase with the Foreign Investment Board under such Act.

How do I go about getting a permit or registering my purchase with the Foreign Investments Board?

Non-Bahamians should also register their investment with the Exchange Control at the Central Bank of The Bahamas insure that on resale they will be able to remit the net proceeds of sale outside the Bahamas in the currency of the original investment.

In what form is title to property given?

The vast majority of property is sold freehold. There are a few exceptions of leasehold properties. These properties are generally Crown Lands (Government owned) properties that are leased for agricultural or development purposes. The Government of The Bahamas does not generally sell its property.

Do I need to engage the services of a local attorney when purchasing property?

No, but the appointment of a local attorney is highly recommended. Apart from insuring that the documents of title are properly prepared and are in good order the local attorney, when representing the buyer, gives an Opinion on the title to the property. This Opinion is considered to be the same as title insurance as the lawyer is liable should the purchaser find that there is a defect in the title. Local lawyers carry indemnity insurance.

Is title insurance available in The Bahamas?

Yes. There are companies in the Bahamas offering title insurance. The risk premium generally runs between .20% - .27% of value.



What are the costs involved in buying or selling property?

A typical sale, which is called a “Gross Sale”, assumes that the vendor will be responsible for the payment of:

1. The real estate agents commission (if an agent is involved). The commission on the sale of residential developed property is 6% of the gross sales price. The commission on the sale of undeveloped property is 10%.
2. The Government Stamp Duty (Tax on the conveyance of real property). This is a graduated Tax. The total amount of the Tax is calculated as follows:
 - When the value of the consideration is less than \$20,000, the rate is 2%
 - When the value of the consideration is equal to or greater than \$20,000 and is less than \$50,000, the rate is 4%
 - When the value of the consideration is equal to or greater than \$50,000 and is less than \$100,000, the rate is 6%
 - When the value of the consideration is equal to or greater than \$100,000 and is less than \$250,000, the rate is 8%
 - When the value of the consideration is equal to or greater than \$250,000, the rate is 10%

This tax is split between the vendor and the purchaser

3. The vendor’s legal fees. The legal fees on a sale or purchase are usually 2 1/2 % of the first \$500,000, 2% of the next \$500,000, 1% of the next \$4,000,000 and 1/2% thereafter.

The Purchaser will be responsible for:

1. 1/2 of the Government Stamp Tax as set out above,
2. The purchaser’s legal fees as detailed above. This fee includes the lawyers Opinion on the title to the property.
3. Recording fees (\$3.50 per page) on the conveyance and other closing documents which need to be recorded.
4. Payment of the permit under the International Persons Landholding Act if applicable.

In the event that the sale is a “Net Sale” the purchaser would be responsible for payment of all of the above-mentioned fees.

What information is required from non Bahamians when purchasing property in The Bahamas?

We have provided a point by point breakdown in a PDF file of the steps necessary and information required by non Bahamians when purchasing property in The Bahamas.

This information was provided to us by attorney, Frederik F. Gottlieb, Frederik Gottlieb & Co., Marsh Harbour, Abaco. E-mail: gottlieb@oii.net

Download PDF file: http://www.bahamasrealty.bs/media/info_non_bahamian.pdf

After I purchase a property will I be able to repatriate the proceeds of sale whenever I sell it?

Yes. You will be able to repatriate the entire proceeds including any profits provided you register the purchase with the Exchange Control Department of the Central Bank at the time of purchase.

Do I need any special approvals in order to build on a property or to make any changes to an existing structure?

Yes. You will need to obtain approval from the Town Planning Board and a building permit issued by the Ministry of Works. A local architect or engineer would be able to assist you with this.

Are there good qualified architects, contractors and engineers available in the islands?

Yes. Most if not all architects in the Bahamas were schooled either in the United States, Canada or the United Kingdom and have international accreditations. There is a local licensing Board for architects. The construction industry is also regulated, but the qualifications for licensing are not nearly as rigorous. The leading contractors are all civil engineers with international accreditations or have certified engineers on staff. Many of the smaller contractors are products of a good apprentice system and are very adept and skilled at efficiently carrying out residential construction. Civil, mechanical and electrical engineers in the Bahamas, like the architects were schooled in other countries and hold international accreditations from those respective countries and must also have a license issued by their respective local Boards.

May I use the services of a non-resident architect?

Yes, but that architect cannot work in the Bahamas without a permit to do so. All building plans submitted to the Town Planning Board and the Ministry of Works must be signed off by a local licensed architect and local engineers. As in any jurisdiction there are local customs and procedures required in getting the job done and it is recommended that you utilize the services of the local professionals.

Are Brokers and sales agents in The Bahamas licensed?

Yes. Brokers and sales agents are licensed by The Bahamas Real Estate Association (BREA). Qualifications for licensing include sitting a written exam. BREA is an international member of The National Association of Realtors (NAR) and many BREA members are International Members of NAR and hold various accreditations offered by NAR including GRI, CRS, CRB, CIPS and CCIM. A few members are also members of the International Federation (FIABCI). The public is urged to ask and only use the services of a BREA member.



What is the cost of construction?

Construction costs in The Bahamas, as you might imagine, vary widely depending on the location of the construction site, the design of the building, the materials used and the finishes. Costs may be as low as \$65.00 - \$80.00 per square foot for low cost housing, however, a modest or minimum structure consisting of concrete block construction, timber roof framing and asphalt roof shingles will cost between \$100.00 to \$150.00. An average home will cost from \$150.00 to \$200.00, but not with top of the line finishes such as marble tile and granite or Corian countertops. A better than average home with good finishes, will cost from \$200.00 to \$400.00. For a luxury home the cost would be more on the order of \$400.00+ per square foot for the finest finishes and details. On average you can count on the cost being approximately 40% higher than a similar home in south Florida. This is mainly due to freight, duty and delivery cost to site representing approximately 65% of the F.O.B. material cost. It should also be pointed out that building standards are higher in the Bahamas than in South Florida. The majority of homes in the Bahamas are of concrete block or poured concrete construction and are built to meet a very strict building code.

Is there local financing available to non-Bahamians and/or permanent residents?

Yes, but the loan facility may only be given in US\$'s at international rates and the down payment required is generally on the order of 40% of value.

What taxes do you have in The Bahamas?

First and foremost we have no income tax, capital gains taxes or inheritance taxes. There is no sales tax with the exception of the Stamp Duty paid on the conveyance of real property.

The Bahamas Governments main source of revenue is from customs duties on all goods imported into The Bahamas. This tax may be as low as 7 % as in the case of raw lumber, computer software and as high as 75% in the case of luxury automobiles, 160% on raw tobacco and 210% on cigarettes. There is an additional 7% stamp duty payable on these goods. The typical rate of duty is around 35%.

Real Property Tax

The taxable value of your property is based on the latest selling price. As regards undeveloped land, you are responsible for reporting the value of the improvements as you make them. If you possess an annual home-owners permit, you may deem your primary residence to be owner occupied. The annual tax on owner occupied property shall not exceed \$35,000.

On owner occupied properties:
First \$250,000 - Exempt
To \$500,000 - 0.75%
Excess over \$500,000 - 1%

On vacant land (owned by non-Bahamians):
First \$3,000 of market value - \$30
\$3,000 - \$100,000 of market value - 1%
Excess over \$100,000 of market value - 1.5%

The rates of tax on all other properties (commercial) is:
First \$500,000 of market value - 1%
Excess over \$500,000 of market value - 2%

How long can a visitor stay in the Bahamas without residency status?

Visitors may reside in The Bahamas for a period of up to 8 months at a time, provided that they can indicate means of financial support for this period and have a return ticket to their homeland or some other country where they would be accepted. Visitors are not allowed to engage in any form of gainful occupation while in the Bahamas without a work permit.

Is it possible to establish residency in the Bahamas and if so how does one go about it?

Yes. The Government of the Bahamas has set specific guidelines that allow non-Bahamians to establish permanent residency in The Bahamas. There are two categories of permanent residency: Permanent residency with the right to work and permanent residency with out the right to work. One of the criteria for permanent residency is the investment of a minimum of \$500,000 in The Bahamas. This investment may take the form of the purchase of real property with a minimum value of \$500,000. Non-Bahamians who own property in The Bahamas may apply to the Director of Immigration for an annual homeowner's residence card. This card is renewable annually and entitles the owner, spouse and any minor child/children endorsed on the card to enter and remain in The Bahamas for the validity of the card. It is intended to facilitate entry into The Bahamas with minimal formalities. For complete details regarding permanent residency, homeowners permits and citizenship:

[Download PDF file "Residency Requirements"](#).

What are the advantages to establishing permanent residency in The Bahamas?

Apart from the opportunity to live and work in a warm and pleasant environment there are also significant tax advantages for citizens of countries with high personal and corporate income taxes as well as inheritance taxes. The advantages vary depending on the citizenship of the applicant and the tax laws of the applicant's home country.

Is it possible to obtain Bahamian citizenship?

Yes it is possible, but it is a long and involved process. Typically favour is given to long-term permanent residents and spouses of Bahamians.

[Download PDF file "Residency Requirements"](#)



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Is it possible to live and work in The Bahamas?

Yes. But you must appreciate that The Bahamas has a small young population. The total population of the Bahamas is less than 300,000 with a total land area of 10,000 square miles spread over 700 islands. The policy of the Bahamas Government is to protect the well being and provide maximum employment opportunities for Bahamians. In a nutshell in order to obtain a work permit to work in The Bahamas an employer must demonstrate that there is not a Bahamian ready willing and able to fill the position. Quite obviously the Bahamas would be overrun overnight if these safe guards were not in place.

Is finance easily available for buying Bahamian properties?

Yes. For Bahamians and permanent residents most of the major banks and life insurance companies offer mortgages with some offering terms up to 25 years and as little as 10% down (a 10% down payment is only offered for lower priced properties up to approximately \$100,000).

How can foreign nationals qualify for local mortgages and what are the restrictions?

Loan facilities for non Bahamians may only be given in US\$'s at international rates and the down payment required is generally on the order of 40% of value.

Do foreign property owners live alongside locals or is there a definite divide between locals and foreigners?

The only divide between locals and foreigners is an economic one. The Bahamas has a very strong middle class with a high percentage of professionals. Bahamians (black and white) have bought into all of the most exclusive areas of the Bahamas including Lyford Cay and Ocean Club Estates.

What is the traditional architecture like?

The traditional architecture is Colonial with an island/Bahamian flair. For residential properties this would typically include high

pitched wood shingle roofs with dormer windows, wooden covered verandahs on the first and second levels, French doors, double hung windows with louvered shutters. For commercial properties colonial style columns at a grand entrance, high-pitched wood shingle roofs with dormer windows, covered verandahs on the first and second levels, French doors, double hung windows with louvered shutters. Modern variations of this style have eliminated the covered verandahs and double hung windows. Buildings are now designed for air-conditioning and a more efficient utilization of space. Unfortunately, some charm has been sacrificed in order to achieve this.

I've heard that the country's status as a tax haven has been altered in recent years and that tax exiles are moving their money out and selling their properties. Is this true?

Recent changes in our laws regarding financial reporting and compliance have affected some offshore banks and businesses that have been doing business in the Bahamas. Customers of these banks or businesses that were not willing to comply have taken their business elsewhere. However, there are now very few places that they can go to avoid taxes. Legitimate high net worth individuals and businesses that are avoiding taxes, legally, are still here. Many of the leading offshore banks are expanding their business in the Bahamas. Our market is affected more by the US stock market and international economic conditions than by changes in our banking laws.

Where are the up and coming areas in the Bahamas?

The most popular areas in the Bahamas at the moment are the gated residential communities on New Providence and Paradise Island. Developments/communities of note are: Lyford Cay, Old Fort, Sandy Port, Ocean Club Estates, Port New Providence. Popular residential communities in the family islands include: Harbour Island, Eleuthera; Hope Town, Abaco; and George Town, Exuma and The Exuma chain of islands.

This material is based upon information that we consider to be reliable, but we cannot represent that it is accurate and complete, and it should not be relied upon as such. When buying, selling or listing property for sale in The Bahamas one should first consult with the relevant local authorities or request an attorney to do so on your behalf.

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