

Revised Site Plan of Casaca Andra Turismos Water Shows Maps Local Sites



Varadero, on the Atlantic north coast of Cuba, offers beautiful sandy beaches, water sports and gulf-fishing

Castro's bastion of communism is courting foreign buyers. The prices are as tempting as the scenery, but is this Caribbean idyll too good to be true? **Teresa Levonian Cole** reports

Cuba has long been a popular holiday destination, combining sunshine and turquoise seas with a rich history and vibrant cultural life not usually associated with the Caribbean. The architectural heritage of its capital, Havana, ranges from colonial baroque to modernism via art deco, all overlaid with coexisting monuments, while the nation's music, art and ballet are garnering international plaudits. That's not to mention the Hemingway legacy, echoed in the cigar factories, the molinos and the 1950s American cars that cruise the streets.



Old Havana's period buildings won't be up for grabs

Now, as capitalism — the word is mentioned only in a whisper — begins to emerge under Raul Castro's younger brother, Raul, developers are knocking, offering foreigners the chance to own property on the island for the first time in decades.

When his revolution triumphed in January 1959, and many wealthy families chose to flee abroad, Fidel expropriated all private property and abolished the existing rental system, replacing it with a pepper-corn payment over a fixed term, at the end of which tenants would receive legal title to their homes. The sale or purchase of property was made illegal, so it could only be swapped — a system that was open to abuse.

"It is a common misconception that Cubans do not own their own property," an architect — let's call him Luis — tells me. "In fact, about 70% of Cubans own their own homes. What has changed is that, last November, a law was passed permitting citizens and permanent residents to set prices and buy and sell their homes for the first time since the early days of the revolution. And, of course, those who did not own their own homes are even more disadvantaged under this new system."

The buying and selling of real estate in Cuba is one of the most significant reforms introduced by Raul Castro, who has also eased regulations governing

the ownership of businesses and encouraged private enterprise. In the past two years, more than 350,000 Cubans have been granted licences to start a business, with 300,000 applications pending, as the government aims to shift up to 45% of the country's workforce from the state into the private sector — only referred to as "nonstate" — by 2015.

For visitors, the results of such enterprise are most immediately evident in the explosion of paladars (privately owned restaurants) and the availability for hire of splendidly restored 1950s Chevys, Dodges and Fords, which now cruise the streets of Havana with wealthy Americans at the wheel. "Despite the trade embargo, the Obama administration has relaxed restrictions on travel to the island and facilitated remittances from Cuban-Americans to their families here, so they can start up businesses and buy property," Luis says. "In fact as it may, foreigners buying that property reforms might present an opportunity to snap up the beautiful, crumbling, colonial-era buildings in Old Havana — the subject of a continuing restoration project under the watchful

gaze of city historian Eusebio Leizaola, Spangler — or the grand early-20th-century mansions of the upmarket district of Vedado will be disappointed. Under the new law, Cubans may sell only to each other. Overseas investors in real estate are to be courted under separate legislation, which, after a lengthy gestation period, is finally due to come into effect with the re-negotiation of three joint-venture projects, expected to be fully "live" by the end of this year.

Against the background of economic and legal reform, and in a move to boost upmarket tourism, the government is also planning 13 new golf resorts around the country's sandy-beached periphery, while marinas will capitalise on the potential for game-fishing and selling around its 4,000 islands and cays.

The three initial projects, partnerships between foreign investors and the government-owned palmares group, are based around golf and marina developments in designated reserves along



the Atlantic coast. They are La Altura, in the western province of Pinar del Rio, which will cost an estimated \$3m and involve a Panamanian company, with designs by Foster + Partners; a scheme set up by a Canadian Native American group in Holguin province, in the east; and the Carbonera Club, brainchild of the British-owned Esencia Group, near the popular resort of Varadero, 100km east of Havana.

It has been a long haul since initial negotiations began in June 2002. Careful scrutiny of the proposed joint-venture partners, accusations of further delays, and a concerted crackdown on corruption that has seen both the CEO and the chief operating officer of Coral Capital Group — which was due to be a fourth cornerstone of the residential resorts initiative — arrested and jailed.

For Andrew Macdonald, the chief executive of Esencia Group, it has been worth the wait and the attendant £1.3m gamble on planning and feasibility studies. "Cuba is in the top five emerging global markets, and the potential is huge," he says.

The 40-acre Carbonera Club site will include an 18-hole golf course, a 200-metre infinity pool and an 80-room, Italian-designed "country club" operated by Accor Hotels' GHM hotels. Clustered among these facilities will be 350 flats, residences and luxury

oceanfront villas that will draw on the creative vision of Ferruccio conan and Stefan de la Hoz for contemporary, art-deco and Spanish-colonial-style properties. With the first of three phases scheduled for completion in 2015, after bulldozers break ground, the \$300m development will be the first project to test the market.

"We are aiming at an eclectic group of nationalities and ages, and we expect the main markets to be Canada, Europe and Latin America," Macdonald says. "Off-plan sales will begin two or three months after the completion of the joint venture, with down payments of 40%. These will be held in escrow."

Already, about 500 people have expressed interest in buying into the Carbonera Club, whose prices start at \$200,000 for a 75 sq metre flat, rising to \$2m for a 500 sq metre five-bedroom villa. "Cuba has retained the Spanish land-registry system, so we know there are no outstanding claims on this land," Macdonald says. "And to make it more attractive to investors, the government has now authorised the sale of the freehold. Owners will also have the option of letting out their property, which the joint venture will manage for part of the rental fee."

Seasoned Cuba-watchers will know this is not the first time since the revolution that the government has

sanctioned real-estate development for foreigners. In the mid-1990s, several condos were built in the fashionable Havana districts of Miramar and Vedado, with about 300 units sold to foreigners during a five-year period before the government pulled the plug on further construction and sales amid allegations that the overseas purchasers were allowing Cubans to live there illegally.

Those that were sold remain in foreign hands and may be sold on to non-Cubans. At the time of writing, nine of those flats are on the market, including a four-bedroom penthouse with a pool and views over the Malecon, an oceanfront boulevard. They are available "for the right price," according to the selling agent, Frank de Armas (frank@frentin.com), as a guideline to that "right price," he recently negotiated a sale for \$1.1m.

As with any emerging market, the winds of reform have yet to blow all the clouds from the horizon. The availability of goods in shops remains dire — even something as basic as sellotape is not that easy to find — and communications are slow at best. One area remain in the swiftest legislation regarding taxes, the importation of personal goods and immigration regulations for homeowners.

Then there is Cuba's position in the broader political arena. Will the government get cold feet at the pace of change and once again reverse its market-oriented policies? "That is unlikely to happen," Macdonald says. "The Cuban government has come too far down the reform road for that."

The growing number of businesses, from Cansels to the Per Best, pouring into the country and competing for the few available properties in Havana must share Macdonald's faith in Cuba's future, indeed, Fidel himself allegedly admitted to a visiting American journalist in September 2010 that Cuban communism was not working. All parties appear committed to the success of the new developments for foreign buyers, be they businessmen or holidaymakers attracted by the promise of sunshine and the relatively inexpensive entry level to a reinvented and vibrant corner of the Caribbean. Anyone for a mojito?

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**"CUBA IS IN THE TOP FIVE EMERGING GLOBAL MARKETS, AND THE POTENTIAL IS HUGE. WE EXPECT THE MAIN INTEREST TO BE FROM CANADA, EUROPE AND LATIN AMERICA"**

**More low-cost Caribbean isles**

■ A classic long-haul destination for five-star sunshine, the Caribbean has long attracted buyers who can afford the soaring prices in favoured destinations such as Barbados (where more than three quarters of buyers are British), the Cayman Islands and exclusive enclaves in Jamaica. Those seeking an alternative — and cheaper — Caribbean destination, aside from Cuba, should look to St Kitts and Nevis, where Savills (020 7016 3740, savills.com/overseas) is setting one bedroom flats with

ocean views on the Scotch Bonnet development from £247,000. The agency also has properties at Prickly Bay Waterside, a new luxury residential community on Grenada, where prices start at £262,000 for a one bedder. Or look to Antigua, which has the twin benefits of sandy beaches and direct flights. A two-bedroom villa in Jolly Harbour, one of the largest marinas in the Caribbean, is on the market for £135,000 with Luxury Locations (00 1 268 784 054, LuxuryLocations.com).



Hundreds of foreign investors have shown interest in the Carbonera Club, where prices will start at \$200,000

# Cuba's new revolution