



Dominican Republic awash in investors

Caribbean's pristine Dominican Republic attracts wave of U.S. investors

By Kerry Sanders

Correspondent

CNBC

Updated: 3:21 p.m. PT July 21, 2006

The Caribbean's Dominican Republic is a land of colors with its red, white and tropical blues. But it's all about the green that has people buzzing these days.

The island nation may have been an undiscovered country to Americans just three or four years ago, but today it is paradise found. Real estate projects in this Spanish-speaking country are sprouting like palm trees.

"The United States market is now beginning to identify the values and the opportunities that lie here in the Dominican Republic, particularly in a project like Cap Cana, which is aiming to the highest end of the world market," said Ellis Perez, president of Cap Cana.

Cap Cana, a project hugging the island's southeast coast, will be the country's largest private community — a mammoth 30,000 acres — with plans for five hotels, five golf courses and thousands of homes. It's just beginning to take shape with hundreds of millions in foreign dollars, 33 percent of which is American.

Real estate in the Dominican Republic is so hot that even before they broke ground at the project Roko Ki they had sold \$100 million in properties, 90 percent to Americans — that too, all in one day.

Roko Ki's natural beauty is undeniable. Investors are banking on another seaside jaw dropper, with jungle bungalows for the rich and famous, signature golf courses and fancy villas, signaling even more American interest. The hotel chain Starwood Resort Worldwide is building a Westin.

"In between 10 and 15 years we expect Roko Ki to have 8,000 residences and about 6 to 7 high end, five-star hotels," said Nick Tawil Fernandez, president of the Roko Ki Westin.

Factors responsible for the recent Dominican Republic fever are varied. They range from a series of Dominican baseball stars, a democratic government encouraging foreign dollars, a number of new direct flights from the United States and a lot of recent good press. These reasons coupled with bargain land prices and cheap labor have helped put the Dominican on the map like never before.

“It’s just very welcoming, very hospitable and once you’ve come here you want to come back,” said Tawil Fernandez of the Roko Ki Westin.

Many Americans fall in love with the Dominican while on vacation. A record number of tourists visited this past season after Hurricane Wilma pummeled Cancun, Mexico.

Even Hollywood is taking notice. Recently Brad Pitt was flying about the island looking for his piece of paradise. Fellow actor Vin Diesel is planning on building in Boca Chica and Robert Deniro is also actively looking.

Nestled between Cuba and Puerto Rico on Hispaniola, the Dominican shares this 29,000-square mile island with Haiti.

Poverty remains harsh reality

Islanders like to say Christopher Columbus was the first tourist here. Historians believe Columbus landed on Hispaniola before making it to the new world. Today well-paid tourism-related employees earn between \$100 and \$140 a month. Nonetheless, the poverty is undeniable — the poorest being an estimated 1 million Haitians who work in sugarcane farms or construction.

Dominican Secretary of Tourism Felix Jimenez recognizes that low wages are part of the draw but also says foreign money is raising the standard of living.

“My country is a poor country, but we are working and investing a lot of money in new roads, electrical supplies, water supply to help build a modern country,” says Jimenez.

That progress is increasingly visible and is encouraging investments from around the world.

Recently a German businessman sank \$50 million into a marine adventure park on the north coast, Ocean World, which has been drawing tourists from all over the country.

Wall Street money manager Boykin Curry and a group of investors recently took the plunge on the island’s breathtaking north coast and bought up to 2,000 acres to develop in Playa Grande at a bargain \$55 million — golf course included.

“He has seen not only the cooperation of the government, but also of key individuals and key development partners in the country that can help us,” said Carl Carlson, CEO of Playa Grande Holdings.

“We have seen a lot of interest from golfers and from people in the industry and everybody is expecting a lot from us,” he added.

Down the road from Playa Grande is picturesque Cabarete beach —a water sports mecca for world-class wind and kite surfers — that has made a splash with Americans.

“Valero is 5 years old, and at the beginning we had a base of international owners, almost 10 percent were American,” said Mario Magnan, general manager of Valero Beach.

“But recently we're seeing a big flux in American owners. Today, Valero Beach is 70 percent American-owned,” he points out.

Retirees drawn to service factor

American retiree Phyllis Berney from Wisconsin discovered the Dominican Republic was a bargain a long time ago, but it's the Dominican people that sold her on staying.

“My mom is going to be 98 in November, and she said, 'Where else could I be that someone could be so kind they actually help me put on my shoes, that I have someone with me all the time?’” said Berney. “I don't need a walker because when I want to walk someone walks with me.”

Five years ago Jason and Michelle Matthews from Philadelphia discovered the Dominican Republic while on vacation. They now live part-time on a farm on the north coast. They also own a 15,000 square foot beachfront villa that cost them \$2 million dollars and that they rent out to other Americans.

“I think most Americans have discovered what Columbus discovered a long time ago, particularly on the north coast, it's still an unspoiled pristine paradise. It's not over-invested, not over-developed,” said Matthews.

The trick will be keeping it that way.