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PR Contact:

Hilary Reiter

435.645.7500 x105 | hilary@deringelliott.com

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Bermuda's Strict Real Estate Policies Magnify a Hot Vacation Home Trend

[Southampton, Bermuda] Bermuda's real estate market continues to be strong, despite slowdowns in the United States. Under-supply and over-demand are driving up prices, and magnifying a vacation home trend that started on the island a few years ago. As of September 2008, 11 houses ranging from \$4.4 million- \$25 million and 18 condos priced from \$1.2 to \$5.3 million are the only real estate properties available for non-Bermudians to purchase, according to Rego Sotheby's International Realty agency. A government policy enacted in 2005 restricts the amount of real estate that can be offered to foreigners, thus drastically limiting the supply of vacation homes available on the popular island. As a result, fractional ownership is becoming the hottest trend to hit Bermuda. The Reefs Club, a new private residence club poised to open in 2009, is making luxury home ownership on the island more accessible to Bermuda enthusiasts. It is being constructed next to The Reefs, a hotel widely recognized as the island's best.

"Right now there's such a limited supply of real estate in Bermuda," says Buddy Rego of Rego Sotheby's International. "Locals are not able to sell property to non-Bermudians. Residence clubs such as The Reefs Club fill a niche. They're selling to people who want a vacation home in Bermuda, but don't want the multi-million dollar price tag."

Residence clubs are also ideal for those who want to spend several weeks per year at their home, but don't want the hassles of maintenance, security and insurance costs associated with traditional whole ownership. Starting at just \$350,000, The Reefs Club offers luxurious vacations at a fraction of the price of traditional island homes.

"The more we researched and asked our guests about fractional ownership, the more we realized it's ideal for people who want to own in Bermuda, don't want the year-round responsibilities, and want to be able to keep it in the family," says David Dodwell, president of The Reefs Club development company. "The response from repeat guests and their families has been exciting," Dodwell adds. "And because they'll own a piece of The Reefs, they can come more often and enjoy those services and amenities we're famous for."

The Reefs Club features elegant, fully furnished two- and three-bedroom residences with unobstructed ocean views seen through dramatic walls of windows. Homes are just steps away from the hotel's three gourmet restaurants, a new spa, a secluded pink sand beach, and world-class diving and snorkeling. Amenities include an owner's lounge, infinity-edge pool, fitness center and rooftop putting green with impressive views of the Atlantic. An on-site concierge coordinates dinner reservations, golf tee times and on-site spa appointments and other island adventures.

The Reefs Club is part of the Elite AllianceSM – an exchange program offering owners luxury vacations at other private residence clubs around the world.

The luxury shared ownership concept has grown into a \$2.3 billion industry, reports industry consulting firm Ragatz Associates. Equity Residence ClubSM properties now grace some of the world's most exclusive destinations, from Cabo San Lucas and Aspen, to Manhattan and Florence. Although often confused with timeshares and destination clubs, private residence clubs are quite different. Club owners actually own deeded real estate, which can be sold or willed just like any other form of real estate. They can reserve accommodations well in advance, and on a short-notice, space-available basis.

DCP InternationalSM (DCP), consultant to The Reefs Club, pioneered the Equity Residence ClubSM concept in 1992 with the Deer Valley Club at Deer Valley Resort in Utah. Regarded as the most experienced consulting firm in the industry, DCP has more than \$2 billion either sold, under contract, or in development. DCP has offered expertise in design, marketing and sales to private developers on more than 30 projects in the United States, Mexico, the Caribbean, and Europe.

www.ReefsClub.com

56 South Shore Road
Southampton SN 02
Bermuda
Toll Free 866.399.9568
www.ReefsClub.com