
As Cuba opens, developers tee up to build golf courses

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A British real estate developer plans to break ground early next year on Communist-run Cuba's first luxury golf resort, a \$500 million project that would be the largest private foreign investment on the island since the fall of the Soviet Union.

With relations improving between the United States and Cuba, tourism and real estate are seen by many businesses as the most interesting investments, and the race is on to get in.

Ian Livingstone, co-executive chairman of London & Regional, said in a telephone interview from London that construction would begin in the first quarter of 2016 in conjunction with an international building firm yet to be named.

Cuba currently has just one 18-hole golf course, but the Caribbean island's Communist government says it wants to eventually have at least 12 golf resorts.

"People are desperate to buy in Cuba but they need some reassurance at this stage and that means a reputable company such as ours," Livingstone said. "It is important we get the right quality because Cuba wants to start attracting more high-end tourists."

Aside from an 18-hole course, plans include a marina, 100-room luxury hotel and more than 1,000 privately owned beach front condominiums and villas.

The state enterprise Palmares SA has a 51 percent stake in the project, as it does with other planned golf resorts. In exchange for its majority stake, Palmares grants land with no property claims attached and allows a renewable 99-year lease on condos and villas.

Besides the London & Regional project, Palmares signed final papers last month with the Beijing Enterprise Group

for a similar project, Jose Alonso, the tourism ministry's business director, told official media last week.

He said a third project would be signed later this year, without naming the developer, and that two additional developments were being negotiated with unnamed Spanish firms, also with between 1,000 and 2,000 condominiums and villas for sale.

"Investors and important hotel operators are arriving who never came before," Alonso said, referring to the thaw in U.S. relations.

The United States and Cuba on Wednesday agreed to reopen embassies and restore diplomatic relations as of July 20, and U.S. Secretary of State John Kerry said he would come to Havana for a flag-raising ceremony.

Cuba received 3 million tourists last year and reported a 15 percent increase in arrivals over the first four months of 2015. More Americans are coming after President Obama loosened, but did not lift, travel restrictions in January.

While Cuba has talked about such resorts for years, financing has proved perhaps the biggest obstacle. But Livingston said, "We are not investing other people's money, it is our own private money."

London & Regional, owned by Livingston and his brother, has a portfolio valued at well over \$10 billion and assets valued at some \$1.5 billion, he said.

Despite the restoration of diplomatic relations, the U.S. embargo prohibits Americans from visiting Cuba as tourists or purchasing homes. U.S. President Barack Obama could restore diplomatic ties on his own and take further executive action to weaken the embargo, but only Congress can lift the embargo completely.

In the meantime, U.S. developers and hotel companies are also prohibited from operating in Cuba.
