Bacardi on the Rocks: Investment Decision

My recommendation: NO BUY at $5.85 million for your stated objective of a high-confidence, five-year investment return. Keep it on a lifestyle shortlist only if independent valuation evidence, your actual buyer status and your cost of renting materially improve the economics. This is a decision under incomplete evidence, not a claim that the house cannot appreciate.

The subject is the property in the supplied Rego Sotheby's brochure: 28 Knapton Estates Road, Smith's Parish. At 5,478 advertised square feet, the requested price is **$1,068 per square foot**. Its ocean outlook, main-house single-level layout, grounds, pool and guest accommodation are attractive. Those features do not yet establish that the asking-price premium is recoverable on resale.[1]

Decision metric	Result	What it means
Advertised purchase price / area	$5.85M / 5,478 sq ft	$1,068 per advertised sq ft; measured interior area still needs reconciliation.
Versus Walsingham / Glebe	+37.2% / +16.8%	Premium to two advertised, international-eligible alternatives; not adjusted sold-price premiums.
Base-case cash needed at closing	$6.82M	Includes assumed 12.5% licence, half of conveyance duty and $50,000 closing allowance.
Five-year cash break-even	$8.21M	Requires approximately 7.0% annual house-price growth, excluding rent savings.
To earn 5% annual net cash return	$10.36M	Requires approximately 12.1% annual house-price growth on the $5.85M entry value.
Verified transaction percentile	Not estimable	No adequate closed-price plus comparable-area dataset was verified.

The base case is an **all-cash, ordinary non-Bermudian freehold purchase, personal use, no rental receipts, five-year exit**. Your legal classification, financing and current rent were not confirmed for this report. Lower licence fees or substantial avoided rent improve the answer; the sensitivities show by how much. No numerical probability of appreciation is assigned.

An especially important distinction: even **5% annual house-price appreciation** produces a modeled cash loss of about **$679,000** after the assumed costs. With $150,000 of first-year rent savings, escalating 2.5% annually, the economic return is approximately 0.3% a year instead. A desirable home and a compelling investment are different tests.

Research cut-off: 11 September 2026. All model amounts are nominal USD. Public listings are seller representations, not surveys or completed sales. This is decision-support research, not a certified appraisal, legal opinion or assurance of investment performance. Numbered references are collected in the Sources section.

1. Subject property and geographic certainty

Dimension	Evidence and underwriting treatment
Identity	Bacardi on the Rocks; 28 Knapton Estates Road, Smiths FL 08; listing SM919.
Price and area	$5,850,000; brochure field: 5,478 total sq ft; narrative: about 5,500 sq ft of living space. Neither is an independent measured-area certificate.
Land and zoning	0.900 acre; approximately 39,204 land sq ft by arithmetic. Residential 2 is the brochure’s zoning label, not a confirmed development entitlement.
Accommodation	Five bedrooms, five bathrooms and one half-bath in the feature panel; one-bedroom cottage described separately. Clarify whether bedroom totals and area include that cottage.
Amenities	Pool, garage, landscaped grounds; offered furnished. Main residence described as single level.
Tax and buyer eligibility	ARV $138,000; advertised annual land tax $29,756; international availability marked yes. Confirm all assessment numbers and licence conditions.
Latitude / longitude	**Not independently verified.** No survey-grade or roof-level coordinate was available in the material verified. No substitute parish-centre coordinate has been inserted.
Water relationship	Ocean views supported by brochure photographs. The brochure map places the home inland of South Road. Direct shoreline title, private beach and deeded access are not established.

Subject details: supplied two-page marketing brochure, including its map and photographs.[1]

Smith’s is the relevant parish; “Flatts” is not a precise comparable boundary

The listing address and mapped location point to Knapton Estates on the south-shore side of Smith’s, not a verified Flatts Village waterfront parcel. I therefore prioritize the same buyer segment and property characteristics, then parish, rather than treating every property associated with Flatts as interchangeable.

Exact coordinates matter here because the investment consequences of road frontage, elevation, drainage, shoreline ownership and neighboring development can change over a short distance. Obtain the parcel identifier, boundary plan and a broker-confirmed roof pin, and have a surveyor confirm floor and site elevations. Straight-line distances or flood exposure should not be calculated from an unverified pin.

What the photographs do—and do not—establish

The brochure shows an attractive traditional house, mature landscaping, a pool terrace and broad sea outlooks. Interior images suggest cared-for finishes, not evidence of a recent comprehensive rebuild. There is no dated capital-work schedule, full mechanical inspection or independently measured floor plan. Furnishings and staging can improve presentation without extending the remaining life of the roof, windows or services.

2. Price-per-square-foot comparison

The following are **advertised prices, not closed transactions**. The first four comparators are advertised for international purchasers. Wider-parish properties are included because the verified same-parish, similar-size, internationally eligible evidence is thin. This is a selected comparison set, not a census of Bermuda luxury housing.[2,3,4,5]

Property / parish	Ask	Area used sq ft	$/sq ft	Bacardi premium
Bacardi / Smith's[1]	$5.85M	5,478	**$1,068**	—
Walsingham / Smith's[2]	$4.95M	6,357.67	$779	+37.2%
Glebe House / Hamilton[3]	$7.50M	8,200	$915	+16.8%
Caper Collis / Hamilton[4]	$6.90M	6,000*	$1,150*	−7.1%*
Te Koko / Warwick[5]	$8.75M	6,500†	$1,346†	−20.7%†

Premium = Bacardi $/sq ft ÷ comparator $/sq ft − 1. Exact advertised inputs are used before rounding. *Caper's 6,000 sq ft describes the main house; separate pool-house accommodation may be additional. †Te Koko's structured field says 6,500 sq ft but its narrative says over 5,500 interior sq ft. These are material denominator limitations, not cosmetic rounding differences.

The strongest challenges to the asking price

Walsingham is the most useful same-parish asking-price challenge: nearly five acres, a pool and guest cottage, with hilltop views. Its listing also describes a 6,000-square-foot residence, rather than the structured 6,357.67 figure. Using 6,000 would put it at $825 per square foot and Bacardi's premium at 29.4%, still substantial. The larger grounds could also entail higher costs; their entire acreage cannot be valued as buildable land.[2]

Glebe House offers a larger, elevated, ocean-and-golf-view home near Tucker's Town. Its 8,200 interior square feet are a clearer stated denominator, but its scale and multi-level configuration differ. Bigger houses can trade at lower unit prices without being better value for your needs. It nonetheless shows that Bacardi is not a low-priced entry on raw advertised area.[3]

The higher-priced benchmarks are not automatic justification

Caper Collis combines a single-level main home, 2.38 acres, sea-and-golf outlooks and an advertised major renovation. **Te Koko** is marketed as a modern waterfront property at Riddell's Bay. These help define alternatives at higher budgets, but the latter's actual waterfront status and both properties' area differences prevent treating their higher ratios as direct proof that Bacardi is cheap.[4,5]

3. Area normalization and transaction evidence

Why the denominator is the first diligence item

A square foot of enclosed, finished main-house accommodation is not identical to a garage, covered veranda, cottage or storage room. Dividing a total estate price by inconsistently defined areas can produce a persuasive but misleading ranking. No source supplied a common, independently measured area standard across these properties.

If Bacardi’s comparable interior area is…	Effective $/sq ft at $5.85M	Change from headline
5,478 sq ft (advertised total)	$1,068	Base calculation
5,204 sq ft (5% lower; sensitivity)	$1,124	+5.3%
4,930 sq ft (10% lower; sensitivity)	$1,187	+11.1%
4,656 sq ft (15% lower; sensitivity)	$1,256	+17.6%

Sensitivity cases are not findings that area is overstated. Calculations use 95%, 90% and 85% of 5,478 before rounding displayed area.

Require a reconciliation of main-house interior, cottage interior, garage, covered outdoor areas and other buildings, with legal-use confirmation. Apply the same definition to each comparator. The better ultimate method values the estate as a whole, using price per square foot as a cross-check rather than a substitute for land, condition and location analysis.

Context-only and pending properties

Property	What is verified	Treatment
Sky Top, Smith’s[6]	$3.65M; 5,771 sq ft; $632/sq ft; 0.8 acre. Marketed to Bermudian, BOTC and PRC buyers; two residences and no completed pool advertised.	Excluded from the international-eligible comparison set. Relevant only if your status permits purchase and the layout suits you.
Chelmsford, Pembroke[7]	Current page says under contract; 7,000 sq ft; international availability. Contract consideration and closing date were not disclosed.	Useful pending-sale lead, but no verified sale $/sq ft. Do not substitute a former asking price for the deal price.

The completed-sale evidence gap

No qualified closed-sale observation with both a verified consideration and a consistent measured area was established in this research. “Sold,” “under offer,” “under contract,” and a disappearing listing are not evidence of a particular closing price. An accepted offer can also fail or change before completion.

The appropriate next source is a licensed local valuer’s transaction schedule, supported by conveyance evidence or broker-confirmed completions. Ask for 2022–2026 sales in Knapton Estates and comparable Smith’s locations first, then disclose any expansion to Hamilton, Devonshire, Paget or Warwick. This report cannot replace that missing valuation work.

4. Percentile, premium and negotiation discipline

What percentile does $1,068 per square foot occupy?

The Smith’s/Flatts closed-transaction percentile is not estimable from the verified evidence. In the four internationally advertised comparators on page 3, two raw ratios are lower and two higher than Bacardi. That is only a 2-of-4 comparison count—not a validated 50th-percentile market position. The same-parish international subset has just one comparator, Walsingham, and cannot define a meaningful distribution.

The earlier “100th percentile” conclusion based on two asking-price examples should be discarded. The previous precise offer bands and ceiling also did not have sufficient transaction support. Asking-price samples are selected by availability, seller expectations and time on market; overpriced unsold homes can be overrepresented. Bedroom mix, buyer eligibility and inconsistent area compound the problem.

How a defensible percentile should be produced

Select arm’s-length completed house sales, remove duplicate listings and non-market family or corporate transfers, standardize internal area, and separate international-eligible from local-only property. Record sale date, concessions, condition, shoreline rights, land and renovation scope. Show the sample count and inclusion rules before calculating any rank. If time adjustments cannot be supported, present separate date cohorts rather than assume an appreciation rate.

For a transparent empirical rank, report the number of comparable observations below the subject’s price per square foot, plus half of ties, divided by the number of observations. With fewer than ten observations, show the actual ordered values and describe the result as fragile. Even twenty sales need scrutiny if they are geographically or physically heterogeneous. A percentile is a price position, not the probability of an investment gain.

Negotiating in price-per-square-foot terms

Price level	$/advertised sq ft	Discount to ask	Interpretation
$5.85M	$1,068	0.0%	No demonstrated entry margin of safety.
$5.45M	$995	6.8%	A round-number ratio is not proof of value.
$5.00M	$913	14.5%	Near Glebe’s raw ratio, before adjustments.
$4.50M	$821	23.1%	A pricing sensitivity, not a sale-supported valuation.

The raw Walsingham and Glebe ratios, multiplied by Bacardi’s advertised area, imply approximately $4.27M and $5.01M respectively. Those are mechanical anchors, **not appraised values**. A justified premium must be demonstrated through superior comparable condition, usable layout, ocean outlook or other sale-supported adjustments—not simply asserted because this is a beautiful property.

Each $100,000 price reduction saves about $116,175 of modeled upfront cash at this price level, including licence and buyer duty. Negotiation therefore has real leverage, but a modest discount cannot by itself repair an unfavorable five-year cost structure.

5. Location, parish sentiment and momentum

My location opinion: favorable for living, unproven as a return catalyst

The subject’s marketed combination of south-shore outlook, an established residential estate and a single-level main house is appealing for family and second-home use. The agent estimates 12 minutes to the airport and 15 minutes to Hamilton; these are not independently timed commutes. Test weekday peak traffic, the road crossing to the beach, nighttime noise and storm-weather access during a visit.[1]

I would not describe Smith’s as an emerging bargain parish or assign it a measured positive-sentiment percentage. No representative buyer survey, neighborhood sentiment series or reliable parish repeat-sales index was verified. Agent language about a sought-after address is sales positioning, not independent sentiment data. My favorable lifestyle assessment is a qualitative opinion about this property’s advertised configuration.

The verified economic signals are supportive but lagging

Signal	Verified evidence	Investment interpretation
Employment	2024 filled jobs: 33,451, up 1.8%; published October 2025.	A constructive demand backdrop, not a 2026 house-price growth rate.
International business	2024 sector jobs: 5,040, up 2.3%.	Potential support for executive housing demand; no direct estimate for $5M–$8M homes.
Non-Bermudian employment	“Other non-Bermudian” jobs: 8,677, up 6.8% in 2024.	Possible rental-demand support. Tenants do not automatically become eligible or willing luxury-home buyers.
Recovery context	Total jobs remained 927 below 2019.	Growth is not the same as an unprecedented demand boom.

All employment observations are from the Government’s 2025 brief, based on its 2024 survey; they are not current-year measurements.[8]

What cannot yet be called “momentum”

A broader 2026 legal-market commentary identifies interest in hotel-linked real estate and pressure on development costs. That may support replacement-cost scarcity, but hotel residences are a different product and higher construction costs can also reduce liquidity and increase an owner’s repair bill. I do not translate those observations into a Smith’s appreciation forecast.[9]

No verified series of signed sale-to-list discounts, days on market, withdrawals, completed-sales volume or repeat-sales prices was available for this micro-market. Website traffic, social-media engagement and a single pending listing do not resolve those gaps. A property’s asking-price reduction could reflect its own mispricing rather than declining parish prices; conversely, a price increase is not a realized gain.

The practical momentum test is whether comparable eligible homes are closing faster, with smaller discounts and fewer concessions, at higher standardized prices. Obtain two years of broker records plus the subject’s complete listing and offer history. Until then, my momentum view is **insufficient evidence to underwrite above-market growth**.

6. Qualitative scorecard and physical risks

Scores below are subjective, provisional assessments of the subject—not market statistics or probabilities. Scale: 1 weak, 5 mixed, 10 exceptional. “Not rated” means the decisive evidence is missing. Confidence refers to the information behind the opinion, not confidence that prices will rise. No composite score is calculated.

Dimension	Score	Confidence	Reason and consequence
Ocean-view appeal	8/10	Medium	Broad sea outlook in brochure images. A view premium is plausible; view protection and shoreline rights are unverified.
Main-house usability	8/10	Medium	Single-level arrangement and ensuite bedrooms are useful selling features; site gradients still matter.
Cosmetic presentation	7/10	Medium	Appears maintained and furnished. Photos do not establish hidden condition.
Renovation / systems	Not rated	Low	No dated scope, invoices, warranties or independent inspection. Do not pay a verified-rebuild premium.
Location for personal use	7/10	Low–medium	Attractive advertised estate setting; road access, noise and everyday convenience need testing.
Price support at ask	3/10	Low	Premium to useful lower-priced asks, without matched closed sales that validate it.
Five-year cash economics	2/10	Medium*	Large modeled transaction and carrying costs; *high confidence in arithmetic, lower in cost estimates.
Resale liquidity	Not rated	Low	No verified time-to-sale distribution or buyer-depth evidence. Treat a fixed exit date as a risk.
Climate / insurability	Not rated	Low	Parcel coordinates, elevation, drainage, claims and binding insurance terms still missing.

Renovation should be valued as avoided future expense

Ask a surveyor and quantity surveyor for a ten-year component schedule: roof finish and structure, shutters and glazing, HVAC, electrical capacity, plumbing, water tank, wastewater system, retaining walls, pool shell and equipment. A dated kitchen can be acceptable at the right price; concealed water ingress or a compromised retaining wall is a different risk. Renovation expenditure should not be assumed to recover dollar for dollar at resale.

Climate risk needs parcel-level evidence

Bermuda’s Government has published a commissioned sea-level and storm-impact study and mapping resources. These justify diligence, not a property-specific flood classification. Obtain the verified parcel overlay, finished-floor levels, runoff route and an insurer’s written replacement-cost assessment, exclusions and windstorm deductible. An elevated appearance in photographs is not proof of low exposure.[10]

Also inspect salt corrosion, drainage after heavy rain, tree-fall exposure, emergency power and maintenance access. As an illustrative stress only, a 2% deductible on $5M of insured value would be $100,000; the actual policy may use a different basis or rate. Neither the insured value nor deductible here is a quote.

7. Acquisition costs and legal eligibility

The base case uses the current published **12.5% ordinary non-Bermudian freehold licence fee**. The 2026 Wakefield Quin chapter also describes conveyance duty as typically split between buyer and seller. Both your classification and the contractual allocation need confirmation by your Bermuda attorney; a work permit alone should not be assumed to confer the PRC fee.[9]

Acquisition item	Amount	Basis
Purchase consideration	$5,850,000	User's proposed price; brochure asking price.
Acquisition licence	$731,250	12.5% of assumed accepted property value.
Buyer share of conveyance stamp duty	$193,462.50	50% of total duty of $386,925; negotiated assumption.
Legal / registration / application / diligence	$50,000	Combined planning allowance, not a firm quote.
Initial cash outlay	**$6,824,712.50**	No debt; no immediate major renovation budget.

Stamp-duty calculation

Purchase-price band	Rate	Duty
First $100,000	2.10%	$2,100
Next $400,000	3.15%	$12,600
Next $500,000	4.20%	$21,000
Next $500,000	6.30%	$31,500
Remaining $4,350,000	7.35%	$319,725
Total document duty	Buyer share modeled at half	$386,925

Current conveyance bands from the Government's stamp-duty page, updated July 2026. If the buyer pays all duty, entry cash rises by another $193,462.50. Future tax rates may change; the five-year model holds them constant.[11]

The cottage and ARV require specific legal clearance

The brochure's $138,000 ARV exceeds the $126,000 ordinary foreign-house threshold described by Conyers, but ARV is a tax assessment, not market rent. Separate dwelling-unit restrictions may matter to the cottage. Obtain written advice covering the exact title, assessments and your intended occupation before relying on "international availability."[1,12]

The ordinary licence fee is a material sunk cost, not a separately recoverable resale asset. The model assumes the purchase price is also the value accepted for fee purposes. If the assessed fee base exceeds a negotiated consideration, some modeled savings from a lower offer would not materialize. Do not assume an entity structure, subdivision or rental plan eliminates this cost.

8. Ownership budget and model mechanics

Year-one carrying budget

Annual item	Base allowance	Evidence quality
Land tax	$29,756	Brochure amount reconciles to published bands at $138,000 ARV. Confirm cottage assessments.
Building and contents insurance	$20,000	Unquoted assumption; obtain binding terms and storm deductible.
Routine repairs and renewal spending	$40,000	Underwriting allowance, not a quantity-surveyor estimate.
Gardening and pool upkeep	$20,000	Unquoted service allowance.
Utilities, security and other services	$15,000	Assumed use pattern; actual owner bills needed.
Rounding / contingency	$244	Rounds the annual base to $125,000.
Total year one	**$125,000**	Model increases all carrying costs 2.5% per year.

Land tax source: Government of Bermuda.[13] Other costs are explicit model assumptions, not purported local market averages. The renewal allowance is treated as money actually spent; an unspent reserve would remain the owner's asset and improve returns.

The five-year carrying total is **$657,041**. Inflating the whole budget is a simplifying cost sensitivity, not a forecast that the statutory land-tax bill automatically rises 2.5% annually. At the published top ARV band, a $10,000 assessment increase would instead add $5,500 to annual land tax; that is a separate reassessment risk.[13]

Exit assumptions

At the end of year five, the model deducts a 5% selling commission, a 0.5% seller legal/closing allowance and half of conveyance stamp duty. Commission, legal charges and duty-sharing are negotiable and unquoted. No refund of the original acquisition licence is assumed. The next buyer's costs are not deducted from your proceeds, although they may influence that buyer's willingness to pay.

How the return is calculated

Initial cash flow is minus the purchase and acquisition costs. Years one to four contain carrying outflows. Year five contains net sale proceeds less the fifth year's carrying cost. Cash IRR is the annual discount rate that makes those dated cash flows sum to zero. It is not the five-year gain divided by five.

The starting market value is assumed equal to $5.85M solely to make the growth sensitivities transparent. This is **not a valuation conclusion** and is favorable if the home is overpriced. Personal taxes outside Bermuda, financing, exceptional capital works, selling delays and consumption value are excluded from the base case and discussed separately.

The 5% target is an illustrative opportunity-cost hurdle, not a quoted or guaranteed yield. At positive inflation, nominal break-even still loses purchasing power. All results are before personal taxes.

9. Five-year cash-return scenarios

These scenarios change only house-price growth. They do **not** have assigned probabilities, and “3%” or “5%” is not a forecast. The base case remains all cash, ordinary 12.5% licence, personal use, no rent receipts or rent savings, and the carrying and exit costs described above.

Annual house-price growth	Year-five gross sale	Net sale proceeds	Total cash profit / loss	Annual cash IRR
-2%	$5.29M	$4.82M	−$2.66M	-8.9%
0%	$5.85M	$5.33M	−$2.15M	-6.9%
3%	$6.78M	$6.18M	−$1.30M	-4.0%
5%	$7.47M	$6.80M	−$0.68M	-2.0%
7%	$8.20M	$7.47M	−$0.01M	-0.0%
10%	$9.42M	$8.58M	+$1.10M	2.9%

Gross sale is before selling expenses; net proceeds are after selling expenses but before recovering your entry and holding outlays. Cash profit/loss includes all modeled cash flows. Display rounding may make a near-zero result look exact.

What the table says in plain language

If the house appreciates 3% a year, you sell for approximately $6.78M but lose about $1.30M in total cash after costs. At 5% appreciation, the sale price is approximately $7.47M and the loss is about $679,000. Even 10% annual house-price growth yields only about 2.9% annual net cash return under these assumptions.

Target	Required year-five sale	Required annual house-price growth
Recover all nominal cash invested	$8.21M	7.0%
Earn 5% nominal annual cash IRR	$10.36M	12.1%

A $8.21M break-even resale represents roughly a **40% increase** over the purchase price. The $10.36M price required for 5% net cash IRR is roughly a **77% increase**. Neither has a high-probability evidential basis in the sources verified. It would be misleading to label the desired return likely simply because land is scarce or this home has ocean views.

The exit market is part of the investment

A future $8M–$10M buyer will compare the property with whatever renovated, waterfront and resort-related alternatives are available then. A present view premium is not guaranteed to widen. Without ongoing renewal, a currently attractive interior may lose relative appeal. The spending allowance helps maintain the property; it does not guarantee preservation of its market position.

A five-year deadline also limits your ability to wait out a weak selling period. No quantified liquidity haircut has been inserted without evidence. A later section shows a delayed-sale stress instead. Flexibility to hold longer is valuable, but it should not be used to conceal a failed five-year underwriting case.

10. Personal use, renting and financing

Rent savings can materially improve the personal-home decision

The cash-only model deliberately excludes the value of living in the house. A fair buy-versus-rent comparison credits the rent you would genuinely avoid. The following are illustrative first-year savings, rising 2.5% annually—not verified achievable rents for Bacardi or estimates of your present rent. They are an economic benefit, not cash receipts from the property.

Annual / monthly rent avoided	At 3% house growth	At 5% house growth	At 7% house growth
$0 / $0	-4.0%	-2.0%	-0.0%
$150,000 / $12,500	-1.6%	0.3%	2.2%
$240,000 / $20,000	-0.1%	1.7%	3.5%

Cells show annual economic IRR with the modeled rent-saving benefit. For a genuine like-for-like comparison, remove tenant-paid utilities and services from the owner budget where they would be paid in either alternative. No such allocation is known here, so the table retains the full owner budget.

At 5% annual price growth and $150,000 initial annual rent savings, the economic return is approximately 0.3% a year. At $240,000 rent savings it is about 1.7%. These can be acceptable consumption choices, but neither reaches the illustrative 5% hurdle. Non-financial benefits—control, privacy, family stability—may matter greatly; assign them a personal value rather than call them investment appreciation.

At 3% house-price growth, first-year rent savings of about **$247,000** ($20,600 monthly), growing 2.5%, would be required for nominal economic break-even with the full budget. Reaching 5% economic IRR would require about $561,000 in first-year savings. These are solved thresholds, not rental appraisals.

Do not underwrite rental income until it is legal and evidenced

Conyers describes permission requirements for ordinary non-Bermudian owners to let property, a charge of 7.25% of rent or $72.50 if greater, and limitations where the owner remains resident in Bermuda. PRC treatment differs. Obtain specific advice for the cottage and your status before including any rent.[12]

A rental case needs at least three signed comparable leases, occupancy evidence and a net budget after vacancy, letting fees, management, furnishing replacement and permissions. Do not add full-house rent to full-house personal-use savings for the same dates. The cottage is not automatically a second unrestricted income property merely because it has a separate entrance.

Financing is not a free improvement in returns

Illustratively, a 50% loan-to-price interest-only mortgage at 6% costs $175,500 in annual interest before lender and mortgage-document fees. Neither the rate nor the structure is a quote. Leverage may amplify equity returns in a strong outcome, but it also magnifies downside and refinancing risk. A work-permit or residency change may create a need to move before the intended exit; lender and licence terms should be reviewed together.

11. Sensitivities and an investment price ceiling

How buyer classification and costs alter break-even

Buyer-fee assumption	Entry cash	Break-even sale	Annual growth needed
Ordinary fee: 12.5%	$6.82M	$8.21M	7.0%
PRC illustration: 6%	$6.44M	$7.80M	5.9%
No licence fee: illustration only	$6.09M	$7.41M	4.8%

Conyers publishes a 6% PRC acquisition fee. The zero-fee row is a mathematical comparator, not a statement that you qualify for an exemption.[12] These rows exclude rent savings and otherwise hold the model constant.

With first-year carrying costs of $90,000 rather than $125,000, required break-even price growth falls to 6.5% a year. At $175,000, it rises to 7.8%. An extra $250,000 of exceptional spending paid at exit would increase the break-even sale requirement by approximately $275,000. Earlier spending also has an opportunity cost. These stresses sit outside the routine renewal allowance.

At the 5%-growth scenario’s year-five value, a 10% sale-price concession would reduce net proceeds by about $678,000. If closing slips a year with no extra price growth, sixth-year carrying costs alone add about $141,000. Neither stress is a forecast; both show why a fixed exit date needs a cash buffer.

A return ceiling is not a market valuation

The table below solves for the maximum purchase consideration that meets a **5% annual cash IRR**, assuming an independently supportable present market value and the stated future growth. Carrying costs remain those of the same house. Crucially, the future sale value is anchored to the assumed market value—not rebased to a lower offer. No rent benefit is credited.

Hypothetical supported present value	Maximum price if growth is 3%	Maximum price if growth is 5%
$5.00M	$3.05M	$3.41M
$5.50M	$3.41M	$3.80M
$5.85M	$3.66M	$4.07M

These low ceilings are **conditional investment hurdle prices, not an appraisal or a recommended opening offer**. They show that a no-income, five-year hold with high acquisition costs is structurally difficult. The sensible response may be not to buy this type of asset for that objective, rather than assume a seller will accept the price your return model requires.

12. Which alternatives deserve attention?

Walsingham: first alternative to investigate for price discipline

It is the strongest direct question for the selling agent: what specific, independently verifiable advantages justify paying materially more per advertised foot for Bacardi? A more manageable property, better views from daily living rooms, superior actual condition and a better layout could justify some premium. A tour and survey may reveal that the cheaper ratio comes with costs or compromises. Do not assume it is a better investment solely because it is cheaper per foot.

Glebe House: useful value-per-foot control, not a budget equivalent

Its larger overall commitment and scale mean the raw ratio is less informative for a buyer who does not need all that space. Use it to test whether Bacardi's convenience and efficient layout deserve a premium, rather than to conclude that every additional square foot is equally valuable. A larger estate may be less liquid or more costly to run; those facts require evidence.

Caper Collis and Te Koko: test what a premium budget actually buys

These are useful viewings if your budget is flexible. They can help you distinguish the value of location, renovation and genuine waterfront from presentation. Their role here is not to recommend spending more. More expensive properties still face acquisition costs and can have equally poor short-horizon returns. Verify the same floor-area and condition questions before comparing apparent discounts.

Sky Top: conditional on your legal buyer category

If your status permits it, this becomes a relevant lower-commitment alternative, but the two-residence configuration and different amenity package need their own analysis. If you are an ordinary international purchaser without the necessary eligibility, it should not be used to imply that an equivalent cheaper house is available to you.

The missing alternative is continuing to rent

Renting for five years preserves flexibility and avoids the property's entry and exit transaction costs, while sacrificing control and exposure to any house-price gain. Compare actual suitable leases, not a hypothetical bargain rental. The capital not tied up in the house also has an alternative use; its return, taxes and risk should be modeled consistently. The 5% hurdle in this report is simply a placeholder for that decision.

My decision ranking for this objective

Action	Current recommendation
Buy Bacardi unconditionally at $5.85M	**No.** The verified pricing evidence and five-year net economics do not meet your stated investment standard.
Commission appraisal and full diligence	**Yes, if it remains a serious lifestyle candidate.** This buys information; it is not a commitment to purchase.
Tour eligible lower-ratio comparators	**Yes.** Use them to test actual condition and the premium you would be paying.
Buy for a longer-term home	**Potentially, under a separate decision.** Quantify rent savings, legal costs and holding flexibility; do not relabel lifestyle value as guaranteed return.

13. Evidence required before changing to BUY

The missing work is specific and decision-relevant. A BUY recommendation would require both **sale-supported pricing** and a net-return or personal-use case you knowingly accept. A clean survey alone does not cure overpayment, and a low price alone does not cure a legal or structural defect.

Evidence request	Who should establish it	Decision effect
Closed-sale schedule: date, consideration, area standard, buyer eligibility, location, condition, concessions; start with Knapton / Smith's.	Independent licensed Bermuda valuer, with broker and conveyance support.	Must explain any premium to comparable transactions and show the uncertainty range.
Measured main house, cottage, garage and veranda areas; floor plans; occupancy approvals.	Surveyor / architect and attorney.	Recalculate $/sq ft. Do not price non-comparable space as main-house interior.
Boundary plan, parcel ID, verified latitude / longitude, levels, easements, road and beach rights, neighboring planning files.	Land surveyor and attorney.	No assumed waterfront, guaranteed view or buildable surplus land.
Your acquisition category, actual licence fee/base, cottage eligibility, letting permission and all assessment numbers.	Bermuda property attorney.	Rebuild entry costs and income assumptions before offer conditions are removed.
Structural and component inspections; ten-year capital schedule; renovation invoices and permits.	Building surveyor and quantity surveyor.	Price or reserve for defects; distinguish cosmetic work from systems renewal.
Binding insurance, storm deductible, claims history, five-year operating bills, pool and grounds contracts.	Insurer, owner and service providers.	Replace $125,000 budget with evidence; quantify uninsured exposure.
Subject listing history, offers, fall-throughs; eligible comp days on market and actual sale-to-list ratios.	Selling and independent buyer-side agents.	Assess negotiation leverage and a realistic exit timetable.
Your real alternative rent, finance terms, personal tax position and minimum acceptable return.	You, lender and tax adviser.	Complete the personal buy-versus-rent decision instead of relying on generic assumptions.

Ask the selling agent to address the price-per-square-foot premium in writing with actual completed sales. Request evidence, not an assurance that values always go up. Your attorney should set appropriate diligence and licence conditions and confirm the exact point at which deposits become exposed; this report does not determine contract wording.

Bottom line: I would not buy at $5.85M because I needed a high-probability five-year financial gain. I would consider it only as a personally valuable home, with independently supported pricing and a willingness to accept modest or negative financial returns—or after a sufficiently material change in price, legal costs or evidenced income. The current evidence does not justify promising appreciation or calling the asking price a bargain.

Appendix A. Reproducible calculations

Inputs are disclosed so a valuer, accountant or spreadsheet model can reproduce the results. No statistical model was fitted to the sparse asking-price sample. All price-per-square-foot calculations are simple division. Dollars are nominal and cash flows are assumed to occur at year-end, except initial acquisition.

Symbol / formula	Definition
P = 5,850,000; A = 5,478	Purchase consideration and advertised subject area. Headline $/sq ft = P ÷ A = $1,067.908.
D(S) = 0.0735 × S − 43,050	Total conveyance duty for consideration S above $1.5M; equivalent to the published progressive bands.
E(P) = 1.125 × P + 0.5 × D(P) + 50,000	Ordinary-buyer acquisition cash. Above $1.5M: E(P) = 1.16175 × P + 28,475.
C(t) = 125,000 × 1.025^(t−1)	Modeled carrying outlay in year t, for t = 1 through 5.
V(5) = V(0) × (1+g)^5	Gross terminal price at annual house growth g. Main scenarios set V(0)=P without asserting it is fair value.
N(S) = S × (1−0.05−0.005) − 0.5 × D(S)	Net sale proceeds. Above $1.5M: N(S) = 0.90825 × S + 21,525.
Cash profit = N(V(5)) − E(P) − sum C(t)	Undiscounted nominal cash profit or loss; no rent or financing in the base case.
0 = −E(P) − sum C(t)/(1+r)^t + N(V(5))/(1+r)^5	Equation defining annual cash IRR r. Add avoided rent or lawful net rental effects to the appropriate annual cash flows.

Solved terminal value and maximum-price formulas

To meet target return r, required net terminal proceeds equal initial cash compounded for five years plus each carrying cost compounded from its payment date to year five. Subtract $21,525 and divide by 0.90825 to obtain the required gross sale price. Required house-price growth is (required sale ÷ P)^(1/5) − 1.

For a fixed, independently supported V(0), maximum purchase price at target r equals: [N(V(0)×(1+g)^5)/(1+r)^5 − sum C(t)/(1+r)^t − 28,475] ÷ 1.16175. This applies only where purchase and terminal prices remain above $1.5M and the assumed fee base equals the negotiated purchase consideration.

What the arithmetic cannot establish

Neither equation establishes present fair market value, the probability of a particular growth rate, the legality of renting, or the expected selling period. The model also omits a terminal value for separately sold furnishings and does not assume that renovations create incremental capital gain. Personal taxes may reduce returns. If the input evidence changes, the decision should be recalculated rather than defended by reference to the original asking price.

Sources and evidence notes

1. Rego Sotheby’s International Realty, Bacardi on the Rocks, listing SM919, two-page brochure supplied in the conversation.
Undated. Used for subject identity, asking price, area, land, tax fields, amenities, photographs and indicative map. No independent survey implied.

2. Rego Sotheby’s / Propertyskipper, Walsingham, Smith’s, listing reg_SM912.
Active asking-price evidence; structured area differs from narrative main-house size.
https://www.propertyskipper.com/property/reg_sm912_walsingham

3. Cranfields / Propertyskipper, The Glebe House, listing cra_1255.
Active asking price and stated 8,200 interior sq ft. Duplicate brokerage advertisements were not counted as separate properties.
https://www.propertyskipper.com/property/cra_1255_the_glebe_house

4. Christie’s International Real Estate / Sinclair Realty via Propertyskipper, Caper Collis, 3 South Road.
Active ask; 6,000 sq ft describes main house, not a verified all-building denominator.
https://www.propertyskipper.com/property/chr_1905071400398134_3_south_road_hamilton_parish

5. Rego Sotheby’s / Propertyskipper, Te Koko, listing reg_WK2477.
Active ask; marketed waterfront; 6,500 structured area versus over 5,500 interior in narrative.
https://www.propertyskipper.com/property/reg_wk2477_te_koko

6. Rego Sotheby’s / Propertyskipper, Sky Top, listing reg_SM914.
Asking price, area and buyer-category restrictions. Excluded as an ordinary-international-buyer substitute.
https://www.propertyskipper.com/property/reg_sm914_sky_top

7. Rego Sotheby’s / Propertyskipper, Chelmsford, listing reg_PM1225.
Under-contract status and 7,000 sq ft; no verified contract price or closing date.
https://www.propertyskipper.com/property/reg_pm1225_chelmsford

Public-source observations were checked on 11 September 2026. Listing pages can change or remain online after circumstances change; availability and asking prices should be reconfirmed directly before negotiations. Research date is not a sale date. Marketing “recent renovation” or building-age claims are relative to an undated listing unless a completion date is supplied.

Sources and evidence notes, continued

8. Government of Bermuda, 2025 Job Market Employment Briefs, published 23 October 2025.
Based on the 2024 Employment Survey. Used for lagged employment signals, not house-price forecasting.
https://www.gov.bm/news/2025-job-market-employment-briefs

9. Wakefield Quin, Real Estate 2026 — Bermuda, Chambers Global Practice Guides; updated 7 May 2026.
E. Scott Swainson, Andrew Morgan and Erik Gotfredsen. Used for the ordinary freehold licence fee, typical conveyance-duty sharing and qualitative market context. Professional commentary, not individualized legal advice.
https://practiceguides.chambers.com/practice-guides/real-estate-2026/bermuda

10. Government of Bermuda, Bermuda and Climate Change: Impacts from Sea Level Rise and Changing Storm Activity.
Official commissioned-study and mapping gateway. No subject parcel hazard score was independently established.
https://www.gov.bm/articles/climatechange

11. Government of Bermuda, Stamp duty tax on legal transactions; updated 6 July 2026.
Primary source for progressive conveyance-duty rates.
https://www.gov.bm/articles/stamp-duty-tax-legal-transactions

12. Conyers, Acquiring Property in Bermuda, January 2025, pages 5–7.
Used for PRC-fee sensitivity, ARV threshold and distinction from market rent, multi-unit issues and letting restrictions. Current application to the buyer and cottage requires counsel confirmation.
https://www.conyers.com/wp-content/uploads/2023/10/Acquiring_Property_in_Bermuda_BDA.pdf

13. Government of Bermuda, Land Tax; updated 6 July 2026.
Primary source for residential land-tax bands. At stated ARV $138,000, calculated annual tax is $29,756 including the $150 flat charge.
https://www.gov.bm/land-tax

Research limits and conflicts of interest

No broker, seller, valuer, attorney, surveyor or insurer was contacted, and no offers or enquiries were sent. The comparison set uses openly accessible, broker-authored listings; these parties have sales interests. Independent government and professional sources support the tax and contextual analysis, but not the subject’s market valuation.

No private transaction database, complete parish sales register, signed lease sample, inspection, title opinion or binding insurance quote was obtained. Exact latitude and longitude remain unverified. No fair-value range or investment-success probability is represented as statistically established. The recommendation is conditional on the disclosed assumptions and should be revisited when those missing inputs are available.