Bacardi on the Rocks Purchase assessment

28 Knapton Estates Road, Smith’s Parish, Bermuda
Research cut-off: 11 September 2026 | Historical review: 2016–2026 | Scenarios: 2026–2036 | USD

Decision at the $5.85 million asking price

I would not buy this property at the asking price on an appreciation thesis alone. It may be a compelling home, but the available evidence does not establish that it is attractively priced, and the costs for a non-Bermudian work-permit resident create a substantial financial hurdle. My provisional preference is to rent while obtaining verified closed comparables and confirming the legal position of the separate cottage.

At the asking price, the illustrative cash required is **$6.825 million before initial works**. Under a 2% annual nominal appreciation scenario, the property reaches $7.13 million in 2036, but selling costs reduce proceeds to about $6.50 million. Including the benefit of avoiding $18,000 monthly rent and paying ownership expenses, the economic return is approximately **0.8% a year**. Renting is ahead by $2.18 million in present-value terms at an assumed 5% alternative return.

What supports ownership	What limits the investment case
Ocean views, single-level layout, pool and cottage; a desirable established location.	Unverified achieved comparables; potential ageing systems; beach access and cottage legality unresolved.
Hotel recovery and international-business housing demand can support the market.	Hotel openings are not guaranteed appreciation; recent air capacity and reinsurance headcount do not show a broad surge.
Long personal use can justify a lifestyle premium.	A work permit does not remove foreign-buyer licence costs or guarantee a ten-year stay.

Scope and confidence. This is a sourced desk assessment and transparent scenario analysis, not a certified appraisal, title opinion or output from your proprietary ValueAtlas.ai model. The property’s ten-year conveyance and condition records are not publicly established by this research. Those gaps are identified rather than filled with invented historical valuations.

1. The asset and your legal position

Brochure fact [1]	Implication / verification needed
Ask $5,850,000; 5,478 sq ft; 0.900 acres	Approximately $1,068 per advertised sq ft. Verify measured internal area and what is included.
5 beds, 5 baths and 1 half bath; separate one-bedroom cottage	Confirm whether cottage bedrooms and area are already included; do not count them twice.
ARV $138,000; annual land tax $29,756	ARV is a statutory rental assessment, not actual rent or sale value.
Residential 2; international availability “yes”	Marketing eligibility is not legal approval for this buyer and this multi-unit configuration.
Pool, garage, furnished; South Shore views	Furniture inventory, pool condition and coastal exposure require separate assessment.

The brochure map places the property inland, north of South Road. Treat it as an **ocean-view house**; direct waterfront, a private beach or deeded beach access are not established. The advertised short walk to the beach is not proof of a legal right of access. [1]

You described yourself as resident in Bermuda on a work permit. The working assumption is that you are not Bermudian and do not hold a PRC. Legal guidance indicates a $126,000 minimum house ARV and a 12.5% licence fee for an ordinary non-Bermudian house acquisition. The advertised $138,000 clears the numerical threshold, but eligibility still requires approval. [2,3]

The cottage is a gating issue. Conyers describes restrictions on multiple dwelling units, with exceptions involving existing non-Bermudian ownership and qualifying assessments. Obtain the existing licence, title, approved plans and all assessment numbers. Do not assume the main-house ARV automatically authorizes the cottage or a future rental business. Letting and profit-making use can require permission. [2]

Owning the house must not be treated as extending your work permit or guaranteeing continued residence. The financial model assumes ten years of occupancy; a work-related departure could create an early sale or a need for approved letting. A lawyer should also establish road rights, boundaries and any estate covenants. A historical court decision discusses a Knapton estate zoning order, but its application to this parcel has not been verified. [26]

2. What the last ten years actually show

No verified purchase consideration, transfer date or annual valuation for the subject was obtained for 2016–2025. The only subject price established here is the current $5.85 million asking price. A 2012 design-awards article names a Westport Architecture renovation of “Bacardi on the Rocks”; it is a useful archive lead, outside the requested period, not proof of the present building’s last renovation date. [1,12]

Period	Evidence and significance
2016–2019	Leisure air arrivals increased into 2018, then eased in 2019. This supports a tourism-cycle narrative, not a measured price trajectory for this house. [13]
2020–2021	Leisure arrivals collapsed in 2020 and began recovering in 2021. Spanish Grange was advertised at $5.95m in March 2021; that was an ask, not a closing. [10,13]
2022–2023	Tourism recovered further. International-business employees receiving housing benefits reached 1,575 in 2023, up from 1,227 in 2018. This is more relevant to executive housing than visitor totals alone. [13,23]
2024–2025	ABIR member employment was broadly flat between the two surveys. In 2025, leisure air arrivals remained well below 2019, despite the wider tourism recovery. [13,21,22]
2026 to cut-off	First-half air arrivals rose 2.5%, but available air seats rose only 0.1%. Hotel redevelopment is progressing; full-year 2026 outcomes are unavailable. [14]

A consistent public series: leisure air arrivals

Year	Arrivals	Year	Arrivals
2016	164,321	2021	55,188
2017	182,439	2022	99,382
2018	203,697	2023	121,170
2019	191,417	2024	139,546
2020	25,704	2025	134,744

Source: BTA’s 2025 report historical series. The 2025 level was about 29.6% below 2019. These are leisure air arrivals, not all visitors, unique prospective homebuyers or a residential price index. [13]

3. Nearby comparable evidence

None of the prices below is represented as a verified closing consideration. Sinclair's sold archive retains marketing prices without sufficient completion dates or transaction evidence. These are geographically relevant leads for the broker and valuer to verify, not a completed comparable-sales appraisal. [7–9]

Property	Displayed data	Comparison to subject
Spanish Grange 26 Knapton Hill [7]	$5.25m; 7,200 sq ft; 2.1 acres; about $729/sq ft.	Closest useful estate-house lead. More land and advertised area. Condition, measured area, title and completion terms need reconciliation.
Knapton House & cottage 40 Knapton Hill [8]	$4.30m; 5,200 sq ft; 2.3 acres; about $827/sq ft.	Similar advertised floor area, much larger landholding; historic Grade 3 property, different upkeep and alteration constraints.
Horizon, Hidden Cove 17 Hidden Cove Road [9]	$3.10m; 2,900 sq ft; about $1,069/sq ft.	Beachfront condominium with shared facilities. Different tenure, scale and service charges; supporting lifestyle evidence only.
Subject [1]	$5.85m; 5,478 sq ft; 0.9 acres; about $1,068/sq ft.	Premium over the two detached-house leads needs evidence of superior condition, layout, views or a different transaction basis.

The subject asks 11.4% more than Spanish Grange's displayed price despite a smaller advertised building and landholding. Its price per advertised square foot is about 46.5% higher. That does not prove overvaluation: differences in condition, area measurement, usable land and the unverified price basis could be decisive. It does mean the seller should substantiate the premium with recent, completed transactions.

Spanish Grange's $5.95 million 2021 asking price and later $5.25 million archive figure do **not** establish a negative repeat-sale return. Neither endpoint has been verified as a transaction, and the property extent must match. [7,10]

Price conclusion

I cannot defend a market-value range from these leads alone. An arbitrary "fair value" such as $5.0–5.4 million would imply more evidence than exists. Obtain at least three comparable completed house sales with dates, consideration, buyer eligibility, condition, land extent and time on market. Then adjust for differences transparently, with greatest weight on recent Knapton/Smith's detached houses.

4. Hotels: upside, timing and competition

Fairmont Southampton

The government reported the Palmetto Beach Club opening in August 2026, an observable milestone toward restoring the 593-room resort. Accor's July announcement placed hotel reopening in late 2026. A beach-club opening is not confirmation that the full hotel is trading. [15,16]

The government's 2025 development statement projected substantial staffing expansion and accompanying development. These are forecasts, not completed net immigration or evidence that staff will buy $5.85 million houses. [17]

Transmission to Smith's: successful hotel operation could support conference demand, route economics and Bermuda's appeal to prospective residents. However, Southampton is a different local market. The subject does not acquire a direct resort amenity or ownership right. Additional residential supply could also compete for overseas purchasers. The size of any subject-specific appreciation effect cannot be estimated reliably from the available evidence.

The Loren at Elbow Beach

The August 2026 redesign report describes an in-principle application for 76 guest rooms and 22 detached rental villas, with opening anticipated in 2029. Those revised numbers should replace older proposal descriptions when assessing the current plan. Planning, construction, financing and opening remain separate milestones. Elbow Beach is in Paget, rather than Smith's. [18]

A successful opening could improve high-end tourism and international awareness. It may also supply competing holiday accommodation. Neither its hotel rooms nor Fairmont's rooms should be counted as new permanent executive households. Count realized hiring and relocation separately from visitor capacity.

Scenario treatment	What would justify it
Bear: delays / weak spillover	Hotel timetable slips, supply arrives without matching demand, little sustained airlift improvement.
Base: partial delivery	Hotel activity recovers gradually; improvements support demand but do not produce a detached-house price step-change.
Bull: sustained delivery	Hotels trade successfully, routes remain viable beyond launch, and higher-paid resident households grow faster than competing housing supply.

The model contains no separate "Fairmont premium" plus "Loren premium." These correlated effects are included within the overall growth scenarios, avoiding double counting.

5. New York connectivity and air capacity

No confirmed new New York widebody commitment was established. The decision should not assume larger aircraft will arrive. Aircraft capacity matters only when it produces sustained, conveniently timed, competitively priced seats that passengers actually use.

BermudAir's 2026 schedule shows Westchester and Newark service. Its published fleet material includes a 96-seat Embraer E190, but fleet availability does not establish deployment on a particular New York route. Route schedules and equipment need checking for the actual travel season. [19,20]

Observed measure	Result	Investment interpretation
First-half 2026 air seats [14]	249,293; +0.1%	Little net expansion at the island level.
Second-quarter 2026 seats [14]	143,223; –5.5%	A strong first quarter cannot be extrapolated to the full year.
First-half 2026 air visitors [14]	97,724; +2.5%	Demand improved somewhat faster than capacity.
2025 New York source-market visitors [13]	46,095; –7.7%	Residence-origin data; not an airport-route seat count.

A larger aircraft with fewer frequencies can reduce convenience even if total seats stay flat. For personal use, examine nonstop frequency, winter service, departure times, cancellation resilience, onward alternatives and fares across JFK, Newark and Westchester. For property demand, monitor annual seats and business travel alongside immigration and employment rather than relying on aircraft type.

What changes the conclusion

A bullish signal would be at least a full operating year of durable additional New York capacity, improved schedules and passenger demand sufficient to maintain it. An announced route or seasonal equipment upgrade is an early indicator, not a reliable ten-year residential-price forecast.

Hotel reopening and airline expansion are interdependent: airlines need demand and visitors need rooms and flights. Treating both as independent valuation uplifts would overstate the same underlying tourism recovery.

6. Reinsurance and the executive rental market

ABIR’s 2024 survey recorded 2,121 employees and roughly $1.21 billion of Bermuda economic contribution across 31 respondents. The preceding survey recorded 2,140 employees across 30 respondents. The samples differ, so the roughly 0.9% headcount decline is not a same-company employment index; it nevertheless fails to establish a hiring boom. [21,22]

The 2024 total included 1,472 Bermudians, spouses of Bermudians and PRC holders. The reported $99.4 million of construction, real estate, housing and office expenditure cannot be treated as a residential rental book: it combines several categories and includes office spending. Premium growth and expenditure growth do not automatically create additional expatriate households. [21]

The Chamber’s report provides a more direct housing indicator: international-business employees receiving housing or mortgage benefits increased from 1,227 in 2018 to 1,575 in 2023, about 28.4%. The 2023 figure comprised 1,406 housing-allowance and 169 mortgage-benefit recipients. These are employees, not necessarily distinct households or reinsurance-only tenants; no allowance values or private relocation books were available. [23]

Nearby rental checks

Advertised property [11]	Monthly asking rent	Relevance
Pampas Hall, Smith’s; four-bedroom house	$18,000	Useful detached-house anchor; furnishing and condition differ.
Hidden Cove; four-bedroom condo	$18,500	Waterfront lifestyle comparison; different tenure and upkeep allocation.
Idle Acres; three-bedroom house	$12,500	Smaller property; lower-end context, not a direct substitute.

The model uses $18,000 monthly avoided rent as a working assumption, not a valuation of the subject’s rental potential. Obtain signed lease comparables and ask a relocation specialist for anonymized evidence of budget bands, bedroom demand, vacancies and renewal terms. An employer housing allowance that is available only to renters could make renting more attractive than this model shows.

With 10% vacancy and management at 8% of collected rent, the illustration leaves about $39,100 annually after the modeled ownership costs and capital reserve: approximately 0.7% of the asking price, before finance and personal taxes. This is not a rental offer or proof of letting permission. Cottage income is excluded to avoid assuming an unverified legal entitlement.

7. Entry costs, annual costs and physical risk

Cash purchase at asking price	USD	Basis
Purchase	5,850,000	Brochure [1]
Acquisition licence	731,250	12.5% provision [2,3]
Buyer conveyance duty share	193,463	50% of $386,925 full progressive duty [4]; split assumed
Legal and survey allowance	50,000	Model assumption; not a quote
Total initial cash	6,824,713	Excludes initial works and financing

Full conveyance duty is calculated in successive bands: 2.1% on the first $100,000; 3.15% on the next $400,000; 4.2% on the next $500,000; 6.3% on the next $500,000; and 7.35% above $1.5 million. The 50/50 allocation is a negotiating assumption. [4]

First-year owner expenses total **$139,756**: land tax $29,756; insurance $25,000; routine repairs $35,000; garden/pool $20,000; and capital reserve $30,000. Only land tax is listing-supported; the other amounts are placeholders requiring quotes and inspection. The reserve is treated as spent, avoiding an imaginary accumulated cash asset at exit. Utilities common to renting and owning are excluded.

The current land-tax bands reproduce the brochure’s bill. A new valuation list is scheduled for 31 December 2026, based on July 2025 rental values. Holding bands constant, a 10% increase in this ARV would add $7,590 annually, and 20% would add $15,180. These are sensitivities, not predicted assessments. [5,6]

Bermuda’s climate study identifies coastal and storm risks; it is not a parcel insurance assessment. An inland location or elevated-looking photograph is insufficient to establish flood safety. Obtain surveyed elevations, drainage routes, wind exposure, retaining-wall and slope checks, roof condition, tank and septic inspection, and all ten-year insurance claims. [24,25]

Get two binding insurance quotations with replacement-cost valuation, windstorm deductibles and exclusions. Market value and insured rebuilding cost are different. Include pool, salt corrosion, HVAC and deferred roof work in a five- and ten-year capital plan; the model’s zero initial-works allowance must be replaced when defects are found.

8. Ten-year scenarios and buy versus rent

All scenarios start from $5.85 million as a **modeling baseline, not assessed fair value**. Annual nominal appreciation is –1%, 2% or 4%. These are stress cases with no assigned probability or fitted forecasting confidence interval. They incorporate the combined effects of demand, supply and condition; no separate hotel uplift is added.

2036 / ten-year result	Bear	Base	Bull
Annual nominal price growth	–1.0%	2.0%	4.0%
Gross terminal value	$5.29m	$7.13m	$8.66m
Net sale proceeds	$4.83m	$6.50m	$7.89m
Value in 2026 purchasing power	$4.13m	$5.57m	$6.76m
Economic IRR incl. saved rent	–1.9%	0.8%	2.6%
Buy-minus-rent NPV at 5%	–$3.21m	–$2.18m	–$1.33m
Break-even first-year rent / month	$49,214	$39,230	$30,940

Common assumptions: cash purchase; ten annual periods; $18,000 monthly rent avoided; $139,756 initial annual owner expenses; rents and costs grow 2.5% annually; 5% nominal after-tax opportunity-cost rate; 5% sales commission, 0.5% sale legal costs and half current progressive conveyance duty at exit. Rates and tax rules are held constant. No mortgage, initial repairs, employer subsidy or personal tax consequences are included.

Interpretation. NPV compares buying with paying rent and retaining/investing the capital at the assumed hurdle rate. It is not a forecast cash loss or a claim that an alternative investment is risk-free. The IRR includes imputed rent savings; it is not a cash rental yield. At 2% price appreciation and 2.5% inflation, the property’s purchasing-power value falls modestly.

The base-case break-even rent is about $39,230 per month in year one, rising 2.5% annually. This expresses the combination of financial and personal-use value needed to justify purchase under the stated assumptions. It is far above the nearby $18,000–18,500 asks. You may value this specific home more highly, but that premium should be an explicit lifestyle choice.

The accompanying workbook has one active scenario selector and a single ten-year calculation. Change the offer price independently of starting property value: negotiating a lower purchase price does not automatically reduce the modeled future sale value. Costs, rent and hurdle rate are adjustable; the holding-period structure is fixed at ten years.

9. Sensitivities and the path to a decision

A lower offer helps, but transaction costs make small discounts insufficient to close the base-case investment gap. Holding the same terminal-value assumption, reducing the purchase from $5.85 million to $5.50 million reduces initial cash by about $406,613. It does not erase the base-case $2.18 million present-value disadvantage. This is a bargaining sensitivity, not a claim that $5.50 million is fair value.

Every additional $1,000 of monthly rent avoided improves ten-year NPV by approximately $102,787 under the common escalation and discount assumptions. Conversely, an extra $10,000 of first-year annual ownership expense costs approximately $85,656 in present value. A $250,000 immediate refurbishment reduces NPV by $250,000 before any demonstrable resale benefit. Do not credit all renovation spending dollar-for-dollar to value.

Resolve before committing

Evidence required	Why it can change the decision
Lawyer: title, existing alien licence, all ARVs, approved cottage use, occupation and letting conditions	Could determine whether the purchase and fallback letting strategy are permissible at all.
Valuer/broker: 3–5 completed local sales, dates, prices, area, condition, buyer status and concessions	Determines defensible market value and whether an asking-price premium is justified.
Seller: ten-year deeds, prior listing prices, offers/time on market, permits, renovation invoices and guarantees	Completes the property history and identifies recurring defects or unapproved alterations.
Surveyor/insurer: full condition and drainage survey, claims history, replacement cost and quotes	Replaces uncertain capex and insurance placeholders with a credible ownership budget.
Rental evidence: signed leases, employer benefit rules and two subject rental opinions	Tests avoided-rent value and relocation resilience; no speculative cottage income.

Decision rule

Proceed only if legal eligibility is clear, an independent valuation supports the agreed price, the inspection leaves a funded capital plan, and you deliberately accept the lifestyle premium over renting. If the purpose is primarily investment return, the current evidence favors renting. If it is a uniquely suitable long-term home, ownership can still be rational, but the reason should be personal utility rather than a presumed hotel-led windfall.

Monitor actual full hotel openings, sustained New York seat capacity, executive household formation, achieved luxury rents and completed Smith’s sales. These are suggested review indicators; no automated monitoring or third-party contact has been set up.

Sources and evidence notes

[1] User-supplied listing, Bacardi on the Rocks, Rego Sotheby's SM919; undated, reviewed 11 September 2026.

[2] Conyers, Acquiring Property in Bermuda, October 2023; acquisition eligibility and licence conditions. Open source

[3] Chambers, Real Estate 2026: Bermuda; current legal overview. Open source

[4] Bermuda Government, Stamp Duty on Legal Transactions, updated July 2026. Open source

[5] Bermuda Government, Land Tax; progressive bands. Open source

[6] Bermuda Government, GN0081/2026, land valuation revaluation notice, 26 January 2026. Open source

[7] Sinclair Realty, sold archive page 2; Spanish Grange displayed marketing data, undated. Open source

[8] Sinclair Realty, Knapton House and Knapton Knoll Cottage; sold archive, undated. Open source

[9] Sinclair Realty, Horizon at Hidden Cove; sold archive, undated. Open source

[10] PropertySkipper, hot properties March 2021; historical Spanish Grange asking price. Open source

[11] PropertySkipper, Smith's residential rental listings; live asks reviewed September 2026. Open source

[12] Bernews, Fall Bermudian Magazine Now Available, 18 September 2012; renovation name lead. Open source

[13] Bermuda Tourism Authority, Year End 2025 Tourism Measures, February 2026. Open source

Sources and evidence notes (continued)

[14] Bermuda Tourism Authority, Q2 / First Half 2026 Tourism Measures, August 2026. Open source

[15] Bermuda Government, Palmetto Beach Club Opening Marks Fairmont Southampton Milestone, August 2026. Open source

[16] Accor, Fairmont global renovations announcement, July 2026; Southampton timing. Open source

[17] Bermuda Government, Fairmont Southampton 2025 SDO, 19 November 2025. Open source

[18] Royal Gazette, The Loren moves ahead with Elbow Beach hotel redesign, 12 August 2026. Open source

[19] BermudAir, route map and fares, 2026 schedule reviewed September 2026. Open source

[20] BermudAir airport fact sheet, February 2025; 96-seat E190. Open source

[21] ABIR, 2024 Economic Substance Survey press release, 28 October 2025; hosted by Royal Gazette. Open source

[22] ABIR, 2023 Economic Substance Survey release, 2024. Open source

[23] Bermuda Chamber of Commerce, March 2025 Economic Report; housing benefits, page 28. Open source

[24] Bermuda Government, Climate Change and its Impact on Bermuda Study Released, 27 November 2024. Open source

[25] Bermuda Government, coastal modelling report, 15 March 2024. Open source

[26] Supreme Court of Bermuda, Telecommunications (West Indies) Ltd., 29 April 2011; Knapton zoning-order context. Open source

Accessed or reviewed by the research cut-off, 11 September 2026. Listing and archive content may subsequently change. Numbers labeled assumptions are analytical inputs, not claims sourced from the linked material. Source quality is strongest for official statistics and legal publications; broker marketing is used only as unverified market evidence.