

A barge transporting a crane, St. George's, Bermuda (18th June 2019).
Image By Charles Lewis / © Shutterstock

Leveraging local resources

By Alex Wright

Bermuda's construction industry has enjoyed a stellar 2019 as several major projects near completion, whilst the Island's retail sector has also been doing a brisk trade and the ports have been busy with increased imports from the US and UK.

Construction has been the main driver behind Bermuda's impressive 3.7% growth in gross domestic product (after inflation) in the first-quarter of 2019 – the fastest rate in four years, according to the latest figures from the Department of Statistics.

Of the overall £30.9million increase in gross capital formation, building work enjoyed a 15.6% growth rise. Investment in machinery and equipment also climbed 19.5% during this period.

Added to that, the sector is being increasingly modernised by new technological advancements in areas such as computer-aided design, building information modeling, drones and mechanised lifting equipment. However, along with these growth factors comes a host of challenges, not least

Bermuda's size, location and the cost of importing materials and labour.

AIRPORT REDEVELOPMENT

At the forefront of this building revolution has been the redevelopment of L.F. Wade International Airport, which started in March 2017 and is expected to be finished in July 2020. The redevelopment, which is being led by Aecon Group and Skyport, involves the construction of a new world-class 277,300-square foot terminal which will replace the existing one.

The \$267 million state-of-the-art facility will comprise six immigration e-gates, covered passenger boarding bridges, modern lounges, charging stations and showers, as well as a putting green and nature trail.

INFRASTRUCTURE & COMMERCE

Backed by Government and the Canadian Commercial Corporation, the public-private partnership project is ultimately intended to increase capacity for international flights.

In the latest development, four Bermudian companies have been awarded sub-contracts by Skyport to carry out work on the site. Stafford Flooring will install the carpet and vinyl flooring; Mathias Pro Contractors will do the painting work; D&J Construction will carry out the stucco wall treatment on the ancillary buildings; and Correia Construction will construct the concrete tanks for the wastewater treatment plant.

Earlier in 2019, sub-contracts were awarded to Eminence Contractors for tiling and terrazzo work; AlumiGlas Commercial Glass and Aluminium Co for sections of the curtain wall installation; International Painting for painting of the structural steel; and Sealink Construction and Rise and Shine Construction for masonry work in the main terminal building. Switchover between the terminals is planned to be done overnight.

L.F. Wade International Airport, Bermuda. By EQRoy / © Shutterstock



Hamilton Central Bus Terminal, Bermuda (17th June 2019). By Charles Lewis / © Shutterstock

Aaron Adderley, President of Skyport, said: "We are right on target. We are engaging in what we call an operational readiness programme, working with all the stakeholders in planning the transition from the existing terminal over to the new terminal."

POWER GENERATION

Another landmark project is Bermuda Electric Light Company's (Belco) new North Power Station. Part of a \$250 million capital plan to ensure the company can continue to provide safe, reliable and cost effective power, the plant being built at Belco's existing Pembroke location comprises four 14-mega watt dual-fuel engines. Work began in October 2018 and was expected to be completed by the end of 2019, with commissioning starting from early 2020.

Dennis Pimentel, President of Belco, said: "This is a great milestone for our company – one that has been almost 10 years in the making. These new engines represent our commitment to building a foundation for the future.

"Whilst the Integrated Resource Plan envisages a much higher percentage of renewable energy generating platforms, there will, for the foreseeable future, be a need to have a base-load capacity to ensure we can continue to serve the people of Bermuda with safe, reliable and cost-effective electricity."

WELCOMING DEVELOPMENTS

Hospitality is another area which has seen considerable investment over the last year. Many of the new developments have been boosted by extended Government tax breaks approved under the Tourist Investment Amendment Act 2019 for terms of between one and 10 years.

Leading the way is the conversion of the former 78-condominium Grand Atlantic site on Warwick's South Shore into a mid-market boutique hotel. Work on the Bermudiana Beach Resort started in October with a view to having 70 hotel rooms out of a projected 110 ready by this summer.

Also in Warwick, the redevelopment of the Azura Boutique Hotel and Residences is well underway with the first visitors expected in early 2020. The former Surf Side Beach Club site comprises 15 residences around a pool and bistro bar area, with a new spa and gym also opening at the end of 2019.

Elsewhere, the Loren at Pink Beach in exclusive Tucker's Town completed the final two villas of its 11-villa resort at the start of 2019. The 97-room St Regis Bermuda Resort on St Catherine's Beach in St George's, which broke ground in May 2017, is also due to open its doors in April 2021. Featuring a 122-room hotel and 30 luxury residences, along with a golf course and casino, the \$120 million development will be operated by the Marriott.

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Passenger ferry departing from King's Wharf, Bermuda.
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Many of the Island's established hotels and resorts have also been busy refurbishing, with the 88-room Rosewood Bermuda in Hamilton Parish spending \$25 million on upgrading its facilities after it was snapped up by US private equity firm Gencom in May 2017. The modifications encompass its rooms, reception area, spa, plus golf clubhouse and grill room.

COMMERCIAL DEVELOPMENT

On the commercial side, the Green family, owners of the Hamilton Princess & Beach Club, have acquired the old HSBC building near the Hamilton ferry terminal and recently unveiled ambitious plans to make extensive renovations to the 50-year-old building.

The new office and retail redevelopment, which is intended to be a new focal point on Front Street, will feature balconies and underground parking and is expected to be finished in December 2020.

PUBLIC INFRASTRUCTURE PROJECTS

The Government of Bermuda is also investing, ploughing money into a range of public infrastructure projects such as roads and bridges. Its most recent development is the construction of two new bridges in the East End: the Longbird Bridge and the Swing Bridge, with the latter including a public walkway.

Even schools are getting a makeover, with work starting on Bermuda High School's \$10 million Innovation Centre at the end of 2018. The new 14,000-sq ft facility in Hamilton, which is part of a bigger project comprising the renovation and integration of the adjacent Butterfield Building into an arts wing, is expected to be open to students in September 2020. It will include five new science laboratories, two computer science and robotics labs, plus a library. Renovations will include a Blackbox Theatre, while the new arts wing will feature upgraded music and visual art departments with an outdoor idea hub linking the visual arts with a maker space.

BUYING POWER

Retail has also been thriving with inflation-adjusted sales increasing by 1.3% in July. Overall sales volume was up 4.8%, while in terms of value marine and boat supplies alone advanced 46%, pharmacy, alongside furniture, appliances and electronics, gained 4.7% and 3.6%.

Wayne Furbert, Minister for the Cabinet Office, said: "We saw some encouraging signs in the July retail sales report.

"E-commerce and online shopping continue to be a broadening global trend. And other areas of note in the July report include overseas declarations going up — which is a reflection of residents' increase of overseas or online shopping."

A BUSY PORT OF CALL

Overall, goods imports were up 10.4% year-on-year at \$255 million in the first quarter of 2019, driven by a \$37 million and a \$4 million rise in US and UK imports respectively.

By category, machinery led the way, climbing \$11 million, fuel by \$6 million and finished equipment \$5 million. Goods exports remained the same at \$4 million year-on-year.

With more construction projects coming online and retail sales and imports on an upward trend, Bermuda's local market looks like it is only going to go from strength to strength.



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Alex was previously the news editor of Insurance Times and Global Reinsurance, as well as the deputy business editor at The Royal Gazette in Bermuda.

He currently edits for The Guardian, the Mail on Sunday, The Sunday Times and The Telegraph, among others.