

post-05-transaction-costs

Grenada Real Estate: The Real Problems — Post 5 of 14.

The 20% Problem: How Transaction Costs Trap Grenada Sellers Into Bad Pricing

Of everything covered so far in this series, this is the one that does the most quiet damage, because it isn't really about market dysfunction. It's arithmetic, and arithmetic doesn't care how badly someone needs to sell.

What it actually costs to buy and sell here

Between government transfer taxes, legal fees, the alien landholding licence for non-nationals, agent commission, and the assorted closing costs on both ends of a deal, total transaction expenses on a Grenada purchase and eventual resale can run plus or minus 20% of the purchase price — sometimes a bit under, sometimes well over, depending on nationality, financing, and how the deal is structured. Rates differ for nationals and non-nationals, so anyone making a real decision on this should confirm current figures with an attorney rather than take a number from a blog post.

What that means for an ordinary owner

Picture someone who bought a property, held it for a few years, and is now ready to sell. To simply break even — not profit, just recover what they put in — the property has to have appreciated enough to absorb the cost of the original purchase and the cost of the coming sale combined. If the market hasn't moved that much, there's no way to sell at "market value" and walk away whole.

So sellers don't price at market value. They price at what they need to cover their own costs and, ideally, come away with something for the trouble. That's not greed. It's a reasonable response to a cost structure that punishes anyone who sells without a large enough gain already baked in.

Why this compounds everything else in this series

This interacts directly with the problems already covered. A seller pricing for their own breakeven, in a market with no comparable sales data to check that number against, and no agent with a real stake in pushing back on it, ends up with a listing priced well above what a buyer would otherwise pay for it. That listing then sits, because nothing in this market corrects an unrealistic price. And a property that sits longer costs its owner more in holding expenses, which raises the number they need to recover even further the next time they try.

High friction costs push prices up. Inflated prices slow sales. Slow sales make ownership more expensive. More expensive ownership justifies wanting a bigger margin on exit. It's a loop, and it starts here.

A note on new CBI-linked developments

This same dynamic shows up in an amplified form in newer, high-end developments tied to

Grenada's Citizenship by Investment programme, where the reference prices being set are driven by policy minimums rather than by transaction cost economics at all. That's significant enough to deserve its own cluster later in this series.

What would actually help

Reviewing transaction costs is fundamentally a policy conversation — legal fees, transfer tax rates, licensing fees for non-nationals are all set by rules that could be revisited. It's worth having that conversation, because a cost structure this heavy functions as a direct tax on market liquidity: fewer sales happen, the ones that do happen take longer, and prices stay disconnected from real value throughout.

Next: Post 6 — why creative financing tools that are standard elsewhere barely exist here, and what that does to the buyer pool.