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The Little Black Book of Billionaire Secrets

Disney Expansion Turning Orlando Into Hotspot For Brazil Real Estate Investors



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FULL BIO

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Brazilian model Ana Hickman with family at The Grove Resort & Spa in Orlando. The property is still under construction and is part of a handful of new residences bringing new foreigners to central Florida. (Ana Hickman photo)

Tosiyuki Nakamura. Odds are you have no idea who that man is, or where he is from. It is not Japan. Nakamura is a Brazilian. He says he brings in \$2,900 per month from a three-bedroom vacation home bought in 2017 for \$330,000 at this place called The Grove Resort & Spa, once a deserted shell around 4 miles

from Disney's west gate. For the record, that is the equivalent of R\$10,150 per month, which happens to be 6.5 times more than the [average monthly income in Sao Paulo](#).

Nakamura represents a trend in Central Florida. At least at this newly developed, and still developing, residence hotel in Orlando. The Grove sells homes and rents them out as suites to people visiting Orlando. Nakamura's unit is over 1,100 square feet. He can change the flooring and paint the walls if he wants and close the door off to guests, but most people buying are not doing that. Benchmark Resorts & Hotels manages the property, and the owners collect a portion of the rental income.

Foreign investors—who make up the bulk of the buyers—are getting a vacation home really, with the property value upside that comes with owning real estate circumnavigating a city that just brought in a record-breaking 72 million tourists in 2017, according to Visit Orlando, mainly thanks to Disney World. Universal is also about a 25-minute drive away. The fireworks from Disney can be heard blasting off nightly from The Grove. (The property has a Disney bus, but it won't drop you off where you want to be unless it's Magic Kingdom.)

Disney is expanding. They are building new Star Wars attractions at Hollywood Studios, and a Star Wars-themed hotel ... of course. Ratatouille is coming to Epcot. So are the Guardians of the Galaxy. Toy Story Land is coming to Hollywood Studios. The World of Pandora just opened at Animal Kingdom last year. In line at the Na'avi River Journey, a lazy boat ride through artificial bioluminescence on Pandora, Brazilian Portuguese is second only to English.

The lobby at The Grove Resort & Spa has a large picture of a Disney character in a Brazilian soccer jersey kicking a soccer ball. Ivete Sangalo was here. Ana Hickman was here. Brazil's version of

Justin Bieber, a Youtuber named Biel; he was here, too, snapping Insta's of himself curling 40 pounds (with a spotter).

They got a complimentary room.

Celita Gomes, on the other hand, did not. But she said she liked The Grove Resort & Spa so much, she bought two properties. "I already have a property in Orlando at Storey Lake that I also use for rental income and vacations," she says about a single-family unit gated



Matthew McConaughey with his Brazilian wife Camila Alves and [unclear]

community in Kissimmee. "When I first saw the Grove it was still being rebuilt, and I fell in love with it," she says in Portuguese. "I bought my first unit for investment only. I've seen other properties in Orlando, but I liked the Grove because of its large resort complex design and because of return on investment. Once I started seeing that I could make money on it, I bought another one for leisure and family use," she says.

It's not only The Grove that's bringing in foreigners, something once affiliated only with South Florida skylines. All of Orlando is being built up, and at least two other properties have the same setup: resident hotels, bringing mostly foreigners who are accustomed to living in large developments. Northeasterners, tired of the cold, and New York City residents, tired of the taxes, make up the majority of American buyers here.

“South Florida is getting maxed out and Central Florida is benefiting from that,” says Peggy Fucci, CEO of One World Properties. “The international investor has been the predominant investor in South Florida, and they are now looking at Orlando because the returns are good thanks to tourism,” she says. “It’s an interesting concept for them. Totally different from Miami. They are buying into developments for 400 grand that are run like Disney World resorts or close to it. If you’re a family of five, like me, you need two hotel rooms if you’re vacationing there. Now I can get one of these homes and have all the comfort I need and be near Disney, and I’m getting it for half the price of a hotel in the parks, and much less than a similar property in Miami.”

Encore Resort in Orlando is similar to The Grove. It’s a single-family home complex that is part of the Disney rental home network. Foreigners dominate it.

Disney Changes Central Florida Again



The sun sets on Lake Eola in downtown Orlando. (Shutterstock)

The Grove investors, BTI Partners, got very lucky. New developers will never get such a big piece of real estate for so deep a discount. BTI bought it as a distressed asset in 2013 from a British guy named Paul Oxley, later wanted by the FBI. Oxley's Maesbury Homes came up with the plan to build a resort called Grande Palisades in 2004. When the economy went south in 2008, [he disappeared](#). He declared bankruptcy in 2013. All told, BTI bought it at flea market prices: around \$150 million for an 878-unit property where the average home there now sells for about \$370,000 (range is \$290,000 to \$450,000).

They're still building. Another 300 or so units are under construction; cranes and hammers and drills are still a fixture among the palm trees on site. A total of 330 have been sold, and of that total a whopping 65% have been sold to foreigners. Like Miami, most of them are cash buyers. Some 25% of them are Chinese, buying it sight unseen. Another 20% are Latin Americans, and of that group, almost all of them are Brazilians. The remainder is Americans buying individually or through investment clubs, says Kevin Mays, director of development at BTI.

"This is a unique time for Orlando. The window of opportunity has not closed like I think it has in South Florida for the time being," he says. In May 2016, the Grove units were priced between \$250,000 and \$290,000. They ran a celebrity strategy with Brazilians because they had contacts in Miami and São Paulo who made it happen. It wasn't that they were purposely singling out Brazilian Disney fans, though it was arguably a genius move. As a nation, outside of the U.S. and Japan, no country is as obsessed with all things Disney as Brazil.

"We had about six different Brazilian celebrities whisked in and out of here," Mays says, sitting in a lounge chair outside of

Valencia, one of its only restaurants. They were building a large poolside one in April, similar to the poolside restaurants at The Atlantis in the Bahamas. “Sangalo and others came in, did their selfie shots, and put them on Instagram. It brought awareness, but I won’t say it brought sales,” he says. “Brazil still dominates this region from a Latin America standpoint. Colombia is a distant second.”

Florida is the No. 1 destination for international investors buying U.S. real estate. Orlando is second to Miami with Latin Americans accounting for 34% of the buyers. Within the Orlando area, occupancy rates for hotels are around 73.5% on average all year, according to Census data.

Orlando real estate has appreciated 62% over the last five years, according to Dataloft, a U.K. consultancy specializing in real estate. The average five-year price increase for homes was 34% in the U.S. and 35% in Brazil. Orlando's average home prices are around \$290,000. All the expensive ones are near the theme parks and golf courses.

Florida property taxes are 1.7%, typically around \$4,500 annually. Take that New York.

Singer/songwriter Jimmy Buffett at the Broadway opening night of Escape to Margaritaville at the Marquis Theatre on Thursday, March 15, 2018, in New York. His Margaritaville brand of restaurants is owned by Brazilians. Now he is moving into the Orlando-area themed real estate market. Wonder if Brazilians will be buyers? (Photo by Brent N. Clarke/Invision/AP)

Miami is about luxury and a place to hide money. Orlando is about family and a place to visit as a tourist.

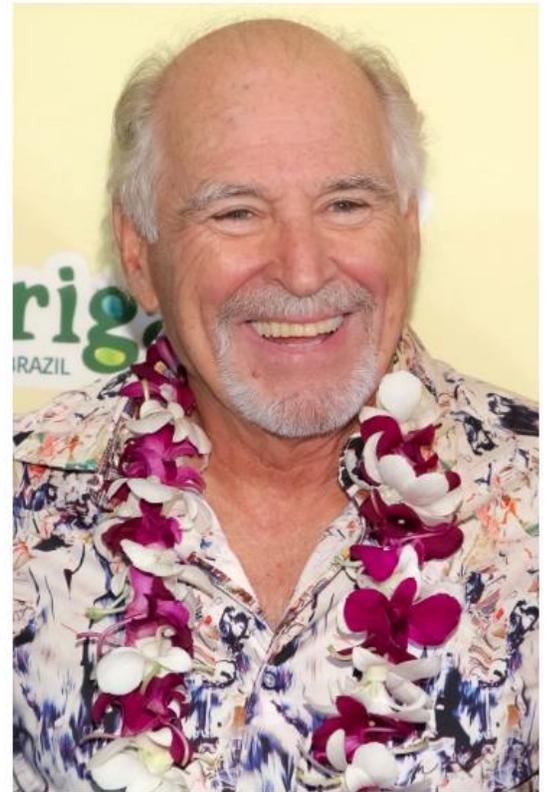
“Investors in Orlando want something that appeals to them as a home,” says Bill Lee, general manager at The Grove. “If my investors decide they want to keep their property under lock and key and not rent it out, that is fine. We can tolerate a few units going that route.”

So far, no one has.

“It's better to rent it,” Lee says. “This property will positive cash flow just because of where it is in Orlando.”

In mid-April, their new Surfari Park opened. It cost BTI \$18 million. They want it to look like a typical Disney-area resort hotel, and it does. It has all the bells and whistles. On a sunny day in late April, parties are renting cabanas and ordering food (expensive food) from a food truck. There's a water park, with two long slides splashing down into a lazy river. There are two guys in shortie wetsuits teaching kids and adults how to bodyboard or surf in a wave pool. There's a kids splash area, the usual towering gizmo of water splashing about and kids under the age of four parading around sopping wet. There are pools for sunbathers who don't want to hear anything but the birds, a good 100 yards away from the Surfari Park. In that area is a smaller closed-off pool for younger children. Someone from The Grove is playing Disney trivia with them.

At night, some mosquitoes begin their flights over central Florida. It was a swamp once, and there is water everywhere. Now, to listen to people like Fucci, it is sort of the new Miami insofar



Singer/songwriter Jimmy Buffett at the Broadway opening night[+]

as the foreigners are enticing developers to build here now, too. Jimmy Buffet's [Margaritaville is selling out Caribbean-style single-family cottages](#) in Orlando. They're breaking ground—tractors, and mounds of dirt here and there. The Margaritaville brand of restaurants is owned by Brazilian firm International Meal Company. The property will probably have a Margaritaville restaurant on-site, so even if individual Brazilians have not yet bought in, IMC will be their flag-bearer.

“My first option to buy in the U.S. was always Orlando,” says Gomes, the Brazilian woman with two Grove homes. “Obviously that decision was all because of Disney.”