

# International Herald Tribune

THE GLOBAL EDITION OF THE NEW YORK TIMES

December 30, 2011

Circulation: 217,700

PROPERTIES

## Miami Real Estate Market Embraces Brazilians

By NANCY BETH JACKSON

MIAMI — In 2008 the real estate market in this “Gateway to Latin America” was in the dumps, with the hottest deals involving foreclosures. And the future looked as dark as many of the new beachfront luxury condo towers, where scores of buyers had forfeited sizable deposits and walked away from their deals.



**In Miami, foreigners account for more than 65 percent of all condo and home sales, according to the Miami Association of Realtors.**

“We had 70 years of product inventory out of the ground or ready to be built,” recalled Maurice Veissi, a local Realtor and president of the National Association of Realtors. “About a third who had contracts walked. Another third had to close but never built. It was basic supply and demand. The prices went down and down and down.”

But that was before the Brazilians became the latest wave of Latin Americans to hit Miami. They first flocked to spend holidays on the beach and then to buy vacation condos, sometimes more than one and mostly for cash.

The languishing real estate was “chewed up” in no time, says Mr. Veissi. Now developers are back, starting or restarting ambitious condo projects.

The Brazilians, of course, aren’t the only reason the local real estate market is looking up. South Florida has become what the Miami Herald labeled “the nation’s epicenter” for residential sales to foreigners, including other Latin Americans and Europeans. In Miami, foreigners account for more than 65 percent of all condo and home sales, according to the Miami Association of Realtors.

Brazilian buyers have steadily surpassed other nationalities. In November, Miami Association of Realtors statistics listed Brazilians as the second most active foreigners, at 12 percent of all buyers, sandwiched between Venezuelans (15 percent) and Argentines (11 percent). While observers expect Brazilians to take the lead next year, Brazilian ownership already is reportedly as high as 70 percent at some luxury towers.

“They are taking Miami by storm,” said Edgardo Defortuna, the Argentine-born founder and chief executive of Miami-based Fortune International Realty, which opened a satellite office in São Paulo last year. “More than just buying one apartment, they are also getting their friends and families to buy. When one buys in a project, the rest follow. They want to be around friends and people they know.”

Unlike earlier Latin American buyers, the Portuguese-speaking Brazilians aren’t fleeing political unrest or waiting out an economic downturn. They aren’t parking flight capital or bringing cash in suitcases. Typically,

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they are upper-middle-class families who want to enjoy their prosperity newly earned in Brazil as professionals and entrepreneurs.

Their country — geographically slightly larger than the continental United States — is on a roll, enjoying robust economic growth and preparing to host the World Cup in 2014 and the Summer Olympics in 2016. Despite concerns over a weakening Brazilian real, optimism is high.

“The Brazilians just come to spend money,” said Cristiano Piquet, a 34-year-old Brazilian who moved to Miami in 2001 to race cars. He now heads a real estate company with some 50 agents who market lifestyle as well as luxury condos averaging \$750,000 to \$1 million to a mostly Brazilian clientele. “Paradise exists and it’s Miami. Everything is half the price and everything works,” he said.

Plus, he added, Miami is clean, organized and, most of all, safe to flaunt signs of affluence like Rolex watches or Aston Martin convertibles without fear of street crime. One local vanity license plate, he said, telegraphs in Portuguese: “Here I can.”

Buyers come from Brazil’s wealthy states, like Minas Gerais and Rio Grande do Sul, as well as the major cities of Rio and São Paulo. And access is easy, with many nonstop flights (of about nine hours) offered to Miami from airports throughout the country.

Once in Miami, Brazilians favor high-end, waterfront, family-sized condos. And while they usually only pay short visits two or three times of year, they do not rent out the properties between trips, Mr. Piquet said, explaining, “Brazilians don’t want anyone else sleeping in their beds.”

Brazilians have bought heavily in top-end offerings like the 1,800-unit Icon Brickell on Biscayne Bay. That complex and several other upscale projects feature design packages by the Brazilian furniture manufacturer Artefacto, which maintains showrooms in two high-end malls here.

Miami has a history of boom and bust and boom again. No project tells the story better than the Icon Brickell, which broke ground in 2006 and had many units priced at more than \$1 million. But only a handful were ready for closing two years ago when banks took over two of the project’s three towers.

In September, after aggressive international marketing by Fortune Realty, it was touted as the top-selling real estate project in Florida. By November, the last developer units were sold, 18 months ahead of the new marketing schedule, with sales dominated by Latin Americans.

**At Brickellhouse, Miami’s first new condo tower in recent years, 100 of the 374 units priced from \$200,000 to \$1.4 million sold in less than 60 days, with almost all the buyers coming from Argentina, Brazil, Mexico, Peru and Venezuela. (Unlike most U.S. developers, Harvey Hernandez, the project’s Venezuelan-born developer, is requiring buyers to put down 90 percent of the purchase price before construction is completed, a financial model that is familiar to most Latin buyers.)**

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Steven Minor, an associate at VR Business Brokers of Coral Gables, Florida, and coordinator at the Web site [negociosenflorida.com](http://negociosenflorida.com), said many of his Venezuelan clients buy homes in upscale neighborhoods but also invest in small businesses or a portfolio of moderately priced condos to provide income and to meet U.S. visa requirements as investors.

In an effort to stimulate the U.S. housing market, a bipartisan proposal has been introduced in the U.S. Senate that, under certain circumstances, would award three-year residential visas to foreigners who invest at least \$500,000 in residential real estate. "If that happened, the housing problem in Florida would be solved," Mr. Piquet declared. "We could expect sales of 10 times more."

Other changes also may be ahead for the Miami market. Florida lawmakers are scheduled to debate "destination resort" legislation that would allow casino gambling at mega-complexes like the \$4 billion Resorts World Miami, a Genting Group of Malaysia project planned on 30 acres, or 12 hectares, along Biscayne Bay. Designed for Asian, European and Latin American visitors, it is to include 1,000 condo units.

Hong Kong-based Swire Properties, active in Miami since the 1970s when it began developing the high-end condo towers on Brickell Key, recently relaunched Brickell CitiCentre, a project that had been canceled in 2008. Already being compared to Swire's Pacific Place in Hong Kong, the \$700-million shopping/multiuse development is now the largest planned development in the area and includes a condo component.

Can Asian residential buyers be far behind the developers, local real estate agents have begun to ask. While the numbers of Asian buyers are still small, Florida's official tourism marketing organization has declared China "a region of interest," noting that visitors from the mainland and Hong Kong increased 59 percent between 2009 and 2010.