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Venezuelan Developer Bucks Trend, Builds in Broward, Boca

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Group P6 is bucking conventional wisdom. Venezuelan and in the market for single-family homebuyers, the developer is avoiding a submarket that would otherwise seem like a natural fit.

Instead of opting for Doral, a stronghold among Venezuelan residential buyers, it's investing millions in Fort Lauderdale, Deerfield Beach and Boca Raton, betting Broward and Palm Beach counties will deliver buyers for its high-end homes.

Doral, home to the region's largest Venezuelan population, is at the center of the real estate boom stoked by firms like Shoma Development Corp. and The Related Group, who are busy building homes, office space,



JILL KAHN

Operating manager Ignacio Diaz said developer Group P6 will "keep on riding" its strategy of focusing on small residential projects in quiet South Florida suburbs.

restaurants and sprawling retail to turn the once sleepy Miami suburb into a thriving live-work-play zone.

But instead of joining the fray, Group P6 is pumping millions into northern markets for projects like

SEE VENEZUELA, PAGE A2

FROM PAGE A1

VENEZUELA

327 Royal Palm in Boca Raton, where prices start at \$1.6 million, and the luxe units at Deerfield Beach's Elysian, where the smallest condos command \$509,000.

For about 40 years, the company created massive industrial and commercial projects outside the United States, focusing on major development hot spots. One of its latest is Venezuela's Parque Industrial del Este, a 2.15 million-square-foot industrial park earmarked for completion in 2016.

But it's taken a different approach during its early U.S. foray, focusing on small residential projects in quiet South Florida suburbs outside of Miami-Dade.

Unlike developers targeting international buyers for luxe and big-ticket Miami-Dade condos, Group P6 wants northeasterners and wealthy South Florida professionals and investors willing to pay top dollar for new suburban product.

It launched its first U.S. purchase during the last recession with Bayview Village Townhomes in Fort Lauderdale and has since created five projects across two counties.

Operating manager Ignacio Diaz explains the thinking behind the strategy and the growing allure of markets outside Miami-Dade.

Broward and Palm Beach counties are quiet compared to Miami. Why did you decide to focus on these markets?

We saw the opportunity, and we jumped at it.

Frankly, we don't believe in the prices we're seeing in Miami. We think prices in Broward and Palm Beach are more fundamentally right. Land owners in Miami have very high expectations. They're very ambitious with selling prices. They're relying on assumptions for sale prices, and I don't know if they're going to attain them. We're not comfortable with the lofty assumptions. We want stable prices to make comfortable offerings to domestic buyers.

What have you brought to market, and what's been the response?

We have over \$65 million worth of inventory for sale, and it's been playing out better than expected. I'd say we've sold about \$30 million and that's a conservative number.

We haven't announced it yet, but we're looking to build more. We've been able to grow and sell faster than anticipated, because we found a market that was starving again for new construction.

Who's your target market?

There are three different profiles in the products we offer, but they're all for domestic buyers in the U.S., they're all residential and they're all high-end.

For townhomes, we're targeting fami-

lies and young couples who are professionals with steady income levels, like doctors, attorneys, executives, who work in or close to Fort Lauderdale and want nice new homes. In Deerfield, it's northeasterners who want a second home close to the beach. And in Boca, our smallest unit is 3,200 square feet and the largest is over 8,000 square feet, so they're large and suitable for empty nesters with high wealth, who want a primary residence where they can walk to restaurants, shops and all the cultural attractions in Boca.

How do you select development sites to cater to these three groups, and are there any plans to modify that?

Location is key. We like areas that are east of I-95 and east of U.S. 1. We're not doing beachfront, but we're thinking very much east—in areas with very high potential for residential and other development.

Dense areas are more appropriate for condos, and that model—versus the subdivision where you build a lot of homes little by little—has worked really well for us.

When you catch a good wave, you try to keep on riding it. There's strong demand for condominiums, and we like that market. There's no need to change if things are going well.

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