

Related Group Targets Brazil's Wealthy With Developments

By Denyse Godoy - Nov 29, 2013

Related Cos., Related Group of [Florida](#) and the German investment company Metropolis Capital Markets are targeting high-income homebuyers as they invest in the Brazilian real estate market.

Related Cos., based in New York, and Miami-based Related Group are building a Sao Paulo apartment tower along with a separate complex that includes a shopping mall, offices and multifamily units, with a combined value of as much as 3.5 billion reais (\$1.5 billion). Metropolis plans to invest 30 million reais in the next two and a half years in Duxxi Imobiliaria SA, its Brazilian real estate brokerage, with the goal of becoming one of the biggest companies in its sector.

“Brazilians now are traveling more abroad and want to find in their country the high-end homes they see in Miami or New York,” Jorge M. Perez, chief executive officer of Related Group of Florida, said in an interview at the company's Sao Paulo office. “We see opportunities all over the real state market in [Brazil](#), but we've got to walk before run. We're focusing now in a segment we're very good at.”

Brazilian homebuilders have been shifting their focus to more lucrative projects in Sao Paulo and Rio de Janeiro after overestimating the profit potential of a government-sponsored program for low-income families and building inexpensive homes faster than they could sell them.

At the tower being built by Related Cos. and Related Group, 50-square-meter (540-square-foot) apartments will be valued at as much as 1 million reais and, at the other project, units as large as 200 square meters will be sold for as much as 2.4 million reais, Perez said. Related Group also is seeking to develop buildings in Rio de Janeiro, he said.

Homebuilder Agreements

Duxxi, based in Sao Paulo, has opened three locations in the state and has plans for two more by the end of next year's first quarter, CEO Claudemir Jubert Menegatti said. The company has agreements with about 20 builders -- including [Brookfield Incorporacoes SA \(BISA3\)](#), Brazil's fourth-biggest by revenue, and [Rossi Residencial SA \(RSID3\)](#), the seventh-biggest -- to sell their homes.

“The real estate market is returning to normal after a period of euphoria,” Menegatti said in an interview

at Bloomberg's office in Sao Paulo. While "demand for homes in Brazil is huge in all segments and all parts of the country," Duxxi is focusing first on richer regions, "where the homebuilders are concentrating the start of new projects at this moment," he said.

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