

Brazil booms again on real estate stage

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By Adriana Garcia



NEW YORK (Reuters) - Brazilian real estate is booming again after fizzling at the end of last year, as sales have rebounded in one of the best emerging markets, a New York-based real estate private equity investor said in an interview on Tuesday.

Launched two weeks ago, a 104-unit residential project directed at middle-income families in Sao Paulo's Vila Carrao area is the best example of that, Thomas Shapiro, president of GoldenTree InSite Partners, said at the Reuters Global Real Estate Summit.

"We sold every unit in four hours," Shapiro said, adding that the company has recently raised around \$500 million to invest there.

Shapiro said the Brazilian real estate market took a dip in the fourth quarter but has now gone up "substantially."

Brazil has kept a low profile internationally in the past few months, he added. That was good for his company to identify good investment opportunities, as local listed real estate companies like Cyrella and Gafisa were suffering with the stock market debacle.

"Very few funds were raised for Brazil because they forgot the 'B' in BRIC," Shapiro said, adding that the bulk of the available money went to India and China. The "R" in BRIC stands for Russia.

"It was hard to find something with good fundamentals ... that was not outflown with capital," he said.

Shapiro said the fundamentals of the Brazilian economy looked better than expected for the year ahead and a stimulus package from the government has helped the real estate market heat up.

He also stated that the upper class in Brazil traditionally prefers to invest in hard assets when crises arrive, noting that Brazilians are not typical stock market investors.

He discarded signs of a real estate bubble forming in the South American country, like the one that hit countries like the U.S. and Spain.

"Brazil was never leveraged," he said, adding mortgages represent only 2 percent of gross domestic product.

"It (a bubble) could happen in the future, but I don't see it happening today," Shapiro said.

That's particularly true for the residential market, he said, in a country with an 8-million housing unit deficit. "Buyers of these units are not speculators," he said.

(Reporting by Adriana Garcia, editing by Lisa Von Ahn and Gerald E. McCormick)

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