

DEVELOPMENT by Jean Gruss | Editor/Lee Collier



Residents at Pacifico in Costa Rica have access to a members-only beach club on land leased by developer Jack Parker Corp. from the government.

Courtesy photos

The NEW Gringos

Central America is the Next Big Thing for Southwest Florida developers. The key is putting the right team together.

In 2005, executives at The Jack Parker Corp. had a tough choice to make.

The Fort Myers-based developer could either start a 500-acre residential project off King's Highway, just north of the Charlotte County line, or develop a pristine

175-acre tract on the side of a mountain in distant Costa Rica.

Would the residential real estate market in Southwest Florida keep thunder-

ing up or would it come crashing down? Would developing a residential project in Costa Rica sell to American baby-boomers?

By May 2005, the choice was clear. The King's Highway project was nixed and Costa Rica was going to be Jack Parker's next big project.

Executives at Jack Parker Corp. aren't the only Florida gringos leaping across the Gulf of Mexico to Central America. Large developers such as Gates, Southwest Florida's second-largest construction company, and other smaller builders and developers are invading Central America in search of the next real estate boom.

Countries like Costa Rica and Panama are experiencing a construction and development revival as they experience a democratic renaissance following years of civil wars and failed dictatorships. Baby boomers not satisfied with their parents' retirement destinations are flocking to



The Jack Parker Corp. sold 75 homes in its Costa Rican project called Pacifico in the first quarter.

more exotic locations for second homes and retirement, fueling demand.

But developing in places such as Costa Rica presents its own challenges. Jack Parker's experience is a good lesson in how to do it successfully on a large scale.

A monkey survey

Just over three years ago, Jack Parker Corp. President John Reisman visited Costa Rica on vacation and spent time at the Four Seasons at Peninsula Papagayo. The resort is set in a lush landscape on the northwest coast of Costa Rica with dramatic vistas of volcanic mountains rising above the blue Pacific Ocean.

So Reisman bought a 175-acre tract in

Playas del Coco in December 2004, 20 minutes from the gates of the Four Seasons hotel and 13 miles from Liberia, the capital of Guanacaste province.

What's more, Reisman knew America Online founder Steve Case owned a contiguous parcel and the word was that a Ritz Carlton hotel with a Jack Nicklaus-designed golf course was in the works.

Unlike other Central American countries, foreign buyers have the same rights as Costa Ricans when they buy property in that country. Only beachfront property is off limits to foreign ownership. For tax purposes, attorneys often recommend individuals establish a corporation to buy property, but that's not always necessary.

"We put together a team of U.S. and Costa Ricans who are very familiar with that area," says Kerry Trowbridge, senior vice president with Jack Parker in Fort Myers. It took just 90 days to close on the property in December 2004 and the project called Pacifico was born.

Jack Parker is no lightweight in development. The firm has developed 15,000 homes up and down the U.S. east coast and 5 million square feet of office space, enough to fill more than 86 football fields. It now owns enough land to build another 20,000 homes and an additional 5 million square feet of commercial space.

But because Costa Rica is its first Latin American project, Jack Parker hired consultants, lawyers and engineers familiar with the area. It even had to do a survey to determine how many monkeys made their homes there.

The team included a combination of U.S. and Costa Rican experts. For example, Ernst & Young performed the market survey and Tampa attorney Stephen Mitchell with Squire, Sanders & Dempsey covered the legal ground from Florida. To get the project moving smoothly, they had to hire locals, too. "DEHC Engineering of [capital city] San Jose is very well connected in Costa Rica," Trowbridge says. To cover legal issues inside Costa Rica, Trowbridge hired the law firm of Arias & Muñoz, which has offices in five Central American countries.

Financing wasn't an issue. "We build everything with our own cash," Trowbridge says, declining to spell out the terms of the Costa Rican deal.

Furniture delivery included

Ultimately, Pacifico will have 150 single-family homes as well as 350 condos, town homes and villas. There will be a retail village with restaurants and shops as well as



Marketing Costa Rica

How do you get Americans to buy homes in Costa Rica?

Just ask Burl Seslar and Robyn Bonaquist, partners at B-Squared Advertising in Naples.

Fort Myers-based Jack Parker Corp. is building a residential development called Pacifico in northwest Costa Rica and hired B-Squared in Naples to handle marketing and advertising.

Like their client, this was B-Squared's first business venture abroad. On their first trip to the location they got lost in the jungle driving from their hotel, though this amusing anecdote was something they certainly didn't want to convey to prospective buyers.

What they developed for Pacifico were multi-media kiosks that show the best side of Costa Rica: the beaches, the wildlife and the volcanic mountains. No Third-World imagery here. The music behind the video is gently exotic and "not too jungly," Seslar says.

The magazine advertising is similarly exotic, though not too wild. The tag line reads: "Pacifico is not natural. It's super natural." What's more, the ads focused on amenities you could find in U.S. resorts: restaurants, pools and people lounging around with fruity cocktails.

To get Realtors excited, B-Squared arranged several events for agents at the

upscale Hyatt Regency Coconut Point in Bonita Springs. An email blast sent to 550 Realtors and prospects shouted: "Ride the next real estate wave," a subtle reference to the real estate downturn in Southwest Florida and the lure of new opportunities in Costa Rica.

Seslar and Bonaquist know who their audience is: the baby boomer generation. These are people who are more adventurous but expect the easy life. They want the jungle but they don't want to forgo air conditioning. They're active, have little free time and they don't spend all day socializing. They have money.

And you won't find them in Florida, as Bonaquist and Seslar quickly discovered.

At the start of their endeavor, they thought most buyers would come from the U.S. The kiosks were one way of giving buyers a feel for the region. But now, most of the buyers are Americans on vacation in Costa Rica.

Now, the firm is putting more emphasis on targeting Americans already in Costa Rica. For example, attractive ladies at the San Jose airport are paid to pass brochures to arriving tourists and their ads run in in-flight magazines.

"Most of the traffic is coming from Costa Rica now," Seslar says.

—Jean Gruss

a beach club on beachfront land under a 99-year lease with the government. The condos cost from \$150,000 to \$400,000 and single-family lots start at \$100,000 and top out at \$500,000.

Trowbridge estimates the majority of customers will be U.S. citizens, though as many as a quarter may be Canadian and European. She says 50,000 Americans already live in Guanacaste province. Buyers will be able to finance their purchases through loans provided by foreign lenders Scotia Bank and Banamex.

Because furniture dealers are virtually nonexistent in Costa Rica and the quality is spotty at best, Jack Parker teamed up with Robb & Stucky, the Fort Myers-based chain of furniture stores.

Despite import duties of 30%, the developers felt Robb & Stucky could deliver better furniture. The company packs crates of furniture at its North Carolina-based warehouse, which then travels by ship to the port of Puerto Limon in Costa Rica. After clearing customs, workers wrap the furniture in additional padding for the five-hour bumpy road trip across the country to the Pacific coast.

Robb & Stucky had no intention of expanding internationally until Trowbridge suggested it. "We're looking at every opportunity that comes our way," says Dan Lubner, vice president of the furniture company.

To build the homes, local construction crews had to get a lesson in U.S. methods. For example, they're not used to putting trim around doors and installing air-conditioning systems. "It blows their minds," Trowbridge says. "Central air is not typical."

Still, Trowbridge says she was surprised to find Costa Rican buildings standards as high as they are. The reason: earthquakes are always a risk in Central America and they've learned to build strong structures to withstand them.

Los tres amigos

The real estate networks in Costa Rica are primitive. There's no multiple-listing service and no government property appraiser, for example.

One big difference with the U.S. is that people in Costa Rica want to see construction before they buy. Jack Parker started site clearing and the clubhouse was the first building to rise. "What we didn't do," Trowbridge says, "was sell off paper."

Jack Parker is also getting a little state-side help. A Remax office called Los Tres Amigos in Boca Raton specializes in selling Costa Rican property and will help sell the project.

Local real estate agents were used to as much as 9% commissions on sales, but Jack Parker managed to bring them down to 3% because of the likelihood of a high-priced sale. Says Trowbridge: "They're very savvy business people."



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