

Central Florida

Developers: Blue Rose to set new standard for hotel projects

By David Wilkening

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ORLANDO — Press releases can be somewhat misleading, but in the case of The Blue Rose, the claim of changing “Orlando’s skyline forever” is no exaggeration.

“In the future, almost everything you have in what you would think of as the high demand areas such as Disney and the convention center will be mid- to high-rise,” said Robin Webb, an objective observer in his role as managing director of Coldwell Banker Commercial NRT.

He was referring to what is being pegged as Orlando’s tallest residential structure, a 39-story, 430-foot-tall condo hotel near a somewhat unlikely place: the Orange County Convention Center.

“Our intent was to create a very unique property... to create something you’d find in Las Vegas or New York,” said Camilo Aguirre, principal with CMA Development Group.

The Miami Beach-based CMA is a multi-faceted real estate company perhaps best known for its work in South Florida. CMA currently has more than \$1 billion in residential and commercial projects, though this is its first foray into Central Florida.

Aguirre, however, has long been familiar with Orlando. His father was an administrator of a large company, and Aguirre recalls visiting Walt Disney World as a child prior to its opening.

“The city itself is charming. It’s a very unique city in Florida,” he said.

It will be even more unique as a result of the Blue Rose project, which Aguirre envisions as a prototype for other similar hotel condos in other areas.

But The Blue Rose is not just another condo hotel. Aguirre also envisions it as a focal or gathering point for the community. In addition to having 1,300 hotel residents, it will have a 75,000sf conference center that can accommodate up to 8,000 people. But the

real showcase is perhaps a 1,000-seat Broadway-style theatre.

“We’ll have the Orlando ballet performing. We’ll have all kinds of entertainment, including Broadway musicals,” he said.

The Blue Rose will include a “Swan Lake Promenade” with a half dozen restaurants and European cafes and boutique shops, or about 100,000sf of retail space. Mexican Mariachi bands and other entertainment will be featured nightly.

The project’s grand opening party was Feb. 23. Aguirre expects to break ground within eight months and have a finished project 24 to 36 months later.

Phase one will be 515 studio, one-, two-, and three-bedroom units, ranging from 575sf to 3,000sf. Pricing will start in the low \$300s.

High-rises in Orlando are generally associated with downtown, and starting such a project miles away near the Orange County Convention Center is an unusual and perhaps daring move.

But Aguirre is not alone in thinking the location of the 13-acre Blue Rose project is a key element. The address at 7575 Universal Boulevard is at the corner of Carrier Drive and Sand Lake Road.

“What we loved about the location is that it’s about a mile and a half to the convention center, and another mile to Universal Studios,” Aguirre said.

He said CMA plans a shuttle service in the area so Blue Rose occupants and guests can have the ready access of the convention center without any accompanying traffic problems.

Webb, who might be the premier local guru on hotel building in Central Florida, thinks land values in key areas of Central Florida have appreciated to the point where mid- and high-rises will be the norm rather than the exception. He



Robin Webb



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agrees the location of the project is a key element to its success.

“Being high-rise will give it very, very good visibility in that area,” Webb said.

But he added there’s no past record for projects such as The Blue Rose. He also points out that two major chains, Hilton and Hyatt, have major properties planned near the convention center. Each one could be 1,200 to 1,500 rooms.

But demand for hotels is likely to remain strong in the area.

“We anticipate, according to the Orange County Convention & Visitors Bureau, that the market will grow by four percent a year over the next three years,” Webb said.

If that happens, he added, “believe it or not, we’ll have a shortage of hotel rooms — hard as that is to imagine.”

That’s because the projected growth in room supply is only 3%, or one percentage point less than demand.

But what about the luxurious nature of the Blue Rose? If room rates there are set at \$250 a night, for example, Webb said there is no precedent. Those high rates may be found at luxury Disney properties or at hotels such as the Ritz-Carlton, but they are not common. The average room rates in the area have gone up something like 16% in the past two years, but they are still averaging just over \$95.

Aguirre does not seem overly

concerned about buyers. He said it’s possible the project will be sold out before it is completed. He envisions buyers as both investors and residents. The investors could be foreigners or U.S. residents.

“We look at buyers as coming from a variety of sources. First and foremost, there are international buyers, often from Europe and Latin America,” he said. “We see them both as investors and as occupants. We also see domestic buyers from Florida and from all along the Eastern coast.”

Aguirre’s company has a good track record, and while this is their first project in Central Florida, their choice of location is a good one, agrees Terry Delahunty with Foley & Lardner.

“It’s on the northern part of International Drive, which has a lot of things going on, and right across from Universal. It’s a nice draw,” said the Orlando-based lawyer who specializes in real estate.

Delahunty views condo hotels as logical developments around the convention center because they are also located near the major attractions. The convention center’s growth should also help spur demand, he believes.

Delahunty makes a differentiation between well-designed, well-located and well-managed condo hotel properties as opposed to condos purchased as stand-alone residential units. The former has a far brighter future.

“The future of condominium hotels in the Orlando market is and will remain divided between properties that are ‘condominiumized’ merely for the economy or financial benefit of the developer and those designed and fully featured to succeed as extraordinary properties meeting the market demand of the area’s most affluent repeat visitors,” he said.

In that regard, The Blue Rose comes off well because in addition to its location, it will have various first-rate amenities such as rooftop swimming pools and a large lobby. The project will also have technological amenities such as flat-screen plasma televisions and wireless high-speed Internet access.

Units will also have luxury touches that include granite counter tops and European wood cabinetry.

Condo hotels are certainly not a new development but various observers see them as prospering right now.

David Bansmer, a former executive with Four Seasons Hotels & Resorts and now managing director of The Registry Collection, said condo hotels are of particular interest to cash-rich baby boomers looking for new ways to leverage their wealth.

“Noted leisure real estate researcher Dr. Dick Ragatz reports that the condo hotel buyers are affluent, between 45-65, married, and more likely to be an empty nester with an average income of \$250,000,” Bansmer wrote in a recent magazine article.

Hotel condo demand is growing at 4% a year, while supply is only growing at 1.2%, according to a story in Hotel Business Review.

Bansmer and others warn that higher interest rates or other developments, however, could impact the future of the now thriving hotel condo market.

“However, I believe developers and hoteliers are creating a unique lifestyle experience around the condo that will greatly mitigate any loss in value that might be created from a rise in interest rates and possible slowing of appreciation values,” he wrote.