

Mega vacation homes in Reunion are selling for record prices

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This nine-bedroom vacation home on Reunion's Murfield Loop sold in September for \$5.9 million. (Rickie Agapito/AOFOTOS)

In Reunion Resort, where luxury vacation homes keep getting bigger and more opulent, investors are paying top-dollar for the megamansions. In the last five months, three gigantic vacation homes have sold for well over \$5 million.

The first took place in May, when a Pennsylvania couple paid a record \$5.25 million for a nine-bedroom vacation home on Golden Bear Drive overlooking the resort's Nicklaus golf course. It was followed in August by the \$5.35 million sale of the 13-bedroom estate at 736

Desert Mountain Ct., only to be eclipsed in late September by 501 Muirfield Loop for \$5.9 million.

A couple of years ago, a \$3.5 million sale was newsworthy. Now at least seven sales have topped that number this year and there have been at least a dozen sales above the \$2 million mark in the last six months. The homes are attractive investments because they come in turnkey condition, professionally decorated and often with a lucrative history of rental income, or in the case of new construction, the potential for rental income. The house on Golden Bear Drive sold with \$300,000 in future bookings already scheduled for 2021.

“Right now, lead times are insane and construction is taking longer and is more expensive than ever,” said Ryan McNally, Vice President of McNally Construction Group and McNally Real Estate Group, which built the house and also represented the seller.

Vacation homes in Reunion are sold in turnkey condition, professionally decorated, and often with a history of successful rental income. (Rickie Agapito/AOFOTOS)

“A lot of people want a finished product. They don’t want to go through the construction process and inventory is low so we’re seeing people come in and say, ‘hey I’ll take what you got.’”

The seller of the Muirfield Loop home planned to use it as a vacation rental but decided instead to take advantage of the hot market. He listed it first for \$5 million before the house even had a certificate of occupancy, then decided in May to bump the price up to \$5.9 million and got the full asking price.

It’s a sign of the times.

“This has been going on for a while and you’re seeing that everything across the board, no matter what the neighborhood, have inched up and they are selling,” Tansey Soderstrom, President Elect of the Orlando Regional Realtor Association told GrowthSpotter. “Why people love Reunion is because of the amenities. You have the waterpark, you have 12 pools, you have three golf courses, you have restaurants, you have tennis. People really like that,” adding it’s also close to the Disney area and highways.

But there’s something else that sets the area apart from other high-end and amenity-laden areas in the Orlando metro area. Reunion allows short-term rentals where other luxury golf communities, like Golden Oak and Windermere, do not. That opens up the pool of buyers.

“You’ve got investors, you’ve got people looking for high-end secondary homes, and you’ve got primary residences, so three kinds of groups that are looking to buy,” McNally said.

The people looking for primary residences or secondary homes have many choices about where to build in the area. Investors don’t. And the potential for rental income has increased the buyer pool beyond high-net-worth individuals. Many families or investors are pooling

their money to buy one of these homes so they can all use it and then divide the rental income. In the places where rentals aren't allowed, the buyer pool is limited to high-net-worth individuals who can afford to have a second home that sits empty while they aren't using it.

"It gives more options to someone who might not be able to necessarily have a home they can use one week a year and carry the cost of it. If they can rent these homes out, it gives them that added incentive where they can have a luxury vacation home in Orlando where it not only carries the cost, but gets them some money back as well," McNally explained.

Magical Vacation Homes manages many vacation rentals in the Reunion area and worked with McNally and the seller on the Muirfield Loop home. A quick glance of the website shows a wide variety of homes available in Reunion with average nightly rates from just \$65 for a three-bedroom and two-bathroom condo to \$3,730 per night for a 15 bedroom and 17 bathroom home.

Leigh Bateman, President of Magical Vacation Homes said a home in his company's portfolio has gross rental sales of \$1.6 million for 2021, which is a record. Prior to that, the highest was \$550,000 in annual gross sales. Those kinds of numbers are only for the mega homes.

"[Owners are] essentially having a luxury vacation home that makes you money. It's kind of a no-brainer for a lot of these guys. I've built two or three houses for multiple families so once and see that the formula works, more often than not, they repeat that process," McNally said.

Many of the homes McNally builds are built specifically for the vacation market. That is something that has changed over the years. Of the 15 Reunion homes that sold for over \$2 million in the last year, only one had fewer than eight bedrooms.

"Originally when we started our business over in Reunion, we were dealing with houses that are residential converted to be a vacation rental. They were not designed to be for vacation rentals," Bateman said. That often meant large closets, residential finishes and furnishings, lots of storage, etc., things renters don't need.

Now the newer and higher-priced homes are different, especially in Reunion with its short-term rental option.

"We really create resorts within resorts. You wouldn't need to leave some of these properties," Bateman said. "Where else in the world could you build houses like this that have all these crazy amenities like bowling alleys, golf simulators, and two-story themed bedrooms?"

The 10,630-square-foot Muirfield Loop home was designed this way and was part of the rental pool for a few months after it was finished last year. McNally said new owner has no plans, as of now to rent it out, and has removed it from the Magical Vacation Homes

inventory

It has two custom kids' bedrooms and a two-story secret play area with a ball pit, a dress-up area, and slides. For the adults, there is a home theater, resort-style pool, several posh bedroom suites, a high-end kitchen, and much more.

This house fits the advice Bateman would give to anyone wanting to build a vacation home for rental in Reunion.

"I would build the biggest pool because everybody wants to have the biggest and greatest," he said. "I still feel if you're the best vacation rental, the numbers from a cash flow standpoint are a significantly better return on investment. The [luxury] market is where the biggest margins are."

Rising building costs and construction delays are also driving up the prices in Reunion.

"With more of these [resort-style] homes becoming available because more of these homes have been built in the past couple of years, a buyer in today's market is just going to look at rather than taking two years to build a home, there are some amazing homes available right now. Let's just take advantage and pull the trigger on one of these," said Luis German of Carlos German and Team with exp Realty, the one who sold the \$5.25 million house on Golden Bear Drive.

Lot size, privacy, and the ability to choose a homebuilder are also driving sales in Reunion.

"Not many places could you have a lot size that you can build," Bateman said, adding the Muirfield Loop home is on almost a half-acre lot. "You don't have that space in other resorts, it's very unique. The developer back in the day did do a very good job of designing that resort."

"When Reunion was launched, it was fully custom from the beginning. You have custom builders in here, you can buy your own piece of land, and you don't have to build immediately, and you can do whatever you want," German said. "There's no other resort-style, short-term rental zoned community in Central Florida like that."

The pandemic also fueled the Reunion market as well as the area's overall vacation rental market.

When asked about the future, German, McNally, Bateman, and Soderstrom all said things are starting to cool off a bit. Once the market opens again to international tourists and investors, it should pick up again.

The Reunion inventory is still modest. Soderstrom says as of October 12, there were 83 homes listed with 64 pending sales, and 67 sold in the last two months. German says he knows of one listed for \$11.5 million and another around \$7 million.

McNally says he has one set to close later this month that will break the record of \$5.9 million.

“I think it kind of continues that trajectory, the high-end, residential, short-term rental market. All the builds we’re doing and planning now are kind of going that route of luxury meets entertainment, meets vacation.”