



## DeSantis-Disney culture war in Florida is not hurting business yet

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### KEY POINTS

- Florida Gov. Ron DeSantis has been feuding with his state's largest employer, Disney, for more than a year, but to date the culture war has had little effect on business.
- Lake Nona, the Orlando area community where Disney canceled plans to build a \$1 billion corporate campus, is still growing and the real estate market remains stable.
- But local business leaders are worried about long-term damage to Florida's reputation.



When Disney announced in May that it was canceling plans for a new corporate campus in the Lake Nona section of Orlando, Florida, the move seemed calibrated to inflict maximum damage in the company's feud with Florida Gov. Ron DeSantis. It has not quite worked out that way.

The project represented a \$1 billion investment, with 2,000 employees relocated from California. In announcing the cancellation, Disney never mentioned the dispute, which began in 2022 when the company criticized DeSantis' Parental Rights in Education Act — which critics call "Don't Say Gay" — and DeSantis responded by taking over Disney's special development district around the Disney World theme park. Instead, Disney attributed the move to "changing business conditions."

But days earlier, CEO Robert Iger, in a conference call with Wall Street analysts, had delivered what seemed like a veiled threat.

"Does the state want us to invest more, employ more people, and pay more taxes, or not?" he asked.

In a statement following the cancellation, DeSantis called the decision "unsurprising," pointing to Disney's "financial straits, falling market cap and declining stock price."



LGBTQ employees Carlos Lopez Estrada , left, and Juan Pablo Reyes holding a Mickey Mouse in rainbow colors, walkout of Disney Animation protesting former CEO Bob Chapek's handling of the staff controversy over Florida's "Don't Say Gay" bill, aka the "Parental Rights in Education" bill, on Tuesday, March 22, 2022 in Burbank, CA. Irfan Khan | Los Angeles Times | Getty Images

Lake Nona, meanwhile, seems to be doing fine despite what might have been a devastating blow in many communities — and the fact that a cow pasture sits where Disney's sparkling corporate campus was supposed to go.

"Things haven't sat longer, prices haven't dropped since that announcement," said local real estate agent Jervaine "Will" Huie of LPT Realty. "This place has been growing rapidly prior to this, and independent of that project even being announced."

Indeed, things are bustling in Lake Nona, a planned community next to Orlando International Airport, about 20 miles from Disney World. Its developer, the privately held Tavistock Development Company, calls it "the fastest-growing community in Orlando," with millions of square feet of commercial space, homes and home sites, a medical campus with two hospitals, and a shopping and entertainment district.

Tavistock did not respond to a request for a comment. But local real estate broker Laura Fangman said that if anything, Disney's move will help the community manage its growth.

"It was a wonderful opportunity," she said. "But with the rapid growth, we need time for infrastructure. We've got quite a few road widening projects. We've got new schools and new green spaces. And, so, we have a little more breathing room now with that delay."

The housing market has slowed in Lake Nona, but it has also slowed nationally. According to real estate marketing firm Redfin, 126 homes sold in the neighborhood in May, a 3.8% decline from one year ago. But nationally, the number of homes sold declined by 16% year-over-year. The median sales price fell further in Lake Nona than nationwide — 9.72% versus 3.2% — but homes are more expensive in Lake Nona to begin with. And local realtors said the decline has more to do with interest rates than Disney or DeSantis.

"We wait patiently to see what the Fed's going to do next," Fangman said. "It may adjust the price point that someone looks at but it's not going to adjust whether or not they purchase."

## **Concerns in DeSantis hometown**

That is not to say that there are not concerns about the escalating feud.

"I would just hope that it wouldn't be a pattern of losing jobs in an area that I've lived here my whole life," Huie said. "There is not a lot of high paying jobs in Orlando. Cost of living has skyrocketed."

The concerns extend beyond Orlando.

In the Gulf Coast city of Dunedin — where Gov. DeSantis grew up — they feel the economic effects of Disney World, even though it is 100 miles away.

Chamber of Commerce Chairman Gregory Brady said that one of the community's most successful marketing efforts involved promoting Dunedin's beaches as a place to relax after visiting the theme park in Orlando.

"Disney overall has a positive impact, because we don't pay local and state taxes. And that is really driven by our tourism in Florida," he said.

Brady, who has helped organize the local Pride celebrations in Dunedin, noted that each year's events attract major corporate sponsors. For example, the main sponsor for this year's event was Duke Energy.

He worries about Florida's reputation in corporate America.

"There are a lot of companies that are sensitive to LGBTQ+. They want to support Pride events. We look at, like, TD Bank, Wells Fargo, Citibank," he said. "They want their name in those parades. They want the banners. I just wouldn't want us to lose any of those businesses because they deem the state to not be as friendly as it used to be."

### **War on 'woke' business**

In the past, DeSantis has dismissed the possibility of any broader business fallout from his "war on woke."

"We have people flooding into the state," DeSantis said during a trade mission to Israel in April. "I've never had a business leave some of the northern states like New York and say it's harder to do business in Florida than New York. I've never had that once happen. It's always the opposite and we're proud of that."

Disney and DeSantis both declined to comment.

Site selection consultants interviewed by CNBC say they are watching the Florida controversy unfold, but they have not seen any signs of an exodus from the state.

"The numbers don't lie. A thousand people a day are moving to Florida," said John Boyd, Jr., of The Boyd Company.

But that has led to problems that businesses are watching closely. The state is struggling to keep pace with the growth. And that, combined with Florida's extreme vulnerability to the effects of climate change, has wreaked havoc with the insurance market.

"Florida's biggest challenge is infrastructure, and this affordability and insurance ticking time bomb," Boyd said. "A Florida homeowner policy is now approaching \$5,000 a year. That's over triple the national average."

The Lake Nona real estate agents take some solace in the fact that Disney is entrenched in the area, with 75,000 employees and more than 50 years of history.

"Disney has been here before a lot of this rhetoric and debate and stuff. Probably gonna be here after," Huie said. "I think they're so invested here that they can't really leave."

Less clear is whether other companies will be as eager to move to Florida as the culture war rages on.