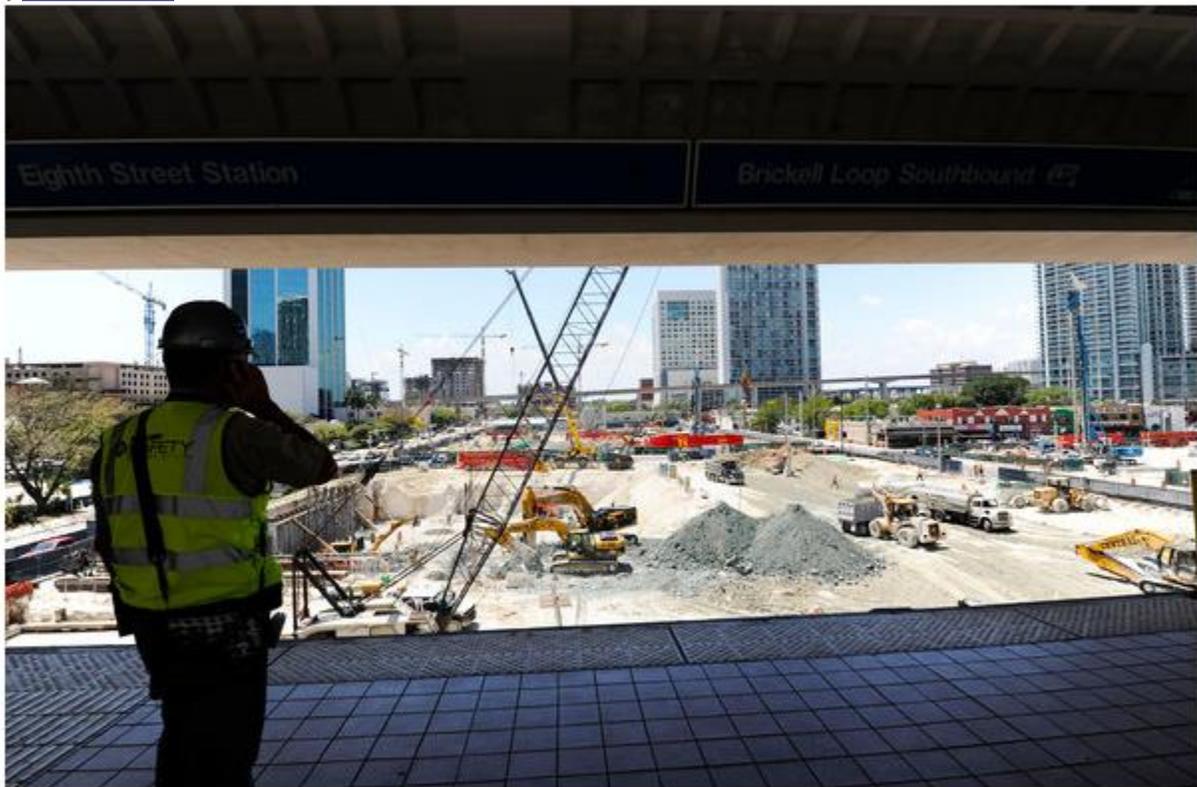


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Miami's Condo Market Rebounds, Stoking a Building Boom

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Diana Zalucky for The New York Times

The Brickell CityCentre site. Besides condos, it will have an upscale shopping center, movie theater and hotel.

MIAMI — Of the 22,000 condos created in downtown Miami during the boom years, only about 600 remain unsold — thanks mainly to an influx of Latin American investors seeking a safe haven for their money.

Developers are reacting to the unexpectedly swift condo recovery in a predictable way: they are building more condos.

The most ambitious project by far is the \$1.05 billion Brickell CityCentre, a 5.4-million-square-foot mixed-use development that will add about 800 condo units in two 43-story

towers to the central business district, a hotel, a luxury movie theater, and a wellness center aimed at tourists from Latin America. With the Brickell CityCentre, the downtown neighborhood will have its first upscale shopping center and its first office building since 2007.

The Miami construction boom — with its own local idiosyncrasies — comes after a broad revival in the real estate market.

As demand rises and supply shrinks, cities around the country are experiencing a residential rebound.

In February, national home prices jumped by 9.3 percent over the same month a year ago, the highest growth rate since May 2006, according to data released on Tuesday by the S&P/Case-Shiller index, which measures 20 major cities.

Miami fared better than most, with home values rising by 10.4 percent. The local condo market, which is not counted in the Case-Shiller data, is equally robust. Prices of condos in downtown Miami increased to \$440 a square foot in the last quarter, compared with \$400 in the same quarter a year ago, according to Condo Vultures, a local brokerage.

With foreign buyers scooping up properties, developers are trying to capitalize on the demand.

In the last two years, 25 new condo projects have been announced in the downtown area, although it is far from certain they will all be completed. Within sight of Brickell CityCentre alone, eight residential buildings are under construction, including three being developed by the Related Group, an affiliate of the Related Companies of New York.

“We seem to be on the cusp of another boom,” said Peter Zalewski, a principal at Condo Vultures. “The question is whether this will be a controlled boom or another out-of-control boom, which is what we’re known for.”

The developers of Brickell CityCentre, Swire Properties, a division of the Hong Kong conglomerate with deep roots in Miami, are trying to balance the various market forces. While the residential market is looking healthier, demand for office space is still weak.

Swire also sees a strong need for high-end shopping in the rapidly growing downtown neighborhood. The company’s partner in the 500,000-square-foot retail component at

Brickell CityCentre is the Whitman family, the owners of Bal Harbour Shops, a hugely successful open-air shopping center just north of Miami Beach.

On the office side, Swire is remaining cautious. The vacancy rate in the city's financial district is well into the double digits at roughly 16.7 percent, according to CBRE, a real estate services firm.

Swire hopes eventually to include an office tower with 750,000 square feet, but for now, the office component of the project will contain only 120,000 square feet. Diana L. Parker, a senior vice president at CBRE, said the new office space would be available just as a number of leases downtown were expiring. "Their timing is impeccable," she said.

The plans for Brickell CityCentre reflect Miami's desire to bring its downtown in line with trends occurring in business districts across the country, where developers are being encouraged to provide convenience to public transportation, street-level retail and underground parking. Occupying four blocks, the Brickell CityCentre is next to the 8th Street station serving Metromover, a free transit line that circulates downtown.

Stephen L. Owens, president of Swire, said his company had been looking at the location, known as West Brickell, since 2006 when two of the sites were listed for sale at \$110 million. Two years later, Swire paid \$41 million for those properties, which were vacant except for several dozen 100-year-old oak trees. (The trees were uprooted and transported by barge to Museum Park on the other side of the Miami River.) Subsequently, Swire added to its assemblage by buying the Brickell Tennis Center and 799 Brickell Plaza.

That gave Swire 9.1 acres — slightly more than it needed to qualify as a special area under Miami's new zoning code. This designation enabled the developer to work with the city to create a master plan that includes improvements to the streets and sidewalks.

Officials are allowing Swire to build two bridges to make it easier for shoppers to travel from one building to another. These bridges will house shops and cafes, Mr. Owens said. "The biggest challenge was connectivity," he said. Many urban planners, however, frown on such bridges because they draw foot traffic away from sidewalk.

Swire also won approval to build something rare in Miami — an underground parking lot with 1,600 spaces for the project's commercial components. Shoppers will of course have the option of taking the Metromover and getting off at the 8th Street station, which Swire is also renovating.

Though Miami is not exactly known for its public transportation, ridership on both Metromover and Metrorail, an elevated train that connects suburbs north and south of Miami, has been steadily increasing — up 5.5 percent and 11.3 percent in February over the same period in the previous year.

The increased usage, in part, comes after an influx of young residents to downtown. The recent condo boom was driven primarily by cash-paying Latin American investors who either use the apartments occasionally or rent them out, often to young professionals working nearby, said Mr. Zalewski of Condo Vultures.

Swire's focus on high-end shopping also happened to coincide with a new direction in the Whitmans' business. Since Bal Harbour Shops opened in 1965, the family had luxury shopping almost exclusively to itself and fought strenuously to keep tenants from opening other stores in the area. The Whitmans say sales last year at Bal Harbour Shops — their lone shopping center — were \$2,810 a square foot, compared to a national average of \$526.

But more recently, several longtime tenants, including Louis Vuitton, Cartier and Hermès, have decamped to the Design District across Biscayne Bay. Luxury shops are also opening at Aventura Mall, just north of Miami.

With the competitive landscape changing, the Whitmans decided to expand by investing in Brickell CityCentre. “We see that area as a strong residential community with a thriving tourist market that is only getting stronger,” said Matthew Whitman Lazenby, the operating partner of Bal Harbour Shops and a grandson of the company's founder, Stanley Whitman.

The shopping center is being designed so that shoppers will feel the breezes off Biscayne Bay, just as they do at Bal Harbour. A glass trellis will “protect you from the outside elements but let you have a natural al fresco experience,” Mr. Owens said.

“This will be our Rockefeller Center,” said Robert Kaplan, a principal with the Miami Beach office of Ackman-Ziff, a New York-based mortgage brokerage, referring to the Brickell CityCentre. “We don't have anything like that here.”