

Office-condo craze hits Miami

Forgoing leases, companies are testing a different ownership model for their workplaces

BY INA CORDLE

When the accounting firm Gerson, Preston, Robinson & Co. decided two years ago to sell its Miami Beach headquarters of 56 years, the partners carefully compared the costs of buying space to those of renting.

In the end, an office condo seemed to be the logical choice. "We like the idea of owning our space and building the equity ourselves," said partner Alan A. Lips. After paying \$2.7 million for 12,000 square feet at 4770 Biscayne Boulevard in Miami and investing \$1.5 million more to renovate it, the firm is moving in this fall.

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—Alan A. Lips Gerson, Preston, Robinson & Co.

"If you look out 15 or 20 years, I can tell you with confidence that our overall cost of owning will be less than the cost of rental under a normal commercial lease," said Lips, contrasting the bite of the expected annual rent increase with the benefit of paying off a mortgage and just incurring fees and taxes.

All around South Florida, a wave of office buildings being marketed as condos is emerging as financial firms, private companies and other businesses increasingly opt to buy their own spaces. Developers are luring investors with sleek new office-condo towers and selling entire floors in the preconstruction phase.

The trend takes a page from office markets abroad like Argentina and Brazil. Donna Abood, managing director of Avison Young's Miami office, said five out of 63 offices under construction or proposed in Miami-Dade today are office condos. And the practice is increasingly en vogue in U.S. cities including New York.

"A lot of our clients outside the United States do own their own office space," said Lips. "And I welcome the trend in Miami because this is such an international city, and the move toward office condos is moving in such a positive direction."

Ofizzina 1200, at 1200 Ponce de Leon Boulevard in Coral Gables, is a proposed office-condo project that has attracted international buyers. The 16-story building, developed by the Solution Group and designed by Corwil Architects, will have 54 suites with a total of 96,767 square feet of office space and retail units at ground level.

"We bought the property a couple of years ago, and I heard from investors, friends and family that everybody is thinking of boutique space,

not just in residential but in commercial and office space," said Camilo Lopez, CEO of the Solution Group and managing principal of Ofizzina 1200.

So far, about a dozen buyers have reserved 60 percent of the building's condo units at prices ranging from \$700 to \$850 a square foot, he said. The condos are selling to buyers hailing from Argentina, Brazil, Hong Kong, Mexico, Switzerland and the United Kingdom.

Two years ago, Integra Investments purchased the Morris Lapidus-designed Chase building at 150 Southeast Second Avenue in Miami and renovated and presold entire floors of office condos to 12 buyers who paid roughly \$300 a square foot, said Victor Ballestas, principal of Integra Investments.

Now Integra is developing Aventura ParkSquare, a mixed-use project with a 100,000-square-foot Class A office tower in Aventura to be designed by Zyscovich Architects.

One hundred percent of Aventura ParkSquare has been reserved by 14 buyers, including local companies, financial firms and developers, who will pay about \$550 a square foot, he said. The company anticipates a groundbreaking in November and expects the building to be completed within two years. The 8.5-acre development will also include a 131-unit luxury residential condo tower, 55,000 square feet of retail, a hotel and a 45,000-square-foot wellness center.

"There is a draw to this office building because people want to be close to restaurants and the action," Ballestas said.

Just west of Aventura, joint-venture partners Privé Group and CK Holding are planning to build Forum Aventura, a 12-story office condo building at 19790 West Dixie Highway in Ojus.

With a design by Arquitectonica and landscaping by Roberto Rovira, Forum Aventura will encompass a total of 95,000 square feet, including two retail condos on the ground floor, said Javier Rabinovich, CEO of Privé Group. Sales will begin in late October, he said, adding that he expects prices to be \$460 per square foot or higher and construction to begin in the first quarter of next year.

"It's a great local market and there are no vacancies in the area," Rabinovich said. "We believe we will have a lot of local end users in the building as well as investors." **TRD**



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