

MIAMI BUSINESS

The County's Party Town Becomes A Major Business Center

ON THE BEACH

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Miami Beach
developers
Shane Rolls (Left)
and Scott Robins

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REAL ESTATE

nant shopping district which was resurrected in the early 1990s. Once known as the "Fifth Avenue of the South," Lincoln Road lost its caché in the 1960s, and slowly deteriorated into a virtually unused pedestrian mall. In the late 1980s and early 1990s, however, the low rents combined with the location attracted cultural organizations like the Miami City Ballet and the New World Symphony, as well as art galleries, vintage clothing stores and outdoor cafes.

In the mid 1990s, property owners banded together to support a major renovation, and a strong office market brought new daytime pedestrian traffic to the mall. In the last year, national chains like Gap, Pottery Barn, Victoria's Secret and a Regal Cinema multiplex have joined local retailers like Mayor's Jewelers and Books & Books on Lincoln Road's "see and be seen" outdoor environment. "Now it's one of the hottest streets in the county," says Comras. "It's not just retail, but the cultural institutions as well. There's office space, movies and restaurants. Demand has been so strong, there's really been a melding of the Lincoln Road and Collins retail districts."

Office: The New High End

After slumbering for years, Miami Beach has suddenly become Miami-Dade's hottest office market. Demand for space from entertainment companies and high-tech firms has touched off the city's first office construction boom in three decades.

"Two years ago we were not on the map," says Dennis Leyva, entertainment industry liaison for the City of Miami Beach Community/Economic Development Department. "Now, we've become one of the county's most important office markets. We've had about 80,000 square feet leased by entertainment companies in the first six months of the year."

Diana Parker, associate director of Cushman & Wakefield, says South Beach's unique set of amenities supports office demand. "Everybody in entertainment and new media knows South Beach," she says. "We're finding that the decision-makers in these new office deals already live here."

A July 2000 city study indicates that the South Beach/Lincoln Road area has 1.04 million square feet of office space, primarily older class B and C facilities. That's about two-thirds of the city's entire office supply. Many of the older buildings on Lincoln Road are now generating rental rates of \$30 to \$35 a square foot - more than class A buildings on Brickell Avenue, which rent for an average of \$30.

These high rents have encouraged developers to start renovating older buildings, such as 1688 Meridian and 420 Lincoln Road. Pablo Cejas, president of the limited partnership that owns 420 Lincoln Road, says much of the 150,000 square feet of office space in the building is already leased at rates from \$27 to \$30 per square foot. "The South Beach

office market continues to be very strong," he says.

New office construction is underway. Three buildings totaling 350,000 square feet are expected to be completed in the next 18 months. Insignia/ESG is handling the leasing for Lincoln Place, a 138,000-square-foot project (108,000 office and 30,000 retail) that broke ground in October. Commercial real estate firm LNR has already leased 62,000-square feet for its headquarters there. Completion is set for late 2001.

Scott Robins, president of The Scott Robins Companies, is developing two class A office projects. The Lincoln, which will have 120,000 square feet of office space, 40,000 square feet of retail and a 700-space parking garage, is located just north of Lincoln Road between Michigan and Jefferson avenues. Further south is 555 Washington, with 48,000



Foundation for Growth: Developer Scott Robins says pent-up demand for office space is huge.

square feet of office and 22,000 square feet of retail space. Completion for both is scheduled for next summer.

"Right now, it's impossible to get large office space over 5,000 square feet, and class A space is just not available," says Robins. "There is strong pent-up demand, and a waiting list from tenants seeking more space."

While the office market slowed over the summer, as many technology and new media companies put their expansion plans on hold, Deanna Lobinsky, vice president of Abood & Associates, says that is a temporary situation. "This market is in so much demand that I don't think there's any danger for these new projects," she says. "It might take a little longer to get the first big leases, but there are still a lot of companies that want to be in South Beach and there's no place for them to go."