

Commercial Real Estate

Spanish entrepreneur buys Coral Gables building

December 14, 2009

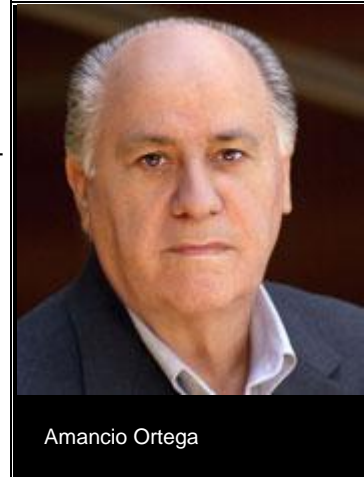
By: Paola Iuspa-Abbott

Shortly after Bacardi U.S.A moved its headquarters into a Coral Gables office tower, one of the world's richest men picked up the building for more than \$120 million.

Amancio Ortega, a Spanish apparel entrepreneur and founder of the chic clothing retailer Zara, paid more than \$478 a square foot, for the 251,000-square-foot mid-rise at 2701 LeJeune Road. A source familiar with the deal — who declined to be named — said the sale price was \$120 million to \$130 million.

The deed was recorded for \$61.9 million at the same time the buying entity, 2701 LeJeune LLC, assumed a \$40 million construction loan made by Ortega's Ponte Gadea, according to Miami-Dade County Property records. Ponte Gadea is also the parent company of 2701 LeJeune. It is unclear what accounts for the difference in the deal amount and what is recorded in public records.

Alina Rojas, Ponte Gadea executive in Miami, did not return a call before deadline.



Amancio Ortega

Greenberg Traurig attorney Israel Alfonso, who represented Ponte Gadea in the transaction, confirmed the deal but declined further comment.

The deal closed Dec. 3, more than two years after Ponte Gadea agreed to buy the property from CM LeJeune, a partnership of Flagler Development and JP Morgan. They reached the agreement in May 2007, just as CM LeJeune had begun construction of the 15-story tower, and Bacardi signed a 15-year lease.

Flagler Development spokeswoman Kathleen Rodriguez didn't reply to several phone calls and e-mails seeking comment.

The spirits company moved into its new home on Nov. 16. Bacardi, with 320 full-time and 35 temporary employees, occupies 230,000 square feet, Bacardi spokesman Joe Gerbino said. They moved as soon as the building was completed.

The Ponte Gadea acquisition is one of the few office sales to close this year, marked mostly by distressed office sales.

"The price is high given the market the way it is right now," said Jay Caplin, managing principal of Steelbridge Capital in Miami. "But that property has been under contract for a long time."

Just as Flagler Development and Ponte Gadea inked the deal, commercial real estate values began to decline. The commercial market has seen plummeting revenues fueled by sinking rental rates and growing vacancies.

Caplin said the sale price of 2701 LeJeune Road is more reflective of the Coral Gables office market in late 2006 and early 2007 than the current market.

There haven't been any comparable transactions in Coral Gables for more than a year, so it is hard to put this price into perspective, Caplin said. One of the most recent sales was in August 2008, when he brokered the sale of the 355 Alhambra office tower for \$87 million, or \$388 per square foot. Back then, Caplin was with Cushman & Wakefield.

"At that time the market was already flattening out," he said. "People were just kind of standing on the sideline trying to figure out where the market was going."



At the height of the commercial real estate market, developer Bentley Forbes set the South Florida record for an office deal with its purchase of the Las Olas Centre. In July 2007, BF Las Olas and related companies paid \$230.9 million, or \$492 per square foot, for the property.

This is Ortega's second acquisition in South Florida. He is currently the majority owner of the 414-room Epic Hotel in downtown Miami.

The 73-year-old founder of the retail chain Zara was ranked No. 10 in the Forbes magazine list of the World's Billionaires in 2009. The magazine estimated his net worth at \$18.3 billion. His net worth was estimated at \$24 billion in 2007, when his company agreed to buy the Coral Gables office tower after the building was completed.