

Commercial Real Estate

Downtown Miami building sells for \$31.52 million

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By: Eric Kalis

In South Florida's most expensive office sale of 2010, a downtown Miami building that houses the Adrienne Arsht Center for the Performing Arts foundation and trust has been sold for \$31.52 million.

The sale of the 1444 Biscayne Blvd. building, known as Boulevard Center, is the priciest office deal in Miami-Dade County since the \$120 million sale of the Bacardi building in Coral Gables last December.

For South Florida, the sale is the most expensive since Behringer Harvard sold two Miramar office buildings for \$43 million to CB Richard Ellis Realty Trust on Dec. 31.

Baypoint Office Tower Inc., an affiliate of Biscayne Management Corp., sold Boulevard Center on June 8, according to Miami-Dade County records. The deal was recorded on June 9.

Calls to Biscayne Management president Francisco Martinez-Celeiro were not immediately returned.

The buyer is an affiliate of Miami-based developer Espacio USA, according to Miami-Dade property records.

Espacio president Alberto Munoz did not were not immediately return calls for comment.

'BARON OF BISCAYNE'

Martinez-Celeiro, known in real estate circles as "the Baron of Biscayne" for his company's focus on property management along the Biscayne corridor, is a former movie star in Spain whose screen name was George Martin, according to the Internet Movie Database.

Martinez-Celeiro has had a stake in the 2.68-acre property since 1984, when he acquired the lessee interests for \$6.5 million. At the time, the building was used as a vertical shopping center anchored by a Jefferson's Department Store. The Biscayne Management affiliate paid an additional \$2 million to take over ownership of the entire property in February 2003.

The 131,000-square-foot building, located immediately north of the Arsht Center, was designed by famed architect Morris Lapidus and completed in 1971.

APARTMENT PERMITS

In 2006, Martinez-Celeiro obtained approvals from the city of Miami to build 850 apartment units and 43,000 square feet of retail space on the site.

The development approvals likely increased Espacio's interest in the property since the office building has a high vacancy rate. According to CoStar Group, the building is 70.4 percent vacant.



Boulevard Center



Tenants include the Adrienne Arsht Center for the Performing Arts of Miami-Dade County Trust, which occupies 1,400 square feet; the Arsht Center Foundation, which occupies 7,000 square feet; and dentist Richard Epstein.

Because of the redevelopment possibility, the sale is “a really exciting thing for the Omni area,” said Richard Schuchts, senior vice president at Jones Lang LaSalle Americas. Schuchts was not involved in the 1444 Biscayne transaction.

“Having an accomplished developer potentially get this property into play could provide another link from the very successful Arsht Center to the continued redevelopment of the Omni area,” he said. “Ten years ago, the question was what [Martinez-Celeiro] was going to do with that property. The long-term answer was always redevelopment.”

If Espacio intends to build rental apartments, it would add to a glut of residential units in downtown Miami and Brickell. According to a study by Goodkin Consulting and Focus Real Estate Advisors, occupancy of the approximately 22,000 residential units built in the area since 2003 increased from 62 percent in May 2009 to 74 percent now. The study covered all new buildings in the area bounded by State Road 195 to the north, Interstate 95 to the west, the Rickenbacker Causeway to the south and Biscayne Bay to the east.

Generating short-term revenue by leasing space in the office building could be difficult for the new owner, Schuchts said. Demand from tenants for office space along the Biscayne Corridor is minimal.

Office rents at 1444 Biscayne average \$19 per square foot, according to CoStar.

Espacio “would have to give [tenants] a significant discount,” Schuchts said. “The \$19-per-square-foot rate is probably the high end of the market for that kind of property. That said, there is always a market for space at a good value.”

While the 1444 Biscayne sale is the most expensive in South Florida in nearly six months, sales are picking up in the office sector, said Jay Caplin, managing principal of Steelbridge Capital in Miami. Caplin was not involved in the 1444 Biscayne transaction.

“Activity is certainly up from a year ago, but is still pretty low by normal standards,” Caplin said. “Everyone had been in a dormant state, waiting for recovery in the market and a more opportune time to sell. There is a fair amount of productivity today with the banks, and institutional owners are close to getting back on a regular schedule for selling assets.”