

Commercial Real Estate

CB Richard Ellis REIT buys Miramar buildings for \$43 million

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By: Eric Kalis

DeVry University and Royal Caribbean Cruises have a new landlord after a New Jersey investor paid \$43 million for two buildings in Miramar.

CB Richard Ellis Realty Trust, a Princeton, N.J.-based real estate investment trust, purchased DeVry's educational building and Royal Caribbean's operations center for about \$185 per square foot, according to Broward County records.

The deal closed Dec. 31 and was recorded with the county Monday.

The seller is Dallas-based Behringer Harvard, operating as IPC Florida.

Behringer lost more than \$6 million on the sale. It paid \$49.65 million for the buildings shortly after they were completed in November 2003.

DeVry occupies the 97,690-square-foot educational building on more than 19 acres at 2300 SW 145th Ave. Royal Caribbean is a tenant in the 134,786-square-foot office building on 10.46 acres at 14700 Royal Caribbean Blvd.

The stature of both tenants made the properties appealing to CB Richard Ellis Realty, a public company not directly affiliated with the CB Richard Ellis commercial real estate brokerage, CBRE Realty chief executive Jack Cuneo said.

"We like the assets and like the tenants," Cuneo said. "The yield is very attractive, and we think on a long-term basis this will be a good accretive investment for our [trust]."

Cuneo declined further comment on the purchase.

Behringer vice president William Terry Kennon did not immediately return calls seeking comment.

Behringer received several offers for the buildings in the five weeks of marketing by the CBRE brokerage, said vice chairman Christian Lee, who represented Behringer along with brokers Charles Foschini and Christopher Apone.

"There is a fairly strong investment market if you have a real seller," Lee said. "Plenty of cash is chasing deals. There are almost as many investors and cash as there was during the height of the market, but only a fraction of the opportunities."

The realty trust did not use outside financing for the purchase, Lee said.

An offer by Steelbridge Capital fell short, said Jay Caplin, managing principal of Steelbridge Capital in Miami.

"We made an offer that wasn't in the pricing range they were trying to achieve," he said.

At \$43 million, the purchase price is a "little high," Caplin said.

"It's a good price for the seller," he said. "That was far more than we were willing to pay."

Caplin said Steelbridge bid low because it was concerned that both tenants are in leases that expire in less than 10 years.

Also, the buildings were developed by Opus Real Estate as build-to-suit facilities designed specifically for DeVry and Royal Caribbean, Caplin said. Finding appropriate tenants for those buildings would be difficult if the two



Jay Caplin



companies elect not to renew their leases.

“Miramar is one of the top tier markets in Broward,” he said. “We felt that because of the limited terms of the leases there would be some challenges if those tenants left. Any time you have a single-tenant building, if [the tenant] vacates it can be fairly costly to make useful for multiple tenants.”

DeVry’s Miramar campus is one of three that the Oakbrook Terrace, Ill.-based university operates in South Florida, according to the school’s Web site.

The Miramar campus offers associate, bachelor’s and master’s degree programs.

Royal Caribbean’s Miramar office houses the cruise line’s information technology division, according to the company’s Web site.