

## Commercial Real Estate

Office built for FAA sells for \$24 million

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By: Eric Kalis

**A** Miramar office building that houses a division of the Federal Aviation Administration has been sold for more than \$24 million.

San Diego, Calif.-based Western Devcon, which developed the 70,529-square-foot property for the FAA's Flight Standards district office, sold the 14.5-acre property for \$24.3 million, according to Broward County records. The buyer of the building at 2895 SW 145th Ave. is an affiliate of McLean, Va., developer NGP V.

The sale, South Florida's most expensive office deal of 2010, closed last Thursday. Calls to Western Devcon president Michael Ibe were not immediately returned.

NGP V, operating as NGP V Miramar FL, obtained a \$17 million loan from PNC Bank for the acquisition. Messages left for NGP chief executive Alphonse Ludicello were not returned.

The FAA relocated 325 employees to the Miramar facility in September 2009. It had signed a \$32.5 million, 10-year lease with Western Devcon.

Western Devcon paid \$8.58 million for the then-vacant site in November 2005, according to Broward County records. The FAA's office is just east of the building that houses the studios of WTVJ-Ch. 6 and WSCV-Ch. 51 along Interstate 75 and north of Miramar Parkway.

The FAA consolidated regulatory staff that was split between a 52,000-square-foot office in Doral and a 15,000-square-foot facility near Fort Lauderdale-Hollywood International Airport.

NGP is a commercial real estate fund that specializes in leasing buildings to federal, state and local governments and agencies. The company also has a real estate fund management division.

NGP's deal tops Baptist Health South Florida's recent \$22.9 million purchase of the Town & Country Corporate Center in unincorporated Miami-Dade County. Baptist closed on that deal March 1.

Baptist occupies about 75,000 square feet in the 8500 SW 117th Ave. building.

NGP paid about \$345 per square foot for the Miramar facility compared with the \$195 per square foot Baptist paid for its building.

Western Devcon's price likely reflects the fact that a federal agency is the building's tenant, said Jay Caplin, managing principal of Steelbridge Capital in Miami. Caplin was not involved in the transaction.

Federal tenants typically pay more than private tenants because they factor in the cost of upgrades they expect will be needed over the life of the lease, Caplin said. The price also shows the value investors place on the stable revenue a federal government agency provides, especially during an economic downturn.

"In a market like this people look for predictability," he said. "It is hard to get more predictable than a [FAA] lease. But the price per foot is clearly impressive in a good or bad environment."





Miramar's office sector has been fairly active in the last three months. On Dec. 31 CB Richard Ellis Realty Trust, a Princeton, N.J.-based real estate investment trust, purchased DeVry University's educational building and Royal Caribbean Cruises' operations center in Miramar for a combined \$43 million. The REIT paid about \$185 per square foot for the two buildings.

"By virtue of being central to Miami-Dade and Broward [counties], Miramar is a very good option for a lot of operations-type tenants," said Caplin, whose company had made an offer for the DeVry and Royal Caribbean buildings.