

Starbucks signs for space at big mixed-use development

Jul 12, 2016

Emon Reiser

Among the many mixed-use developments with retail space springing up across South Florida, few have added Starbucks to their rosters.

But the Seattle-based coffehouse has signed for a 1,600-square-foot space with Miami-based Integra Investments, the developer of Aventura ParkSquare, to open at the project in 2018. Urbis Real Estate, led by Argentine developers and architects **Pablo Hoberman** and Alejandro Rakover, assembled a joint venture with a group of foreign investors from Argentina to bring Starbucks to the Aventura project in addition to other South Florida locations.



Zyscovich Architects designed Aventura ParkSquare.

Urbis Real Estate has another Starbucks in the works in a boutique condo-hotel under construction at 6080 Collins Avenue in Miami Beach.

"Urbis Real Estate chose Aventura ParkSquare for its Starbucks location, because it is the first mixed-use development of its kind that truly blends the work, live, play concept in the area," said **Pablo Hoberman**, principal and founder of Urbis Real Estate in a statement.

Other tenants announced for Aventura ParkSquare's 55,000-square-foot retail space include the Mediterranean Kitchen, Icebox Cafe, Greenmonkey Yoga, Graziano's Market and Barry's Bootcamp.

Aventura ParkSquare is a 7.5-acre lifestyle project encompassing retail, residential and office space. It will have a 131-unit luxury residential tower, **a 207-room Aloft hotel**, 100,000 square feet of office space and a 45,000-square-foot wellness medical center at 2900 Waterways Boulevard and N.E. 207th St. in Aventura.

In addition to Aventura ParkSquare, South Florida has a slew of other big mixed-use developments with large retail components in the pipeline, including the Metropica project opening in Sunrise and Miami's Brickell City Centre and Miami WorldCenter developments.



The lobby at the ParkSquare Signature office building.



Integra Investments' Aventura ParkSquare will include a main street lined with trees and retail.



The condo building of Aventura ParkSquare.



Aventura ParkSquare will include retail, offices, condos, a hotel and a medical wellness center.



The view from a condo balcony at Aventura ParkSquare

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Other tenants announced at the project include Icebox Cafe, Greenmonkey Yoga, Graziano's Market and Barry's Bootcamp.

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Major mixed-use project in Miami-Dade secures construction loan

Feb 4, 2016, 6:45am EST

Brian Bandell

The developer of Aventura ParkSquare obtained a \$33.28 million construction loan from Bank of the Ozarks that allowed the mixed-use project to get underway.

Miami-based Integra Investments has approval for 55,000 square feet of retail and restaurant space, an Aloft Hotel, 131 condo units, a 100,000-square-foot office building with outdoor event space, and a 45,000-square-foot medical wellness center at 2950 N.E. 207th Street. It acquired the 7.5-acre site for \$9 million in 2013.



Zyscovich Architects designed Aventura ParkSquare.

Soon after the loan was recorded, several construction firms filed notices of commencement that they were moving dirt for the project.

Zyscovich Architects designed the project with an emphasis on healthy living. Aventura ParkSquare will have extra wide sidewalks, open staircases and the elimination of curbs to encourage walking. The tree-lined main street will have retail on both sides along with water elements and art installations.

The developer plans to set up community fitness activities. The project should open in 2017.

“Securing the construction financing with Bank of the Ozarks is a key step in delivering this first-of-its-kind project to Aventura,” said Victor Ballestas, principal of Integra Investments. “Today’s closing is an endorsement of the continued strength and market appeal of Aventura ParkSquare as we continue our forward momentum.”

The office building, called ParkSquare Signature, is building sold as office condos and Integra Investments said it's sold out. On the retail side, Graziano's Market, Angelo Elia Pizza Bar & Tapas, Icebox Cafe, Barry's Bootcamp, Greenmonkey Yoga, and Mediterranean Kitchen have signed on as tenants.

ISG World reported that the condos at Aventura Parksquare were 46 percent pre-sold.

"We're pleased to be able to provide the construction financing for this unique project that will undoubtedly invigorate the area like never before," said Greg Newman, executive VP of Bank of the Ozarks.

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Aventura ParkSquare proposed as fit living mixed-use development

Feb 5, 2015, 11:41am EST

Integra Investments has unveiled plans for Aventura ParkSquare, a mixed-use project that [Zyscovich Architects](#) designed with a healthy lifestyle in mind.

The Miami-based developer plans to build 55,000 square feet of retail and restaurant space, a hotel, 131 condo units, a 100,000-square-foot office building with outdoor event space, and a 45,000-square-foot



Neoscape

Integra Investments' Aventura ParkSquare will include a main street lined with trees and retail.

medical wellness center. It would be on the 7.5-acre site a 2900 N.E. 207th Street that Integra affiliate Aventura Land Ventures acquired for \$9 million in 2013.

Zyscovich designed the project to be welcoming for pedestrians, with extra wide 15-foot sidewalks, open staircases and the elimination of curbs for greater accessibility. It will include a tree-lined interior main street stretching two blocks with retail along both sides, in addition to water elements and art installations. There will be space for community fitness activities, such as yoga classes and boot camps.

"While Aventura has long been synonymous with its world-class shopping at Aventura Mall, we have envisioned a new type of premier destination, one that the city has never seen," Integra Principal [Victor Ballestas](#) said in a news release. "This project will create a sense of place as a true neighborhood designed to offer an optimal quality of life with health activities, vast entertainment, trendy dining and nightlife options."

Integra plans to complete Aventura ParkSquare in early 2017.

"The development will serve as a paragon for bringing urban, mixed-use communities in the U.S. to their next stage of evolution with healthy living as a focal point," [Bernard Zyscovich](#) said.



Zyscovich Architects designed Aventura ParkSquare.



The condo building of Aventura ParkSquare.



Aventura ParkSquare will include retail, offices, condos, a hotel and a medical wellness center.



The view from a condo balcony at Aventura ParkSquare

http://www.bizjournals.com/southflorida/news/2015/02/05/aventura-parksquare-proposed-as-fit-living-mixed.html?ana=e_du_pub&s=article_du&ed=2015-02-05&u=12181866314e5d37000a057979baf1&t=1423170496

Restaurant, cycling studio, spa confirmed for big mixed-use development

Apr 22, 2016, 1:17pm EDT

Emon Reiser

Aventura ParkSquare, a major mixed-use development opening in 2017, has added three new tenants to its roster.

Miami-based Integra Investments announced this week that Cycle House, the Mediterranean Kitchen and Lee Spa Nails have signed leases at the wellness-focused project, joining previously announced tenants Icebox Cafe, Greenmonkey Yoga, Graziano's Market and Barry's Bootcamp.



Zyscovich Architects designed Aventura ParkSquare.

The Mediterranean Kitchen, a fast-casual concept from Robert Siegmann, who founded Icebox Cafe, will open in a 1,900-square-foot space at Aventura ParkSquare in 2017. The eatery will sell grab-and-go foods such as sandwiches and wraps at the base of ParkSquare Signature, the development's office space, and also offer catering for corporate events.

Cycle House will open in a 3,500-square-foot studio at the center. The luxury indoor cycling studio hosts workout classes.

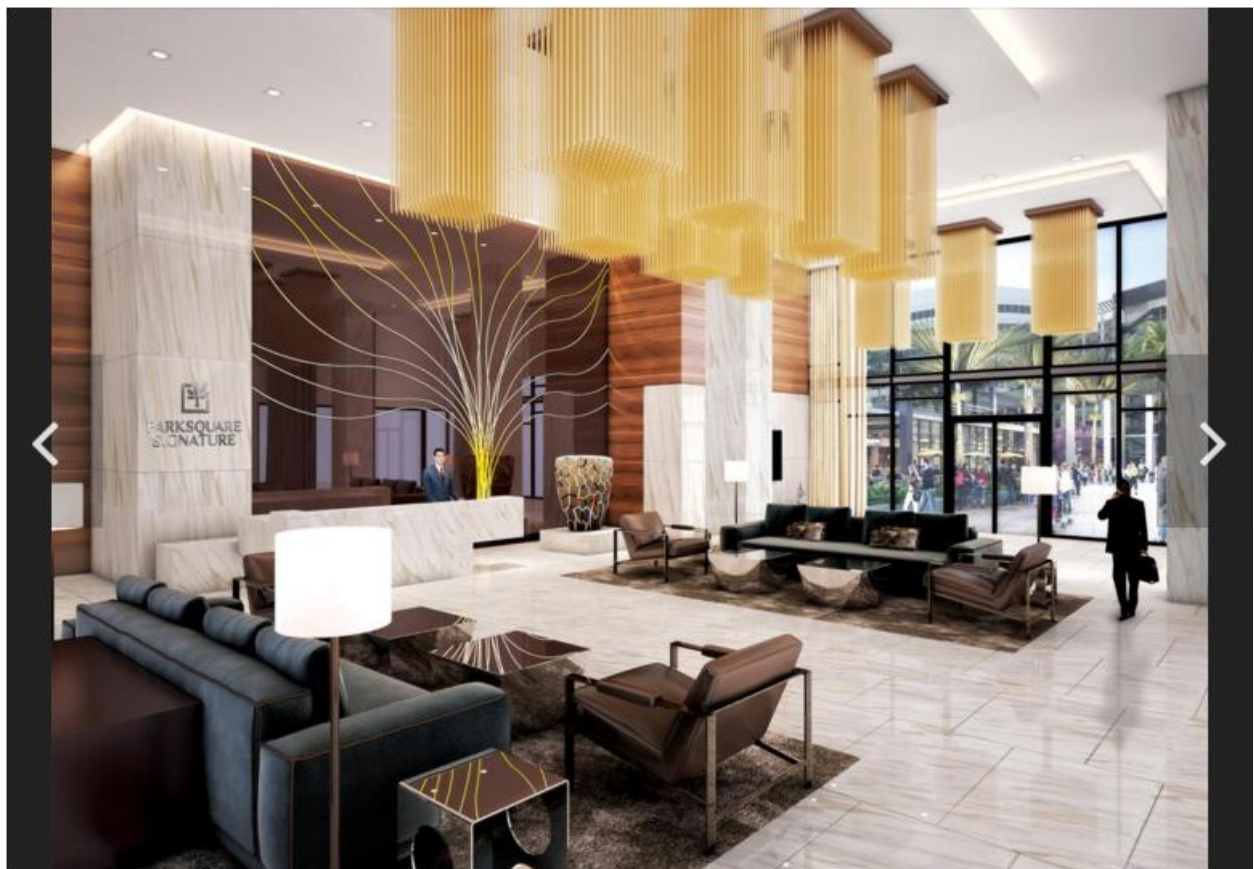
Lee Spa Nails, a full-service salon/spa, will offer manicures, pedicures, facials, waxing and other services at its 1,410-square-foot space in the center.

With the latest retailers, Aventura ParkSquare's commercial component is nearly 100 percent leased. Comras Company brokered the leases.

"Retail and office tenants and residential buyers are excited for the unique lifestyle and business opportunities afforded on the property and we're looking forward to rounding out our complete set of retail offerings within the next few months," said Victor Ballestas, principal of Integra Investments, in a statement.

Aventura ParkSquare is a 7.5-acre lifestyle project encompassing retail, residential and office space. The development will have a 131-unit luxury residential tower, a 207-room Aloft hotel, 100,000 square feet of office space and a 45,000-square-foot wellness medical center at 2900 Waterways Boulevard and N.E. 207th St. in Aventura.

Aventura ParkSquare is comparatively smaller than other massive mixed-use developments under construction in South Florida. The lineup includes the 65-acre Metropica project coming to Sunrise and 120-acre Downtown Doral project in Doral, which are both slated for completion in 2017 as well.



The lobby at the ParkSquare Signature office building.



Integra Investments' Aventura ParkSquare will include a main street lined with trees and retail.



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The view from a condo balcony at Aventura ParkSquare

Miami/Fort Lauderdale new condo sales bounced back in Q1

May 4, 2016

Brian Bandell

After a terribly slow end to 2016, new condo sales in coastal Miami and Fort Lauderdale bounced back in the first quarter, according to a report by brokerage ISG World.

There was a net increase of 560 new condos sold in the first quarter, compared to 302 in the fourth quarter. However, developers still have a long way to go. With 4,354 new units on the market still unsold, that's just over 23 months of inventory at the current sales pace.



Construction continues at the 1010 Brickell condo project at left.

Developers added 809 units to the sales market in the first quarter as they announced new projects. Largely because of that, the amount of new inventory that was sold or under contract remained at 76 percent.

ISG World surveyed all major condos in pre-sales status in the eastern part of Miami-Dade County, plus Hollywood, Hallandale Beach and Fort Lauderdale. It included all projects that started construction since the building boom resumed in 2011 and those that are currently taking pre-sales even if they have yet to break ground. The survey counts units as having hard contracts on them as sold even before they close.

ISG Principal Craig Studnický said sales picked up in the first quarter, and the second quarter is off to an even better start, largely because the U.S. dollar has devalued about 20 percent against foreign currencies since the start of the year. Sales to South American buyers slowed in late 2015 largely because the U.S. dollar gained in value against foreign currencies.

"We are seeing the beginnings of the return of Colombians, Venezuelans and Brazilians to the market," Studnický said.

He said most buyers were gravitating to condos that were recently completed or scheduled to open in 2016, as opposed to signing contracts for pre-construction.

"The dollar is devaluating but it is still pretty expensive and asking them to put 50 percent down before closing is expensive for something they can't use now," Studnicky said. "They would rather buy and close and use it right away."

Most condo projects need to hit a certain threshold of pre-sales before they have collected enough deposits to break ground. Projects that can't reach their sales goals might get canceled or put on hold.

In the first quarter, ISG World said the Fort Lauderdale projects BellaVita Las Olas with 16 units and 1800 Las Olas with four units withdrew from the sales market.

According to ISG World's first quarter report, the projects with below 50 percent pre-sales are:

Visita in Bay Harbor - 11 units at 9 percent sold, recently launched sales.

Boulevard 57 in Miami - 105 units at 11 percent sold, recently launched sales.

Auberge Residences Fort Lauderdale South Florida with 114 units at 15 percent sold, up from 10 percent

Four Season Private Residences Fort Lauderdale - 42 units at 11 percent sold, no change.

One River Point West in Miami - 200 units at 15 percent sold, recently launched sales.

32One in Fort Lauderdale - 23 units at 17 percent sold, no change.

One River Point East in Miami - 200 units at 20 percent sold, recently launched sales.

Aurora in Sunny Isles Beach - 61 units at 20 percent sold, no change.

87 Park in Miami Beach - 70 units at 20 percent sold, recently launched sales.

Auberge Miami Residences - 290 units at 24 percent sold, recently launched sales.

Bay Harbor One - 36 units at 25 percent, recently launched sales.

Turnberry Ocean Club in Sunny Isles Beach - 154 units at 30 percent sold, no change.

Estates at Acqualina in Sunny Isles Beach - 264 units at 30 percent sold, no change.

One Park Grove in Coconut Grove - 50 units at 30 percent sold, recently launched sales.

Elysee in Miami - 100 units and 32 percent sold, up from 25 percent.

Wave in Fort Lauderdale - 18 units at 33 percent sold, recently launched sales.

Brickell Flatiron - 448 units at 45 percent, no change.

Paramount Miami Worldcenter - 500 units at 45 percent sold, up from 35 percent.

In addition to Paramount Miami Worldcenter, other projects that had impressive sales gains in the first quarter were the 131-unit Aventura Park Square going from 46 percent to 56 percent sold and the 35-unit AquaBlu Fort Lauderdale going from 54 percent to 69 percent sold.

Studnicky said he doesn't expect many more groundbreaking this year, but some developers will build sales centers and launch sales with the hope of breaking ground in 2017.

Looking at condo sales by neighborhood, the level of new condo inventory sold was 82 percent in Brickell, 73 percent in the Biscayne Corridor, 65 percent in Downtown Miami, 74 percent in the Beaches (Miami Beach to Hollywood Beach), 71 percent in Aventura, 86 percent in Coconut Grove/North Miami Beach/Key Biscayne and 54 percent in Fort Lauderdale.

Developer details plans for office condo in Aventura

May 13, 2015, 2:29pm EDT

The developer of the Aventura ParkSquare mixed-use project has revealed more about its office component.

The 100,000-square-foot, 'Class A' office tower ParkSquare Signature is being sold as commercial condo units, Integra Investments Principal [Victor Ballestas](#) said. Already six of the nine floors have been sold, with the buyers



The lobby at the ParkSquare Signature office building.

evenly split between end users and investors hoping to lease the space, he said. In most cases, Integra has sold entire floors to single buyers, Ballestas added.

"Aventura has a strong South American market and the South American market has accepted the office condo model more than the the domestic market," Ballestas said.

"People in Aventura tend to be in their office longer so it's a model that worked."

Integra is selling the office space at \$550 per square foot. It's asking for 30 percent deposits. The buyers will be responsible for interior buildout, but Integra will complete the bathrooms and a first floor conference room and lobby.

The office building, like the rest of ParkSquare, was designed by Zyscovich Architects.

The interior design is by Interiors by Steven G.

Ballestas said he decided to make office part of ParkSquare at 2900 Waterways Blvd. because the Aventura office market has high occupancy rates, good rents and plenty of demand, especially from financial institutions.

In addition to the office building, ParkSquare Aventura will include 131 condos, 55,000 square feet of retail, a hotel, and a 45,000-square-foot medical office/wellness building. The project is designed to promote healthy living with large walkways.

Ballestas said the medical office and parking garage will break ground in the third quarter with residential and offices to follow in the fourth quarter.



Integra Investments' Aventura ParkSquare will include a main street lined with trees and retail.



Zyscovich Architects designed Aventura ParkSquare.



The condo building of Aventura ParkSquare.



Aventura ParkSquare will include retail, offices, condos, a hotel and a medical wellness center.



The view from a condo balcony at Aventura ParkSquare

Office building developers finally see an opportunity in South Florida

Aug 21, 2015, 6:00am EDT



Office space has been the one cylinder that hasn't quite fired in a South Florida real estate cycle that has been fueled by residential, retail, hospitality, industrial and health care.

A look at a pipeline of office projects that have secured zoning or are seeking approval suggests this may be about to change.

"We have had tremendous job growth in South Florida over the last five years, and projections are for significant job growth over the next five years, but we have pretty close to no office construction underway," said [Christian Lee](#), vice chairman of CBRE's Capital Markets Group in South Florida.

"Other markets like Houston might have twice the job growth of Miami, but 30 times the level of office construction," he said. "It certainly raises an eyebrow."

To be sure, office construction has remained a bit player, even as South Florida had the second-most construction starts of all metropolitan areas in the first half of 2015, worth nearly \$3 billion, according to Dodge Data & Analytics.

There are only about 1.4 million square feet of office space under construction in South Florida, according to CBRE's second quarter market review, a tiny showing compared to other commercial real estate sectors. Nearly 1 million square feet of that is in Miami-Dade County, with the rest in Broward County and nothing in Palm Beach County.

But office developers appear to be stepping up as the building boom, and steady job growth, continue. The *Business Journal* is tracking 28 projects with 5.6 million square feet of office space that have yet to break ground. That doesn't include medical office space or owner-occupied projects. It also excludes proposed developments that would require major zoning changes, such as moving the urban development boundary.

Of those projects, 19 are mixed-use with office as one of the components, which is one reason the impact of the new office space on the market has been overlooked.

Relegating office to so many mixed-use developments also highlights how challenging it is to build a stand-alone office building in today's environment.

An uneven recovery

Vacancy rates have recovered from the lows of the recession, though in some cities more than others. In Class A submarkets such as West Palm Beach, Fort Lauderdale, Weston, Miami's Coconut Grove and Miami-Dade County's Airport West, available space is getting tight, which has driven up rents.

Business Development Board of Palm Beach County President and CEO [Kelly Smallridge](#) said it's a challenge to place large Class A office tenants in her county because there's not enough quality space available.

"They love the look and feel of downtown West Palm Beach, but we lose out on opportunities because we don't have a whole lot to show them," she said. "We aren't able to place them if they want more than 10,000 to 15,000 square feet of contiguous office space."

There's more office space available in Boca Raton, but many of the buildings there are dated and need to be modernized for relocating companies, Smallridge said.

Developers have caught on, as several major projects are moving forward in West Palm Beach. The largest is billionaire Jeff Greene's proposed 5050 Quadrille, with 400,000 square feet of Class A office space.

"It would be under construction today if I had a permit," he said. "There's been one Class A office built in West Palm Beach in the last 30 years, and that is CityPlace – and that is full. Everyone else is in a 30-year-old building and would probably be more happy in a brand-new office building with all the latest technology and security."

Transit Village, a mixed-use project including 300,000 square feet of offices in West Palm Beach, will probably break ground before Greene's building.

With only three major Class A office buildings and a favorable business climate, there's strong interest from tenants for space in West Palm Beach, said Kevin McCarthy, a VP with brokerage JLL. That's driven up buildings prices, as seen by the blockbuster \$245 million sale of Phillips Point in June. Tenants would flock to a new building, but few could commit two or three years in

advance, McCarthy said. That means a developer would probably have to self-fund a building on speculation.

Rising rents

As vacancy rates decline near 10 percent in many South Florida submarkets, there will be tremendous pressure to raise rents, and those higher rates could justify new construction, said Jon Blunk, a senior director with brokerage Cushman & Wakefield. In addition to West Palm Beach, he first expects to see new office construction in downtown Fort Lauderdale, Doral/Airport West and [Coral Gables](#). He sees demand for space in urban areas with amenities that appeal to millennials picking up.

Seeing the nearly full office buildings on Fort Lauderdale's Las Olas Boulevard as a green light, Crocker Partners' Angelo Bianco said his company is moving forward with plans for a 430,000-square-foot, Class A building only a block off the famed street. He's started preleasing and finalizing the design, with plans to break ground in 2016. Bianco is confident that law firms and financial companies will line up to occupy a new building.

"The rents you need to justify new construction are very high, but we are at the point now where rents are close to replacement cost rents," Bianco said. "If I had my own money to do this, and it's a \$200 million project, I would build it today 100 percent on spec."

Going up on spec

Downtown Miami has a handful of office buildings going up now on spec. Tere Blanca, head of Blanca Commercial Real Estate, said preleasing has been tremendously successful in the 190,000-square-foot office that's part of All Aboard Florida's Miami Central station, but she declined to give a number. She said its connectivity to the passenger rail system being constructed between Fort Lauderdale, West Palm Beach and Orlando, as well as the on-site retail and residential components, are a big draws for tenants.

Blanca noted that some of the office buildings completed in downtown Miami during the last cycle, including 600 Brickell, still have large chunks of available space. At least four older office towers each have over 100,000 square feet available, so there are certainly places for tenants to go, she said. That's why All Aboard Florida and the other new office, Brickell City Centre, are part of mixed-used projects and not stand-alone offices, Blanca said.

"If you are building a high-rise office tower today, you can't make the numbers unless you could sustain rents in the \$38 to \$42 [a square foot] net basis," Blanca said. "Are we there? By the time the project gets delivered, we could be there I don't think that anyone who is going for entitlements will break ground tomorrow."

Ezra Katz, CEO of Miami-based development and capital markets firm Aztec Group, said the Miami market isn't ready for new speculative office buildings. The cost to build office is more expensive than other property types, and it's harder to land financing, he said. Plus, the corporate startups emerging in the city are too young to be stable, high-credit tenants.

"I don't think there is enough profit to warrant a speculative large building," Katz said. "We don't have as many corporate tenants that want to be the lead in a new office building."

Some say it's too early to build

Eric Groffman, senior director of brokerage firm Transwestern, said it's premature to build a major office in Miami-Dade until vacancy rates fall further. He's seen greater demand in the central business district because of all the new residential there, but it's in the early stages.

Still, developers have focused on smaller submarkets of Miami-Dade. The 180,000-square-foot office phase of Codina Partners' Downtown Doral project is in preleasing, and will break ground when 30 percent of the space is spoken for, CEO Ana-Marie Codina Barlick said. Codina Partners has raised rents in the five Doral buildings it owns as it attracted new tenants, so she's confident the next office phase will do well.

Codina Partners is currently building 62,153 square feet of office space as part of its mixed-use 2020 Salzedo in [Coral Gables](#). Codina Barlick said her company will occupy about 20,000 square feet, and the rest will be leased out. [Coral Gables](#) is a strong office market because zoning rules give it a high barrier to entry, she said.

The Solution Group has an office building planned in [Coral Gables](#), but with a different sales strategy. Its Ofizzina 1200 is a 97,000-square-foot office condo, and President Camilo Lopez said all the buyers plan to occupy either some or all of their units. He plans to build the 2,000- to 3,000-square-foot units with high-end finishes, and include a gym in the building.

"In two years, we will have the lowest vacancy rate Miami has had in 20 years because the market is growing so much and just a few projects are under construction in office," Lopez said.

Miami-based Integra Investments is selling the 97,081 square feet of office space in the mixed-use Aventura ParkSquare as condos. All of the office space is reserved, Integra principal Victor Ballestas said. He said the condo model works in Aventura because it's a strong South American market – where owning offices is common – and most companies there have been in business a long time.

Ballestas said building office as part of a mixed-use project helped defray the hefty land acquisitions costs. It would have been much harder to build and finance a stand-alone office building, he said. Using the condo model lets Integra secure funding from buyer deposits, instead of relying on a bank.

The preleasing conundrum

A major reason there hasn't been more stand-alone office development in South Florida is because banks require a certain level of preleases before they'll grant a loan. That's not the case for most industrial and apartment buildings, where lenders believe strong market conditions make them a safe bet.

JLL's McCarthy said several developers have struggled to sign enough preleases to launch projects in West Palm Beach. Most tenants don't like to reserve space two or three years in advance, especially the smaller-sized tenants that are common in South Florida, he said.

"I don't think preleasing is very important to lower your risk," Crocker Partners' Bianco said. "It's not the first 50 percent of a building that makes a development a success. It's the last 50 percent."

Arnstein & Lehr LLP land use and zoning attorney Keith Poliakoff said the lack of financing for office has left many commercial sites vacant. Developers are striving to rezone them for apartments because banks are eager to lend on them.

Residential boom blocks office

The residential boom is another factor discouraging office development. Land prices and construction costs are skyrocketing, especially in the urban core. Those expenses make it tough to justify office rents, which aren't as attractive as residential and sometimes even retail rates.

This is compounded by flexible zoning rules that have allowed land previously reserved for office to be developed as residential or mixed use. This is common in Miami, Doral, Fort Lauderdale and Boca Raton, where the former Arvida Park of Commerce was rebranded as the Park at Broken Sound to make it more welcoming to new residents.

Doug Eagon, president of Fort Lauderdale-based developer Stiles Corp., said building residential near office can reduce commuting times, but it's caused a scarcity of office development land and higher development costs. Office projects are much more compact than in the past, with structured parking instead of surface lots, and greater density.

Many of the best available sites require outdated office buildings be torn down, which adds to the expense, Eagon said. In many such cases, a residential project would generate a higher return than office, he said.

Even not-so-sexy industrial has trumped office. CBRE's Lee said three office pads at Flagler Station near Doral were instead developed as warehouse distribution centers. Although industrial has cheaper rents than office, it's less costly to build and easier to lease and finance, he said.

As for downtown Miami and Brickell, Aztec Group's Katz said land prices need to cool down before a new office building makes financial sense for buyers.

"They are buying the sites that could be office development sites, but there is enough inventory today still that it hasn't become a critical issue," said Alex Zylberglait, senior VP with Marcus & Millichap. "There will be a time when the growth to occupancy rates will go higher and there won't be enough space, so they will either have to pay more rent or develop an office building further out."

Two of three county economic development leaders want more office development

The heads of Broward and Palm Beach counties' economic development organizations would like new office buildings to lure companies, but Miami-Dade County's corporate recruitment leader says there's plenty of space.

Bob Swindell, president and CEO of the Greater Fort Lauderdale Alliance, said he's working on a headquarters opportunity that would require 250,000 square feet of Class A office space, which isn't currently available.

Companies have largely stopped the office reductions of the recession, and there's a need for more space here, he said. That's why most of its recent corporate relocation deals have been moderate in size, with less lucrative capital investments in tenant improvements, Swindell said.

"It's a competitive disadvantage," he said. "There is more than enough demand. It's been a long time since we added new commercial product in Broward of any significant size."

Business Development Board of Palm Beach County President and CEO [Kelly Smallridge](#) said the county hasn't been able to bid on some big corporate recruitment opportunities presented by Enterprise Florida because of a lack of quality office space.

"We are more concerned with all those [companies] we don't know about who check the vacancy rate on the Internet and we miss out on the opportunity," she said. Companies often make relocation decisions with timelines of nine months to a year, so having space that's quickly available is crucial, she said.

Larry Williams, president and CEO of Miami-Dade's Beacon Council, said the county has enough space to welcome just about any of the corporate relocation inquiries he's received. He doesn't think new office space is needed until the vacancy rate tightens further.

"There is a lot of space for growth throughout this county," Williams said. "If you want to be on Brickell, that would be a tough sell, but in other places in the county, we could certainly accommodate them."

Office projects under construction

- All Aboard Florida MiamiCentral station: 280,000 square feet (in mixed use) by Florida East Coast Industries
- Brickell City Centre: 264,199 square feet (in mixed use) by Swire Properties
- Pembroke Pointe A: 143,535 square feet in Pembroke Pines by Duke Realty
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Office space in the pipeline

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- Dania Pointe: 500,000 square feet (future phase of mixed use) by Kimco Realty
- Crocker Fort Lauderdale: 430,000 square feet by Crocker Partners
- 5050 Quadrille: 400,000 square feet in West Palm Beach by Jeff Greene
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 - St. Tropez Office Tower: 80,000 square feet in Sunny Isles Beach by J. Milton & Associates
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 - Swinton Avenue in Delray Beach: 50,000 square feet (in mixed use) by Bill Morris and associates
 - G40 Wynwood: 47,252 square feet (in mixed use) by Goldman Properties
 - Uptown Atlantic: 47,000 square feet (in mixed use) in Delray Beach by Equity Enterprises
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 - 4th & 5th Delray: 42,869 square feet (in mixed use) by Delray Beach Holdings/I-Pic Entertainment
 - 354 Hiatt Drive: 37,500 square feet in Palm Beach Gardens by LRP Properties
- Note: Does not include medical office and single tenant build-to-suit

<http://www.bizjournals.com/southflorida/print-edition/2015/08/21/office-building-developers-finally-see-opportunity.html>

Aloft Hotel slated for Aventura ParkSquare development

Aug 25, 2015

By **Emon Reiser**



Aloft Hotel will be developed by Norwich Partners at Aventura ParkSquare.

Another Aloft Hotel has been announced for South Florida - this one slated for the mixed-use Aventura ParkSquare development.

The hotel will have 207 rooms and feature the brand's W XYZ Bar and a large pool deck. Construction is slated to begin this fall and it's expected to open Spring 2017. Norwich Partners, an affiliate of Integra Investments, is developing the hotel and it's being designed by Zyscovich Architects.

Miami-based Integra Investments is developing the Aventura ParkSquare project where Aloft Aventura will open, and its other plans for the project include 55,000 square feet of retail and restaurant space, 131 condo units, a 100,000-square-foot office building with outdoor event space, and a 45,000-square-foot medical wellness center. It would be on the 7.5-acre site at 2900 N.E. 207th Street that Integra affiliate Aventura Land Ventures acquired for \$9 million in 2013.

Other Aloft properties from the W Hotels brand have been proposed across the tri-county area in recent months: Aloft West Palm Beach is slated to open early 2018 at the northeast corner of Third Street and Rosemary Avenue, Aloft Delray Beach is opening at 202 Southeast 5th Avenue in November 2017, Aloft Fort Lauderdale Downtown is opening at 299 North Federal Highway in July 2017 and Aloft Miami Airport is opening at 7220 Northwest 36th Street in Miami in March 2017.

Aventura ParkSquare confirms two upscale restaurants

Nov 18, 2015

Emon Reiser

Representatives from Aventura ParkSquare have confirmed two more tenants at the fit-living mixed-use development coming in 2017.

Both Graziano's Market and [Angelo Elia](#) Pizza Bar & Tapas are slated to open at the 7.5-acre project at the corner of 2900 Waterways Boulevard and Northeast 207th Street in Aventura.



Zyscovich Architects designed Aventura ParkSquare.

Argentine steakhouse Graziano's Market will encompass 5,000 square feet in the development and resemble the chain's Coral Gables location. [Angelo Elia](#) Pizza Bar & Tapas has secured 4,500 square feet of space and will serve Italian and Mediterranean dishes.

Other wellness-focused retailers that have confirmed space in the development include IceBox Cafe, Greenmonkey Yogy and Barry's Bootcamp. Miami Beach-based Comras Company heads up the retail leasing for the project and brokered both transactions.

Aventura ParkSquare also boasts a 131-unit luxury residential tower, a [207-room Aloft hotel](#), 55,000-square-feet of retail and restaurant space, and 130,000 square feet of office space. The development will also have two parking garages that have a total of 1,300 spaces. The entire project is slated for completion in 2017.

Miami-based Integra Investments is the developer and Zyscovich Architects designed Aventura ParkSquare.



The lobby at the ParkSquare Signature office building.



Integra Investments' Aventura ParkSquare will include a main street lined with trees and retail.



The condo building of Aventura ParkSquare.



Aventura ParkSquare will include retail offices, condos, a hotel and a medical wellness center.



The view from a condo balcony at Aventura ParkSquare

Business Pulse



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SOUTH FLORIDA BUSINESS JOURNAL

August 21-27, 2015



COVER STORY

South Florida's building boom has not included the office sector ... until now

BY BRIAN BANDELL, PAGES 22-25

Office building developers finally see an

BY BRIAN BANDELL

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Office space has been the one cylinder that hasn't quite fired in a South Florida real estate cycle that has been fueled by residential, retail, hospitality, industrial and health care.

A look at a pipeline of office projects that have secured zoning or are seeking approval suggests this may be about to change.

"We have had tremendous job growth in South Florida over the last five years, and projections are for significant job growth over the next five years, but we have pretty close to no office construction underway," said Christian Lee, vice chairman of CBRE's Capital Markets Group in South Florida.

"Other markets like Houston might have twice the job growth of Miami, but 30 times the level of office construction," he said. "It certainly raises an eyebrow."

To be sure, office construction has remained a bit player, even as South Florida had the second-most construction starts of all metropolitan areas in the first half of 2015, worth nearly \$3 billion, according to Dodge Data & Analytics.

There are only about 1.4 million square feet of office space under construction in South Florida, according to CBRE's second quarter market review, a tiny showing compared to other commercial real estate sectors. Nearly 1 million square feet of that is in Miami-Dade County, with the rest in Broward County and nothing in Palm Beach County.

But office developers appear to be stepping up as the building boom, and steady job growth, continue. The *Business Journal* is tracking 28 projects with 5.6 million square feet of office space that have yet to break ground. That doesn't include medical office space or owner-occupied projects. It also excludes proposed developments that would require major zoning changes, such as moving the urban development boundary.

Of those projects, 19 are mixed-use with office as one of the components, which is one reason the impact of the new office space on the market has been overlooked.

Relegating office to so many mixed-use developments also highlights how challenging it is to build a stand-alone office building in today's environment.

An uneven recovery

Vacancy rates have recovered from the lows of the recession, though in some cities more than others. In Class A submarkets such as West Palm Beach, Fort Lauderdale, Weston, Miami's Coconut Grove and Miami-Dade County's Airport West, available space is getting tight,



'They love the look and feel of downtown West Palm Beach, but we lose out on opportunities because we don't have a whole lot to show them,' BDB President and CEO Kelly Smallridge says.

which has driven up rents.

Business Development Board of Palm Beach County President and CEO Kelly Smallridge said it's a challenge to place large Class A office tenants in her county because there's not enough quality space available.

"They love the look and feel of downtown West Palm Beach, but we lose out on opportunities because we don't have a whole lot to show them," she said. "We aren't able to place them if they want more than 10,000 to 15,000 square feet of contiguous office space."

There's more office space available in Boca Raton, but many of the buildings there are dated and need to be modernized for relocating companies, Smallridge said.

Developers have caught on, as several major projects are moving forward in West Palm Beach. The largest is billionaire Jeff Greene's proposed 5050 Quadrille, with 400,000 square feet of Class A office space.

"It would be under construction today

if I had a permit," he said. "There's been one Class A office built in West Palm Beach in the last 30 years, and that is CityPlace – and that is full. Everyone else is in a 30-year-old building and would probably be more happy in a brand-new office building with all the latest technology and security."

Transit Village, a mixed-use project including 300,000 square feet of offices in West Palm Beach, will probably break ground before Greene's building.

With only three major Class A office buildings and a favorable business climate, there's strong interest from tenants for space in West Palm Beach, said Kevin McCarthy, a VP with brokerage JLL. That's driven up buildings prices, as seen by the blockbuster \$245 million sale of Phillips Point in June. Tenants would flock to a new building, but few could commit two or three years in advance, McCarthy said. That means a developer would probably have to self-fund a building on speculation.

Rising rents

As vacancy rates decline near 10 percent in many South Florida submarkets, there will be tremendous pressure to raise rents, and those higher rates could justify new construction, said Jon Blunk, a senior director with brokerage Cushman & Wakefield. In addition to West Palm Beach, he first expects to see new office construction in downtown Fort Lauderdale, Doral/Airport West and Coral Gables. He sees demand for space in urban areas with amenities that appeal to millennials picking up.

Seeing the nearly full office buildings on Fort Lauderdale's Las Olas Boulevard as a green light, Crocker Partners' Angelo Bianco said his company is moving forward with plans for a 430,000-square-foot, Class A building only a block off the famed street. He's started preleasing and finalizing the design, with plans to break ground in 2016. Bianco is confident that law firms and financial companies will line up to occupy a new building.

"The rents you need to justify new

opportunity in South Florida



JOCK FISTICK

construction are very high, but we are at the point now where rents are close to replacement cost rents," Bianco said. "If I had my own money to do this, and it's a \$200 million project, I would build it today 100 percent on spec."

Going up on spec

Downtown Miami has a handful of office buildings going up now on spec. Tere Blanca, head of Blanca Commercial Real Estate, said preleasing has been tremendously successful in the 190,000-square-foot office that's part of All Aboard Florida's Miami Central station, but she declined to give a number. She said its connectivity to the passenger rail system being constructed between Fort Lauderdale, West Palm Beach and Orlando, as well as the on-site retail and residential components, are a big draws for tenants.

Blanca noted that some of the office buildings completed in downtown Miami during the last cycle, including 600 Brickell, still have large chunks of available space. At least four older office



Integra Investments in building the 97,081-square-foot Aventura ParkSquare.

OFFICE PROJECTS UNDER CONSTRUCTION

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towers each have over 100,000 square feet available, so there are certainly places for tenants to go, she said. That's why All Aboard Florida and the other new office, Brickell City Centre, are part of mixed-used projects and not stand-alone offices, Blanca said.

"If you are building a high-rise office tower today, you can't make the numbers unless you could sustain rents in the \$38 to \$42 [a square foot] net basis," Blanca said. "Are we there? By the time the project gets delivered, we could be there I don't think that anyone who is going for entitlements will break ground tomorrow."

Ezra Katz, CEO of Miami-based development and capital markets firm Aztec Group, said the Miami market isn't ready for new speculative office buildings. The cost to build office is more expensive than other property types, and it's harder to land financing, he said. Plus, the corporate startups emerging in the city are too young to be stable, high-credit tenants.

"I don't think there is enough profit to warrant a speculative large building," Katz said. "We don't have as many corporate tenants that want to be the lead in a new office building."

Some say it's too early to build

Eric Groffman, senior director of bro-

kerage firm Transwestern, said it's premature to build a major office in Miami-Dade until vacancy rates fall further. He's seen greater demand in the central business district because of all the new residential there, but it's in the early stages.

Still, developers have focused on smaller submarkets of Miami-Dade. The 180,000-square-foot office phase of Codina Partners' Downtown Doral project is in preleasing, and will break ground when 30 percent of the space is spoken for, CEO Ana-Marie Codina Barlick said. Codina Partners has raised rents in the five Doral buildings it owns as it attracted new tenants, so she's confident the next office phase will do well.

Codina Partners is currently building 62,153 square feet of office space as part of its mixed-use 2020 Salzedo in Coral Gables. Codina Barlick said her company will occupy about 20,000 square feet, and the rest will be leased out. Coral Gables is a strong office market because zoning rules give it a high barrier to entry, she said.

The Solution Group has an office building planned in Coral Gables, but with a different sales strategy. Its Ofizzina 1200 is a 97,000-square-foot office condo, and President Camilo Lopez said all the buyers plan to occupy either some or all of their units. He plans to build the 2,000- to 3,000-square-foot units with

COVER STORY

high-end finishes, and include a gym in the building.

"In two years, we will have the lowest vacancy rate Miami has had in 20 years because the market is growing so much and just a few projects are under construction in office," Lopez said.

Coral Gables-based Integra Investments is selling the 97,081 square feet of office space in the mixed-use ParkSquare Aventura as condos. All of the office space is reserved, Integra principal Victor Ballestas said. He said the condo model works in Aventura because it's a strong South American market - where owning offices is common - and most companies there have been in business a long time.

Ballestas said building office as part of a mixed-use project helped defray the hefty land acquisitions costs. It would have been much harder to build and finance a stand-alone office building, he said. Using the condo model lets Integra secure funding from buyer deposits, instead of relying on a bank.

The preleasing conundrum

A major reason there hasn't been more stand-alone office development in South Florida is because banks require a certain level of preleases before they'll grant a loan. That's not the case for most industrial and apartment buildings, where lenders believe strong market conditions

make them a safe bet.

JLL's McCarthy said several developers have struggled to sign enough preleases to launch projects in West Palm Beach. Most tenants don't like to reserve space two or three years in advance, especially the smaller-sized tenants that are common in South Florida, he said.

"I don't think preleasing is very important to lower your risk," Crocker Partners' Bianco said. "It's not the first 50 percent of a building that makes a development a success. It's the last 50 percent."

Arnstein & Lehr LLP land use and zoning attorney Keith Poliakoff said the lack of financing for office has left many commercial sites vacant. Developers are striving to rezone them for apartments because banks are eager to lend on them.

Residential boom blocks office

The residential boom is another factor discouraging office development. Land prices and construction costs are skyrocketing, especially in the urban core. Those expenses make it tough to justify office rents, which aren't as attractive as residential and sometimes even retail rates.

This is compounded by flexible zoning rules that have allowed land previously reserved for office to be developed as residential or mixed use. This is common in

KEY CLASS A OFFICE MARKETS IN SOUTH FLORIDA

The overall office vacancy rates in Miami-Dade, Broward and Palm Beach counties were 14.9%, 12.1% and 17.5% in the second quarter, according to Cushman & Wakefield. That doesn't suggest a lack of space, but key submarkets are tight for Class A office.

	DIRECT VACANCY	ASKING RENTAL RATES	LAST CLASS A DELIVERY
Miami CBD	13.3%	\$41.81	2010
Coconut Grove	4.5%	\$32.34	1998
Airport West	7.4%	\$31	2015
Coral Gables	13.6%	\$40.87	2012
Aventura	12.1%	\$38.44	2015
Fort Lauderdale CBD	12.5%	\$35.66	2007
Miramar	9.7%	\$26.92	2015
Weston	3%	\$33.91	2006
West Palm Beach CBD	13.3%	\$41.81	2009
Boca Raton	16.3%	\$34.32	2011
Palm Beach Gardens	10.8%	\$35.54	2011

SOURCE: CUSHMAN & WAKEFIELD, SECOND QUARTER 2015

Miami, Doral, Fort Lauderdale and Boca Raton, where the former Arvida Park of Commerce was rebranded as the Park at Broken Sound to make it more welcoming to new residents.

Doug Eagon, president of Fort Lauderdale-based developer Stiles Corp., said building residential near office can reduce commuting times, but it's caused a scarcity of office development land and

higher development costs. Office projects are much more compact than in the past, with structured parking instead of surface lots, and greater density.

Many of the best available sites require outdated office buildings be torn down, which adds to the expense, Eagon said. In many such cases, a residential project would generate a higher return than office, he said.

Even not-so-sexy industrial has trumped office. CBRE's Lee said three office pads at Flagler Station near Doral were instead developed as warehouse distribution centers. Although industrial has cheaper rents than office, it's less

costly to build and easier to lease and finance, he said.

As for downtown Miami and Brickell, Aztec Group's Katz said land prices need to cool down before a new office building makes financial sense for buyers.

"They are buying the sites that could be office development sites, but there is enough inventory today still that it hasn't become a critical issue," said Alex Zylbergait, senior VP with Marcus & Millichap. "There will be a time when the growth to occupancy rates will go higher and there won't be enough space, so they will either have to pay more rent or develop an office building further out."



Agave Ponce is developing Mediterranean Village in Coral Gables.

OFFICE SPACE IN THE PIPELINE

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NOTE: DOES NOT INCLUDE MEDICAL OFFICE AND SINGLE TENANT BUILD-TO-SUIT

Condo owners on South Beach's Lincoln Road seek bulk sale

The 40 owners in the Lincoln West Garden building could sell the site to a developer.

Aventura ParkSquare confirms two upscale restaurants

Graziano's Market and Angelo Elia Pizza Bar & Tapas are slated to open 2017 at the 7.5-acre mixed-used project.

Florida begins to tax Airbnb rooms

The website that connects tourists and business travelers to available rooms other than at traditional hotels begins to collect sales and bed taxes on rooms the company books.

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