

## Multiple bids seeking sites in airport area

By SUSAN DANSEYAR

Brokers who have worked in the Airport West-Doral industrial market for many years are seeing positive activity from tenants in logistics and distribution enterprises along with institutional investors showing high interest in buying buildings.

"Anything of high quality will have between five and 10 bidders," said George Pino, president of State Street Realty. He pointed to WestPoint Business Park selling for \$135 per square foot. Clarion Partners bought the 300,000-square-foot property several months ago and at least five other investors were interested, Mr. Pino said.

This industrial area has a lot of tenants relocating to larger and Class A facilities, he said. "For new development, statistics show 70% of the industrial product delivered in the last 12 months has been 100% leased."

Interest from institutional investors is the highest Mr. Pino has seen during the 20 years he has been in the business, he said.

Drivers for the Miami-Dade industrial market going forward will be foreign trade, tourism and residential construction, he said.

"The expansion of the Panama Canal and Port Miami's increased shipping capacity will support growth to meet the demands in the airport area more efficiently," he said.

Mr. Pino also sees tremendous potential for growth in the perishable goods industry now that the Cold Treatment Pilot



Photo by Maxine Usdan

Program was authorized by the US Department of Agriculture in 2013, allowing select produce to come through South Florida.

"We've seen positive results for increased trade," Mr. Pino said, pointing to Peru increasing its trade some 40%.

It seems that every few years there's a new type of industrial product, said Jose Juncadella, president of Fairchild Partners Inc. Currently, he said, it is a newer type of building with different technology such as more efficient column spacing and ceilings over 30 feet high, compared with 20 to 24 feet in older facilities. These buildings in Airport West-Doral industrial market provide tenants with the same footprint but room for more of their product, Mr. Juncadella said.

Moreover, he said, the newer buildings are much bigger, with over 200,000 square feet.

Another new trend Mr. Juncadella is seeing is local tenants coming into the Airport West-Doral industrial market who provide such "goods" as entertainment services.

"We are constantly getting calls from local entertainment companies who want to relocate to Doral," he said. "With the residential market expanding,

these types of companies are looking to move closer to it."

Mr. Juncadella said prices for industrial land have increased in this area to \$20 per square foot compared with \$8 six or seven years ago. He attributes that to the growing popularity of Doral.

"The trend is to work, live and play in this community and there has been well-planned major development in downtown Doral," Mr. Juncadella said. "The uniqueness of Doral is that there can be an industrial building next to a residential one or retail, and it all works very well because of good zoning and planning."

He said he thinks the Northwest 25th Street Viaduct Project will revolutionize the area and be extremely helpful for its continued growth. The \$58 million project, which the Florida Department of Transportation began in June 2012, is expected to take 3½ years. Once finished, it will extend the existing bridge to Northwest 82nd Avenue, which will provide a continuous link for cargo traffic traveling to and from Miami International Airport's west cargo area.

Details on the Viaduct Project:  
[www.fdotmiamidade.com](http://www.fdotmiamidade.com)

## More financiers target multi-family properties

By SUSAN DANSEYAR

With a constant demand for housing outpacing supply in Miami, an increasing number of local and international financiers are looking at multi-family properties as an attractive and viable asset.

It's definitely been "the darling" of investment for the past four years, said Peter Mekras, senior vice president for Continental Real Estate Cos. "Statistically, it is one of the most stable assets," he said. "There's a high level of liquidity, as one can sell a multi-family property more easily than other types of commercial properties."

Housing is a familiar concept and, while it's not necessarily true, perceived as a relatively simple business, Mr. Mekras said. "Very few people have ever signed a commercial lease but practically everyone has lived in an apartment," he said. "Housing is the core need of every person who exists."

The population of Miami continues to grow and this city continues to have constraints on housing, Mr. Mekras said. That state of affairs, combined with a lack of alternatives, has contributed to the growing interest in multi-family properties as a safe investment.

Moreover, it's a type of housing that will be in demand for the foreseeable future. "Our economy is still in recovery and many people like being renters," Mr. Mekras said. "Those demographics include baby boomers who may be living on a fixed income and want to be able to move easily as well as young people under age 34 who want mobility, to live in an urban area or may have seen their parents get 'killed' in the real estate market."

Many investors in multi-family properties look at what rent they need to charge to fill their properties and how quickly they can do it, Mr. Mekras said. "Some keep rent low so they can lease in a day."

Historically, investors in multi-family properties were in the real estate field, but over the past two or three years a lot of investors outside the field have been getting into the game, said Marc Feigelson, assurance and advisory services principal at Kaufman, Rossin & Co. He has seen investors from private equity funds as well as individuals.

"The pool of buyers has expanded significantly," he said. "There are a lot of new players in this market, which you don't see as much in other real estate classes."

Mr. Feigelson attributes the growing interest and variety of investors to what he said is looked at as an asset class with steady returns and cash flow that's an alternative to buying bonds.

"People are more confident in the housing market and investors are attracted to the demographics with more of the population between 24 and 35 years old, favoring renting over buying and wanting to live in urban rather than suburban areas," he said. "A



Carlos Fausto Miranda: power is in the hands of landlords today.

lot of people in this age group have significant student debt that will take years to pay off, and it's still difficult to qualify for a mortgage."

While the rate of return on multi-family housing might seem low, now at 3% to 4%, investors believe over the long haul it will go up, Mr. Feigelson said.

"Rental rates will go up rapidly because of demand (possibly 3% to 4% year over year for the next few years) and occupancy rates will also go up because of demand."

Moreover, Mr. Feigelson said the favorable trends in South Florida's population growth — estimated at 30% over the next 25 years — and continued improvement in the economy will create more demand for this type of investment.

When interest rates go up, he said, the market for multi-family investment may start to stabilize.

With a greater demand than supply, there's pressure on rents and tenants don't have many choices, said Carlos Fausto Miranda, president and broker at Fausto Commercial Realty Consultants. "The power is in the hands of the landlord," he said.

The luxury condo market that has seen recent growth in the urban core is not designed for low- and moderate-income residents but "we all have to live somewhere, so there will always be demand for this product," Mr. Miranda said. That's attractive to investors, and he is seeing far more people entering the multi-housing market, competing to buy the properties and willing to take lower rates of return to make their money work.

"There's a need to compete harder for the deals and, with increasing gains in rental rates increasing the value of their properties, investors figure those factors into their calculation of rate of return," Mr. Miranda said. "Seen that way, it's not so bad to get a lower rate of return at this time."

Some of the people Mr. Miranda has seen entering the market for multi-family properties are moving their capital in political flight from international locations; others are domestic buyers. For all investors, Mr. Miranda said it's an opportunity that brings the highest return in proportion with the lowest risk. "It's a healthy mix," he said. "Miami is a city in transition with significant growth long term. It has a reputation and dignity, and we will be the next global metropolis."

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