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South Florida Real Estate is Future-Proofing

It's building for residents who haven't yet arrived



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One Brickell City Centre (Photo: Swire Properties/Related Cos.)

In downtown Miami, ground is being cleared for Florida's tallest office tower, with 1.5 million square feet to be filled by firms that have, yet, no actual presence in the state.

Condo towers branded as St. Regis and Waldorf-Astoria are also planned for the area. Their completion is years away, but their unbuilt units are largely claimed with buyer deposits.

The same thing further north in West Palm Beach, where the arrival of financial giants such as Goldman Sachs and Blackrock sent office rents to a record high during the second quarter of this year. Now, new workplaces with private terraces and access to yacht charters are rising along the city's waterfront, while builders plan condos for those future employees.

"We've got four or five thousand people coming to West Palm Beach who have not yet arrived," said Nick Bienstock, CEO of New York City office landlord Savanna. Eager for a share of that market, Savanna is now making its first Florida investment, a 275-unit condo called Olara — part of the 3,000 new homes now under development across West Palm Beach.

More than three years into a mass migration of both money and people to the Sunshine State, Florida's property market continues to outperform nearly all of the rest of the US. **What began as a warm-weather haven from pandemic restrictions, has turned into a place that's not only catering to the current influx of professionals— but is doubling down on the premise that even more are coming.**

Here are some investors making big bets on the next wave of residential and commercial demand :

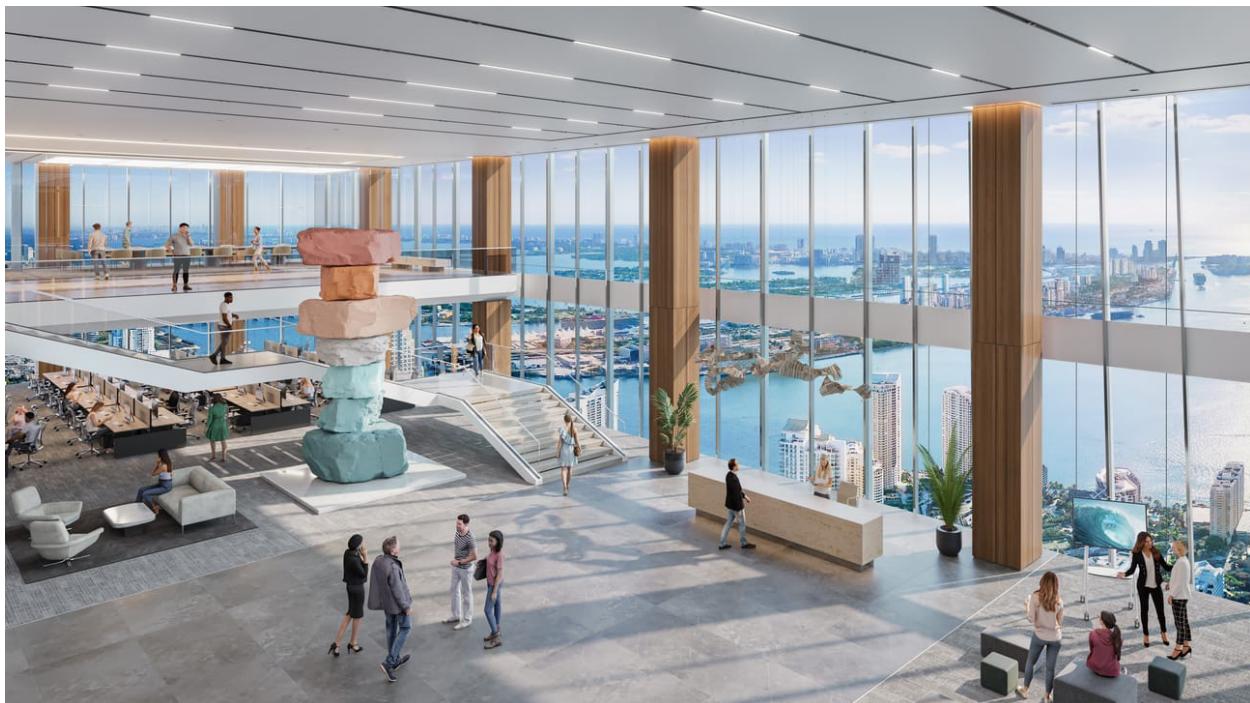
David Martin, senior vice president of retail and commercial leasing, Swire US

One Brickell City Centre

New York's Related Cos and Swire Properties are taking the **highest-profile bet yet** that the migration of wealth and new companies to Miami are both permanent and ongoing.

The developers are currently building Florida's **tallest office tower**— One Brickell City Centre — which will rise to 1,000 feet, along the waterfront of Miami's financial district.

- While landlords in other U.S. cities are fretting over what to do with empty office buildings, this newest project will add **1.5 million square feet** to Miami's office supply
- Leasing will focus on tenants who do not yet have a presence in the state. "We expect those tenants to form a big part of the list," Martin said. "That's the business case."
- The property appears to be designed with legal, finance and trading firms in mind: Some floors will have **20-foot ceilings** and floor plates that can accommodate **50,000 square feet of office in a single story.**
- The momentum for such tenants is already there: **the total assets managed by financial firms in Miami was \$390 billion in August 2022**—up from \$75 billion in 2019, according to Miami's Downtown Development Authority.
- "**One of the things that's missing is quality office space, and that's the gap we're aiming for,**" Martin said.



Lobby, One Brickell City Centre (Photo: Swire Properties/Related Cos.)

One Island Drive

It's been 15 years since a residential development was built on Brickell Key, an island community off Miami's downtown. That last project, way back when, was by Swire. And the next project — the grand finale on the last development parcel there — is also by Swire.

One Island Drive will include **two towers**— and both will be fancy:

- An 800-foot Mandarin Oriental-branded condo tower, with 220-units, where pricing will start at \$3.5 million.
- Condos range from two-to-four-bedrooms, with floor plans up to 4,700 square feet. **Two duplex penthouses will span over 6,000 square feet.** Sales start next year.
- Second tower: A 400-foot tall Mandarin Oriental hotel— to be **North America's new flagship for the brand** — with 121 guest rooms, and 93 residences, which will be condos available for purchase.
- The condos and hotel are complimentary of the office skyscraper project just across the bridge in Brickell, Martin said. "We see this very much as a neighborhood," he said.



One Island Drive (Photo: Binyan Studios)

Nitin Motwani, managing partner, Miami Worldcenter Associates

Worldcenter Associates is the master developer of a \$6 billion re-imagining of 10 city blocks in Miami's

Motwani's development firm, Merrimac Ventures, is building within the area— and tapping into one of the more popular project choices for a market where new residents still split their time living elsewhere: furnished condos that owners can easily rent out:

- The Crosby — this 450-unit condo tower won't be done until 2025, but all of the apartments have already sold out. The project is co-developed by Merrimac and Related Group.
- 600 Miami Worldcenter — includes over 600 condo units, from studios to two-bedrooms, that can be leased out on platforms like Airbnb, without restrictions. Project by Merrimac and Aria Development will be done in 2026.
- "It's just a different way people are choosing to live and Miami is a big beneficiary of that," Motwani said. "**Before, you had to work in New York if you worked in finance. But now that people get a choice of where to live, they're choosing Miami.**"
- New York-based developer Naftali Group — whose success in recent years has been building exclusive condos on Manhattan's Upper East Side—is making a Florida investment debut within the Worldcenter district. It filed plans to build a 65-story tower with nearly 800 units.
- Other New York heavy-hitters are also staking an investment foothold in Miami, including **Harry Macklowe** (the real-estate titan who once owned the GM building), and Chrysler Building owner **Aby Rosen**.
- "**This is them saying 'I love New York, but Miami is going through a moment, where it's past the tipping point to becoming a great global city,'" Motwani said.**



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