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Commercial Real Estate

Miami developer negotiates Brickell building for half 2005 price

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Miami developer Tibor Hollo has acquired an office property in Miami's Brickell financial district for about half the price the seller paid for it at the height of the real estate boom.

Hollo, chairman and president of Florida East Coast Realty in Miami, paid about \$35 million for the two-tower complex at 1101 Brickell Ave., according to two people familiar with the deal.

Africa-Israel Properties was the seller. The cash deal closed Wednesday.

Africa-Israel, in partnership with New York-based Boymelgreen Developers, bought the property for \$70 million in 2005. The property is currently assessed at \$55.1 million, according to the Miami-Dade County property appraiser. The partners parted ways in late 2007, and Boymelgreen is no longer involved with 1101 Brickell.

Hollo announced he was buying the office complex in May. At the time, a source familiar with the Class B property said the mortgage was coming due to mature in June.

Anglo Irish Bank in June 2007 loaned \$62 million to Africa-Israel affiliate Wall Street Commercial Owners, according to Miami-Dade County property records.

Calls to Africa-Israel's New York office were not immediately returned.

This discounted deal is the largest office sale in Miami-Dade this year and could set the tone of future transactions.

"It is difficult to judge the market by a single transaction," said CB Richard Ellis broker Chris Lee, who was not involved in the deal. "We don't know whether [the seller] overpaid or underpaid when they got it. And my suspicion is if this property had been marketed it would've likely gotten a higher price."

The office towers totaling 488,449 square feet sit on four acres between Brickell Avenue and Brickell Bay Drive.

The 81-year-old developer plans to spend \$12 million to renovate the 11-story and 19-story office towers, he said in a prepared statement Wednesday. Hollo did not return a call for comment.

The renovations include the reconstruction of 10 elevators, upgraded air conditioning, modernization of bathrooms, redecoration of the lobby and new landscaping around the property. Future upgrades are to include the addition of restaurant and retail space.

In May, Hollo said he would wait for the market to turn before redeveloping the prime site in Miami's financial district.

The property already has permits for a mixed-use project. In 2006, Africa-Israel received approval to build a 70-story building with 554 residential units, 254,000 square feet of office space and nearly 50,000 square feet of retail and restaurant space. But the seller shelved the plan when the real estate market began to decline in mid-2007.

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