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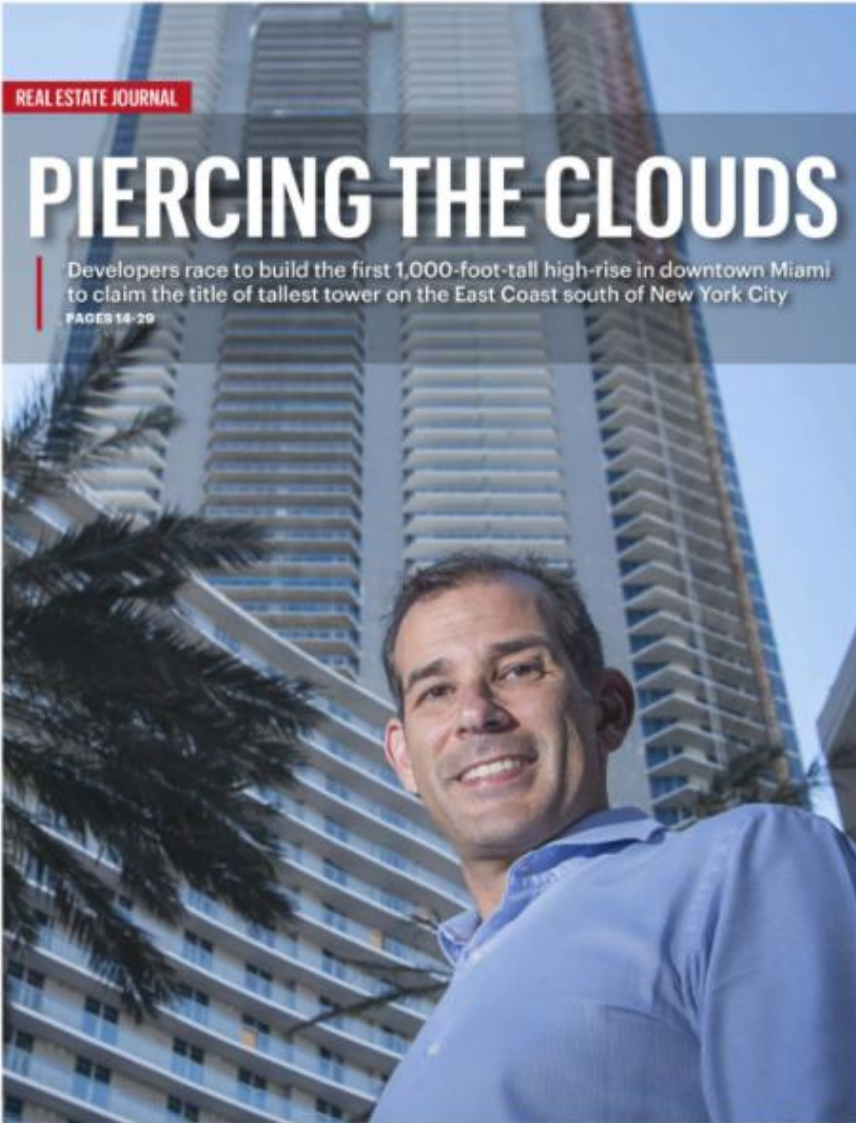


REAL ESTATE JOURNAL

PIERCING THE CLOUDS

Developers race to build the first 1,000-foot-tall high-rise in downtown Miami to claim the title of tallest tower on the East Coast south of New York City

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REAL ESTATE JOURNAL

MIAMI DEVELOPERS REACH FOR THE SKY

WITH PANORAMA SET TO BECOME THE CITY'S TALLEST BUILDING, NEW TOWERS COULD SURPASS 1,000 FEET

BY BRIAN BANDELL
bbandell@bizjournal.com
786-533-8215, @SFBizRealEstate

When it comes to iconic skylines, Miami's landscape - a frequent backdrop for movies and TV shows - is undeniably one of the most recognizable in the nation. But beyond its impressive architecture, that skyline could soon have the distinction of featuring the tallest tower on the East Coast outside of New York.

The big question is: Which one will break the 1,000-foot mark first? At least six projects in Miami have secured FAA approval to exceed that height, even though building a supertall tower is no easy task.

The race to the sky is part of a trend in many of the nation's fast-growing urban cores. In land-constrained cities with strong demand from people who want to live closer to the workplace, developers are increasingly seeking to build higher - despite the significant challenges of constructing a supertall tower.

Experts say new developments have no place to go but up, and that the towers make it easier to meet residents' needs when it comes to utilities, public transit and other infrastructure. For developers, the payoff is charging a premium for residences with spectacular views.

Florida East Coast Realty has topped off Panorama Tower, which will take the crown as the tallest building in Miami at 868 feet when it opens in the first quarter of 2018. It exceeded the 789-foot Four Seasons Hotel & Tower, built in 2003.

For the next crop of supertall buildings, the height limit is 1,049 feet. In the U.S., only New York, Chicago, Los Angeles and San Francisco would have taller towers.

"It's an unreal story," said Paul George, resident historian at the HistoryMiami Museum. "The massiveness and density of Brickell and downtown is becoming unprecedented outside of New York City. It gives us a lot of cachet."

Concentrating development in the urban core with tall towers would make it easier for public services to meet the needs of residents, as opposed to dealing with suburban sprawl, said Alyce Robertson, executive director of the Miami Downtown Development Authority. They also take advantage of the existing public transit network.

While working to complete Panorama, FEER is already preparing plans to build mixed-use towers of 1,049 feet at both



Warhaft

One Bayfront Plaza, 100 S. Biscayne Blvd., and twin towers at 1201 Brickell Bay Drive, the latter designed by Foster + Partners, said Dean Warhaft, the company's chief development officer.

"As the urban core continues to get denser, the only place to go is up," he said. "As the value of [acquiring] the sites goes up, you have to utilize every ounce of square footage."

Swire Properties plans to reach 1,049 square feet for the next phase of Brickell City Centre, a mixed-use tower called One Brickell City Centre that would connect the existing high-end mall to Brickell Avenue.

"Swire has a long-term commitment to Miami and its sustainable development; this shines in its plans for One Brickell City Centre's future development," the company said. After design work is com-

plete, the company said, more information will be made public.

Other projects the FAA approved for over 1,000 feet include a mixed-use tower called One MiamiCentral as the next phase of All Aboard Florida's Brightline passenger rail station, the SkyRise Miami observation tower and amusement ride by Jeff Berkowitz near Bayside Marketplace, and a condo-hotel tower at 300 Biscayne Blvd. by Property Markets Group.



Shear

Ryan Shear, PMG's managing director for South Florida, said 300 Biscayne would be primarily a luxury condo building, because the major costs of such a tall project aren't enough to justify rentals. He's waiting for the condo market to pick up before moving forward more aggressively.

"In condos, you can spend more and

do things that in rentals you could not afford," Shear said.

Clearing the way

The effort to convince the FAA to approve building heights exceeding 1,000 feet in Miami has taken nearly a decade. The issue is that much of downtown is in the flight path of Miami International Airport, and planes need extra room to maneuver in case they experience problems.

Attorney and developer Andrew Hellinger worked with now-defunct Leviev Boyemlgreen to build the Marquis Residences condominium in 2007, and it took him about a year to persuade the city, the airport and the FAA to agree on its 647-foot height. The county realized that the recently completed Four Seasons was taller than the development plan called for, Hellinger said. While the county granted a retroactive waiver for the Four Seasons, it decided that no more height waivers would be granted on a per-building basis.

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FORT LAUDERDALE, SUNNY ISLES BEACH ARE ALSO REACHING NEW HEIGHTS

Miami isn't the only South Florida city where developers are reaching closer to the sky.

In Fort Lauderdale, 100 Las Olas by Kolter Group is on the way to becoming the city's tallest building.

Kolter Group is currently building the 499-foot condo and hotel tower, which would top the 452-foot Las Olas River House.

Gavin Thomas, a development executive with Kolter, said the company successfully petitioned the FAA to raise the height limit in downtown Fort Lauderdale to that level.

"It's nice to be in the tallest building with the nicest view," he said. "I'm from Chicago and everyone wants to go up in the Willis tower. It's a highlight in every city."

Thomas said 100 Las Olas should top off in the third quarter of 2019 and be completed in summer 2020. The biggest challenge is building such a tall project on a compact site while trying not to block off streets too often, he added.

Kolter Group may soon have company. The mixed-use Southside City Center project at 519 S. Andrews Ave. is seeking FAA approval for 499 feet, as well.

Sunny Isles Beach second to Miami

Outside of Miami, the South Florida city with the tallest buildings is Sunny Isles Beach, where a row of condos has risen along the oceanfront over the past decade.

The 649-foot Muse by Property Markets Group and Jade Signature by Fortune International Group have topped off and will be the tallest buildings in the city. The Residences by Armani Casa will be about the same height when they're completed.

Sunny Isles Beach defers its height limits for mixed-use towers to the FAA. Jennifer Lu-Chong, a planning and zoning technician in Sunny Isles Beach, said the FAA hasn't approved buildings taller than 650 feet there.

- Brian Bandell



The 100 Las Olas tower would be 499 stories tall with 228 hotel rooms and 120 condominiums.

TALLEST BUILDINGS IN MIAMI OVER THE YEARS

In 1912, the tallest building in Miami was the Burdines Building, at five stories. The tallest building today, when complete, will be Panorama Tower, at 85 stories. Several developers have plans to build above 1,000 feet in the near future.



Burdines Building
Year built: 1912
Height: Five stories



Freedom Tower
Year built: 1925
Height: 17 stories



Miami-Dade County Courthouse
Year built: 1928
Height: 27 stories



New World Tower
(formerly BankAtlantic Building)
Year built: 1963
Height: 30 stories



One Biscayne Tower
Year built: 1971
Height: 40 stories



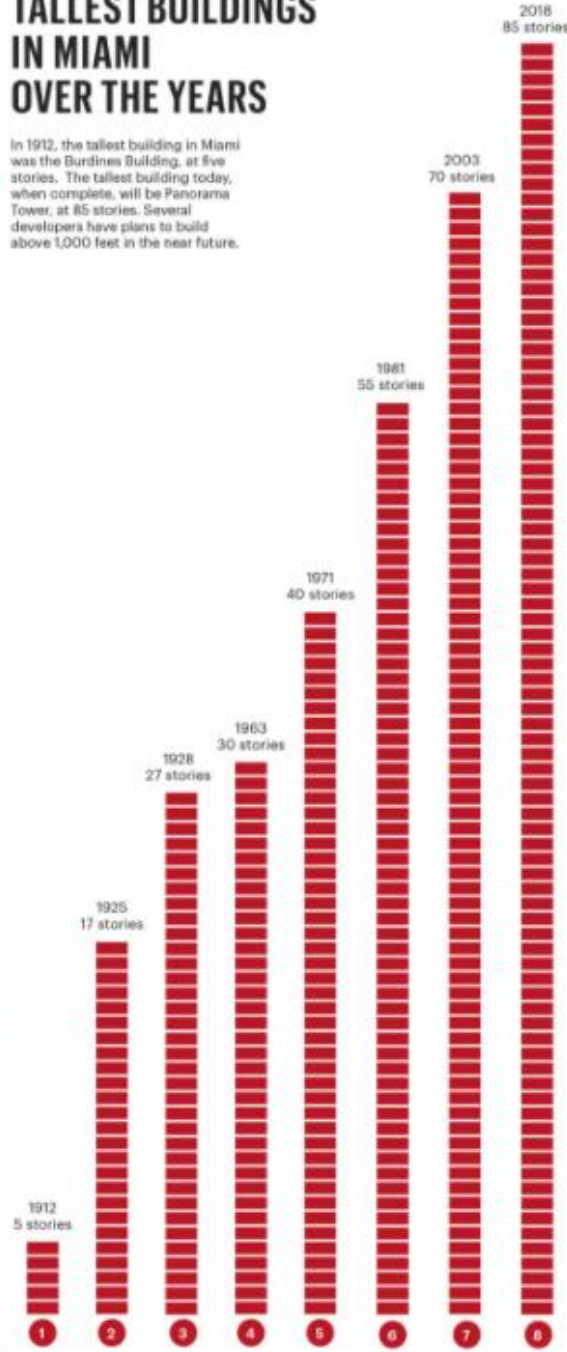
Southeast Financial Center
(formerly Wachovia Tower)
Year built: 1981
Height: 55 stories



Four Seasons Hotel & Tower
Year built: 2003
Height: 70 stories



Panorama Tower
Year built: 2018
Height: 85 stories



SOURCE: HISTORYMIAMI MUSEUM

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Hellinger's group proposed that the city work with the county and the FAA to jointly agree on the maximum height in certain areas, and to require FAA approval for each building over a certain height. That agreement was passed in 2007, clearing the way for the Marquis.

"It was a watershed moment," Hellinger said. "Our strategy was to provide certainty, so when you buy land, there is no doubt about the size and height."

Under terms of the 2007 agreement, the maximum height for downtown Miami from Brickell to Interstate 95 was 1,010 feet, the county and the FAA agreed on 1,049 feet for that area two years ago, said Jose A. Ramos, division director of aviation planning, land use and grants for the Miami-Dade Aviation Department. The maximum height further north, such as in the Edgewater neighborhood, is 649 feet.

FECR's Warhaft said the problem was the FAA rounded up in increments of 1,000 feet, so when a building surpassed 1,010 feet, the FAA reviewed it as if the building was 2,000 feet. Ramos said county officials traveled to Washington, D.C., and presented the case that raising the height to 1,049 feet would have no impact on airport operations.

"This should be as far as we should go," Ramos said. "Anything higher starts affecting approach procedures to the airport, which is something we don't want to do."

That assumes developers are keeping the airport in the loop. Ramos said his department reviews every building proposed over 200 feet in Miami, but he recently found 60 planned projects that failed to submit for review.

Risk and reward

On a clear day from the top floor of Panorama, you can see south to Turkey Point or north to the tallest buildings in Broward County, Warhaft said. That view comes with a price.

A one-bedroom apartment on the 85th floor of Panorama rents for \$4,200, compared to \$2,500 for a similar apartment on the 24th floor. That answers the question of why developers want to go even higher.

Expected to open in January or February, Panorama has 150 reservations for its 821 apartments, and Concord Hospitality has agreed to open a Hyatt Centric hotel in the building, Warhaft said. FECR has yet to announce tenants for the medical office and retail space.

While this supertall project offers plenty of financial rewards, FECR had faced considerable financial challenges.

"The investment alone in design and approvals is a massive one," Warhaft said. "It takes very deep pockets to even think about doing one of these projects."



The view from an apartment at Panorama Tower.

Impact and permitting fees in Miami run into the millions of dollars, he said. Once construction starts, having an extra-large budget for allowances - unexpected changes - is crucial. A typical project may have a 2.5 percent allowance over its budget, but that's a huge amount for an \$800 million tower, Warhaft said.

Many things cost more than expected when building at such height. Warhaft said that every time concrete is pumped from the ground to the top floor of Panorama, five cubic yards of concrete - half a truck - is wasted because it gets stuck in the pumping line. While that is wasted money, it would take longer and cost even more to have construction workers manually haul buckets of concrete there, he said.

"It brings a whole new set of problems you wouldn't have with a mid-rise, or even a 60-story building," Warhaft said.

To justify such costs to lenders, a developer must demonstrate there's long-lasting demand for the uses in their supertall tower. Warhaft believes FECR can hit those targets with One Bayfront Plaza for apartments, a hotel, offices, retail and restaurants in a part of the city where all of those metrics are performing well. He anticipates demolishing the existing office building there in the first half of 2019, and then starting construction, which should take 50 months.

Preleasing for the office space and finding a hotel operator will play a critical role in One Bayfront Plaza obtaining financing, Warhaft said.

In many major cities, office is the primary use for skyscrapers, but that could be more difficult in Miami. That's because the 30,000-square-foot office floor plates allowed under the Miami 21 zoning code are significantly smaller than what most financial institutions and big technology tenants require, Warhaft said. One Bayfront Plaza won't have that problem because its 36,000-square-foot



An apartment at Panorama Tower.

PHOTOS BY JOCK FISTICK

floor plates were approved under the previous zoning code.

"Some of our competitors want to build exclusively office under Miami 21," Warhaft said. "I don't see that right now."

As for the towers at 1201 Brickell, Warhaft said the timing will depend on the condo market. He said it would be a luxury product, but not for investors hoping to rent units out.

Digging deep

Building a supertall tower in Miami presents challenges not found in Manhattan. The soil in Miami is more porous, so it requires drilling auger cast piles about 150 feet deep to anchor the building's foundation, said Brad Meltzer, Southeast region president for Plaza Construction.

In addition to increasing the timeline because it takes longer to haul materials up so high, taller buildings experience stronger winds and face a greater risk of construction debris falling far from the building, so there are more costly requirements for safety netting, he said. Most of these buildings also spend

more on additional and faster elevators, because an 80-floor ride takes a long time, he added. A tall tower also requires more wind-resistant materials, Meltzer said.

Being involved in an intense seven-year design and construction process really wears on a company, Warhaft said. It creates an issue of consistency, as retaining construction professionals such as superintendents for so long becomes difficult. FECR ended up taking over construction of Panorama internally.

For the next two supertall towers, FECR will closely consider the organizational plan of the general contractor and include in the contract a stiff penalty for pulling key personnel off the project, Warhaft said.

"There are a lot of lessons learned, and it has required a tremendous amount of effort on the part of ownership to keep us on the right track," he said. "Going forward, [with] future supertall projects we will treat the construction process a little bit differently." ❧

