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## LOOK BACK: COMMERCIAL REAL ESTATE

# Retailers to fill mall sites, Office Depot to stay put

BY DARCI LUNSFORD

A year that started off with great promise for tenant-bare office and industrial markets has ended without much punch. But the same doesn't hold true for retail properties.

South Florida welcomed 2004 with news that Neiman Marcus and Nordstrom were coming to fill holes at Boca Raton, Palm Beach Gardens and Kendall malls. But we

soon learned that a 750,000-square-foot Home Depot distribution hub at Port Everglades was dead in the water.

The latter ignited a long-simmering battle between Broward County and real estate and railroad operator Florida East Coast Industries.

In February, FECCI finally wiggled out of its \$4 million-a-year land lease on the 97 acres in Port Everglades.

Broward County is now planning to develop the property for port-related uses.

In March, hopes for super-size real estate deal were again raised as Office Depot acquired 23 acres on Yamato Road to build a new 600,000-square-foot headquarters.

But by October, the folder on the office supply chain's \$100 million global HQ was closed with the sudden departure of CEO Bruce Nelson. Office Depot will renovate its existing Delray Beach complex instead.

### Kellstrom headquarters sold

But some deals did get done in 2004.

Pennsylvania-based Keystone Property Trust bought the 545,000-square-foot Kellstrom Industries headquarters in Miramar for \$26 million. Then, Denver-based real estate investment trust ProLogis bought Keystone.

Shifting landlords didn't deter small appliance maker Applia from trading in its Miami Lakes headquarters for 110,000 square feet at the Flamingo Road building. Kellstrom also inked a lease to occupy 200,000 square feet in its former building.

The much-ballyhooed Espirito Santo Plaza, with its edgy architecture and concave glass face, opened for business in downtown Miami in October. The \$200 million, 36-story tower is a mix of offices, the Conrad Miami hotel and 116 super-

Harry Tangalakos and Jolie Spergel of CB Richard Ellis worked on the sale of the Kellstrom headquarters in Miramar.



FILE PHOTO

luxury condo-hotel units.

Condo sales took off and so did leasing in the building's 260,000 square feet of offices, which reached 85 percent occupancy by year end.

But it was clearly the office market that remained the region's softest spot.

Miami-Dade County began the year with nearly an 18 percent office vacancy rate, but whittled that down to less than 16 percent by the close of the third quarter.

Broward and Palm Beach counties chipped away at their double-digit vacan-

cies similarly.

Developer Michael Swerdlow tried but failed in a June auction to sell the 11.5-acre, park-and-ride site on Cypress Creek Road in Fort Lauderdale. Challenges associated with assuming the 99-year land lease with the state Department of Transportation, paired with the site's out-of-favor zoning for office and telecom space, kept away even the hungriest land seekers.

But Pompano Beach did manage to sell a former low-income neighborhood to Deerfield Beach-based Butters Construction & Development for \$10 million.

Butters plans to spin the 45 acres into 613,444 square feet of office and industrial space valued at \$60 million.

### Ram Real Estate sells portfolio

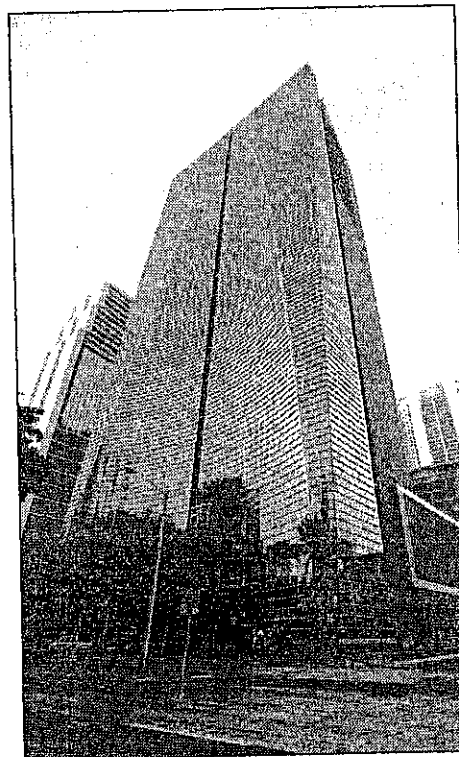
While other commercial sectors drifted toward recovery, retail real estate continued to commandeer investors' attention at record prices.

Michigan-based Ramco-Gershenson Properties inked a \$138.3 million deal in November to buy a 1.2 million-square-foot portfolio from Palm Beach Gardens-based Ram Real Estate. The portfolio includes

Mission Bay Plaza in suburban Boca Raton, which, at \$242.44 a square foot, appears to be the highest amount paid for an anchored shopping center in a year when seven major center transactions soared past the \$200-a-square-foot threshold.

As of Nov. 1, with two months still remaining in the deal-sealing season, the region had nearly \$1.1 billion in shopping center sales, compared with \$1.15 billion in 2003, according to CB Richard Ellis data.

**E-MAIL REAL ESTATE EDITOR** *Darcie Lunsford*  
at [dlunsford@bizjournals.com](mailto:dlunsford@bizjournals.com).



MARK FREERKS

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