

Downtown Dynamamos

Revitalization Plans Introduce Urban Atmosphere to South Florida's Cities

By Lindsey S. Myers

Sun and proximity to Latin America have kept many Florida markets moving. Now, even the downtowns of some of the Sunshine State's major metropolitan areas are experiencing rejuvenation efforts. Many believe the 24/7 live-work-play environment will lure Floridians and investors alike to Jacksonville, Miami and Orlando's downtown hubs.

JACKSONVILLE



Initiative Attracts Residents

In 2002, residents of Jacksonville voted to pass a \$2.2 billion plan to improve and grow the city's infrastructure. Thanks to The Better Jacksonville Plan, much has gotten under way since then, including major redevelopment downtown. The Alltel Stadium underwent a \$46 million renovation; a 10,000-seat minor-league baseball park was unveiled in April; and Jacksonville Veterans

Memorial Arena, a 16,000-seat sports-and-entertainment venue, opened at the end of November. Likewise, a 300,000-square-foot public library and a seven-block federal and county courthouse complex are under construction, with the library expected to open in late 2004 and the courthouse in March 2007.

The intention of such a plan, according to Jim Brady, senior adviser at Sperry Van Ness, is to prepare the city for coming growth. He predicts the city will add 10,000 jobs this year.

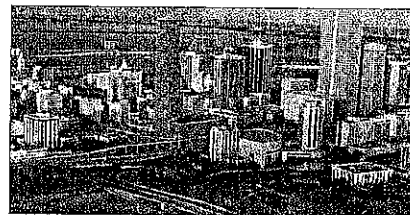
With an influx of people to the area, combined with positive job growth, residential construction must follow. According to Lou Nutter, first vice president at CB Richard Ellis Inc., it has. Indeed, Berkman Plaza, a 21-story apartment complex, is being constructed, as well as The Shipyards, an \$860 million mixed-use development that will include a residential component. The Vestcor Cos. is currently working on converting two downtown office buildings to apartments, and The Peninsula, a 36-story luxury condominium tower, is also being developed.

On the office side, Bryan Howell, senior adviser at Sperry Van Ness, believes the sector was hurt when

Fortune 500 companies Humana Inc. and CSX Corp. downsized last year.

Counteracting that was Fidelity National Financial Inc.'s April announcement to relocate its headquarters from Santa Barbara, Calif., to the Florida capital. The company plans to begin its move in August.

MIAMI



Condos Hotter than Miami Heat

Miami's new Arts District has fueled development of rental apartments, condominiums and retail space, according to Tere Blanca, senior managing director & branch manager at Cushman & Wakefield Inc.

Central to that growth is the performing arts center, which is currently under construction in Downtown. The \$344 million center will hold an opera house, a symphony hall and a studio theater and is expected to open in July 2005.

It might be hard to believe the central business district was once depressed. "Now, the properties have skyrocketed in value," said Alan Lips, partner at Gerson, Preston, Robinson & Co. "Over the past 10 years, properties have gone up 5 to 10 percent in value. That whole area is changing, and there are development plans on just about every piece of substantial property."

Among the developments is Metropolitan Miami, a \$600 million mixed-use project being launched by locally based MDM Development Group in the heart of Downtown.

Other residential projects include a pair of high-rise condos that will replace the DuPont Plaza Hotel, adja

cent to Metropolitan Miami, according to Blanca.

In all, Cushman & Wakefield reported that in the third quarter of 2003 Miami-Dade County had 29 condominium projects under construction and 38 proposed. Too bad the same cannot be said for the office sector. During 2003, Class A average asking rents decreased to \$29.37 per square foot from \$29.96, according to CB Richard Ellis Inc.

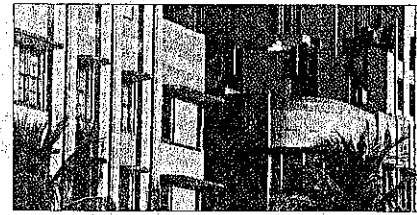
The slow office market is not deterring investors, though. Properties that would have traded at

cap rates of 9 to 10 percent a few years ago are today in the neighborhood of 6.5 to 7.6 percent, noted Ken Morris, president of Morris Southeast Group/CORFAC International.

Foreign investors continue to be active office buyers. Between 70 and 75 percent of the Class A office product downtown is owned by foreign investors, according to Blanca. Market players cite not only Latin American interest but activity from German and Australian investors as well. William Holly, president of Holly Real Estate, attributes the fren-

zied interest to the weak dollar and the strong Euro, as well as Miami's cultural diversity and international makeup.

ORLANDO



Church Street Born Again

Local developer Cameron Kuhn is initiating activity downtown, particularly in and around Church Street, with the development of his \$140 million mixed-use project dubbed The Plaza. Two condominiumized office towers, a 53,000-square-foot movie theater, 53,000 square feet of retail space and a 26-story residential condo tower will grace Downtown when Kuhn and his team are finished. Completion is expected in December 2005.

Kuhn is not the only proponent for downtown revitalization. CNL Financial Group Inc. is building its second major central business district office tower, a 250,000-square-foot space located directly next to City Hall. Lou Pearlman, the music mag-

nate behind boy bands *NSYNC and the Backstreet Boys, is in the early stages of a \$9 million renovation of Church Street Station, where the headquarters of his company, Trans Continental Cos., will be located. And Charlie Dorr, vice president of Hardin Construction Co., converted The Waverly high-rise apartments to condos this year.

"We have such a crazy migration into our community," Dorr said. "It is either singles or empty-nesters or couples who want the (downtown) lifestyle. We are having the largest residential construction permit boom we have seen in years."

Dorr pointed to Electronic Arts Inc. as one example. The California-based developer and publisher of entertainment software is considering relocating its headquarters to Orlando and is allegedly looking for between 200,000 and 300,000 square feet of space downtown. That would be a big boost for the city.

Overall, while the Orlando tourism market was badly hurt by the events of Sept. 11, 2001, Larry Richey, senior managing director at Cushman & Wakefield Inc., said, "What has been interesting is that in Orlando, even in the past two years of a challenging economy, we have seen job growth. In Florida, we also see continuous migration." ■

Macro Market Trends:

- ▶ **Employment Overview:** According to the U.S. Bureau of Labor Statistics, the state reported a 4.3 percent unemployment rate in January 2004, an entire percentage point below its January 2003 rate.
- ▶ **Transportation Report:** In 2000, citizens and stakeholders in Florida developed the 2020 Florida Transportation Plan. One goal is to ensure that 80 percent of pavement on the state highway system meets department standards through 2011.
- ▶ **Taxes & Incentives:** The Incumbent Worker Training initiative educates currently employed workers in Florida in order to retain existing businesses. The program is available to all Florida businesses that have been in operation for at least one year prior to application and require training for existing employees.
- ▶ **Infrastructure Improvements:** In Southwest Florida, \$2 million was spent on buses and gear for the fixed-route transit system. Florida's 14 seaports received \$28.5 million in federal funds to improve their facilities and to upgrade security, and an \$800 million project will revamp the state's airport buildings.