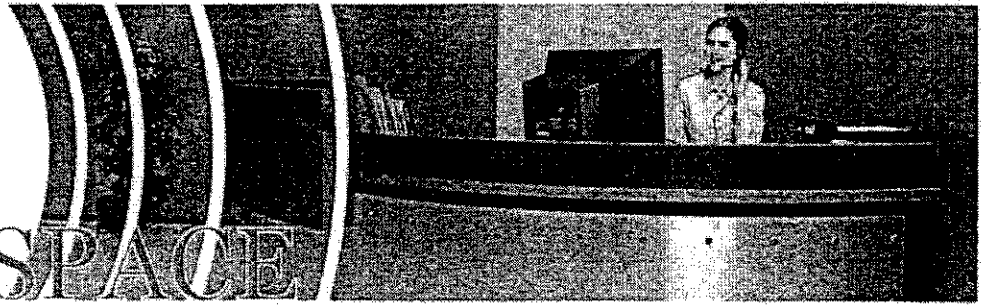


## OFFICE SPACE



### Developer thinks time is right for big office project downtown

By SHERRI C. RANTA

The developer of a mixed-use project is adding office space at a time when land and construction costs are slowing plans for new Class A buildings in downtown Miami, experts say.

MDM Development Group is planning to build the 36-story, 500,000-square-foot Metropolitan Financial Center. Original plans called for 10,000 square feet of office space in a several-phase project to stretch across 6 acres in the 200 and 300 blocks of Southeast Third Street across from Dupont Plaza.

"This will be the first new office tower built in downtown in 20 years," said Christie Grays, an associate at Codina Realty Services.

MDM will own the tower and space will be leased out, she said. Work on Metropolitan Financial Center, part of Metropolitan Miami, is scheduled to begin next year.

Whole Foods Market, the first signed tenant, plans a 45,000-square-foot store on the bottom floor, Ms. Grays said. Tenants are being sought for the remaining office space.

MDM is talking to numerous firms in Miami about leasing in the new building, she said. Among firms mentioned by local real estate brokers and agents are Steel Hector Davis, a large law firm at Wachovia Financial Center, and AON, an international insurance and consulting firm now at 1001 Brickell Bay Drive. Ms. Grays did not confirm any potential tenants.

The Met's large floor plates of 25,000 square feet and the tower's modern amenities, she said, will make it unique among downtown's existing offices.

"Incredible technology can be put in place if the tenant wants,"



**Christie Grays: Whole Foods Market to open store on first floor.**

Ms. Grays said.

The Met's entertainment complex, Met Square, a four-story retail and entertainment complex that will feature restaurants, retailers and a movie theater, is

another draw, she said.

The first of three residential condominium towers in the project and Met Square are scheduled to open in late 2006.

Observers say a lack of planned office space in downtown Miami is the result of high land and construction costs brought about by the booming residential market.

Developers make more money building residential units than offices, they say. And the market is drawing high rents needed to make new construction profitable.

Peter Harrison, senior vice president at Transwestern Commercial Services, said there is more demand now for housing. "The demand today is for residential more so than office. Because of the success of residen-

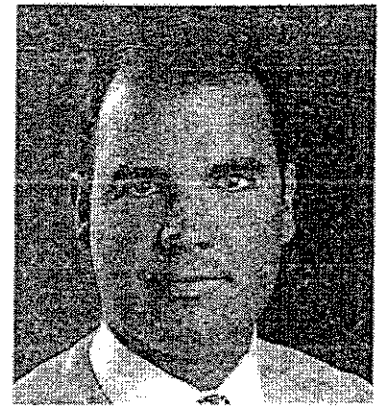
tial, it may be very difficult to build office in downtown and Brickell Avenue," he said. "Multifamily developers are buying up sites everywhere."

If built in today's market, said Eric S. Siegrist, senior vice president at Jones Lang LaSalle, new Class A offices would need to draw about \$35 a square foot in rent - which Miami landlords aren't getting.

The average Class A office rent is about \$30.

"That's nothing to be ashamed of," he said, but it doesn't justify all the costs.

Cousins Properties spokesman Matt Gove said his company and partner Americas Capital Partners changed plans for an office tower known as Columbus Tower



**William Holly: Many downtown office projects didn't get off ground.** to make it a residential project after being approached by the Related Group of Florida. The new project's name is 50 Biscayne Tower, with more than 500 units.

William Holly, principal at Holly Real Estate, said many office projects planned for downtown have not progressed. The Columbus Tower, he said, is one example.

Another example is One Miami, the Related Group of Florida's mixed-use project under construction at the Miami River and Biscayne Bay. The project, he said, was initially planned as half office and half residential.

Plans for One Miami now call for nearly 900 residential condominiums, 6,500 square feet of retail and more than 24,300 square feet of commercial or office space. Related Group officials have said they will move their offices to the project.

Mr. Holly said the developer's claim that the Met will be the first new downtown office construction in 20 years isn't accurate.

One Riverview Square opened this year with 155,000 square feet of office space, he said. The mid-rise office building is about 90% leased by the US Justice Department, he said, with the penthouse floor still available.



**Eric S. Siegrist: Landlords couldn't get enough rent to justify costs of building new Class A offices.**