

# OCEAN DRIVE



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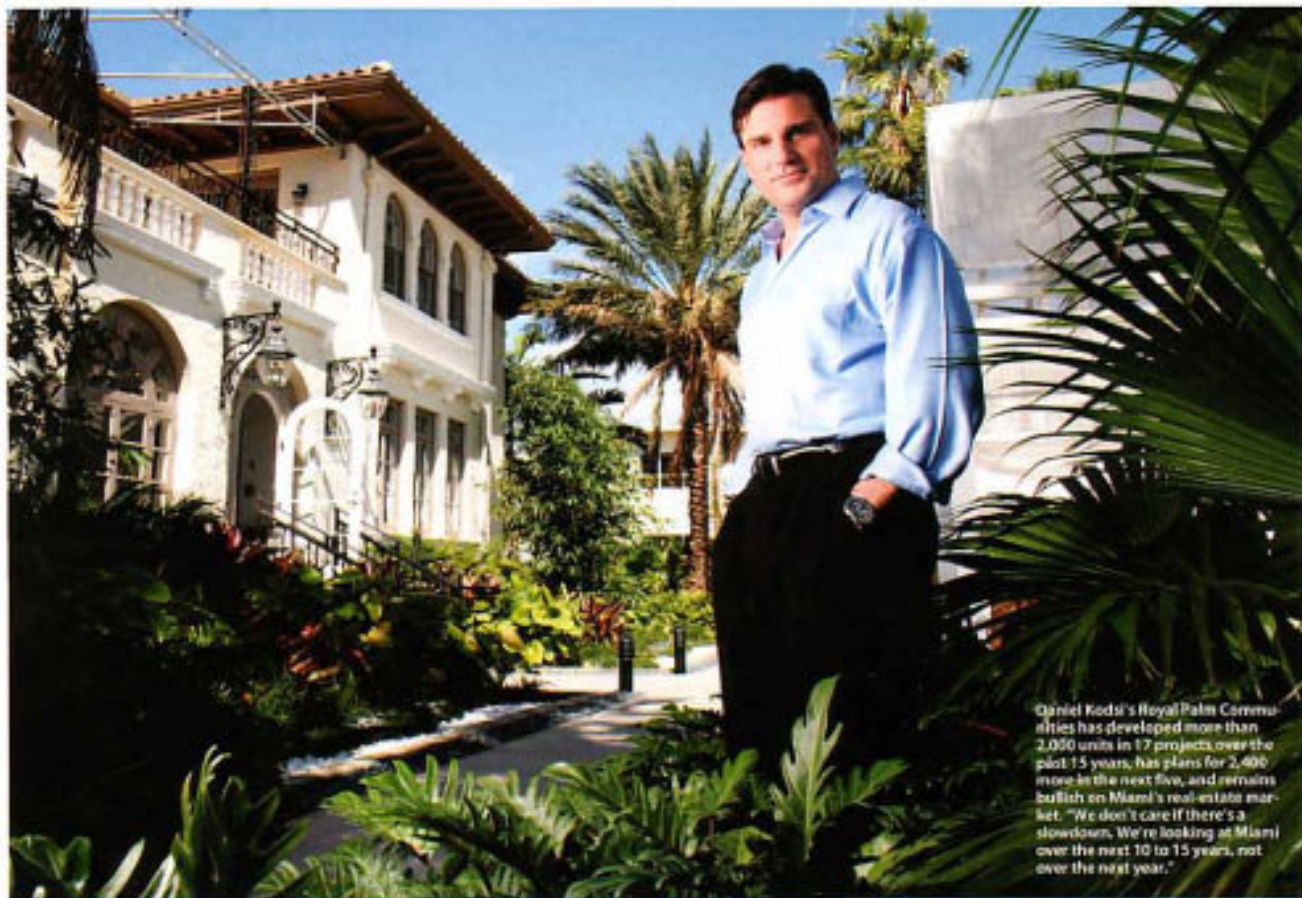
Gold Coast Report  
Features Developer  
Dan Kotsi of Paramount

## GOLD COAST REPORT

BY SUZY BUCKLEY  
PORTRAIT BY GIO ALMA

### SEEING BEYOND THE BUBBLE

*Royal Palm Communities' Daniel Kodsi Is Confident About Miami's Future*



Daniel Kodsi's Royal Palm Communities has developed more than 2,000 units in 17 projects over the past 15 years, has plans for 2,400 more in the next five, and remains bullish on Miami's real-estate market. "We don't care if there's a slowdown. We're looking at Miami over the next 10 to 15 years, not over the next year."

Over the past 15 years, Daniel Kodsi's Royal Palm Communities has developed more than 2,000 units in 17 different projects—from high-, mid- and low-rise structures to single-family-home communities, multifamily garden-apartment communities and custom homes—throughout Florida. The Boca Raton-based firm's latest endeavor is building up its high-design, high-luxury brand, Paramount. As Kodsi concentrates on downtown Miami's Paramount Bay

and Sunny Isles' Paramount Beach, he is drawing up plans to break ground on another downtown Miami development, Paramount Park, as well as Paramount Las Vegas next year. Between his four impending Paramount projects, Kodsi will be delivering 2,400 units—representing a gross market value of an additional \$2 billion—over the next five years.

**OCEAN DRIVE:** How does Paramount plan to differentiate its products from those of the many other luxury residential-development companies in Miami?

**DANIEL KODSI:** Our biggest advantage, at the end of the day, is that we're building a brand. When you buy into a Paramount project, you're not just buying that specific residence at that specific location. You're buying into a network of buildings. We own the land for

Paramount Park and Paramount Las Vegas, and plan to move forward with sales next year. The financing and presales for Paramount Bay and Paramount Beach have already been secured.

**How can buyers take advantage of the Paramount brand's network?**

Maybe you'll buy into Paramount Beach and use the facilities at Paramount Park, such as the private club on the 36th floor, before attending a concert across the street. And when we build Las Vegas, you'll be treated like an owner, a VIP, in Las Vegas. We're also looking at projects in cities such as Chicago and New York. The value of your home grows as the network grows.

**What about the buildings themselves? How are they different from similar products rising down the street? We're not just building units, studios or lofts. We're**

**"When you buy into a Paramount project, you buy into a network of buildings."**

314 Ocean Drive April 2006

## GOLD COAST REPORT



Top: Paramount Bay, at 20th Street and Biscayne Boulevard, features water views and a private elevator in every unit, with prices from the \$700,000s to \$6.5 million. Above: Units at Paramount Beach in Sunny Isles start at more than \$1 million and represent some of the last beach-front property in Miami-Dade County.

### **"We're not just building units, studios or lofts. We're building homes—even though they're high-rises."**

building homes—even though they're high-rises. These are large, residential homes that are very livable. Every single one of our homes at Paramount Bay overlooks the water and has a private elevator. Most have flow-throughs with east and west views, capturing both the sunrise and the sunset. There's nothing like that on the market in Miami—nothing. People don't realize that we're on the verge of having the end of waterfront sites to develop in Miami after this cycle of development. In other words, you'll never again see development on the bay. Waterfront is gold and will soon be nonexistent. People need to understand the strength of the phrase 'never again in Miami.'

**Paramount Bay is very close to Paramount Park. How do they compare to one another?**

They're about 15 blocks away and are completely different. Paramount Bay, at 20th and Biscayne, is very residential. You're right on Biscayne Bay and so close to the Venetian Causeway, which provides a nice little private drive over to South Beach. In fact, you're a 10-minute drive from Lincoln Road without using any major streets or highways to get there. Paramount Park, at Seventh and Biscayne, is a more urban building, right in the middle of the action, near the American Airlines Arena and the Performing Arts Center. The building's hotel component will allow us to provide five-star hotel

services right on-site. Paramount Park will be a mix of condo-hotel units in the \$500,000s and residential units in the \$1 million range.

**You threw an enormous party last May to kick off sales at Paramount Bay, which broke ground this month. What were units going for back then?**

Prices at Bay began at under \$600 per square foot and went up to \$1,000 per square foot. A small two-bedroom condo would have run in the \$600,000 range. They're all bay views, all private elevators and all luxury. It's important to note that you're not walking down a corridor where you have one unit on one side of the hallway where the guy spent \$150 a foot less because he's looking in the other direction. Everyone who is in that building is paying for a luxury unit. No one is looking the other way.

**How are units at Paramount Bay priced today?**

We still have some left, but not many. We still have homes in the \$700,000s going up to \$6.5 million for penthouses. Our penthouses are amazing: They have 2,000-square-foot balconies and offer unobstructed views of everything in Miami worth seeing: downtown, the bay and the beach. We don't sell off all the best residences in the first grouping: We save the prime, prime residences to sell later, as the building reaches completion. From a developer's standpoint, if you're going to

## GOLD COAST REPORT



Most Paramount Bay units boast flow-throughs with east and west views, allowing owners to enjoy sunrises and sunsets from the comfort of their new home.

be left with any inventory, it's always easier to sell the best units at the end.

**Sunny Isles is a very up-and-coming area. Tell us about the Paramount Beach project you're building there.**

We just talked about the end of waterfront in Miami, but in Sunny Isles it's the end of beachfront in Miami-Dade County, period. We're breaking ground on the building in summer, so it should be done by '08. Paramount Beach's units start at over \$1 million. Recently there has been talk of a sign of major market softening. Is it more difficult to find bank financing in potentially saturated markets such as Las Vegas and Miami?

First of all, that's not true. Banks are lending, but only to borrowers who have track records. We continue to get financing because we have a track record as a strong borrower. We have financing for Paramount Bay and Paramount Beach. In Las Vegas, the projects that haven't worked have been the residential projects. When people come to Vegas, they're looking for the Vegas experience. They don't want to buy a condo, get in their car and drive to a casino or restaurant. Paramount isn't building residential in Las Vegas: We're building a casino-hotel resort with condo-hotel units in the \$400,000s.

**Does Paramount have plans to build beyond its Bay, Park and Beach projects in**

**"I'm very bullish on Miami. In the long run, Miami is prime, prime, prime."**

318 Ocean Drive April 2006

**Miami?**

We own about 25 to 30 percent of the developable land in downtown Miami right now. We own a lot of parcels in Park West. I am here in Miami for the next 15 to 20 years. I'm looking to develop a building in Miami every one to two years, depending on the market. I'm very bullish on Miami, and even though there might be some extra inventory on the market in 2007 and 2008, I've been studying the market very carefully and think in the long run, Miami is prime, prime, prime. We don't care if there's a cycle. We don't care if there's a slowdown, it doesn't matter. We're looking at Miami over the next 10 to 15 years, not over the next year.

**But realistically, a lot of condos are on the water. How will the market absorb these units?**

You'll never see an influx of units being built on the water again—ever. Most of the inventory that has been purchased over the past two to three years has been bought below replacement value. This means people have paid prices for units that you would never be able to build for that price today. If someone bought in the \$300- or \$400-a-square-foot range, you can't build that same waterfront unit for that price again. Values can only go up. Of course, there might be stagnation for 24 to 36 months. My prediction? Stagnation starting in 2007. What does that mean? That many units are illiquid. People forget that real estate is an illiquid asset. You have to look at it as a long-term investment. You'll have your unit on the market for a year, but then after a year it'll sell and you'll make some money. Over a 10-year period you'll see a tremendous increase in the value of waterfront real estate. 