

Miami water works

Florida developer says the secret to successful condo development in this state is to keep your eyes on the water. By John Zipperer



Paramount Bay, a \$300 million mixed-use condo development in Miami, is attracting well-heeled buyers because of its high-end amenities and its exclusive waterfront location, according to developer Dan Kodsí, CEO of RPC Holdings.

Miami – As condo developers across Florida face an overbuilt market and a satiated population of buyers, condo developer Daniel Kodsí isn't surprised to be asked the "Are you crazy?" question when discussing his new condo plans in the state, but he's convinced he's got the magic bullet: Water.

Waterfront development, that is. Kodsí is president and CEO of Boca Raton, Fla.-based RPC Holdings, which is developing Paramount Bay, a luxury, mixed-use condo/retail development in Miami with a block-long waterfront on Biscayne Bay. The 346-unit condo building broke ground this past winter and about 70 percent of the units had been purchased as of mid-June. First to go were units priced between \$500,000 and \$600,000; the remaining units are of the pricier variety, ranging from \$800,000 to \$6 million each. In May, seven units were sold, including a \$5.4 million penthouse, according to Kodsí.

The 2.7-acre project will include a 47-story residential tower and a European-style plaza of restaurants and markets known as Edgewater Square, which provides direct access to a waterfront promenade.

"Water is what sells in Florida," said Kodsí. "Miami is running out of water[front] sites. Even though the market has a lot of [residential] units, there's still a restriction on the number of waterfront sites that can be built."

Miami's hectic pace of condo conversions and new construction has put thousands of units on the market in

recent years, with tens of thousands more in the pipeline. "If it's a building that's going to have a nice location, you may have more people who are willing to buy it and live there" as opposed to being absent investors, said Mike Timmerman, SRA, Florida managing director for Hanley Wood Market Intelligence. (Hanley Wood, LLC, is the publisher of APARTMENT FINANCE TODAY.) He cautioned that buyers are sitting on the sidelines waiting for prices to come down for all types of condos.

But "population and job growth provide South Florida with the means to absorb the space and weather the transition without major repercussions," said a 2006 investment report from CB Richard Ellis on the Miami market.

Kodsí is similarly bullish. "At the end of the day, Miami absorbed a couple thousand waterfront units [a year] for the past 30 or 40 years," said Kodsí.

Kodsí's not relying on water views alone to attract his residents, though he does use flow-through layouts that have windows on both sides of the building to give every unit a water view. RPC also loads up on the amenities, such as designer kitchens, 10-foot ceilings, a wireless concierge system for remote access of building services, and a private movie theater with weekly screenings.

Paramount Bay is a \$300 million development, funded with senior debt from Corus Bank and iStar Financial and mezzanine debt from Babcock and Brown. RPC did not disclose financing specifics.

RPC is also active throughout Florida with a range of low-rise mixed-use developments and high-rises located on the water. It also is constructing a hotel/condo casino resort in Las Vegas, directly across the Strip from the Mandalay Bay hotel. ■