

Favorable rates: Doral growing office market

With lower leasing rates than many of its competitors and an ample parking ratio, the young city of Doral is becoming an office magnet.

Large mixed-use developments with big office and retail components are rising, including 52-acre Park Square, 10-acre Atrium Office Park and 120-acre Downtown Doral.

Diana Parker, director of office brokerage at Cushman & Wakefield, said Doral is a significant suburban hub that now accounts for 25% of Miami-Dade's office market, meaning a quarter of office space activities happens in Doral, a city incorporated in 2003.

She said the economic crisis is driving some tenants to abandon higher-priced markets such as Brickell and Coral Gables for the more-affordable Doral.

Leasing rates in Doral are 12% to 15% less per square foot for Class A office space and parking is free, she said.

Leasing rates on new office construction in Doral are \$31 to \$37 and Class A quoted rental rates are \$29 to \$34, said Tony Puente of Fairchild Partners at a real estate conference in January.

Also, brokers say, it's common for tenants to get four to five parking spaces per 1,000 square feet of office space.

In areas such as Coral Gables, downtown and Brickell, parking can cost \$2.50 to \$3 per square foot, she said.

With companies looking to be cost-efficient to stay afloat, she said some relocate but others seek to consolidate their office locations into one.

Ms. Parker said the mix of tenants choosing Doral includes those who are seeking a location near the airport while others are businesses with workers who reside north in areas such as Weston and Coral Springs and want to work close to home.

Juan Ruiz, senior associate at Flagler Real Estate Services, agreed many Doral tenants live in South Broward and Kendall.

"People want to spend less money on gas and less time in traffic," he said.

Doral also has a large Latin American presence, which has attracted some Latin American companies for their headquarters.

Mr. Ruiz said immigration from Colombia and Venezuela continues to grow, bringing new tenants to Doral.

Ms. Parker said absorbing the 600,000-plus square feet of office space rising in Doral will take longer than in past years because of the economic climate.

"The absorption is not going to be record-breaking like in years past," she said. "But it will get absorbed better than the downtown and Brickell markets."

With several under-construction projects, the Brickell office market is expected to add in the next two years about 2 million square feet, including the 500,000-square-foot Brickell Financial Centre.

Doral is making room for Atrium Office Park at Northwest 36th Street and 79th Avenue, which currently has 136,000 square feet of office space and 4,300 square feet of retail.

Doral's city council recently changed the property's zoning to downtown mixed use to allow developer Armando Guerra to build 660,000 square feet of office space and 450,000 square feet of retail, according to filed documents.

Another project under way is Downtown Doral, a master-planned redevelopment to create a vibrant downtown along a 120-acre property. Mr. Ruiz represents the project.

A venture between Flagler Development Group and JPMorgan, the project is to raze 26 Class B office buildings to build a mixed-use development with Class A office, retail, residential, a school and park.

Also rising is Shoma's Park Square at Doral, a 52-acre redevelopment with 230,000 square feet of offices and 150,000 of retail with restaurants, cafes, gymnasiums and daycare facilities.

Ms. Parker said a large residential component that was planned for Park Square has been delayed by the slow housing market. The first two phases – the office and retail components – are moving forward. She said the market will dictate what to build in the third phase.

Since the residential market is slow, Mr. Ruiz said, some mixed-use developers are moving forward with commercial components while they wait for the housing market to improve.

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