

More downtown living for less isn't luring new corporations

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File photo

Leases are being signed by local companies looking to expand, Jose Juncadella says.

The perennial dig on South Florida from companies considering relocation was that housing is expensive and many downtowns were ghost towns at night, lacking suburban amenities.

But, the real estate boom-and-bust is helping reposition downtowns for greater density and hoards of

residents. These days, owners and renters can not only move close to downtown work centers, but also get deals to do so.

But the variables that drive business, specifically in downtown Miami, haven't changed, said Darryl Parmenter, CEO of **Parmenter Realty Partners**.

"The financial district is still two blocks long," he said, referring to Brickell Avenue.

Tom Capocefalo, managing director of Fort Lauderdale-based tenant brokerage **Studley International**, said companies are more inclined to look at downtown conditions favorably when weighing a relocation decision, but it still isn't a driving factor in the decision-making.

Although Miami is positioned as the gateway to Latin America, there are no new economic drivers. There is still no significant manufacturing operation or Internet incubation district, so real estate and tourism continue to dominate business activity.

Parmenter, whose company uses funds to buy properties like the 340,000-square-foot Corporate Center building in Fort Lauderdale, said taxes and insurance also continue to be a consistent barrier to entry for prospective building owners and tenants.

Commercial insurance costs have declined because of the lull in hurricanes since Wilma in 2005 and recapitalization of the reinsurance market. But, the decrease is not enough. The prospect of another spike when a hurricane hits again concerns corporate number-crunchers, Parmenter said.

Getting the word out

Cushman & Wakefield's Don Cartwright, who manages leasing at the Wachovia Financial Center, said the challenge for local brokers is getting the word out about the buying and leasing advantages for companies considering relocation. He said the national press is focused on the oversupply, and not on the corporate opportunity.

"Outside of Miami, we still have a communication challenge," he said.

Jose Juncadella, a principal of commercial brokerage Fairchild Partners, said that the companies signing leases these days are more likely locals looking to expand than first-timers taking the plunge.

Studley International, which opened a Miami office late last year, is one example of expansion.

Engineering firm CSA, which is based in Puerto Rico, is another example of a company with local operations that went from about 5,000 square feet to about 20,000 in March. CSA, which offers everything from project financial consulting to operations and facilities maintenance, expanded through the purchase of architectural firm **Brown & Brown**. After the purchase, CSA merged its local operations with that of Brown & Brown, planting its flag at the Blue Lagoon Business Park near Miami International Airport. CSA is the nation's largest Hispanic-owned engineering firm.

Felipe Aguiar, CSA's marketing director, said that, despite a slowdown in the economy, government work - which is the core of the company's business - is still flowing.

"Schools still need to be built. Highways still need to be fixed," he said. "Funding hasn't stopped; it's just getting allocated differently."

He noted that the decision to expand was fueled by an interest in broadening its architectural services and creating a stronger foundation for the company's business and international operations.

"It's pretty common sense," Aguiar said, "being that Miami is the gateway to the Americas."