

## SHIFTING FOCUS

### Coral Gables-based Fairchild Partners buys properties in need of a makeover

BY OSCAR PEDRO MUSIBAY

Since launching commercial brokerage Fairchild Partners in 2005, Jose Juncadella had always planned to invest in and develop his own deals.

But, that strategy has become the prime focus for the Coral Gables-based company as credit has dried up and buyer-driven transactions have stagnated.

Fairchild's total transaction volume from 2006 and 2007 averaged \$200 million. In 2008, transaction activity nearly came to a standstill. As a result, the company's focus has shifted to buying property in need of a makeover.

It's latest acquisition came in December 2007, when Juncadella raised \$13 million to buy Airport Commerce Park in Dania Beach.

The four-building site, at 4101 Ravenswood Road, has 80,000 square feet of existing space and has received approval from the city for a fifth, 10,000-square-foot building. He hopes to start construction on the project, which he hopes will get Leadership in Energy and Environmental Design certification from the U.S. Green Building Council, prior to October.

The parking ratio at the park is five spaces per every 1,000 square feet.

The first purchase Juncadella made under the Fairchild umbrella occurred in 2006 in Miami's Airport West submarket. He paid \$6.8 million for the ADP-owned 7007 Palmetto Building, which had 62,000 square feet of space and 1.7 acres of undeveloped land. He announced the sale to SBS Broadcast Center for \$9.35 million several months later, in January 2007.

Unlike the ADP flip, Juncadella plans to hold onto the Airport Commerce Park for a few years. He has invested \$1 million in a façade makeover and new landscaping.

Fairchild is also responsible for leasing the office space at downtown Miami's Bank of America Tower at International Place and Centergate at Gratigny, the massive warehouse space in Hialeah once occupied by ABC Distributing.

Centergate had a bumpy start: A 1 million-square-foot lease with Edward H. Okun's Indianapolis-based Crossroads Transportation and Logistics fell through in October 2007, with Okun filing bankruptcy.

By the summer of 2008, Fairchild was able to sign



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Miami International Freight Solutions to 75,000 square feet, with an opportunity to double the space in the 1 million square-foot warehouse. Juncadella said he is now marketing the more than 27 acres of developable land at \$15.50 a square foot instead of the \$20 range he previously sought. The change in price was designed to make the land, which is generating interest from prospective buyers, more marketable, he said.

## LARGEST RENEWAL IN MIAMI'S DOWNTOWN AREA

In early May, Fairchild announced that office leasing broker Tony Puente re-signed UBS Financial Services to a five-year deal valued at \$7.5 million, the largest renewal in the downtown area in 2009. The UBS deal was the latest in a string of Bank of America Tower renewals in 2009 that together totaled 65,000 square feet of space. The Vector Group, McKinsey & Co., West Publishing Corp., Leaf & Associates and the Peacock Foundation have all renewed leases totaling about

30,000 square feet.

Orlando Roche, president of Lydian Bank & Trust's wealth management office in Coral Gables, hired Juncadella in the bank's recent search for office space and is working with him, pro bono, to expand offices for the nonprofit Daily Bread Food Bank.

Roche said Juncadella's focus on investment deals jibes with trends in the market that are making transactions difficult. Lenders are requiring more equity and investors are in a holding pattern, waiting for the bottom of the market. Unfortunately, prices have yet to bottom out, he said.

Manny De Zarraga, executive managing director of Holliday Fenoglio Fowler in Coral Gables, argues that boutique firms like Juncadella's are more nimble and can react faster to quickly-changing market conditions. He said banks are interested in providing loans of less than \$20 million for people like Juncadella who have a track record of success and the experience to invest in and manage a property.

De Zarraga emphasized that there are great opportunities to be had in the current market.

"If you have investment experience and experience leasing, you can acquire properties at well below replacement cost," he explained. "

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Juncadella invested \$1 million in a façade makeover and new landscaping at Airport Commerce Park in Dania Beach, pictured before, above, and after, right.



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