

# Landlords pouring millions into renovations to lure tenants

By YUDISLAIDY FERNANDEZ

Many office landlords in Miami's urban core are pouring millions into renovations to attract new tenants and compete with newer towers.

The playing field is changing in business hubs like downtown Miami's Central Business District and Brickell as new office space comes online with completion of 47-story Met 2 Financial Center and 35-floor 1450 Brickell.

Add to that the absence of new tenants in the market, which is intensifying competition among existing and new office buildings for tenants.

At the color-changing Miami Tower, formerly Bank of America at International Place, a \$2 million renovation is now enhancing amenities, said Tony Puente, senior vice president of Fairchild Partners, the building's leasing agent.

Planned improvements include adding a sit-down area with a bar and entertainment section in the Sky Lobby and upgrading the fitness center and the air-conditioning and elevator systems, Mr. Puente said.

The intent is to renovate common areas in the 600,000-square-foot tower at 100 SE Second St., now 80% occupied, to attracting new tenants.

The building late last year lost anchor Bank of America, which vacated its 50,000 square feet of offices to consolidate at 701 Brickell Ave., where the bank occupies 80,000 square feet.

Miami Tower's vacant offices range from 1,500 up to 70,000 square feet of contiguous space and rent ranges from \$34 to \$39 per square foot, on a gross basis, Mr. Puente said.

The iconic 47-story tower, one of Miami's most photographed buildings, also has its signage rights up for grabs.

The multi-million-dollar renovation not only benefits existing tenants, Mr. Puente says, but is part of the leasing team's marketing package to lure prospective tenants to fill a 20% vacancy.

"We are aware of market conditions. It is on a case-by-case basis, but if we have a [prospective] tenant that is the right profile we are trying to accom-



Photo by Maxine Usdan

Tony Puente in under-renovation Sky Lobby of colorful Miami Tower.

modate them as much as we can," Mr. Puente said. "We are trying to have a meeting of the minds with law firms and accounting firms and several banks and financial-related entities looking in the market."

On the other end of the Central Business District, work began last month on a \$4 million makeover for 38-story One Biscayne Tower.

The 1974-vintage office building at 2 S Biscayne Blvd. is getting a new air-conditioning chiller, upgraded garage lighting and a mechanical and cosmetic overhaul of elevators, said Brian Gale, managing director of Taylor & Mathis, the building's leasing company.

The lobby — a focal point of any office building — is getting a fresh look with new furniture and installation of eight 46-inch plasma TVs.

Tenants are already taking notice of the cosmetic changes.

"The existing tenants love it, and when the brokers bring prospective tenants they comment on the plasmas," Mr. Gale said. "It's mandatory in today's market to compete with the new buildings."

The new owners of 1101 Brickell know that well, which is why they're focusing on necessary improvements to put this class B property at par with its class A neighbors.

Jerome Hollo, vice president

according to Miami-Dade property records.

The property — consisting of 11-story and 19-story connecting towers — is getting a much-needed facelift, with upgrades to the lobbies, walls and floors, bathrooms and elevators.

"We are spending a lot of money in the areas the tenants can see and the areas they can't see that help how it [the building] runs," Mr. Hollo said.

Also in renovation plans is building a glass cube, similar to the one in front of the Apple store in New York City's General Motors building.

"It's going to be a habitable space, but feel very iconic for the Brickell area," Mr. Hollo said, much like the one in New York.

These large-scale renovations often take years because they must come while the building is operating without affecting tenants, landlords say.

Mr. Gale, landlord rep at One Biscayne Tower, says major upgrades there are to take a couple of years because they must be done in phases.

At 1101 Brickell, the mechanical repairs on the elevators are done one at a time so that service is not interrupted, Mr. Hollo said. That work alone is expected to take about a year.

The floor improvements "also take a while because you have to work around existing ten-

ants," he explained. "It's ongoing. We are going to continue to hit every floor until we are finished."

Mr. Hollo hopes these improvements lure new tenants to the office towers, now 70% occupied. The approximately 130,000 square feet available leases at \$27 to \$32 per foot.

Office makeovers such as those taking place at Miami Tower, One Biscayne Tower and 1101 Brickell translate into much-needed construction work for development firms.

Carol Greenberg Brooks, president of Continental Real Estate Cos., says the firm's construction division is seeing a dramatic increase in volume lined up for the second and third quarters of the year.

Many of those work orders are from landlords seeking to upgrade office building common areas to attract tenants, Ms. Brooks said, coupled with those handing out improvement allowances to retain tenants already there.

Many landlords are offering tenants improvement allowances to revamp their spaces as an incentive to get them to renew and not risk them leaving to a newer site.

Continental, Ms. Brooks said, is doing space improvements and office renovations throughout the state in all office building classes.