

# The Re-Selling of Offizina

WHEN OFFIZINA OPENED FOR BUSINESS EARLY LAST YEAR, IT WAS MARKETING AS A STATE-OF-THE-ART OFFICE CONDOMINIUM. NOW IT IS SELLING UNITS WITH A NEW SPIN

By J.P. Faber

**Y**ou would think that, with so many Latin American corporate divisions here, and so many Latin American residents, that office condominiums would be commonplace. “South Americans are used to owning their offices. They don’t like to rent,” notes Joe Abood of the commercial real estate firm Avison Young.

Abood should know – his firm handles the sales and leasing at 2020 Ponce de Leon, which was the only Class A Office Condominium project in the Gables until early last year. That’s when the ribbon was cut for Offizina, a sparkling new office tower in the north Gables, up the street at 1200 Ponce.

With 54 units, Offizina positioned itself as an office location that offered to take business “Beyond Nine to Five,” offering amenities such as a fitness center with Peloton bikes, locker rooms and showers, electric vehicle charging stations, two private rooftop lounges, a coffee bar, and a concierge. Even the water fountains promised that the H<sub>2</sub>O had extra filtering.

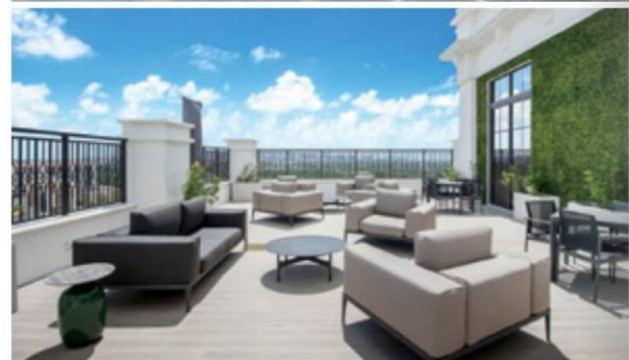
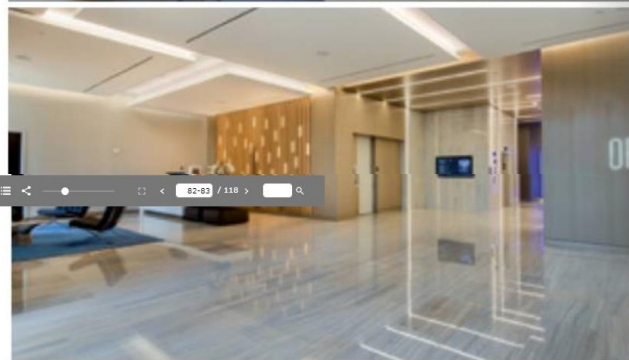
Only 80 percent of the units sold, however, so the remaining spaces were leased by the developers, a partnership between TSG Group and BF Group, both seasoned real estate firms. Now, those leased units are being marketed as an investment.

“Of the people who have purchased units, some have decided to use them as end users, while others have put them back on the market for rent,” says Phil Gutman, president of Brown Harris Stevens Miami, which is in charge of selling the project. “Our remaining inventory is for sale or rent.” The special spin for the remaining units that have been leased, however, is to position them as investments with solid returns.

“The remaining inventory we are delivering as a turnkey product with a tenant,” says Gutman. “We have interested parties locally or overseas that would like to invest money in Miami and not have to deal with the hassles of a residential condo, which typically has a one-year tenant. We are selling these with a tenant in place with a minimum lease of five years.”

Gutman says that three units have sold so far, just a few weeks into the new campaign, though surprisingly not to Latin Americans. “Coral Gables is known as a market for South Americans, but lately you’ll see people migrating from the Northeast for tax reasons, and from Miami Beach for the schools,” he says. With prices for the units ranging from \$700,000 to \$3 million, however, sales might be a little harder on the higher side. “As far as investors buying office condos with tenants in place, it is attractive,” says Abood. “But rarely over \$1.5 million, because these are mostly smaller investors buying based on cap rates. It could be a tough sell for Offizina.”

Gutman, who represents developer TSG, says he is not worried. “Vacancy rates in Coral Gables are at historic lows, and Miami in general is highly sought after, especially with a push from the Northeast,” says Gutman, whose past successes includes a \$1.3 billion sell out of units in what was the largest residential project in the U.S., the Las Vegas Cosmopolitan Resort & Casino. “We are going to replicate this in Miami, where we are planning another office condo.”



**TOP:** Phil Gutman of Brown Harris Stevens, who handles sales and leasing at Offizina, 1200 Ponce de Leon. He says “We are selling them with a tenant in place.”

**MIDDLE AND BELOW:** The lobby at Offizina and the rooftop terrace.