

South Florida's top real estate news of 2019

Record residential sales, major development projects and completed condo towers were among the biggest news stories of the year

December 27, 2019



South Florida's place in the real estate big leagues was cemented in 2019, as uber-wealthy hedge funders and other investors from high-tax states poured millions of dollars into luxury properties. Palm Beach gleaned many of the benefits, with sky-high record sales.

At the same time, major players from New York, the Kushners and Michael Shvo — set their sights on South Florida, with big development plans.

The year also saw a few major milestones for big local projects. Condo towers underway for years, including Paramount Miami Worldcenter, Brickell Flatiron, Residences by Armani/Casa and Ritz-Carlton Residences in Miami Beach, were completed. Magic City was approved. And developers caught on to the short-term rental craze, with several launching plans for mid-priced condos that can be rented by the day.

Opportunity Zones continued to be top of mind for investors. And in breakup news, sister-and-brother Jackie Soffer and Jeffrey Soffer divided up their business.

Here is a sampling of the top real estate news of 2019.

SALT tax refugees



Fleeing state income taxes and new limits on deductions, deep-pocketed investors continued to sink their cash into ultra-luxury homes and condos in South Florida. In Miami Beach, nine single-family homes priced at more than \$5 million, each, sold for a combined \$120 million in the first quarter, alone, according to The Real Deal's analysis of multiple listing service data.

Palm Beach is hot

In Palm Beach two homes sold for about \$105 million, setting all-time records. Billionaire hedge funder Steven Schonfeld and his wife Brooke closed on a 10-bedroom waterfront estate for \$105 million in December, six months after the estate of the late Broadway producer Terry Allen Kramer sold her sprawling Palm Beach home for \$104.99 million. In September, billionaire hedge funder Ken Griffin bought the 18,452-square-foot Palm Beach mansion of billionaire and real estate investor Frank McCourt for \$99.1 million.

Kushner and Shvo head south



Entering South Florida for the first time, New York-based Kushner Companies rolled out plans to build three major apartment projects in South Florida that will create a total of 3,000 units at a cost topping \$1 billion.

And New York developer Michael Shvo and his partners, Bilgili Holdings and Deutsche Finance America, bought three neighboring hotels on Collins Avenue in South Beach, with plans for a 200-foot-tall residential project. In February, they bought the Raleigh Hotel for \$103 million from Tommy Hilfiger and the Dogus Group. In August, they closed on two adjacent properties, paying \$87.85 million for the Richmond Hotel and \$52 million for the South Seas. In all, Shvo and his partners paid \$242.85 million for the three hotels.

Luxury condo towers completed

Major condo towers opened their doors to residents this year, capping years of construction. They included Dan Kodsí's Paramount Miami Worldcenter and Ugo Colombo's CMC Group's Brickell Flatiron, both in Miami; Lionheart Capital and Elliott Management Corp.'s Ritz-Carlton Residences, Miami Beach; Dezer Development, the Related Group and Armani Group's Residences by Armani/Casa in Sunny Isles Beach; and The Bristol in West Palm Beach.

Magic City approved

After five public hearings where strong opposition was voiced, the Miami City Commission in June approved the Magic City Innovation District, a \$1 billion mixed-use project in Little Haiti. Magic City is planned to have a 30,000-square-foot studio, a 15,000-square-foot innovation center for start-ups and co-working tenants, retail spaces, and 2,670 apartments in buildings up to 25 stories tall. The project's development group now includes Neil Fairman's Plaza Equity Partners, Cirque du Soleil partner Guy Laliberte, Metro 1's Tony Cho, and New York developer Zachary Vella.

More condo buildings offer short-term rental option



From left: Santiago Vanegas, Harvey Hernandez, David Ardití, and Russell Galbut

Amid the ongoing slowdown in luxury condo sales, some developers are choosing to build a new product type: more affordable units that buyers can rent out however and whenever they want. The projects are mostly clustered in downtown Miami and Brickell, with prices in the \$300,000 range and up – a sharp contrast to the glut of \$1 million-and-up condos on the market in Miami. Among them: Smart Brickell, by Habitat Group; YotePad by Aria Development Group and AQARAT; Natiivo, by NGD Homesharing; and an as-yet unnamed project by the Related Group and ROVR Development.

Opportunity Zones make progress



Steven Mnuchin and a map of Opportunity Zones

The federal government released its long-awaited and latest set of Opportunity Zone regulations in April, spurring investors to begin developing projects in distressed areas nationwide, including in South Florida.

Real estate developers are seeking to raise funds into the billions of dollars for the investment. The federal program gives developers and investors the ability to defer or potentially forgo paying capital gains taxes if they invest in a designated Opportunity Zone.

The Soffers split



After 25 years of joint ownership of the family real estate development company, Turnberry Associates, siblings, co-CEOs and co-chairmen Jackie and Jeffrey Soffer split up in March to pursue individual projects.

Jackie Soffer retained the Turnberry Associates brand as CEO and chairman, and is the principal owner of Aventura Mall and Town Center Aventura. She is also continuing to develop the 800-key hotel connected to the Miami Beach Convention Center with Terra's David Martin, and owns various select-service hotels in Florida, among other projects. Jeffrey Soffer now heads a separate company, Aventura-based Fontainebleau Development. He owns the Fontainebleau Miami Beach, as well as the JW Marriott Miami Turnberry Resort & Spa and Turnberry Ocean Club Residences, and is pursuing other projects.



KREPS DEMARIA

The Real Deal South Florida

The Real Deal presents breaking news and detailed analyses of events vital to the South Florida real estate community. Covers the latest deals, profiles industry influencers and keeps readers informed of critical industry trends.

UVM: 2.5 million

<https://therealdeal.com/miami/2019/12/27/south-floridas-top-real-estate-news-of-2019/>