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Despite Vacancies, Office Developers Bet on Miami

By TERRY PRISTIN MARCH 22, 2011

MIAMI — Bucking a trend that has curtailed development in other cities, the downtown Miami skyline has two shiny new office towers, its first since 2004, and will soon have a third. More office space was added in Miami last year — 1.3 million square feet — than in any other American city except Washington, which grew by 2.5 million square feet.

Yet the vacancy rate in Miami's central business district is 22 percent, about twice that of the nation's capital, according to the real estate services firm [Jones Lang LaSalle](#).

Despite the empty space, the [Foram Group](#) of Miami recently announced that it would proceed with a 40-story office tower at 600 Brickell Avenue, a project that had stalled in January 2009 because of the economic downturn. Expected to be completed in August, the building will add 600,000 square feet to the downtown office market. No leases have been signed so far.

Though downtown Miami is rapidly becoming a lively residential neighborhood, office leasing is of course driven by jobs. The unemployment rate in Miami-Dade County has begun to decline, but it still stands at 12 percent. The two new completed buildings, [1450 Brickell Avenue](#), at the southern end of Miami's business district, and Wells Fargo Center, at 333 Avenue of the Americas, near the northern end, have managed to lure tenants from other buildings. "The last generation of buildings are being left with big open spaces," said Robert Kaplan, a principal of [Asentus Real Estate](#), a real estate investment firm in Miami. "The question is how do these get backfilled?"

In October, a major Miami law firm, [Bilzin Sumberg](#), moved into 80,000 square feet in 1450 Brickell, leaving a 90,000-square-foot hole at the Southeast Financial Center at 200 South Biscayne Boulevard. That building also lost the accounting firm Deloitte & Touche, which relocated to the new Wells Fargo Center.

