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SOUTH FLORIDA'S MOST IMPORTANT AUDIENCE

Prices rising, availability shrinking for purchasers of small office buildings

BY SHERRI C. RANTA

Professionals looking to buy small office buildings so they can work close to home are finding limited availability and continually rising prices.

"We have 10 buyers sitting ready to buy for every building we have – that's what the demand is like right now," said Jeremy Larkin, partner with NAI Miami, a commercial brokerage that specializes in smaller Class A and Class B office buildings.

The demand to work close to home, he said, is driving up office prices in affluent areas such as Aventura, Coral Gables, Dadeland, Miami Lakes, Pinecrest, South Miami and the Roads.

"Prices have gone up dramatically and supply is limited," Mr. Larkin said. "Throw in the technology elements such as e-mail and wireless connections, there's not a whole lot of need to be downtown."

Those professionals, he said, want to own office buildings of 5,000 to 20,000 square feet rather than put money in the stock market. Continued traffic congestion in Miami-Dade County is also leading them to look for offices close to home, Mr. Larkin said.

US Small Business Administration loan packages and low interest rates are driving activity, he said. SBA packages allow professionals to borrow up to 90% of the purchase price and finance closing and improvement costs.

In Coral Gables, small office buildings sold for about \$100 a square foot two years ago. Now prices are about \$250 a square

foot and are expected to climb to \$300 by year's end, Mr. Larkin said.

In South Miami, those buildings sell for about \$300 a square foot and are expected to surpass \$400 by year's end, Mr. Larkin said.

NAI Miami bought its 30,000-square-foot office building at 9655 S. Dixie Highway in Dadeland in 1999. The real-estate firm takes up 5,000 square feet, Mr. Larkin said, and the rest is leased. "It's been leased to capacity from the day we finished renovations."

The location allows Mr. Larkin to be close to home, he said. "When I call my wife and tell her I'll be home in five minutes," he said, "I really mean it."

His advice for professionals looking to own their office, Mr. Larkin said, is to buy now. "Because there is no additional land on the eastern side of the county, product will not be available and prices will continue to go up," he said. "If they want to buy, and they think it's expensive now, it's going to be more expensive next year."

In Coral Gables, Debrah Bennett of Bennett Real Estate Group said she sees the same trends.

"Buildings of 5,000 to 10,000 square feet don't even go on the market," she said. "If they are on the market, in two to three hours, they have an offer."

Prices in Coral Gables, she said, continue to increase.

"We'll never see it go down," Ms. Bennett said. "It will stabilize for a while, but it is one of those markets that will always continue to go upwards."

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