

# THE PROPERTY REPORT

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### Property Report

#### Designs on Miami



Jeremy Green is betting that the hotspot still has room for even more luxury

housing. The brash young developer is spending \$250 million on his architecturally daring '4 Projects' plan for the city's artsy Design District enclave. **Page B4.**

### Who's News

#### Samsung Loses Outsiders

South Korea's electronics giant cut down the number of foreigners on its board to one from three.

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## Plots & Ploys

### What's Brewing in the Real Estate Market

#### Designing Miami

Jeremy Green of Miami-based Nexus Development Group is betting \$250 million on the nascent Miami Design District, a growing enclave of architects and artists.

The 32-year-old developer is launching a quartet of projects, dubbed simply "4 Projects." The four buildings will house 340 condominiums, a set of 20 townhomes, offices, retail and parking, all within an 18-square-block area in the Art Deco neighborhood of galleries and designer furniture showrooms.

Architect Chad Oppenheim has sketched designs for three of the buildings (Itec Design, an architecture firm, was responsible for the other building), including Cube, a 22-story glass-and-steel kit that looks like an Erector set. Buyers will purchase individual "cubes" of around 650 square feet and connect them either horizontally or vertically in the building to create custom flats. Prices will run between \$525 and \$750 a square foot for the residential elements.

What about signs that the residential market is softening?

"I don't think it's going to continue to go up the way it has where everyone was swimming downstream," Mr. Green says. "But if you do quality projects with quality fundamentals, you'll do well." He's banking on the Design District's relative proximity to downtown Miami and South Beach, and an upscale crowd that likes to mingle with the creative types.

The architect, Mr. Oppenheim, has already taken a bite from the Design District. His firm signed an office lease there five years ago with an option to buy at 2001 prices. He took the option in September and figures its value has multiplied tenfold.

#### Silicon Conversion

The dot-com demise was a punch in the gut to the Silicon Valley real-estate market. Five years have passed, and 18% of the area's warehouse, industrial and office space still have "for rent" signs hanging out front, up from 3% in 2000.

But there's optimism in the air. In Milpitas, San Jose and Sunnyvale, Calif., projects are slated that would convert a chunk of the inventory to residential and retail use. That would lower the vacancy rate by taking product off the market.

But Commercial Property Service Inc., a boutique Silicon Valley brokerage firm, says the chattering brokers

and speculators shouldn't get giddy yet. Only around three million square feet out of a total inventory of 295 million square feet of space—around 1%—is currently being razed for condos, houses and shopping.

The glass-half-full view shows another 13 million square feet—or 4% of the inventory—in the conversion pipeline. If those projects happen, the once-robust industrial and warehouse market could see a shift back to higher rents.

But that's not a sure thing, says Eric Fox, a CPS principal. Environmental lawsuits and community opposition could reduce the amount of conversions and make that scenario moot, he says.

#### Dropping Shopping

In Britain, cramped retailers are becoming their own fashion victims.

A telephone survey of 1,200 shoppers showed that nearly a third had left stores without buying all their ant-

icipated purchases because the shops were so crowded. Older and wealthier shoppers are the first to walk out when the shopping gets tough.

Real-estate brokerage firm CB Richard Ellis Inc. commissioned the study to quantify how many apparel and accessories shoppers bail out midstream as a result of overcrowding at stores.

"Shopping-trip abandonment, the primary symptom of overcrowding, is endemic in Britain," the report states ominously.

The research found that many of the problems stemmed from stores cramming too much clothing into their shops. The United Kingdom has just half as much retail space per person as the U.S., because many British shops, often concentrated in downtown city districts, were built before the 1950s.

Retailers have started to seek out larger spaces, and builders are trying to meet that demand. Fashion chain Next now requires 60,000 square feet to open a new store, compared with 10,000 square feet in 2000.

"New shopping centers are being designed with bigger space, or existing shopping centers have been reconfigured," says Mark Disney, CB Richard Ellis's head of shopping-center leasing for the U.K.

—Alex Frangos and Christine Haughney



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