

Tampa Bay Times

WINNER OF 12 PULITZER PRIZES

South Florida apartment/condo developers flock to Tampa Bay



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When Frank Guerra of Miami first visited St. Petersburg 25 years ago, he left unimpressed. That wasn't the case when he returned in 2012.

"It was just a completely different city," Guerra said, invoking a place that not only had survived the recession but seemed to be thriving.

Guerra's company, Coral Gables-based Altis Cardinal, bought a nondescript high-rise apartment building in the Historic Kenwood area four years ago and renovated it into the upscale Skyline Fifth. Altis Cardinal has since acquired several parcels nearby and plans 128 more apartments plus a large climate-controlled storage facility.



Guerra isn't the only South Florida developer who's bullish on Tampa Bay.

Drive around Tampa and St. Petersburg and it's obvious that the bay area's two biggest cities are in the midst of an apartment and condo building boom. What's not so obvious is that many of the projects — including some of the biggest — are the work of South Florida developers.

A West Palm Beach company is erecting a 41-story condo tower in downtown St. Petersburg that will be one of the tallest buildings on Florida's Gulf Coast. A Miami company plans a 36-story apartment tower next to the Straz Performing Arts Center in downtown Tampa. Another Miami firm will act as lead developer on Tampa's massive revitalization of its West River area.

As the new year starts, at least 15 multi-family housing projects totalling more than \$1 billion are underway or planned in the bay area by South Florida developers. If all come to fruition, they will add more than 5,000 rental and condo units — most of them high-end — to a market that already enjoys a reputation as one of the best places to build in Florida.

Previous coverage: *Downtown St. Petersburg's condo boom shows no signs of slowing*

The bay area's lure was readily apparent to the Related Group, a Miami company involved in five of the projects.

"The prices in South Florida, specifically Miami-Dade County, are very high and there is a high demand for land so it's a little more difficult to make the economics work locally," said Albert Milo, a Related vice president.

By comparison, he continues, "Tampa and St. Pete have a growing population, steady job growth and land prices are a little bit more affordable for developers. They also have a friendly business climate for developers to obtain their

entitlements and permits and financing.

Jason Robertson of American Land Ventures, a Miami company that has built one bay area apartment tower and plans two more, agrees that the bay area is definitely a place to be.

"Tampa Bay has the strongest employment growth in all of the state of Florida and has one of the hottest markets for residential construction in Florida and places that people want to live," said Robertson, American Land's vice president of development.

As for St. Petersburg in particular, "it used to be just a sleepy downtown and now it's a super vibrant place," he says.

After two years of construction, including pile driving that tormented nearby residents, American Land Ventures began leasing apartments in its 18-story, 358-unit AER St. Petersburg last May for prices topping \$4,000. Robertson wouldn't disclose occupancy figures but said "we're exceeding our projections" to the point the company hopes to start work his summer on a 21-story, 201-unit tower across the street.

They will be "luxury apartments and meant to take what we've done at AER to the next step so we will feature larger units with more amenities," Robertson said. Among them: private rooftop cabanas with fire pits, televisions and daybeds that residents can reserve.

"It's almost like an exclusive resort without leaving home," he said.

Other upscale rental projects by South Florida developers in downtown St. Petersburg are Related's planned 15-story, 354-unit building on Central Avenue, one block east of the 215 units under construction by Bainbridge Companies of Palm Beach County. Both projects will compete for tenants with the newly finished Hermitage, built by Allen Morris Residential of Coral Gables.

Across the bay, American Land Ventures plans AER Tampa, a 36-story apartment tower on the downtown riverfront while Related's 21-story Manor at Harbour Island will be finished this summer. Related also is about to start demolishing the riverfront *Tampa Tribune* building to make way for another 400 luxury apartments.

"We believe there is more than enough demand for these high-end projects," said Patterson of Related.

For now at least, he is right. Buoyed by young professionals who prefer to rent than own, Tampa Bay's apartment market is among the nation's hottest and thus of great appeal to developers. According to the research firm MPF, average rents in the bay area grew 5.8 percent in 2016 compared to 3.8 percent nationally.

As new apartments are built, "virtually everything is going to be higher end and priced at that level just to make the deal work economically from the developer's perspective," said Greg Willett, MPF's chief economist. "At some point you can run out of those renter households that want that sort of product but there's not really any indication it's hitting the wall yet."

Willett also notes that while rents for many new Tampa Bay apartments might seem ridiculously high to locals, they're not bad for those moving into the area.

"The typical unit in New York is \$4,000," he said.

One exception to the high-end rent craze are apartments built with federal tax credits. The credits — which can pay around 75 percent of a project's total cost — are enabling yet another South Florida developer to establish a beachhead in the Tampa Bay area.

Green Mills, a Fort Lauderdale firm that specializes in affordable housing, is about to complete the five-story Burlington Place in Historic Kenwood. Tenants whose incomes don't exceed certain levels will be able to rent two-bedroom, two-bath apartments for a maximum of \$799 — less than a third of what some downtown complexes charge.

This spring, Green Mills plans to start construction on the nearby Burlington Post with 86 affordable apartments. Co-owner Mitchell Rosenstein said the company targets cities and counties with "significant need" for affordable housing but likes the bay area for a host of other reasons, too.

"The Tampa -St. Petersburg area has a lot going for it: diverse demographics and workforce, well-managed public

spaces, growing industry etc, he said in an email. The area also maintains a friendly, small town atmosphere while incorporating many benefits of city life."

In Tampa, the \$400 million revitalization of the blighted West River area will include 1,636 new apartments and condos, more than half of which will be affordable to lower- and middle-income families.

"In order to have a successful neighborhood and community, you need to have a diversity of income levels," said Milo of the Related Group, the lead developer.

Of the 15 bay area projects by South Florida companies, only two involve condos rather than rental apartments. Both are in St. Petersburg and both are by the Kolter Group of West Palm Beach.

At an estimated cost of \$200 million and a height of 41 stories, Kolter's ONE St. Petersburg is the most monumental residential project the Tampa Bay area has ever seen. Although it won't be finished until 2018, two-thirds of the units are under contract; two penthouses are still available for \$4 million each.

And if that's too pricey, buyers wanting a bay view might try Kolter's Water Club Snell Isle with its 95 condos and townhomes. There, two condos are still on the market for under \$900,000.

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Here are some of the Tampa Bay projects by South Florida developers

1. The Manor At Harbour Island

402 Knights Run Ave., Tampa

21 stories, 340 rental units

Under construction

Developer: Related Group, Miami

2. Former Tampa Tribune site

202 S. Parker St., Tampa

8 stories, 400 rental units

Planned

Developer: Related Group, Miami

3. West River Redevelopment

1129 Main St., Tampa

1,636 rental units, retail, office

Planned

Developer: Related Group, Miami

4. AER Tampa

Near Straz Center

37 stories, 400 rental units

Planned

Developer: American Land Ventures, Miami

5. New Port Tampa site

Bridge Street and Gandy Boulevard, Tampa