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MIAMI HEAT

HOW THE MAGIC CITY BECAME NEW YORK SOUTH FOR MANHATTAN BILLIONAIRES AND INVESTORS.

BY SUZANNE MCGEE

New Yorkers have long had close ties to Miami—from investing in the 1920s land boom to the glory days of the 1950s and 1960s, when the city was a millionaire's playground and Joe DiMaggio and Frank Sinatra, along with the rest of the Rat Pack, partied at the iconic Fontainebleau. In the 1990s, a cohort of New York photographers, led by Bruce Weber, helped put the city on the map for the fashion set. The latest chapter in this tale of two cities sees Miami as magnet for a new Manhattan-amid-the-palm-trees crowd, who come with less fanfare than Sinatra, but with a lot more

money—New York billionaires and cent-millionaires, like Goldman Sachs CEO Lloyd Blankfein or Leon Black, cofounder of private equity firm Apollo Global Management (estimated net worth \$5.1 billion), who are not only scooping up trophy properties in the Magic City, but also hanging around to enjoy the fun.

"A word that has disappeared from our vocabulary here is 'the season,'" explains star architect Bernardo Fort-Brescia of Arquitectonica (whose buildings have transformed Miami's skyline, and the world's perception of the city). "Because today, New Yorkers can come here and find the same

kind of culture, food, and entertainment they left behind them." When a New York billionaire boards his private jet for the two-and-a-half-hour flight to Miami (less time than it would take to get to the Hamptons in summer traffic, unless he's choptering, of course), increasingly he's heading to a place where he can find a lot that reminds him of Manhattan—even his favorite restaurant may now have a Miami branch.

Richard LeFrak understands the urge on the part of his fellow billionaires to take another look at Miami. "Miami has grown up," says LeFrak, a

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New York-based developer who is spending more of his time—and getting involved in more business ventures—in Miami these days. But it wasn't always a natural fit. When LeFrak began working on the recapitalization of a troubled bank in 2009, he found himself as an investor in another financial institution—and the owner of a lot of unsold Miami condos. “The world was yelling that this was a 20-year supply; a glut on the market.” Thanks to an influx of Latin-American buyers, it turned out to be no such thing; the Miami real estate boom was born, along with LeFrak's growing fascination for “New York South.”

He remains a die-hard New Yorker, and spends about six weeks a year in his second home. That's more than double the amount of time LeFrak used to spend in Miami; he now owns four condos there, has an office in the city, and has been spotted everywhere, making the social scene, celebrating 1 Hotel & Homes (a coproduction with Barry Sternlicht, chairman of Starwood Capital Group), and dining at Bâoli. Why the new commitment to Miami? “A lot of my friends are thinking about the city; they say it's different than it was or than they thought. More and more, they're willing to plant a stake in the ground.”

In fact, both Miami and New York have changed, say the billionaires who travel between the two cities and have feet in both camps. The fact that these transformations have occurred almost simultaneously explains why Miami is beginning to exert such a magnetic attraction on a certain breed of New Yorker: ultra-affluent, ultra-mobile financiers, business titans, and creative minds who insist on living in a global city, but are considering the tax benefits of having an additional residence in Florida. New York has become a more challenging place to live: Taxes are becoming more burdensome, and wealthy residents are particularly worried that the city's new mayor, who came into office declaring, “It's time to ask the wealthy to do a little more,” will propose policies that would shift the tax burden in their direction. And yes, there are those blizzards—Mother Nature hasn't done Gotham any favors in the last three years.

Miami, in contrast, glitters all the more brightly. There's the weather, which may become oppressively hot and humid from July through September, but is a delight in the autumn, winter, and spring. You're a pro sports fan and worried you'll miss the Yankees, the Mets, the Nets, the Rangers? Well, what's not to like about the Miami Heat? The Dolphins? The Marlins? If you're a culture vulture, the Adrienne Arsht Center (which opened its doors in 2006) is the place to go to hear the exciting (and world-acclaimed) New World Symphony. Art Basel Miami is one of a handful of art-fair destinations that no collector would dare miss, bringing the who's who of contemporary art from around the world to the city in December.

Jorge Pérez, an avid collector and one of Miami's biggest developers and wealthiest citizens, has donated \$40 million (in cash and art) to the former

Miami Art Museum and has helped enshrine the museum's collection in an iconic, newly designed building that opened less than 18 months ago. The renamed Pérez Art Museum will be one of the anchors of Miami's new Museum Park district downtown. “If I'm a guy who likes art, well, there will be stuff that just doesn't come to New York but that ends up here, especially works by great Latin American artists,” Pérez says. “And we know that New Yorkers appreciate art, and we're acknowledging that by putting museum-quality art in our developments,” including pieces by Frank Stella that he snapped up during Art Basel last December.

Just who is investing in Miami and what are their reasons? The list is a diverse one. Hedge fund manager Eddie Lampert, once a familiar sight in financial circles in New York, is spotted much less frequently; he has relocated his Greenwich, Connecticut-based fund, ESL Investments, to Miami, and is now often spotted there. Andrew Hall, the former commodities trader who made headlines when he pocketed \$100 million in compensation for his highly profitable transactions during the same year that his employer (Citigroup) nearly collapsed, now runs his own hedge fund, Astenbeck Capital Management, in Miami. Goldman's Blankfein, who was an early buyer at 15 Central Park West, could be expected to spot a bargain when he sees one and snapped up a Miami home for himself at the \$1 billion Faena Miami Beach, a luxury development designed by Norman Foster. There he—and other New Yorkers, including Apollo's Leon Black—will get to relish amenities like a private spa, valet and concierge services, and two pools with cabana service, in an ultra-luxury development right on the beach. It has only 47 units.

Then there are the creative types. As well as Blankfein and Black, purchasers of the Faena condos include Larry Gagosian, gallerist to billionaire art collectors. (Perhaps Black can get some advice on where to hang the pastel version of Edvard Munch's *The Scream*, for which he just paid \$120 million.) The octogenarian Pritzker Prize-winning architect Richard Meier had never bought an apartment in a building that he designed until he decided to purchase a unit in the Surf Club Four Seasons, where some two-thirds of buyers are said to be New Yorkers. (The project's developer is Fort Capital.) Tommy Hilfiger and his wife, Dee Ocleppo, shunned the mania for condos and opted instead for a seven-bedroom, three-story house on Golden Beach; having all that space, Ocleppo has said, enabled them to take out of storage art that they hadn't been able to fit in their Manhattan penthouse or literally even get up into the apartment.

The Manhattan-in-Miami list is a long one, says Jeffrey Fields, a local broker with One Sotheby's International Realty who relocated from New York—and now finds himself devoting much of his time to New York clients. Some of the New Yorkers he works with are household names (who make him sign nondisclosure agreements); others are still climbing the ranks within investment banks and

hedge funds and are looking for a pied à terre in Miami, which they may upgrade in the years to come. “Miami has become more attractive in its own right,” Fields says. “New Yorkers want to hang out with their friends, and increasingly, those friends are now in Miami. So in the dead of winter, they'll come down for a weekend to visit, gripe about the weather, and it transitions into a discussion about real estate. Before you know it, a week later they are buying a condo for \$10 million on the beach, with a big smile on their face.”

Talk to Fields, or any one of the developers building condos and increasingly pitching them to New York buyers, and you'll understand just why someone might be smiling after committing to a \$10 million purchase—and putting 50 percent down on a still-unfinished condo project, more often than not. It all boils down to relative value: At a time when buying a condo in a top New York building will cost you \$5,000 per square foot and an ultra-luxury apartment may set you back \$13,000 per square foot or more, those figures are, for the most part, still far, far out of reach in Miami. Yes, prices on Miami Beach or in the ultra-luxe buildings (like Faena, or the Four Seasons development) are more costly; the still-unknown purchaser of the duplex penthouse at Faena paid a record \$50 million-plus for his new pad, in exchange for which he'll get two kitchens, a media room, a wrap-around terrace that has more outside space than the condo has indoors, and a 70-foot-long infinity pool on the rooftop terrace. But even at the high end, says developer Edgardo Defortuna, an Argentine-born, Miami-based real estate developer and founder of Fortune International Group, “Luxury properties on South Beach are \$2,500 to \$3,000, half of what they would be in New York. I visited a project on 22nd Street in Chelsea where they were asking \$3,000 per square foot—and that's Chelsea. There's no beach there.”

Power real estate broker Eloy Carmenate, also at One Sotheby's International Realty, has helped drive those prices northward in large part by selling condos to eager New Yorkers, who make up nearly three-quarters of his clientele. The average condo he sells fetches between \$5 million and \$8 million, but he also holds the record for the highest price per square foot—\$4,760 on a single Miami transaction. Carmenate says that, as the New York phenomenon has exploded in the last three years, the market has broadened geographically, even as it has deepened. “Buyers started off escaping and then went from owning smaller homes as ‘testers’ while they sampled what Miami had to offer to snapping up more valuable real estate,” he explains. “At first it was centered around South Beach; now people are willing to look further, to be adventurous. They realize that Miami is an urban city with a beach that is always going to be accessible.” That may mean that the latest crop of New York arrivals venture farther north to Bal Harbor or Surfside or leaves the beach altogether for downtown neigh-

The Paramount Miami Worldcenter is part of one of the largest mixed-use projects in the country. It will offer condos, shopping, a hotel and conference center, and a rooftop soccer field.

borhoods like Brickell that increasingly are a hive of activity. One of the more modest luxury developments—in size and price tag—is Louver House, with prices starting at \$1.9 million or only \$1,100 per square foot. “I call it tropical Tribeca,” says Carmenate of the design, calculated to appeal to urban dwellers from Manhattan, albeit with the usual array of Miami amenities, including a pool and cabanas in the South of Fifth neighborhood of Miami Beach. The average price for Tribeca real estate, of course, starts at nearly double that.

Increasingly, developers are paying attention to what New Yorkers want when designing buildings. Yes, the flashy features are still there—as in the Porsche Design Tower, whose residents will have plunge pools and summer kitchens on their terraces and car elevators enabling them to park in sky garages. But the typical New Yorker prizes white-glove service and amenities—access to a private spa, say, or a bar. “We have an aperitivo bar in the lobby, a kid’s playroom, a fur-storage facility, a movie theater, and two pools with cabanas,” says Heinrich von Hanau, CEO of Fisher Island Holdings, now completing Palazzo del Sol on Fisher Island. The island’s first new development since 2007, it’s fetching lofty prices: An undisclosed Russian buyer just paid triple the previous high price, or \$3,602 per square foot, for the penthouse, a \$35 million purchase. When it comes to layout, New Yorkers who are increasingly making Miami their second home prize closet space (who wants to go back and forth with suitcases?) and large dining areas for entertaining—and architects are obliging. “There is no point in replicating their New York space; they are here to escape that mode of life and find big, open spaces,” says Fort-Brescia.

In Miami, oceanfront views are a given, even if you’re seeing them from a 10-minute drive away from your Brickell condo. (“Younger, hipper buyers are fine living that distance away—and in our SLS Brickell development, we include a membership to SLS in South Beach,” notes Related’s Pérez.) In New York? Well, if you want ocean, you need to venture out to the Hamptons, where a waterfront lot will start at \$30 million. When most of your Hamptons social circle is zooming to and from Miami except between Memorial and Labor Days, why bother?

Nitin Motwani has been preaching the benefits of Miami for years. The former trader for Goldman Sachs, who grew up in Fort Lauderdale, began investing in South Florida real estate in 2006, assembling parcels



of land on the fringes of downtown Miami. The properties evolved into a large, multi-use project, including a new luxury condo development, Paramount Miami Worldcenter. Motwani spends most of his time now working on the Worldcenter project, but whenever he can, he tries to woo hedge fund managers on behalf of Miami’s Downtown Development Authority. The DDA is on a mission to convince more New York and Connecticut hedgefunds to follow in Eddie Lampert’s footsteps. The only notable taker so far has come from Los Angeles, but Motwani figures that so many hedge fund managers are spending their time in the city—some even telecommuting and making Miami their de facto residence for tax reasons—that it’s only a matter of time. “It can start small, with satellite offices, and grow to be big,” he says.

A potent lure for Florida residency (of at least six months plus one day), of course, is taxes. Florida has no personal income or estate tax. “Not only is Florida a great place to live, it’s also a great place to die,” quips Miami Beach’s mayor, Philip Levine. There’s no state capital gains tax either. Florida’s governor, Republican Rick Scott, a former venture capitalist, vehemently opposes the idea of taxing incomes of

venture, private equity, or hedge fund managers; proposals to tax their profits as ordinary income rather than as capital gains (and thus collect billions more in revenue) keep resurfacing as a political issue in New York. A provision of the tax code that will require hedge fund managers to repatriate all fees and earnings held in offshore accounts by 2017 adds a new wrinkle. Who wants to pay state income taxes on all of those funds once they’re back in the country?

And then, there’s the weather. “One of my friends from Darien came for four days last weekend and he’s still here, a week later,” says Edgardo Defortuna, the Miami-based real estate developer and founder of Fortune International Group. But for all the ways in which New York and Miami have become sister cities in the last few years, they are still distinctly different—and it’s those differences that will keep the ultra-affluent jetting back and forth. “You can’t give up New York—who are we kidding?” says Eloy Camenate of One Sotheby’s International Realty. “Each city offers something the other doesn’t. And now you don’t have to choose; you can have it all.” **G**

DOWNTOWN MIAMI

This cultural mecca is hotter than hot and projected to see the greatest growth in the next five years.

Miami's downtown core, long the overlooked cousin to Brickell just across the river, is about to emerge as one of its newest residential hubs. "Downtown is the area that will see the most growth in the next five years," says developer Harvey Hernandez. The restaurants are already there, and like many of Miami's prime residential neighborhoods, the beach is no more than 10 minutes away. "You can buy tremendous views for a fraction of the price," he says.

"One night we were in downtown Miami and there was a traffic jam; I looked out and felt exactly the

same buzz that I feel when I'm in New York!" says Daniel Kodsí, principal and CEO of RPC Holdings. Kodsí is among the developers behind one of the biggest real estate projects that Miami has ever witnessed: Paramount Miami Worldcenter (1010 NE Second Ave., 855-756-0123; paramountmiami.com). Part of a 27-acre multi-use development (a mall anchored by Macy's and Bloomingdale's, a giant hotel, and a conference center in addition to condos, all on the site of the former Miami Arena). The condos' amenity deck is what has grabbed attention: Built atop the mall, it will even have a soccer field.

And from downtown, developers are starting to inch northward, to Edgewater, on the other side of the museums and the art center and a stone's throw from the Design District. Reid Boren, managing partner of Eastview Development, is overseeing the Biscayne Beach condo construction (701 NE 29th St., 305-409-5722; biscaynebeachcondo.com). He says over 90 percent of the project has been sold, and a fifth has gone to New Yorkers and other Northeasterners. "Bit by bit," Boren says, "people are discovering new parts of Miami they want to live in, just as happened in New York. Downtown and Edgewater have been the beneficiaries."



WHO'S HERE: What was once considered a 9-to-5 business district is now emerging as a dense urban center, as restaurants, cinemas, and major commercial developments like the Miami Worldcenter attract young professionals and families. The new Zaha Hadid-designed residences at 1000 Museum is sure to serve as catnip for New York hedgies who might otherwise opt for a condo on the beach.

WHERE TO EAT: Area 31's spectacular view of the Miami skyline attracts power couples like Gloria and Emilio Estefan. Organic seafood and an extensive wine list lure Miami's stylish set to The River Seafood Oyster Bar (650

S. Miami Ave., 305-530-1915; therivermiami.com), while hip, well-heeled crowds head to Ceviche 105 (105 NE Third Ave., Miami, 305-577-3454; ceviche105.com) for authentic Peruvian fare and an artsy setting.

AFTER HOURS: At Touché Rooftop Lounge & Restaurant (15 NE 11th St., 305-358-9848; touchemiami.com), an Italian eatery with a sleek lounge, you'll find Jamie Foxx and Derek Jeter cheering on the Heat. Just downstairs is E11even (29 NE 11th St., 305-829-2911; 11miami.com), Miami's first and only 24/7 nightclub and cabaret that counts Russell Westbrook and Ryan Phillippe as fans.

WHERE TO SHOP: The Seybold Building (36 NE First St., 305-374-7922; seyboldjewelry.com) is home to more than 280 jewelers. The upcoming Mall at the Miami Worldcenter (5201 Blue Lagoon Dr., 305-262-4974; miamiworldcenter.com) will house a 120,000-square-foot Bloomingdale's and an outdoor promenade of specialty shops.

CULTURE: For a taste of historic Miami, the Olympia Theater at Gusman Center for the Performing Arts (174 E. Flagler St., 305-374-2444; olympiatheater.org), a beautiful Mediterranean-Revival theater, is home to the Miami International Film Festival.—E.R.

FORT LAUDERDALE

Developers and buyers head north of Miami for good value and a laid-back vibe.

Fort Lauderdale, long the domain of retirees and college students on spring break, is starting to emerge as an alternative of sorts to Miami for those who want a bigger bang for their buck. "A growing group of people are thinking Miami is either too expensive or at least that the values are more interesting here," says Harvey Hernandez, whose Newgard Development Group in addition to developing loft-style apartments at Centro Lofts Miami (96 NE Second Ave., 305-938-5321; centromiami.com) in downtown Miami

is renovating a historic Fort Lauderdale beachfront hotel, which will also have luxury condo residences and will be called Gale Fort Lauderdale Boutique Hotel and Residences (2900 Riomar St., 954-296-6741; gale-fortlauderdale.com). "The gap in valuation between Miami and Fort Lauderdale is wider than it has ever been," thanks to the rapid surge in condo prices in the last few years, says Hernandez. A beachfront property that might fetch \$1,500 per square foot in Miami may be half that in Fort Lauderdale, and you're likely to end up with some of the same amenities.

He isn't the only developer eyeing Fort Lauderdale. So many are now launching new projects in the city that crane spotters.com, the Miami condo database and consulting firm that tracks new construction, expanded its bus tours for industry watchers and potential buyers to include Fort Lauderdale as of February. Among the projects they'll be eyeballing are the Auberge Beach Residences (2200 N. Atlantic Blvd., 954-883-9575; aubergebeach.com), a Related Group and Fortune International venture with Fort Lauderdale's Fairwinds Group: The 171 condos will be the priciest in town at \$1,000 per square foot. Developers Nitin Motwani, Daniel Kodsí, and Art Falcone—all active in Miami's downtown—have broken ground on Paramount Fort Lauderdale Beach (N. Fort Lauderdale Beach Blvd., 954-514-7492; paramountresidences.com), where prices will start at \$1.2 million. "It's all about the beach, whether it's in Miami or a bit farther away," says Motwani, whose brother, Dev Motwani, will be bringing a new Four Seasons to Fort Lauderdale in 2018.



The new Paramount Fort Lauderdale Beach condos.



W Hotel's Steak 954 attracts an art-savvy crowd.

WHO'S THERE: A below-the-radar billionaire hideaway (home to Subway restaurant's Fred DeLuca and serial entrepreneur H. Wayne Huizenga), the city is now attracting creatives from all over the world who are eager to be part of the South Florida scene without Miami Beach prices.

WHERE TO EAT: Newlyweds Kaley Cuoco and Ryan Sweeting brunch at the W Hotel's Steak 954 (401 N. Fort Lauderdale Beach Blvd., 954-414-8333; steak954.com), where the ultra-contemporary design attracts a young, art-savvy crowd. Todd English's da Campo Osteria (3333 NE 32nd Ave., 954-226-5002; ilugano.com) is a favorite

of NBA Hall-of-Famer Scottie Pippen. Alec Baldwin opts for vegan dining at Sublime (1431 N. Federal Hwy., 954-615-1431; sublimerestaurant.com).

WHERE TO HANG OUT: Las Olas Boulevard, anchored by the happening bar at Yolo (333 E. Las Olas Blvd., 954-523-1000; yolorestaurant.com), the brainchild of famed Miami restaurateur Tim Petrillo, whose much-anticipated sky bar at the Hilton Fort Lauderdale Beach Resort (505 N. Fort Lauderdale Beach Blvd., 954-414-2222) is set to open in October.

WHERE TO SHOP: The Galleria at Fort Lauderdale (2414 E. Sunrise Blvd., 954-564-1015; galleriamall-fl.com) and Harbor Shops (1900 Cordova Road; theharborshops.com), while smaller boutiques and artisan shops can be found along Las Olas Boulevard.

CULTURE: The Broward Center for the Performing Arts (201 SW Fifth Ave., 954-462-0222; browardcenter.org), opened skybox-style seating last year. Meanwhile, the NSU Art Museum Fort Lauderdale (1 E. Las Olas Blvd., 954-525-5500; nsuartmuseum.org) anticipates a revamp, helmed by new director Bonnie Clearwater, the lauded former director of North Miami's MOCA. —E.R.