

Planning Report

Hotel project would offer moderate alternative for Brickell visitors

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In today's turbulent credit market, getting construction financing for new real estate projects is almost impossible. Yet, Bernard Wolfson is marching ahead with plans to build a Hampton Inn & Suites near Miami's financial district.

Wolfson hopes lenders will see the midpriced hotel as a significant addition to a financial district dominated by four- and five-stars hotels such as the Four Seasons and Mandarin Oriental hotels.

Wolfson, president of Hospitality Operations in Coral Gables, is applying for permits to build the 221-room hotel on Southwest 12th Street near South Miami Avenue.

He is months away from having to shop around for financing for the estimated \$47 million project. And by then, he hopes the market may be on its way to recovery.

Hotels are virtually the only types of developments with any shot at financing, experts say, but it's still a tough sell and many wonder if the hospitality sector will be the next to be overbuilt.

The recent collapse of Wall Street investment banks like Lehman Brothers, Merrill Lynch and Bear Stearns, will make it harder to secure financing. Lenders are increasingly reluctant to fund new projects of any kind, said Boaz Ashbel, managing director of the Coconut Grove-based Aztec Group, which arranges real estate financing.

This week, Miami's Planning Advisory Board recommended approval of a zoning change required to allow the 15-story Hampton Inn at 30 SW 12th St. At a brief public hearing Wednesday night, no neighbors showed up to speak against or in favor of the proposal.

"We want to move along, but we are not sure when we are going to break ground ... and when we break ground, we are not sure when we are going to open," Wolfson said.

Hospitality Operations currently owns and operates a Hampton Inn in Coconut Grove, another near Miami International Airport, another in downtown Fort Lauderdale and one in Pembroke Pines.

The Beverly Hills, Calif.,-based Hilton Hotels, which owns the Hampton Inn brand, already approved Hospitality Operations to build one in the Brickell area.

The proposal goes next to the Miami City Commission for final consideration.

The parcel where Wolfson hopes to build his hotel is permitted for the Vue at Brickell's second condominium tower. In 2001, as a housing rush was gaining speed, Miami-based BAP Development in Miami got a major use special permit for the two-tower Vue at Brickell.

BAP, led by architects Willy Bermello and Luis Ajamil, joined forces with Summit Properties to build the first 323-unit tower. The second tower — planned to rise 29 stories and have 277 units — was never built.

Wolfson paid \$6.06 million for the site.

Often, developers don't close on land deals until they secure the permits needed for their projects. Wolfson didn't follow that route. He said the seller was in a rush to sell, and he did not want to pass on the opportunity.

Hotel consultant and broker Guy Trusty said the site off Brickell Avenue is a "great location" for a midlevel business hotel. The parcel is a block west of Miami's financial district, and two blocks south of Mary Brickell Village — a new open-air retail center.

Miami real estate analyst Jack Winston said the hotel will fill a void in the hotel market in the Brickell area. People attending weddings and business events at the high-end hotels on Brickell Avenue would have the option of staying at the moderately priced hotel, he said.

At a time when many companies are seeing their revenue plummet, some employers are cutting travel expenses.

"Hampton Inn appeals to the same people who stay at a four-star hotel in their first visit to Miami, but in response to company's cutbacks, may stay at the Hampton Inn in their second trip to Miami," said Trusty, president of Lodging & Hospitality Realty in Coral Gables.

Wolfson is not alone trying to tap into the budget-conscious business traveler market.

Boca Raton-based Economos Properties is planning a 214-room Hilton Garden Inn on Coral Way and Brickell Way, near Mary Brickell Village. The Hilton Garden will be part of a planned mixed-used project that will include 150,000 square feet of office space and 100,000 square feet of retail space, said developer Harvey Taylor, who is planning the mixed-use project.

"There is no place to stay [in the Brickell area] for a decent rate," Taylor said. "People used to stay at the Sheraton."

The aged Sheraton Hotel Biscayne Bay on Brickell Avenue and the Miami River was demolished about three years ago to make room for a luxury condominium tower.

His company, Aventura-based Taylor Development and Land, is waiting for a building permit to start construction of the project. He estimates construction could start in early 2009, and the Hilton Garden could open by early 2011.

Wolfson said the economic benefits of the Hampton Inn would go beyond offering moderate hotel rates. It would also create 135 permanent jobs and generate about \$393,000 annually in tax revenues to the city.

"I hope [getting all the approvals] will be a smooth process," he said.



Bernard Wolfson

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