



A rendering of the planned 60-story condo tower at Auberge Residences & Spa Miami at 1440 Biscayne Blvd.

Why Related pulled the plug on a new 298-unit luxury condo

A combination of Miami's slowing luxury condo market and a landlocked location may have factored into the Related Group's decision to cancel its planned Auberge Residences & Spa Miami condo tower near the Arsht Center.

The 298-unit project, announced in 2016, was originally slated to break ground in 2017. Last summer, Related said it was pushing back the start date to late 2018, citing a slow market.

That breather became a permanent slumber in December, when Related closed Auberge's \$2 million sales center at 1440 Biscayne Boulevard and returned deposits to buyers, according to story published Friday published Friday by The Real Deal and confirmed by a Related spokesman.

Executives at Related were unavailable for comment.

The location, several blocks west of the waterfront may have contributed to the decision, said Anthony M. Graziano, senior managing director of Integra Realty Resources Miami/Palm Beach (IRR).

"The water is always a strong selling point...When the market starts to get thin, it's a lot easier to adjust your prices when you're on the water than when the location carries against you. That's important."

“We have to be a little more patient,” Carlos Rosso, president of Related’s condo division, told the Herald in August. “I think it’s very good for all of us that the market takes a breather.”

The Auberge project was one of three proposed towers in downtown’s Arts & Entertainment District, which stretches from 10th street north to 19th and Biscayne Boulevard west to NW Second Avenue.

Construction continues on the other two projects: The ultra-luxury One Thousand Museum (\$1,287 per square foot), designed by the late Pritzker-prize winning architect Zaha Hadid, and the 513-unit Canvas (\$475 per square foot), being developed by NR Investments.

Related, the largest condo developer in South Florida, had pre-sold 15 percent of the units at Auberge at an average sales price of \$585 per square foot, according to IRR.

The company has several other large projects in development in downtown Miami, including the four-tower Paraiso complex in Edgewater and the 57-story SLS Lux condo skyscraper in Brickell.

DOWNTOWN CONDO PRICES DROPPING

Overall downtown sales prices have been on a gentle slide, dropping 1.2 percent between 2014 and 2016, from \$431 to \$426 per square foot, according to the 2016-2017 market report for the Miami’s Downtown Development Agency prepared by Graziano.

The report predicts a downturn in the arrival of new condo units, from an expected 3,456 units this year to 1,960 units in 2019.

Analysts say Related’s decision to pull the plug could be interpreted as another indicator of South Florida’s glut of high-end condos.

“I hold the Related Group in very high regard in terms of experience and discipline, so when they cancel a project, it’s a compelling milestone that there’s too much competition for comfort,” said Jonathan Miller, a New York-based real estate appraiser and consultant.

But Alicia Cervera, managing partner of Cervera Real Estate and a board member of Miami’s Downtown Development Authority, believes the move by Related to scrap Auberge is probably just temporary.

“They have a lot on their plate, but they have successfully sold all their product and they are in a strong position to manage their inventory as they see most effective,” she said. “I wouldn’t be surprised if they looked at their inventory and decided to reinforce the sellout of the products they are going to be delivering shortly and then maybe rolling out Auberge again.”