

BREAKING GROUND

MEET THE DEVELOPERS

BEYOND CONDOS: 13TH FLOOR AIMS FOR DIVERSE APPROACH TO DEVELOPMENT

Miami-based 13th Floor Investments is mostly known for condo development, but its portfolio reflects diverse projects.

The firm jumped into the high-end condo tower business with 100 Brickell and 400 Sunny Isles, and it also has the smaller-scale Sereno condo in Bay Harbor Islands. It's building single-family homes in Tamarac, owns apartments in the Keys and is co-developing an apartment tower at the Dadeland North Metrorail station.

"The reason why people know us as residential, and it is 80 percent residential, is because that is where we saw the opportunities," 13th Floor CFO Daryl Shevin said. "We don't look at ourselves as any one thing in the South Florida market. We look at ourselves as opportunistic players."

Miami holdings include an office building in Coconut Grove and retail buildings in the Design District. Founder and CEO Arnaud Karsenti said he's bullish on the local retail market, and he's bidding on a deal to build a residential/retail project at the Douglas Road Metrorail station.

Shevin, who has a private equity background, said 13th Floor is like a private equity shop for a diverse mix of South Florida real estate. The company has invested about \$275 million in equity,



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'We don't look at ourselves as any one thing' in the market, CFO Daryl Shevin says.

with nearly \$1.2 billion in assets under management – assuming its current projects are completed. It manages 20 active deals from its Brickell Avenue office.

Karsenti has certainly come a long way from scooping up distressed development sites during the Great Recession from 13th

Floor's first offices in a garment-heavy industrial area of Miami-Dade. A native of France who grew up in Miami, he got an early start in entrepreneurship by co-founding Collegeboxes.com as a class project at Duke University. The company expanded to dozens of schools before it



Arnaud Karsenti

was sold. Karsenti said he quickly realized real estate was his passion.

"I liked negotiating deals and meeting owners," he said. "The hard part about the real estate business is getting into it

because it is capital intensive. It creates a barrier to entry, but gives people with money an unfair advantage."

Karsenti said 13th Floor started with investments from friends and family, plus some investors he found after making numerous cold calls. Now its fund includes major institutional investors, Shevin said.

The firm's ideal acquisition target is a property with an income stream that can cover its carrying costs until the time is ripe for development, Shevin said.

"If you are buying land cheap, you can do it because if you are wrong, you can just wait," Karsenti said. "We are not gamblers. We are fiduciaries of capital. This could be a home run, but we aren't going to strike out. We can at least bunt."