

Buzz Talk Interview with Arnaud Karsenti

By: Joyce Chen

October 16, 2013



Arnaud Karsenti is the Founder and Managing Principal of 13th Floor Investments, where his core focus is new business generation, risk evaluation and financial structuring. Karsenti graduated from the Pratt School of Engineering at Duke University with a degree in Mechanical Engineering and holds an MBA from the Harvard Business School. He took the plunge into real estate in 2003, when he began assembling and developing land parcels in Miami's urban cores. We chatted with Karsenti about 13th Floor's latest project, [1010 Brickell](#).

BuzzBuzzHome: Could you talk about the naming and concept behind [13th Floor Investments](#), which you started in 2003?

Arnaud Karsenti: The name 13th Floor came to me in an elevator in Las Vegas, in the middle of a conversation with some friends about how hotels never label the 13th floor in a building. The generally accepted reasoning for this is that the 13th floor is bad luck, and therefore the hotels "hide" it from their patrons' consciousness. When reflecting on my investment philosophy, which is largely predicated on value investing theory, I realized that the moniker "13th Floor" was apt for my view of the Florida real estate market. Specifically, we focus on finding investment opportunities where

others are afraid to look — those that may be out of favor or have a little hair on them. Out-of-favor assets tend to be some of the most attractive investment opportunities available.

BBH: What opportunity did you see in 1010 Brickell, which began as a land acquisition?

AK: We simply had an opportunity to purchase an extremely well-located piece of land in the heart of Brickell, at what we felt was an extremely attractive basis. From our perspective, on a per square foot basis (both land and buildable), we signed up a deal at a below-market price. Given our long-term bullish view on Miami (and specifically Brickell), we viewed this as a smart land play. The fact that the existing parking garage operations covered all carry costs on the land was an added benefit.

BBH: How did you conceive of the extensive amenities package at 1010 Brickell? How did your [400 Sunny Isles](#) project, which is almost sold out, influence how you approached 1010 Brickell?

AK: The amenities package was developed as a way to differentiate our project from the numerous proposed and under-construction projects in Brickell. This idea of differentiation was directly influenced by the success of our 400 Sunny Isles project. At 400 Sunny Isles, we were able to differentiate our product as catering to those with an active, water-focused lifestyle. The wet- and dry-slip marina that we are building is the ideal amenity with which to build this marketing campaign around.

With 1010 Brickell, we wanted to create a lifestyle, a place where you can work and play in the same building. There's an entire floor dedicated to a gym and spa, but also an area for children to play. We were thinking about the mother who wants to work out, but also see her children in the playroom. It's an area that's really gentrifying into a real family environment, where it's not just the young single crowd but also young families and empty nesters.

BBH: What sets 1010 Brickell apart from comparable developments in the neighborhood?

AK: Other than the amenity package and in our view, an appealing, sharp design – it's the location. Our residents are mere steps from Mary Brickell Village, CitiCentre, all the restaurants and bars along South Miami Avenue, and all the employment destinations along Brickell Avenue. Our ability to offer private elevator access in certain units on every floor also differentiates the building from others in the neighborhood.

BBH: What features of 1010 Brickell cater to the demographic of young families?

AK: It really comes down to three things, most of which we've discussed. One, it's the amenity package, with two entire floors dedicated to anything and everything that a child or adult could want. Two, it's the location, which offers every conceivable lifestyle comfort within walking distance, from shopping to groceries to restaurants and bars. Three, our floorplans offer a variety of layouts and sizes that are perfectly suited for young singles (studios) to a full family (three-bedroom, three-bathroom). These layouts are very livable — there are split floor plans, large living areas and kitchens, plenty of closet and bathroom space. They're very efficiently laid out.

BBH: Can you talk about the layout of the building, which is divided into an East Side and a West Side?

AK: The layout of the building is largely determined by the compactness of the site, and the desire to provide the best views, unobstructed both East and West, to future residents. In these early stages, the layout continues to change based on buyer preferences; in general, we favor smaller units that contain ample amounts of light. Certain units also receive private elevator access, a unique feature in the Brickell market.

BBH: Since the sales launch, what aspects of the development have buyers been responding to?

AK: As can be seen across all product being delivered in Brickell, buyers are responding to smaller unit sizes in general; our average unit size is about 1,100 salable square feet. Brickell is a very different market than a place like Sunny Isles, and we market to a different customer base. Clearly, our amenities package has been a major hit. We also have gotten significant positive feedback around our unique perks, such as private elevator access for a number of units. Finally, the "Brickell address" has a certain sex appeal that buyers can't resist.