

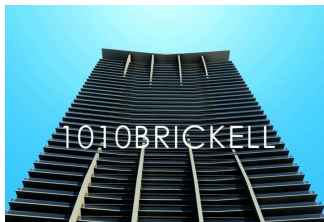
Why Many Are Watching This Young Developer

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Arnaud Karsenti, 37, doesn't see himself as a pioneer, but a **trend-spotter** and **value investor** who has a sense when an area or kind of asset is ready to take off. He reminds himself it's often the **second mouse** that gets the cheese, as the first tends to get the trap.



We snapped Arnaud in his Brickell office this week. Since launching **13th Floor Investments** in 2008, he's managed **\$1.5B** in real estate assets, deploying **\$350M in equity** on behalf of institutional and private investors, delivering average net IRR above 25% and 2X multiples. He bought inexpensive land in **Homestead** in '08 that he resold and JV'd with national homebuilders, land in **Broward** in '11 that he's developing into entry-level homes, and land in **Brickell** in '12, on which he's building condos. Now he's also turned his attention to Sunny Isles, North Miami, Bay Harbour, Hollywood, Coconut Grove and two Metro stations.



This is Arnaud's highest-profile project. Along with buddy **Inigo Ardid** of Key International, he bought the site from a parking garage owner in **early 2012**, thinking they'd keep it as **land** and one day sell it to a developer. By the end of the year, beginning to see the **condo comeback** with pre-sell success of projects nearby like **Newgard's** Brickell House and **Related's** My Brickell, they quickly changed plans. They created a vision of "insane amenities" in an urban setting, and today the project, due to deliver Q2 of next year, has fully pre-sold its **389 units** at an average price in the mid-to-high 500s per SF.



Also with Key, 13th Floor is doing recently completed **400 Sunny Isles** (above), where closings are almost complete on 230 units in two 20-story towers; **The Harbour** in North Miami Beach, where ground breaks in 30 days on two 32-story towers with **425 units**; and **Hyde Beach House** in Hollywood, in planning with Related as another partner. With the **Adler Group**, 13th Floor is in pre-development on the 294-unit **Motion at Dadeland** at the Metro station there, and has been awarded an RFP to do a mixed-use project at Douglas Station near Coral Cables. With

Integra Investments, it's doing **Sereno**, 38 condos in Bay Harbor Islands due this winter, and a multifamily project in **Key West** called Peary Court. Arnaud's also created a **division** that has become the **seventh-largest homebuilder** in South Florida; in one of their Broward County communities, they've recently sold out the first phase of 253 single-family homes and are about to release their next two phases of equal size.



Here's Arnaud with a rendering of The Harbor. Meanwhile, much of the firm's portfolio consists of well-located **cash-flowing** assets, many of which are available as future development sites, like (with **Mast Capital**) 2699 Bayshore Dr at Bayshore and 27th, and (with **Gadinsky Real Estate**) the former Riviera Plaza.



While we're showing you Arnaud's projects, here's his **daughter's** version of 1010 Brickell (which she calls "1010 **Brickells**"). Some other **fun facts** you may not know about Arnaud:

Born: Paris, parents from Morocco and Tunisia.

Came to US: At age 4. His dad had always dreamed of becoming an American, and went into the dry cleaning business.

Grew up: Key Biscayne and Pinecrest, went to Palmetto High.

Language: Spoke French at home, so bilingual.

What he told his mom he wanted for 10th birthday: A factory (to make miniature factories).

High school jobs: Tutored math; DJ'd for junior high and elementary school parties.

College: Duke class of 2000 in mechanical engineering, minor economics.

College entrepreneur: Started company called "Colleboxes," doing moving and storage services for college market; continued for four years after college, grew to be largest national company of its kind, sold to a VC—it's now part of UHaul.

Why he got into real estate: College moving was seasonal, needed something else; real estate, he says, "is the 'soup de jour' in Miami, like show business in LA."

How he started: Bought properties with money he borrowed from his mom, focused on Little Havana, "only place I could afford that wasn't dangerous."

First property purchased: 2k SF house at SW 14th Ave and 2nd Street for \$162k.

Then: Bought two houses next to it thinking combined parcel would sell for more than sum of parts; sure enough, made nice profit selling to developer nine months later, bought 10 properties in area, eventually

months later; bought 13 properties in area eventually.

Business school: Harvard 2004-2006.

Why: Wife wanted to study in Boston for medical residency.

What he took away from B-school: Made him think objective in real estate should be to create an enterprise and trajectory, not just a series of one-off opportunities.

Will he attend 10th year reunion in June? Absolutely. Went to fifth as well. Says everyone who goes to business school loves to do business, so his friends have become investors in his funds.

Memorable moment after he returned to Miami real estate in 2007: Literally walked away from a loan closing table where bank was giving him \$4M to buy property.

Why: Market seemed like it might be at peak; too many things had to go right for investment to work.

Philosophy that came from that: Be a value investor, you're a fiduciary of money others have entrusted you with, don't assume all stars will align.

What he did during recession: Assembled \$100M to look for buying opportunities, bought a lot of fractured residential inventory and notes and bonds.

Best professional experience: Buyout of non-performing loan on Eden House in 2011. It introduced him to one of his best friends: Inigo Ardid (see above), who was competing; they joined forces and successfully built 98 units. Gave him confidence to jump into other projects.

How company was named: At bachelor party 12 years ago, going down elevator at Palms Hotel, his best man joked that not having a 13th floor was wasted space. That insight stuck with Arnaud.

Therefore, what name means to him: A company that finds value where others don't.

Favorite songs: *It Was a Good Day (Ice Cube); Mr. Brightside (the Killers); Crazy Love (Van Morrison).*

Favorite movie: *Love Actually (2003).*

Favorite vacation spot: Aspen, CO.

Favorite book: Dale Carnegie's *How to Win Friends and Influence People.*

Favorite restaurant: Mandolin in Design District, loves Mediterranean food.

Go-to family joint: Whisk.

Favorite treat: Coffee-flavored anything, like ice cream or a nice French "opera cake."

Startling fact: Speaks some Chinese (took two years in college).

Kids: 7, 5, 3 (boy, girl, boy).

Interaction with kids: Can't beat older son in chess, can't say no to daughter, plays trains with youngest.

Wife: Rebecca, an OB/GYN.

How he met her: Have known each other since fourth grade—"I had enough

time to do my due diligence, thankfully she waived hers"; went to Duke together.
Synergy: "I'm the accelerator and she's the steering wheel."

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