Miami condo questions: Is anyone living in that thing? Wasn't a high-rise going up over there?

Remember that time, not so long ago, when developers made billions, Realtors made millions, zoning attorneys ruled, neighborhood activists fumed, property values skyrocketed, and condo-opening parties were A-list spectacles? Back then it looked like luxury communities would be popping up on every block. So dizzying was the pace that few thought the boom could suddenly collapse into a black hole.

Yet collapse it did, thanks in part to a global meltdown of financial markets, but also to absurdly wild real-estate speculation in South Florida.

Among the few who foresaw the impending doom was local real-estate consultant Peter Zalewski, a former journalist. His dark vision inspired him to create CondoVultures.com, which advises investors purchasing devalued properties. Today Zalewski is optimistic that home prices are stabilizing, but he says the market is still "rough," especially for new projects that cost developers $300 per square foot or more to build.

Now they have to settle for $200 per square foot, or even less. According to Zalewski, a likely scenario for high-rise condos already built is that developers will sell their vacant units in bulk to investors, who will use them as rentals.

Looking on the bright side, Seth Gordon, a publicist who represented several Miami developers, says the boom "brought great progress" and believes that Miami's empty buildings will soon be "filled to the rafters."

"The real estate market didn't crash in Buffalo because nobody ever built anything in Buffalo," Gordon says. Going to the bull pen for a baseball analogy, he adds, "You know who strikes out the most? Those who hit the most home runs."

But what about the developers who simply struck out? "To a developer, not making money is like getting killed," Gordon acknowledges. "But most of those guys raised capital from other investors, so it's usually not a tremendous amount of their own capital." Although a few *companies may lose properties to foreclosure, or be forced into bankruptcy, individual developers will do just fine. "I don't think any developer is going to end up in the poor house," Gordon says.*

Regardless of their individual fates, Miami developers have left us with quite a few projects that once held great promise but today are, in one form or another, suspended. The BT selected a few of them for a closer look. There are many, many more, of course, that were snuffed out by the crash or are now struggling to stay alive.

Biscayne Landing
15051 Royal Oaks Lane, North Miami
Developer: Originally Michael Swerdlow, later Boca Developers
Status: Two towers occupied; 188 acres undeveloped

In the 1950s, Florida politicians thought the best way to promote North Dade and honor the cultural and national achievements of the Western Hemisphere was to invest taxpayer money to plan for a permanent world's fair on 1600 acres near the Oleta River. Called Interama, it would include assorted plazas and landmarks, such as a 1000-foot-tall tower, an underwater tunnel, and a heavy-rail system that would take people to someplace or other. Eventually federal and state officials realized that Interama was a bad idea and the land was divided up between Oleta River State Park, Florida International University, and, after paying $12 million for almost 300 acres, the City of North Miami.

In 1972 North Miami decided to lease its acreage to a company called Munisport, which promised to create a championship golf course. Instead the land became a poorly run landfill where toxic chemicals and biomedical waste were buried along with other refuse.

When the federal government finally removed Munisport from its Superfund cleanup list in 1999, city officials caught the Interama bug again and dreamed of building an amphitheater, an Olympic training field, schools, and housing atop the former dump.

Enter Michael Swerdlow, who, in 2003, won the right to construct a 193-acre mini city that would include a charter school and library. He would call it Biscayne Landing. Swerdlow brought in a company called Boca Developers as a partner, and got a 200-year lease to construct as many as 5999 living units and at least 100,000 square feet of commercial space.

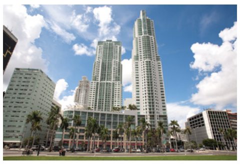
In exchange, the developers promised to provide one affordable housing unit in North Miami for every new unit they built at Biscayne Landing, and they'd also kick in $20 million for parks and arts programs. Meanwhile, North Miami officials created a community redevelopment district encompassing much of the city, the idea being that new projects would be funded by tax revenues collected at Biscayne Landing.

After buying Swerdlow's share of the project, Boca Developers took out mortgages totaling nearly $200 million, then constructed two 25-story residential towers with 373 units between them. When the Oaks at Biscayne opened in 2007, about 200 of the condo units had been sold.

Yet even before Boca Developers delivered on its promise to build a guard house and swimming pool, the company surrendered about 160 unsold condo units to iStar Financial in a “friendly,” $29 million foreclosure action. Then this past August 31, Credit Suisse foreclosed on the remaining 188 acres of undeveloped land in order to recoup its $35 million mortgage.

North Miami officials are not expecting tax revenues anytime soon from the unbuilt 5629 condo units, though they are counting on some $18 million for parks from Credit Suisse by the end of October, says North Miami Councilman Scott Galvin.

Then there's the matter of 370 affordable housing units promised to the city. “That's been a major bone of contention and discussion at our [community redevelopment] meetings,” Galvin says. “There have been some successful rehabs of existing homes, but nowhere near the amount of new or rehabbed housing that we should have.”



Everglades on the Bay
244 Biscayne Blvd., Miami
Developer: Cabi Developers
Status: Slightly occupied

The sales team at Everglades on the Bay has been very busy. So busy they didn't notice that a glass panel on the sales office's 14th floor balcony had shattered one windy and stormy September afternoon. When the *BT*, visiting the high-rise at the moment shards of glass rained down on the sidewalk, informed sales and marketing consultant Joanne Adams of the accident, she was grateful but too busy for an interview.

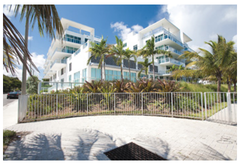
She and her colleagues have their work cut out for them. Of 850 units, only 80 had been sold by September 2, according to news reports. The previous month Cabi Developers had filed for bankruptcy, seeking protection from hundreds of creditors who are chasing after a reported $500 million in liabilities.

This massive condo complex was named after the 377-room Everglades Hotel, built in 1926 and imploded by Cabi Developers in 2003. They replaced it with two 49-story towers, whose units originally were priced from $166,000 to $1 million. Selling points: a lobby filled with Romero Britto art; an 1100-space parking garage; and an eighth floor, 100,000-square-foot "amenity deck" boasting two pools, a spa, and a tiki bar.

Cabi Developers managed to rake in deposits for 93 percent of the units by the time the building was topped off in 2008. According to the *Sout h Florida Business Journal*, among those depositors were at least three prominent City of Miami employees -- city attorney

Julie Bru, Capital Improvements Program spokeswoman Danette Perez, and firefighter union head Robert Suarez.

And then Cabi's leader, 39-year-old Mexican developer Jacobo Cababie, died of a heart attack in June 2008. As Cababie's brothers took over his empire, which included other projects in Miami, Aventura, and Los Angeles, the real estate market tanked and Everglades buyers -- including Bru, Perez, and Suarez -- backed out of their contracts. Cabi Developers filed for bankruptcy in August soon after Bank of America sought to foreclose on a $256 million mortgage. Federal bankruptcy Judge Laurel Isicoff has scheduled a hearing for October 7.



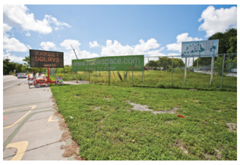
Ios on the Bay
720 NE 62nd St., Miami
Developer: Bluestone Development Group
Status: Two units occupied

The concept: Offer buyers a chance to be "far from the city's commotion, yet within minutes of downtown Miami and the Beaches." Part of that formula was to keep things small. Ios on the Bay's two towers stand just three-stories tall and contain a total of 45 units. Omar Garban, a real estate associate with Majestic Properties, reports that Ios was 95 percent "sold out" in preconstruction, when units were marketed for between $550,000 and $3 million.

But Ios was not immune to the crash. Prior to its completion last year, most buyers opted not to close on their contracts, Garban says. As of September, a family of four lives in one unit while a second unit is occupied part-time.

But Garban says Ios's lender is working with the Fort Lauderdale developer, allowing for markdowns of 45 percent. The new Ios unit prices, he reports, range from $215,000 to $1.5 million. On the Ios job for two months, Garban says he's making progress. "People like it a lot," he notes. "Four sold in five weeks. That's pretty good right now."

Aside from the down market, another obstacle for Ios is its location, at least in the opinion of Peter Zalewski of Condo Vultures. The project is hidden away at the bayfront end of a cul-de-sac in a low-rise neighborhood. "It's a nice project," says Zalewski, "just in the wrong location."



Kubik
5582 NE 4th Ct., Miami
Developer: LAB Developers
Status: Unbuilt

A construction crane stands ready to bring about "Innovation Cubed," as promised by a nearby billboard. Yet there are no workers in that vacant lot across the street from Mark Soyka's bustling commercial complex known as 55th Street Station. Just uncut grass, a few scrawny trees, and an empty construction trailer.

This is where LAB Developers hopes to build Kubik, a twin 16-story condominium offering buyers 304 "adaptable" and "innovative" loft living spaces between $300,000 and $2.5 million. Planned amenities include an "urban tropical forest," an herb garden, a cinema, a sunrise meditation terrace, and a wine cellar. A plastic model of Kubik was once proudly displayed in LAB's sales office at 55th Street Station.

LAB may have vacated its Upper Eastside sales hub, but it hasn't disappeared. In a phone interview from his office in Palm Beach, Paul Murphy, one of LAB Developers' partners, says they still intend to build Kubik to its full specifications. "This project will be built come hell or high water," he vows.

Thus far Murphy and his partners have invested $25 million in Kubik, while continuing to pay on their mortgage and property taxes. The Miami City Commission has also, repeatedly, approved Kubik’s 130-foot-tall design, which LAB Developers will have a right to build until the year 2014, says Luciana Gonzalez, spokeswoman for Miami’s Planning Department.

Unless, that is, Kubik’s opponents emerge victorious. The Morningside Civic Association has been fighting Kubik since 2004, arguing that design guidelines limit building heights to 35 feet along that stretch of Biscayne Boulevard. After years of seesaw legal wrangling, Kubik’s fate is in the hands of the Third District Court of Appeal. “They were supposed to give us a decision on June 1,” Murphy sighs. “The courts are backlogged.”

Elvis Cruz, an outspoken member of the Morningside Civic Association, says a 130-foot-tall building is simply incompatible with his neighborhood. The Morningside group, he insists, won’t back off, even if the appeals court rules against them. “We’re in this for the long haul,” he says. Aiding their stubbornness is the fact that their lawyers, also Morningside residents, are waiving their legal fees.

But Zalewski of Condo Vultures thinks time is on Murphy’s side: “He can play hardball with the neighbors and get them to cave.”

Oasis on the Bay
7951 NE Bayshore Ct., Miami
Developer: The Related Group of Florida
Status: Dead

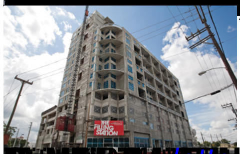
On those banners that haven't yet been ripped to shreds by Mother Nature, you can still see the alluring promise of "Sparkling Days, Shimmering Nights." But behind the fence from which the banners hang? Only barren land, two Clear Channel billboards, and a pile of construction material. Nearby is a disheveled structure surrounded by yellow tape and a Japanese-inspired garden that is slowly being overtaken by weeds.

For three years the structure served as the sales center for Oasis on the Bay as the Related Group sought to build two 20-story towers on nearly four acres of land in a project that would include a health spa, a restaurant, a 20-boat marina, a couple of infinity-edge pools, and a 12-seat DVD movie theater. Sensing that the market was oversaturated, in 2005 prolific developer Jorge Perez promoted Oasis as something of a financial oasis for the middle class. Most of the planned 475 units had price tags between $200,000 and $300,000.

In spite of strong opposition from nearby Shorecrest homeowners, the City of Miami blessed the project in 2006 and even granted Perez ownership of a block-long stretch of NE Bayshore Court, the public street that divided his twin parcels of land.

And then everything went to heck. "We were not able to get a construction loan and we are not moving forward with our entitlements. We gave the land back to City National Bank [six months ago]," says Related Group project coordinator Eric Fordin. Asked if the project's failure had anything to do with the market downturn, Fordin replied, "What do you think?"

Other than noting that the sales center "is already being dismantled, so to speak," Fordin would not comment further. Calls to City National Bank were not returned. Luciana Gonzalez of Miami's Planning Department, says building rights at the Oasis site are vested until March 2010, and could be extended two additional years.



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