

Don Peebles: From Miami to New York and back again

Longtime developer makes South Florida return with Bath Club Estates, Overtown projects

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Bath Club Estates renderings and Don Peebles

As Don Peebles makes his return to Miami's high-end condo sector with the planned Bath Club Estates project, the developer is drawing on his recent experience in the New York market.

Peebles told *The Real Deal* his initial foray into New York, where The Peebles Corp. is at the helm of a \$400 million redevelopment of Tribeca landmark 346 Broadway, convinced him that tri-state buyers are willing to pay unprecedented prices for mansion-sized condos on the ocean in Miami. The developer stayed out of South Florida for most of the recession, until an opportunity to acquire the future Bath Club Estates site at 6747 Collins Avenue materialized in 2012. A Peebles company closed on the \$21 million purchase of the nearly one-acre parcel in January.

"We were focusing a lot of energy on New York from 2011 on," Peebles said. "When we went to contract on 6747 Collins, the question was 'How do we brand it?'"

Peebles is partnering with Elad Group on the 346 Broadway redevelopment. The developer unsuccessfully pursued another large redevelopment in Brooklyn. SUNY Downstate Medical Center officials opted last month to end negotiations with Peebles for the acquisition and redevelopment of Long Island College Hospital.

In Miami Beach, the 13-unit Bath Club Estates will be the second Bath Club-branded project developed by Peebles. The first, the Residences at the Bath Club, incorporated 107 condos and six oceanfront villas into the site of the members-only Bath Club, built in 1928. Completed in 2006, the Residences at the Bath Club units average 3,600 square feet.

Peebles sold all of those units — except for three the developer kept for himself — by the time the project was complete. He eventually sold the other three condos as well.

With the Residences, “the goal was to redefine the market a bit,” Peebles said. “The average unit size was unheard of back then. What made the building do very well was you didn’t have the inherent conflict that happened in other buildings, where you have a few large units, then a lot of smaller units, so owners tend to be more sensitive to maintenance fees and operating expenses.”

For Bath Club Estates, Peebles is taking the emphasis on larger units a step further. As designed, the project’s smallest condos would total 5,000 square feet.

“I looked at what was driving Manhattan real estate,” he said. “It’s clear to me the Manhattan buyer is paying a premium for larger units. I felt that would work its way down to Miami Beach.”

Peebles recruited Arquitectonica’s Bernardo Fort-Brescia and a group of interior designers including Joao Armentano, Alexandra Champalimaud, Jennifer Post and Alison Spear to come up with design concepts. But unit buyers have the final say on what their condos look like.

Construction is expected to begin by October, with hopes of finishing the project by the end of 2015 or early 2016.

Several of the 13 units are already reserved, according to Peebles, who does not intend to broadly market the project. The duplex penthouse includes 12,000 square feet of outdoor space and a rooftop pool. Peebles predicts the unit’s sale price could eclipse the Faena House penthouse that is reportedly under contract. The Faena condo was listed for a record \$50 million.

“Our penthouse lends itself to pricing above that,” Peebles said. “One of the reasons why we have not released our units yet is because pricing in Miami Beach continues to escalate and inventory is disappearing, [along with] land available to develop on.”

The broker who represented the buyer in the pending Faena House penthouse sale, Zilbert International Realty’s Jeffrey Miller, told *TRD* he thinks Peebles’ Bath Club Estates can compete with the strongest luxury residential projects planned in Miami Beach.

Miller cited Faena House and the Surf Club Hotel and Residences in Surfside as the most comparable projects to Bath Club Estates.

Those three developments are in sections of coastal Miami-Dade County that were previously ignored by high-end builders, Miller said. “When developers really step out there and build superior product, buyers show up.” Miller said he met with Peebles recently for a presentation on the project. “I’m really excited about it; for us it’s another five-star luxury property to offer to our buyers.”

Transforming Overtown

Peebles’ return to South Florida is not limited to the high-end condo arena. His firm was the winning bidder last fall for a major redevelopment planned in Miami’s low-income Overtown neighborhood.

Dubbed “Block 45,” the mixed-use project includes 350 rental apartments, a 150-room hotel, office space and ground-floor retail. With most of the land along Biscayne Boulevard spoken for, Block 45 could be a catalyst for development west of downtown Miami, Peebles said. The developer is finalizing negotiations with the city’s Community Redevelopment Agency to pick up a second project site in Overtown.

“Overtown is heavily influenced by downtown,” he said. “You have Miami Worldcenter coming a few blocks away, All Aboard Florida bringing high-speed trains a block or so away. This area is already in transformation, so I don’t see [this project] as risky.”

While Bath Club Estates and Block 45 are Peebles' immediate South Florida priorities, he is also looking to restart a townhome development on a Florida Keys site his firm held onto during the recession. Peebles is evaluating a few more waterfront opportunities in the Miami area as well.

The specifics of those future projects are uncertain, but one thing is clear: Peebles will apply what he learns outside of South Florida to his developments in the region.

"Miami constantly gets reinvigorated with a fresh set of eyes," Peebles said. "We built a company that can go into other markets and cross-pollinate. We are able to look at different ideas and innovations and export them."