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Years of Contacts Paved Way for Office Sale by AvMed

Carla Vianna, Daily Business Review

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Keystone Property Group has owned the three-building Dadeland Towers North complex in Miami's Kendall neighborhood for over 10 years.

The towers make up half of an office park on South Dadeland Boulevard adjacent to the Dadeland South [Metrorail Station](#), the other half of which was owned by AvMed Inc.

Pennsylvania-based Keystone has approached AvMed over the years to gauge the health insurance company's interest in selling its chunk of the park. It wasn't until this year that AvMed finally agreed.

[Avison Young](#) principals John Crotty and [Michael Fay](#) represented Keystone in the \$36 million acquisition of Dadeland Towers South, the two office buildings and parking garage at the south end of the complex. The tallest building has eight floors.

Keystone now has control of the entire 400,000-plus-square-foot park and arranged a 102,000-square-foot lease with AvMed. The Miami-based insurance company will continue to operate in the park long term. The lease details were not disclosed.

"With full control of all Dadeland Towers properties, our client benefits from the increase of the assets' value — including the land — and the flexibility to make more strategic use of the property within both the short and long term," Crotty said. "The lease-back transaction with the seller is a testament to tenant demand and the locational quality of the portfolio."

Avison Young helped Keystone purchase its original piece of the park years ago. The complex is composed of five office buildings and two parking garages in the heart of the Kendall market and is 89 percent leased.

Fay said the average vacancy rate was 8.5 percent in Kendall in the first quarter. A lack of new construction and positive leasing rate growth has strengthened the market's office sector, making well-located assets like Dadeland Towers a coveted purchase.

While the property was never on the market, AvMed spoke with several potential buyers before siding with Keystone, Fay said. This is the first time in about two decades that the same group has controlled the entire complex on a wedge of land west of Dixie Highway and between two Palmetto Expressway ramps.

Crotty said they've worked on the deal for about a year and a half.

The business park offers amenities like an on-site deli and valet parking. Keystone will soon launch a capital improvement plan to upgrade the buildings' exteriors, common areas and landscaping. The group will also renovate the newly acquired parking garage as parking has been an ongoing issue at the property, Crotty said.

The park comes with a potential for redevelopment. Fay said Keystone has the ability to reposition buildings in the complex to make way for additional parking or residential development.

Because of its location near a transit hub and Dadeland Mall, the property is eligible for zoning upgrades for multifamily product.

"We're always on the lookout for investment opportunities in bustling, transit-oriented areas that allow for the potential of future development," Keystone president Richard Gottlieb said in a news release. "The property's location within the Downtown Kendall Urban Core Zoning District positions it well for new construction, and we're very excited about the possibilities this provides. We're extremely familiar with the Kendall submarket because of our long-term holdings in this complex, and we're eager to begin exploring our options in terms of adding a new sense of vibrancy to the area."

Crotty noted the office park is in an area with heavy commuter traffic on U.S. 1.

"The future development there lines up nicely with the fact that more and more people want to commute less" and move closer to business hubs, he added.

[Crotty](#) has completed over \$2 billion in transactions. He is based in Avison Young's Coral Gables office, where he focuses on investment sales and distressed assets.

[Fay](#) has over 32 years of experience in commercial real estate as an "owner advocate" who specializes in strategic repositioning. He has been involved in over \$6.7 billion closed transactions and is also based in the firm's Coral Gables office.

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