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Business

Miami Condo King Extends Bet on Wealth Boom Spreading up Florida Coast

By Anna J Kaiser

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(Bloomberg) -- Jorge Perez became a billionaire building luxury condos in Miami. Now he's planning a $1 billion tower in a seaside Florida town better known for no-frills retiree homes and apartments.

Related Group, the company Perez founded, is building a 24-story W Hotel and Residences in Pompano Beach, a small city between Fort Lauderdale and West Palm Beach. The project — Related's fourth in Pompano Beach — is being led by Perez's sons, JP and Nick.

The W development is designed to "really elevate Pompano and bring it a cool factor," said Nick Perez, president of Related Group's condo division. While the area is developing quickly, "one thing it's been lacking is a four- or five-star hotel with great restaurants, pools and beach service."

The Perez sons are betting they can replicate their father's success by snapping up oceanfront land throughout the Florida coast. In Miami, such parcels have become scarce and expensive, Nick Perez said, with one listing for as much as $1 billion. That's driving developers to seek out locations in farther-flung beach towns on the assumption that Florida's wealth boom will spread.

"One thing that is finite in South Florida is beach," he said.

In all, Related Group is putting more than $3 billion into projects in what the company defines as tertiary Florida markets such as Pompano Beach, Jacksonville, Hillsboro Beach and Palm Coast. Related, with a condo portfolio valued at $17 billion, also has ventures from Miami's financial district and posh Fisher Island all the way to Mexico City and Sao Paulo.

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The W property in Pompano Beach will include a 77-unit condo building with 296 condo-hotel suites, which buyers can rent out as hotel rooms when they're not in town. Condo units will start at $3.1 million and the suites begin at $775,000. BH Group, another Miami-area developer, is partnering with Related in Pompano Beach to build the W, a Marriott International brand.

Related Group's investments in Pompano Beach alone total $1.8 billion, and so far the bets are paying off. The developer has already sold out two oceanfront condo towers. It has also sold just over half the units in the 28-story Waldorf Astoria Residences project, which is slated for completion in 2027.

The company isn't the only one investing in the area. A Ritz-Carlton Residences property in Pompano Beach will open next year and is nearly sold out. A partnership of four developers recently unveiled plans to build a pair of Armani-branded condo towers where apartments will be listed in the $5 million to $7 million range.

While Pompano Beach's waterfront is becoming increasingly luxurious, the western section of the city is better known for warehouses and, sometimes, crime. In June, the local paper reported that the northwestern part of town "looked like a war zone" as a police crackdown on gun and gang violence resulted in 130 arrests.

Pompano Beach's typical home values have surged 56% since the end of 2019 as South Florida received a flurry of newcomers during the pandemic, according to Zillow data. But it's still a far cry from Miami, where the median list price is nearly double what it is in Pompano Beach.

Related Group is targeting retirees from other parts of Florida who want to downsize and live by the ocean, as well as Latin American customers and traditional snowbirds from the Northeast and Canada, Nick Perez said. He acknowledged that there can be an "education process" to sell people on Pompano Beach, given that it lacks the cachet of Miami or Palm Beach.

"But I think we've done a good job at that, given this is our fourth project," he said of the W Hotel development. "It's really going to be a landmark on this city."

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