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## After Hurricane Irma, Southern Florida Market Quickly Heads Back to Business

Pre-storm preparations, years in the making, helped reduce the damage

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A cruise ship prepares to depart as the city prepares for the approaching Hurricane Irma on September 7, 2017 in Miami, Florida.

MARK WILSON/GETTY IMAGES

As Hurricane Irma hurtled toward Florida last month, real estate developers in the southern part of the state were preparing for the worst.

Construction workers went into overdrive, cleaning up and clearing sites, pouring concrete to secure formwork and lashing down anything that could go flying into the air in the 180-mph winds of the Category 5 hurricane. As Floridians were evacuating, the final precautions were being put in place around the city.

These pre-storm efforts have been years in the making, and according to Miami-area real estate experts, are one reason the city is already well on the way to recovery.

“It’s definitely back to business as normal,” said Jay Parker, CEO of Douglas Elliman Florida. “In some ways, it’s highlighted our state’s preparedness for this kind of natural disaster.”

Mr. Parker cited the “highest standard of construction” in Miami, where the building codes “are the best in the country, if not the world” to stand up to these kinds of storms.

“We had very little severe damage,” Mr. Parker said. “Many people don’t realize how fortunate we’ve been.”

Sometimes referred to as “Hurricane Andrew Code,” the strict regulations were established after the catastrophic damage of that 1992 Category 5 hurricane. They mandate everything from the foundation to the windows, which must be made to withstand large-missile impact.

And they worked.

“In some ways, it was a case study for hurricane preparedness,” said Gil Dezer, the president of Dezer Development. The firm, based in Sunny Isles Beach, Florida, is behind the new 60-story Porsche Design Tower there, as well as several other high-rises in the Miami area.

“The newer buildings were literally unscathed,” he said. Although there were some felled trees and other issues, “nothing happened to the buildings themselves—no broken windows, no flooding.”

He also noted that in many high-density areas of Miami, powerlines are now underground. That kept the lights on in those areas, since the lines were protected from the winds.

“Power is everything in a hurricane,” he said. “When the power’s out, the air-conditioning is out, and it gets hot pretty quickly down here.”

Dezer Development also owns several older buildings, mainly planned teardown sites built as hotels in the 1950s and ’60s. These did not fare as well, Mr. Dezer said. The properties that got hit the worst were the Thunderbird Beach Resort and the Sahara Beach Club, both on Collins Avenue, which is right on the water.

“There was a lot of damage to the older buildings,” Mr. Dezer said. “We lost roofs...in one building, the door to the elevator shaft blew off, so it flooded.... And the storm wasn’t even a direct hit.”

## **Miami market undeterred**

Miami was spared the worst from Hurricane Irma, another reason the damage was more contained than people had originally expected.

The storm caused between \$32 billion and \$50 billion in insured losses, according to AIR Worldwide, a catastrophe-modeling firm. That includes wind and storm surge damage to residential, commercial and industrial properties (and their contents), plus automobiles. It does not include losses to pleasure boats or those that would be paid out by the National Flood Insurance Program.

AIR predicted that losses would have exceeded \$127 billion in Florida if the storm had not changed course. And the firm estimates Hurricane Maria in the Caribbean caused between \$40 billion and \$85 billion worth of insured losses. More than 85% of those losses are in Puerto Rico, according to the firm.

On the whole, real estate experts said this hurricane hasn't caused anyone to pull up stakes in the area or potential buyers to shy away from southern Florida.

"I have a buyer flying in tomorrow to close on a deal, and others flying in this weekend to look at properties," said Jill Eber of the Jills, a Miami Beach-based real estate agency said in an interview last week. "I haven't heard one person say they are moving out of here."

Ms. Eber did say there's a pause in business, as the city cleans up after the storm. One client took his home off the market temporarily, she said, to give him time to repair landscaping damage done by the hurricane.

"When you live in paradise, sometimes you have to deal with mother nature," she said. "But I don't see this storm affecting our market. It will all be back to normal by November or December."

## **Taking proactive steps to protect new developments is key**

It's no secret that Miami is a hurricane-prone town.

"Hurricanes are a fact of life in tropical areas," said Shahab Karmely of KAR Properties. "And natural disasters are a fact of life everywhere."

Mr. Karmely said it's too soon to tell what Hurricane Irma's long-term impact on the region will be, but he remains "very bullish" on Miami and the area. KAR Properties is behind two new residential buildings in the city: the Rafael Viñoly-designed One River Point and 2000 Ocean. Mr. Karmely said his company has gone above and beyond the city's codes on some elements of both developments in order to safeguard against storms.

"When you're building from scratch, why not be proactive?" he said.

For One River Point, Mr. Karmely said he chose a parcel of land that was higher up and a bit further from the water. During the storm, the water didn't even reach the building's sea wall, and they didn't lose power.

And at 2000 Ocean, the company brought in Enrique Norten, an architect from Mexico and principal of the firm TEN Arquitectos, to tweak the design. They ended up raising the building's entrance and lobby, which is now "way above" the city's recommendation.

Human ingenuity can overcome many of the challenges created by mother nature, Mr. Karmely said. With good planning by the city and developers, "there are solutions to most of these issues."

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