

THE WALL STREET JOURNAL.

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While he faces a lot of competition in South Florida, veteran real-estate developer Miki Naftali says it is a good time to build there. MARY BETH KOETH FOR THE WALL STREET JOURNAL

By [Deborah Acosta](#)

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New York developer Miki Naftali moved to Miami a decade ago. He was in the right place to buy or build at the start of that property market's huge run-up.

Instead, he chose not to develop in his new hometown. Other New Yorkers followed him to Florida, where they developed and sold out [luxury condo buildings](#), built hotels that filled with tourists, and even leased up office towers despite a [nationwide office market slump](#).

Naftali watched from the sidelines as peers made a fortune. Eventually, he made an effort to acquire some Miami properties, but his bids kept coming up short.

"We were very busy in New York," he said. "We probably missed some interesting opportunities."

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South Florida is seeing more apartment construction by share of inventory than anywhere else in the country, much of it luxury, according to one data firm. PHOTO: JOE RAEDLE/GETTY IMAGES

Now, after years of inactivity, the chief executive of Naftali Group is launching his first project in South Florida. Naftali is developing a 1-acre site inside the 27-acre Miami Worldcenter, the largest commercial real-estate development under way in the region.

His project, known as JEM Private Residences, will feature a 67-story condo and apartment building. The \$580 million project launched sales this month, with prices starting at around \$540,000. The condo residences will occupy the top half of the tower, with a separate lobby and amenities.

“Miami and South Florida matured to a point that it’s not just like a secondary place to spend time,” said Naftali. “The city is competing head-to-head with any major city around the world.”

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Miki Naftali moved to Miami a decade ago and initially watched from the sidelines as other real-estate developers made a fortune. PHOTO: MARY BETH KOETH FOR THE WALL STREET JOURNAL

The list of developers already active in the region reads like a Who's Who of New York City real estate. Starwood Capital Group's Barry Sternlicht and Steve Witkoff moved their firms to South Florida.

New York real estate veterans such as Steve Ross and developer Richard LeFrak are spending more time in the Sunshine State, and have stepped up their investment in the region. Aby Rosen, owner of iconic New York properties such as the Chrysler Building and the Seagram Building, is planning a more than 100-story residential and hotel tower in Miami.

New York expats and others who developed in Miami over the past decade have done well, especially in residential. The average transaction price per apartment unit in South Florida has risen more than 180%

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over the last 10 years, compared with a 28% rise for New York City over the same period, according to CoStar Group.



The list of developers active in South Florida reads like a Who's Who of New York City real estate, including Starwood Capital Group, which moved its offices there. PHOTO: BRYAN CEREIJO FOR THE WALL STREET JOURNAL

“Most of the pricing outperformance has been driven by a rise in values since 2019 and throughout the pandemic, while pricing in New York contracted in 2020 and 2021,” said Juan Arias, director of Market Analytics for CoStar in South Florida.

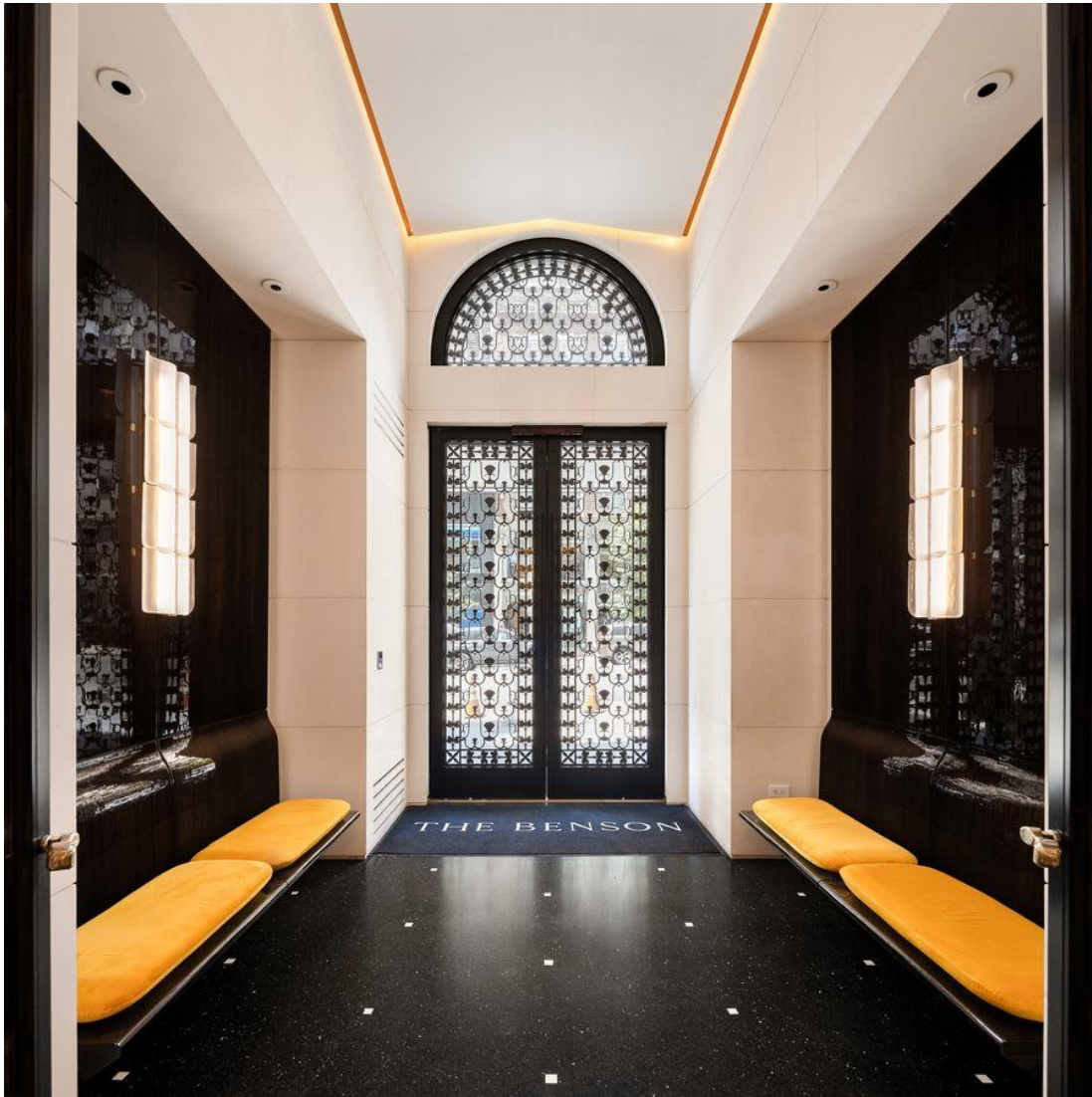
Naftali, 61 years old, was born in Israel and came to the U.S. to study engineering at the University of Southern California. He joined the Israeli developer Elad Group in 2000, and as chief executive launched the firm's New York office and global expansion.

He's best remembered for steering Elad through its acquisition of New York City's landmark Plaza Hotel, and for converting hundreds of guest rooms into condominiums.

In 2011, Naftali launched his own company, which is now known for developing luxury condos with high-end design. Sales of units at two of his Manhattan projects, the Benson and the Bellemont, were among the highest during the depths of the pandemic. One penthouse sold for [about \\$66 million](#) while another [went for \\$35 million](#).

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Naftali has a strong following in New York City, said Donna Olshan, head of her New York City brokerage firm that focuses on the luxury market. "He builds a very robust amenity package and beautiful lobbies," she said. "He always gets financing. He's very sharp, he knows what the luxury consumer wants."



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During the pandemic, developer Miki Naftali was all-in on New York, making multiple acquisitions in Manhattan and finishing up luxury condos, including the Benson and the Belmont. DONNA DOTAN When others were fleeing New York City, Naftali was so committed that in November 2020, he [placed a giant billboard](#) up on the facade of one of his condos with an op-ed from comedian Jerry Seinfeld making an impassioned case for why New York City wasn't dead.

As the pandemic wore on, clients who had bought Naftali's properties in New York began calling, texting and emailing him, asking if he had any product to offer in South Florida.

"No, actually, we don't," he recalled telling them.

Today in South Florida, the surge in mortgage rates, higher construction costs, and more challenging financing has made building more expensive.

And with dozens of cranes visible on the horizon, he faces a lot of competition. South Florida is seeing more apartment construction by share of inventory than [anywhere else in the country](#), much of it luxury, according to data firm CoStar.

Still, Naftali argues this is a good time to build. Construction costs have already started to come down, and he predicts they will continue to soften as fewer projects are able to get off the ground because of the difficult financing.

Nitin Motwani, the master plan developer for Miami Worldcenter, is confident in Naftali's ability to develop and sell during a tricky time because he did so during the pandemic in New York City.

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“When other projects aren’t selling or aren’t getting built, Naftali is able to find a niche and to execute,” Motwani said.

Naftali hopes that by the time he finishes his project, which will take about four years, he’ll face less competition than today. And if it doesn’t work out, he added, he has no regrets about building in Miami.

“I actually feel more comfortable developing now,” he said.



JEM Private Residences in downtown Miami will be a condo and apartment building with prices for condos starting at around \$540,000. PHOTO: MARY BETH KOETH FOR THE WALL STREET JOURNAL