

\$500M 'pandemic-ready' Miami skyscraper gets financing

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Permission granted by Royal Palm Cos.

Dive Brief:

- Miami-based Royal Palm Cos. is developing what it claims is the world's first "COVID-19-conscious" residential, hotel and medical center skyscraper at the \$4 billion, 27-acre Miami Worldcenter project in downtown Miami.
- Legacy Hotels & Residences at Miami Worldcenter, a 55-story, \$500 million project, is slated to be completed in early 2025. Foundation construction is currently underway at the tower and the start of vertical construction is expected during the first quarter of 2022. It will include 310 residences (which have no restrictions on being rented out), 219 hotel rooms and a \$100 million, 120,000-square-foot health and well-being center on the first 10 floors.
- While the project was in the works well before the pandemic, it was focused on medical tourists — people traveling to Miami for medical procedures. After the COVID-19 pandemic began, Daniel Kodsi, CEO of Royal Palm Cos., made the decision to adjust the project's design and add technologies to combat the spread of germs. These include hospital-grade and ultraviolet disinfecting ventilation systems, water purification systems and UV-ray disinfection robots.

Dive Insight:

Medical tourists, an initial target for the developers, regularly visited South Florida before the pandemic, according to lawyer Jonathan Kurry, a Miami-based partner at global law firm Reed Smith.

"Miami has always had a medical tourism component where you have rich folks coming from Latin America or anywhere in the world to enjoy the weather while they're here getting their annual physical or getting certain procedures that they'd rather have done in the United States," Kurry told Construction Dive.

Legacy Residences will cater to those types of travelers as well as other wellness-focused clients with amenities including food and beverage service, on-call and on-site physicians and medical staff, robotic automobile parking garage, touchless and facial recognition entry systems, ventilators and voice-activated elevators.



A rendering of Legacy Hotels & Residences at Miami Worldcenter
Permission granted by Royal Palm Cos.

The jobsite falls within the Miami Worldcenter, currently America's largest urban core construction project and the nation's second-largest mixed-use real estate development.

The Miami Worldcenter project has employed more than 15,000 new construction workers since its 2015 groundbreaking. The Legacy project will employ an additional 2,500 workers. Approximately one-third of the construction workers building Legacy will be unskilled residents of nearby Miami area neighborhoods. These workers will receive on-the-job training and be paid at least 50% more than the state's \$10 per hour minimum wage. In return, the developers will receive tax relief from the city.

The Legacy tower is a joint venture between California-based Adventist Health, human longevity research organization Blue Zones, France-based hospitality company Accor Hotels and Royal Palm Cos.

Silverstein Capital Partners, the developer of New York's World Trade Center complex, is financing construction for the project with a \$340 million construction loan, its first in Florida. The loan, combined with deposits for the 310 condos, will fund the development of the project.

Current demand for rentals

Craig Studnicky, principal and owner of Miami-based real estate sales and marketing firm ISG World and Related ISG Realty, says the project, which he says will cater to the short-term rental market, would see strong demand if it were opening today.

"At the moment, there's a huge demand for short-term rentals because of COVID-19," Studnicky said. "We get people literally from all over the world, particularly from the domestic U.S., that want to come to South Florida and rent something for a week, for a month [or] for a year."

However, Studnicky said future demand for properties offering short-term stays is less certain. "By 2025, it should be finished," he said. "Will the world be the same in 2025?"

Studnicky thinks Royal Palm, which counts the Paramount Miami Worldcenter skyscraper among its South Florida projects, is making a reasonable bet on a submarket that may trail others in the Miami area and might not be a destination for long-term for-sale housing yet.

"Downtown Miami is in transition from what it is now — a B/C neighborhood — to hopefully an A-minus/B-plus neighborhood in the next four years," Studnicky says.