

Hurricane Dorian spared South Florida but will still cost developers and contractors

South Florida avoided the once-Category 5 storm that caused devastation to the northern Bahamas

By Katherine Kallergis and Keith Larsen | September 03, 2019 05:45PM



Most general contractors are back to work in South Florida, after securing and shutting down their job sites last week in anticipation of Hurricane Dorian's arrival. While South Florida escaped the storm's wrath, developers and contractors saw their costs rise as the days ticked by.

The once-Category 5 storm, now a Category 2, devastated the northern Bahamas in recent days, but its core stayed offshore of the United States, bypassing much of the tri-county area. At least five people died in the Bahamas, although that number is expected to rise.

In South Florida, after developers and builders worked to [lock down](#) their construction sites, in some cases [bringing down cranes](#) late last week, they began returning to normal on Tuesday. The slow-moving storm paralyzed cities and towns in its path.

Henry Torres, the president and CEO of Astor Companies who recently completed the condo project Merrick Manor in Coral Gables, said preparing and securing a large construction site such as The Plaza, a mixed-use project in Coral Gables, could be very expensive.

"To prep and prepare a project like the Plaza, it could spend a million dollars preparing (for a hurricane)," said Torres.

Sean Murphy, co-president of Coastal Construction, said his construction sites in Miami-Dade County, with the exception of Sunny Isles Beach, re-opened on Tuesday. The company's Palm Beach office remained closed. The city of Sunny Isles kept construction sites shut down on Tuesday, Murphy said.

The Coastal projects that reopened include Aston Martin Residences in downtown Miami, [the Plaza](#) in Coral Gables and the University Bridge Residences project near [Florida International University](#). The Aston Martin Residences construction site had been shut down for three days, according to a spokesperson.

Some sites began preparing for the hurricane on Tuesday of last week, which means that work was halted for nearly a week in some cases. After Thursday, Coastal's workforce became depleted, Murphy said. And on Tuesday, construction workers were slow to return to their jobs. Murphy expects 75 percent of his workforce will be back by Wednesday.

Shahab Karmely of KAR Properties, who is developing 2000 Ocean, a luxury condo building in Hallandale Beach, said delays from hurricane preparation set the company back about five days in its construction timeline. Karmely also said the company is planning to resume construction within the next two days.

Before a project site can reopen, a project superintendent will assess the site and report any damage. Projects will be re-secured for construction, which means that fences and wind screens will go back up, dumpsters will be moved back onto the sites and more.

In some cases, builders had to lower tower cranes before the storm, which adds to the delays. Whether the general contractor or developer takes on the cost depends on how the contract is structured.

Peggy Marker, president of Marker Construction, said the delays for Hurricane Dorian, which created little to no damage, pushed projects back three to five days. In the tri-county area, Marker Construction has up to 20 projects under construction, including hotels, car dealerships, multifamily, marina and restaurant developments.

For contracts with liquidated damages, Marker Construction will apply for an extension, which means that the company will not get charged for additional days of work but it will have to eat additional costs.

Josh Atlas, an attorney at Saul Ewing Arnstein & Lehr, who is part of the firm's construction and commercial litigation practices, said the main costs from the missed hurricane are the time and energy spent preparing for a direct hit.

He added, however, there can be indirect costs if the storm makes landfall somewhere else, increasing labor prices and material prices "as resources get spread thin."

Marcelo Kingston, managing partner of Multiplan Real Estate Asset Management, said the [57 Ocean](#) construction site in Miami Beach will go back to operating normally on Wednesday. Because Moss Construction and its workers are still in the foundation stage of construction, Kingston doesn't expect the hurricane will have created any delay in completing the luxury condo building at 5775 Collins Avenue.

"Everyone in this town at that level has gone through so many hurricanes. That's what makes Florida different," Kingston said.

If anything, the hurricane impacted sales during the holiday weekend. Multiplan shut the sales gallery down on Friday and expects to reopen it on Thursday.

Edgardo Defortuna of Fortune International Group, a co-developer of the Ritz-Carlton Residences, Sunny Isles Beach, said shutting down that construction site was "a lot less painful" because the Ritz-Carlton is about four to five months from being completed.

"The potential for damage is a lot less when you're at the stage of construction that we're at," he said.

Defortuna said it's difficult to estimate the cost that the delays will bring because construction workers could make up the lost time before the planned delivery date. Suffolk Construction is the general contractor for the 52-story luxury condo tower at 15701 Collins Avenue. Fortune is co-developing the project with the Château Group.

"If indeed it turns out we're delayed one week in delivering units, we have a [\\$150 million](#) loan outstanding, so it could be hundreds of thousands of dollars in interest," he said. "Everything, as little as it seems, does create delays."