

# DAILY BUSINESS REVIEW

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## RETAIL

### Brickell fast becoming an urban mecca

by Eric Kalis, DBR. Economists say that retail follows rooftops.

When it comes to the evolution of Brickell, they might say that retail follows balconies.

As thousands of young professionals, students and families move into new residential towers in the area, Brickell is emerging as a retail hot spot rivaling South Beach, Coconut Grove and Coral Gables.

"I think Brickell will suck the life out of other markets," predicts one broker.

Because of a sharp decline in condo prices and rental rates following the real estate bust, Brickell has become a relatively inexpensive alternative to suburban living.

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A.M. HOLT

The Brickell Irish Pub attracts Miami's students and young professionals.

RETAIL Becoming a 24-hour neighborhood

## BOOMING BUSINESS MAKES BRICKELL NEW HOT SPOT

by Eric Kalis  
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The scene at Brickell Irish Pub resembled that of a trendy South Beach nightclub.

On a recent Saturday night, dozens of young professionals and college students stood in line to get inside the packed pub, which opened in August at 1451 S. Miami Ave. Outside, tables were filled with patrons talking and watching a televised boxing match.

"I had never heard of an Irish pub having a person at the door at nights and people not getting in," said Leo Zabezhinsky, manager of business development and real estate for the Miami Downtown Development Authority.

"The Brickell area has had years of pent-up demand. People love to check out the newest spots."

The Brickell area's potential has long been touted by politicians and developers, but a jump in residents — many renting high-end condos in projects that have struggled to find buyers — is fueling a boom of restaurants and stores in the area.

"Brickell always had the work force," said Jason Press, senior retail associate at Continental Real Estate Cos. "But now there are more hotels, and the big thing is people are living there. Other than maybe Miami Beach, there was never really an obvious place for young professionals to live."

According to the Census Bureau, the Brickell area had about 17,500 residents in 2006, the most recent data available. That doesn't include thousands of young renters who have moved into unsold condos in the last two years. Because of a sharp decline in condo prices and rental rates following the real estate bust, college students, young professionals and families are finding Brickell an inexpensive alternative to suburban living.

"It seems, based on walking around after business hours, the [Brickell population] is younger rather



Leo Zabezhinsky of the Miami Downtown Development Authority says Brickell has "years of pent-up demand."



A.M. HOLT

On Saturday nights, Brickell Irish Pub livens up like a trendy South Beach location.

than older, employed rather than unemployed," said Cushman & Wakefield broker Greg Masin, senior director of the firm's retail division.

"With a greater critical mass of people, the area has started to draw [customers] from Coral Gables, Coconut Grove and South Miami," Masin said. "It starts to feed off itself."

Since 2003, 10,338 residential units have been built in

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## BRICKELL: Area's popularity may end up hurting Coral Gables

the area between the Miami River and the entrance to the Rickenbacker Causeway, according to Goodkin Consulting, which prepared a study on central business district growth for the DDA. According to the May 2009 study, about 61 percent of the new units were occupied.

Goodkin projects that by 2014 an additional 16,100 residents will move into the entire central business district, which extends north to I-195.

"You now see people jogging at night and baby strollers on Brickell," said Danet Linares, executive vice president of Blanca Commercial Real Estate. "When did that ever happen?"

Linares is seeking tenants for 10,000 square feet of retail space at Rilea Group's 1450 Brickell project, which is to be completed in the first quarter of 2010.

She is in talks with several restaurants and banks, but Rilea wants to hold off on signing leases until it has a better idea of the building's overall tenant mix, she said.

"We are not worried about being able to lease retail on Brickell Avenue," Linares said.

### RETAILERS RESPOND

Retailers, especially restaurants, are responding to the growth in Brickell's young, upscale consumer base. The area's retail vacancies have declined in the last 18 months, from 12.5 percent in the first quarter of 2008 to 5.2 percent in the



A.M. HOLT

Danet Linares of Blanca Commercial Real Estate said, "You now see people jogging at night and baby strollers on Brickell."

third quarter of 2009, according to CoStar Group.

In addition to the Brickell Irish Pub, a few of the tenants opening during that time include restaurants Cafe Sci Sci, Pieduck's Pizza and Sushi Siam, Martha Rey Swim Boutique and Jared M, a men's clothing store.

Because of the demand, retail landlords have been able to hold the line on asking rents. Quoted rents in Brickell av-

eraged \$44.08 per square foot in the third quarter, down only 61 cents, or 0.01 percent, per square foot from the same three months of 2008.

By comparison, during the same period, retail rent rates in Coral Gables dropped 14.7 percent, from \$39.91 per square foot to \$34.03.

Brickell's current stability is in contrast to several years ago when rents jumped about 15 percent from the second quarter of 2006 to 2007, from \$39.54 per square foot to \$45.51, Masin said.

"Rents moved exponentially on Brickell and are now flat-to-down," Masin said. "That just means the exponential growth has stopped. But people are not moving out, and it is a very easy place to get to from elsewhere."

### COMPETING WITH GABLES

While some of the pain of Coral Gables retailers stems from the overall recession, similar concepts among retailers along Miracle Mile and expensive retail and restaurant options, Brickell's emergence has undoubtedly contributed to the market's struggles, Press said.

"I think Brickell will suck the life out of other markets," Press said. "Coral Gables is definitely getting hit. A lot of the stuff opening on Brickell is relatively affordable; not everyone wants to have an expensive meal on Tuesday and Wednesday nights."

Retailers are not necessarily abandon-

### BY THE NUMBERS

**5.2%**

Brickell area's retail vacancy rate, down from 12.5 percent 18 months earlier

**10,338**

Residential units added to the Brickell area since 2003

**61%**

Percentage of new residences that are occupied

**16,100**

Projected new residents in the central business district, including Brickell, by 2014

ing other Miami-Dade County markets to move to Brickell, Masin said. Instead, some retailers and restaurant operators such as Pizza Rustica, Waxy O'Connors, the Irish Pub and Trulucks Seafood, have chosen Brickell as their next South Florida location.

"It's not about leaving one market for Brickell, it's acknowledging that Brickell is now a viable market," he said. "If a retailer wants to do one unit in Coral Gables and

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## BRICKELL: Rents still too pricy for national chains

another in Dadeland, it is now forced to consider Brickell as well."

### BRICKELL'S NEEDS

Another retailer expanding into Brickell is Argentine restaurant Puerto Madero, which is set to open a few doors down from the Brickell Irish Pub at One Broadway early next year. The Brickell restaurant will be Puerto Madero's first U.S. location.



Press

With numerous Italian, Asian and pub-style restaurants now in the Brickell area, retail brokers are focusing on potential gaps in the market.

The Brickell area is short on basic-service retail business, Press said.

There are three Publix supermarkets located in or near the Brickell market, but some residents may want a high-end alternative like Whole Foods or Fresh Market.

"An upscale grocery would do well there," he said. "The area also needs a movie theater; that's a glaring hole. A moderately priced health club, like the LA Fitness that is coming to Mary Brickell Village, would also do very well."

Don't expect to see Walgreens or CVS pharmacies opening on Brickell Avenue any time soon, Masin said. The rents are too expensive for those national chains that already have stores just outside of the area.

More retailers will be lured to the Brickell as a surge in residents in the next five years pushes a transition to a 24-hour neighborhood.

"A week goes by and some [Brickell residents] don't leave the neighborhood," Masin said. "It is allowing more people to be self-contained. Brickell is becoming the 24/7 place that had been talked about forever."

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