

Vibrant neighborhoods:

Greater density is building in Miami-Dade's infill areas, which are seeing big investments and dramatic revitalization

Real estate development in Miami-Dade is expanding vertically, as high-rise condominium towers dot the waterfront, and horizontally, as residents seek new and cozier neighborhoods outside the popular Downtown and saturated coastal markets. Wynwood, Edgewater and the Miami River area have emerged as popular markets, drawing attention from major developers such as The Related Group, Moisha Mana, Goldman Properties, Thor Equities and RedSky Capital. Little Haiti, a historically economically depressed market, is rising in popularity among young, urban crowds seeking affordable spaces. Unlike more established real estate markets, such as the burgeoning Brickell and high-value Miami Beach, these emerging neighborhoods are becoming popular among buyers for niche characteristics. Wynwood, which is gaining global recognition for its art scene, was once comprised of a series of abandoned warehouses. It has since been repurposed by David Lombardi, Tony Goldman and others. The recent sale of the LMNT entertainment venue, reported in county records for \$10.4 million in summer 2015, an almost 500-percent increase from its 2008 \$2.1-million value, highlights the rapid growth in value of properties in Wynwood. Increasingly, developers are seeking the next big market, raising concerns from long-time residents who fear they may be priced out.

■ Edgewater and Miami River

Edgewater is a coastal neighborhood north of Downtown Miami drawing investment and interest from developers. Formerly a working-class neighborhood with plenty of historic single-family homes, Edgewater is converting to a "live, work, play" dominated space with rising office and residential real estate centered around local shopping, dining and entertainment venues. A property at Northeast 31st Street that sold for \$11.5 million in 2012 sold for more than double that at \$29 million to Related only a year later in 2013. The Miami Downtown Development Authority (DDA) estimates a 66-percent growth in Edgewater's



An emerging art scene and new residential developments are reviving Miami-Dade's established neighborhoods.

condominium market from April 2015 to August 2015; its long-term growth may overtake Wynwood's by mid-2016. Developers have purchased and built on much of Miami-Dade's waterfront space, pushing Edgewater's coastal property values up.

In pursuit of dwindling waterfront properties, developers are focusing on the oft-neglected Miami River. Related's One Miami and the EPIC Miami Hotel near the mouth of the river represent a seemingly natural progression down the shipping-oriented corridor. Current designs and allocation approved by the Miami River Commission allow for condominium towers toward the coast and a focus on mixed-use spaces further inland. One River Point by KAR Properties, is a two-tower luxury development on the river with units ranging from \$850,000 to \$12 million. Other major properties on the river include Related's three-tower One Brickell and the Melo Group's four-story dining project further west. Both the economic boom and rising property costs are driving toward more riverfront development.

■ Residential concerns

Emerging neighborhoods such as Little Haiti, alternatively Little River, and Little Havana draw millennials seeking affordable rents for businesses and living. &gallery, a unique art gallery founded in 2014 by Jordan Trachtenberg and Annie Berkowitz in Little Haiti, highlights how the process of gentrification in Miami

is inextricably tied to both rising rents and dwindling real estate space. The Miami New Times, a weekly newspaper, has highlighted concerns of local neighborhood residents that as younger professionals with disposable income enter these communities, rents will rise, as they have in Wynwood and Edgewater, thus becoming unaffordable for current residents. The average home price in Little Haiti is \$143,400—about a third of \$402,800 in Brickell, as reported by Zillow in early 2016—raising fears that rents in Little Haiti will soon reach Brickell levels. Home values throughout Miami-Dade follow the same pre- and post-recession trajectory, but Brickell, an already popular district, was far above the \$245,500 county average in early 2016. Wynwood, under development since the early 2000s, has maintained housing prices above the county average but below Brickell and Downtown Miami's prices.

Little Haiti in particular, which has recently seen the establishment of boutique record stores and limited novelty shops, has been targeted by developers due largely to its proximity to Wynwood and the Design District as well as the below-county-average prices. Little Farm Mobile Court, an RV park occupied by low-income Little Haiti residents, was purchased by a Chinese investor in a transaction that has since raised concerns among community members unable to maintain rent payments.

■ Art and development

Wynwood has emerged as a submarket with great growth potential, comparable to Edgewater in recent years, according to DDA figures. Developers have not ignored this potential and have made major purchases including New York-based RedSky Capital's \$26-million purchase of the Wynwood Block retail property. Similarly, Thor Equities, another New York based firm, executed the largest deal in Wynwood, purchasing an entire block for \$41.5 million. The payment was to Lehman Family Partnership, Ltd., which bought



Lower-income neighborhoods like Edgewater, Overtown and Little Haiti received attention from developers in 2015.

the property in 1995 for \$200,000. Even when adjusted for inflation, this represents an increase of over 100 times the value in 20 years. Much of Wynwood's draw comes not only from its abundance of local shops and restaurants that allow for attractive walkable and mixed-used spaces to be developed but also from recent government approvals for denser residential developments.

Goldman Properties—of the late Tony Goldman, largely credited with converting Wynwood and New York City's SoHo neighborhood into profitable real estate markets—continues pursuing developments, including an eight-story car garage with 44,000 square feet of mixed-use retail and office space. The firm is also developing Wynwood 2.0 as an expansion of the Wynwood Walls project. As was done with SoHo in New York, expanding the project, a series of street art



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murals, maintains the community vibrant and attractive to buyers while giving creative freedom to artists.

Craig Robins of Dacra, the development firm credited with the \$2-billion Design District, explained in a May 2015 interview with British newspaper, *The Independent*, that much of Dacra's creative direction centered on providing an art-focused experience alongside a high-end luxury shopping and dining experience. Developers like Gil Dezer of Dezer Development, Carlos Rosso of Related and Michael Comras of Comras Company have expressed development interest in Midtown, Wynwood and the Design District. James Provencher, managing partner for Barry's Bootcamp, indicated in early 2016 that approximately 20 to 30 percent of interest in the Design District comes from New York clients, who now see more value in Miami-Dade due to hip and walkable spaces being developed in emerging neighborhoods.

■ **Looking ahead**

Miami-Dade is growing both vertically and horizontally and with the scarcity of land in core neighborhoods, an increasing number of residents are moving inland. Developers are eager to find the next Wynwood and invest heavily, as the returns thus far, even in a recovery economy, have been notable. Challenges may arise as the city government addresses concerns of displacement and economic sustainability in these markets. ■

When Melo first began developing in the Edgewater neighborhood in 2001, there was nothing here, but we always understood that this was premium space. While many people believe it is easy to purchase property with water views in the City of Miami, today there are fewer and fewer lots that offer this. Edgewater is the last waterfront frontier in the City of Miami, and, as such, we began acquiring land with long-term plans to develop it.

Our current project, Aria on the Bay, is the last and largest parcel and we refer to it as the "queen of the block." Apart from the cutting-edge design and world-class amenities, this building benefits from its Edgewater location, which offers excellent views, quick and easy access to Miami Beach, surrounding parks and proximity to important cultural institutions: the Perez Art Museum Miami, the Adrienne Arsht Center for the Performing Arts and, very soon, the Frost Museum of Science, which is currently under construction.

Edgewater is no longer the blighted area it was when we first started, and word has gotten out. We have seen strong interest in our condominium projects from international buyers. These buyers are coming from very diverse places—from Austria, Morocco and Italy—in addition to the traditional markets from Miami: Argentina, Brazil, Colombia and Venezuela. With recently announced direct flights from Miami to Qatar and Turkey, we will see more newcomers to this market.

Because Miami's real estate market relies heavily on international buyers, there is concern when you have a strong U.S. dollar like we have been seeing this year. While there has been some impact on condominium sales as a result of the exchange rate, the allure that Miami has for foreign buyers will outweigh the effects of currency devaluation. At the end of the day, the opportunity to live in the U.S.—with all of the associated political freedoms, the physical security, the stability of its economic system, the soundness of its judicial system and processes—is priceless.