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MIDTOWN

Revival Of The Fittest Development Sparks Downtrodden Area

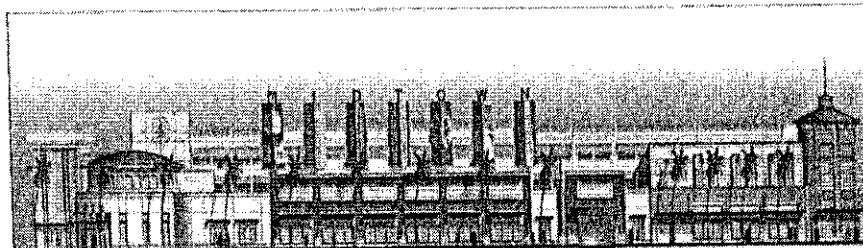
By Suzann D. Silverman

With Miami attracting South Americans, Northern baby-boomers and Europeans as residents or at least second homeowners, space for development is at a premium. For decades, speculators eyeing the ongoing demand have expected the result to be expansion into the rundown area north of Downtown. And they were right.

Today, development in the section along U.S. 1 from 16th Street to 36th Street includes 3,900 multi-family residences, mostly condominiums in high-rise towers that will sit atop street-level retail.

And then there is the *piece de resistance*: the 56-acre mixed-use project itself known as Midtown Miami. On the site of the former Buena Vista railyards, the development will include 2,600 residential units—again, mostly condominiums—150,000 square feet of office space, 140,000 square feet of additional commercial space and the four-block, 600,000-

made up largely of big-box retail. The landowner, Biscayne Development Partners L.L.C., sold the western portion of the site to Developers Diversified Realty Corp. to create the retail portion, with plans to build the rest itself.



The 600,000-square-foot Shops at Midtown Miami should attract shoppers from around the region.

"It's exciting. There's life being put into an area you couldn't have gone into five or six years ago," said Robert Kaplan, managing director of the Miami office for Holliday Fenoglio Fowler L.P.

The retail will serve not only the plethora of residents in the immediate area but consumers from South Beach

"It's going to be regional in nature, whether it wants to be or not," said Greg Masin, director of retail services at Cushman & Wakefield Inc.

Developers Diversified sees the possibilities. "There is a whole section of Miami that is served but really not served by everyday retailers today," said Dan Herman, the company's director of development for the Eastern region. With the nearest big-box retail 10 miles to the north in Aventura and 10 miles to the south in Dadeland, "it's the hole in the dough-

nut," he observed.

The Shops at Midtown Miami will have direct access to the nearby Design District, although some question how much of a benefit that will be because that sector is really intended for interior design and not for frequent shopping. But the area also includes an arts and museum district and a

Tying everything together might be a trolley system that would connect the area with downtown Miami and allow people to work or live in the so-called "Midtown" section without a car. "The combination of infrastructure and the transportation is what makes it work," said Kelly McCammon, of Holly Real Estate's investor relations department.

There is, however, a barrier blocking connection to the submarket from Downtown, in the form of the Omni Hotel, which Argent Ventures L.L.C. recently signed Lehman Brothers Inc. to put up for sale. Including retail and parking, the two-block property has potential, Kaplan observed. But Masin predicted retailers would not consider it before other space is leased up because it has logistical issues, such as a difficult parking field, that make it less desirable.

Meanwhile, the residential development continues to drive growth everywhere, noted Richard Tarquinio, first vice president in investment properties for CB Richard Ellis Inc. In addition to the Biscayne projects, there are as many as 15 residential properties going up in the new vertical style. That might seem like a lot of space, but development is spread out over many years, accord-

ing to Kaplan