

BUSINESS MONDAY JUNE 7, 2015 1:45 PM

As waterfront land dries up, developers rush to Miami River



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CHARLES TRAINOR JR - MIAMI HERALD STAFF



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The Miami River — once a polluted, industrial backwater known as a favored route for smugglers — is today teeming with developers who want to build on what is practically the city’s last remaining waterfront land.

“It’s the new waterfront for Miami,” said Nelson Stabile, a principal at the developer Integra Investments, which invested in two vacant river lots during the recession and flipped them at a profit of more than \$21 million last year. “If you want to be near the urban core of Miami, it’s becoming impossible to find waterfront properties.”

Near the delta where the river meets Biscayne Bay, developers plan to build ultra-luxury condo towers with units at multimillion dollar price points rivaling waterfront Brickell and Miami Beach. Further inland, large mixed-use projects and rental buildings are being designed for locals amid the boatyards, shipping terminals and bait-and-tackle shops of what has long been a “working”



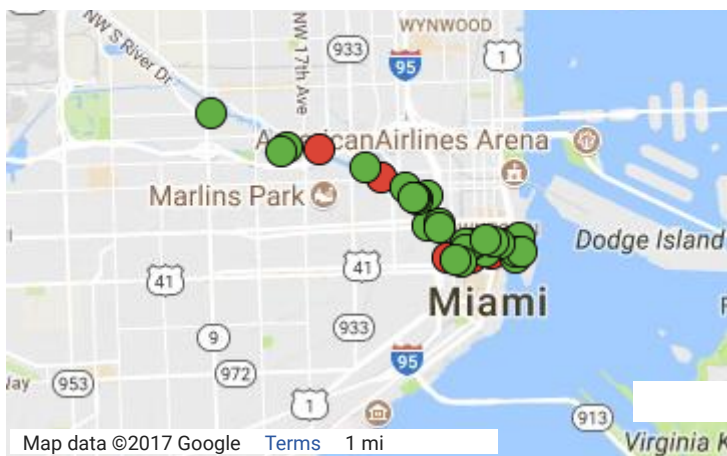
The latest residential project, called One River Point, is an ambitious venture to bring ultra-luxury living as far west on the river as it has ever been. The project's two 60-story towers will be designed by internationally known architect Rafael Viñoly

ADVERTISING

Shahab Karmely, founder of New York-based KAR Properties, paid more than \$60 million last year to assemble three vacant parcels on the river's north bank west of the Miami Avenue Bridge near the existing Mint, Ivy and Wind condo towers.

Compared to other global cities including New York, London and Hong Kong, land in Miami is still cheap, even if it may not feel that way to local developers, Karmely said.

Miami River teeming ... ☆



The 350 units at One River Point, Karmely said, will rival those on the beach for luxury and design with 10- and 12-foot ceilings, large terraces that are one-third to one-half the size of the unit’s interior, and views spanning the river, bay and city skyline.

They will range from \$850,000 to \$12 million, with penthouses priced even higher. Units will start at \$850 per square foot — higher than the average price in Brickell for new construction (about \$620 per square foot) but slightly lower than the \$870-per-foot average price in Miami Beach.

“The old view was that if it’s luxury, it has to be on the sand,” Karmely said. “But today, luxuries are urban. We are moving Miami’s center of gravity to the west.”

The towers will include the amenities that have become standard for Miami’s wealthiest residents: poolside café with butler service, private club with a media room and cigar lounge, and building concierge.

Private elevator landings and a robotic parking garage are also planned, along with an 85-foot waterfall near the site’s public riverwalk. The project, which has an address at 24 SW Fourth St., is scheduled to open in 2018.

One River Point’s second phase, on two lots set slightly back from the river, are slated to include a hotel, less-expensive condos, rental apartments and retail.

LONG TIME COMING

The changes up-and-down Miami’s historic waterway have been a long time coming, river-watchers say.

Other American cities, including San Antonio, Savannah, Pittsburgh and Chicago, have turned their rivers into meandering, walkable neighborhoods with commercial and residential districts. But Miami’s 5 1/2-mile river was for many decades an afterthought to the beach and bay, used mainly by fishing boats and shallow-draft, Caribbean-bound cargo ships laden with cars, bicycles and piles of clothes.



that's what we're getting now.”

In Miami's last real estate boom, glitzy condo towers went up near the river's mouth, including Ugo Colombo's Epic Miami Hotel and Residences — home to the pricey sushi restaurant Zuma — and the Related Group's One Miami. West of the Miami Avenue Bridge, a more industrial area, rentals and trendy lofts proved popular. More than 7,000 residential units were built during that time, according to the Miami River Commission.

City planners and urban design enthusiasts began to hope the new projects would create a pedestrian link along Miami's disjointed river, as zoning rules generally require developers to keep at least 25 feet of riverfront land open as a public park.

Then the downturn derailed South Florida's housing market. Projects stalled, units were left empty and the riverwalk remained a scattered string of green oases broken up by warehouses and vacant lots.

But today, with the economy flowing once more, the rush for the river is back on, as prices for beach and bayfront land have soared beyond the reach of many developers. In response, builders have been snapping up the last riverfront plots.

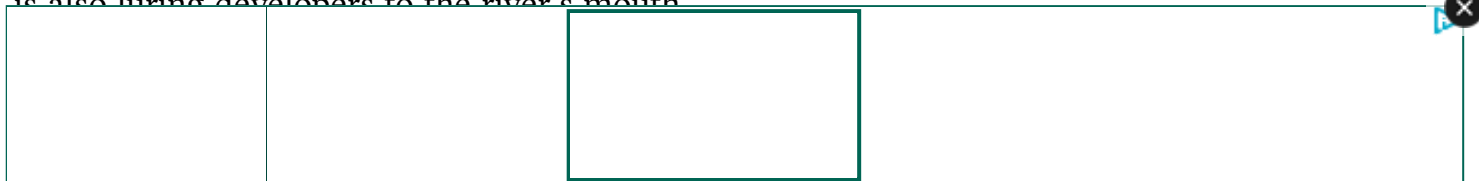
“People are looking for secondary areas with water that are still good to develop,” said Iñigo Ardid of Key International, which built two condo towers on the river during the last cycle. “And the river is nice for high rises because it has a long, open corridor for views.”

Major recent land deals include the \$125 million that the family of Argentine grocery store magnate Alfredo Coto paid last year for a vacant property at 300 Biscayne Blvd. Way, a record price for a property of that size south of Washington, D.C.

Coto's plans for the site are unclear.

Another standout was the Related Group's \$104 million purchase of the office tower at 444 Brickell in late 2013. (Related has said it plans to build three towers on the site, called One Brickell, with 1,200 units.)

The Miami River Commission says that a total of about 4,000 units are slated for development over the next few years, along with new hotels, restaurants and a mega-yacht marina. The promise of Brickell City Centre, a \$1 billion mixed-use project with luxury shopping that is under construction between Southeast Sixth Street and Southeast Eighth Street on South Miami Avenue, is also luring developers to the river's mouth.



Chetrit plans to build four high-rise towers with more than 1,600 residential units on the 6.2 acre property just to the southeast of Jose Martí Park. They must first seek city approval for a Special Area Plan, a public-private partnership that will allow them to rezone the residential area for a higher density of units. In exchange, the developers have said they will make at least \$21 million worth of improvements to the popular public park and the riverwalk.

“We are trying to create an urban park which is inspired by our neighbor Jose Marti Park,” said Kobi Karp, the project’s architect. “We have some large, luxury penthouses but the majority of units are for people who want to have urban living next to the river, next to Brickell City Centre and right across the bridge from the downtown Miami.”

The project will be named after its location: Miami River. Retail, restaurants, office space, a hotel and several boat slips are also planned.

And on the north bank, near the health district around Jackson Memorial Hospital, another developer is planning something new for the river: a shopping center with market-rate rental apartments.

The project, dubbed River Landing, will be on the site of the old Mahi Shrine Auditorium, a long-time event space that was demolished last year. It is located near Miami-Dade criminal courthouse.

“The health district is a massive market that has limited services,” said developer Andrew Hellinger, a real estate attorney who oversaw the construction of the Marquis Miami luxury condo on Biscayne Boulevard when he was head of Leviev Boymelgreen’s Florida operations. “We’re filling a gap in the retail and the restaurants.”

The \$300 million, eight-acre project will include a five-story shopping mall with 426,000 square feet of space for national and local retailers, a supermarket, and several restaurants. Also planned are two apartment towers with a total of 475 units.

“Miami’s whole geography is shifting west because Brickell and the Biscayne corridor are becoming so dense and unaffordable,” said Hellinger, who is now CEO of his own firm, Hellinger Penabad Companies. “And this area is a perfect rental market because of all the staff who rotate in and out of the hospital and the medical school and the courthouse.”

Rental rates for the apartments haven’t been determined yet.

Hellinger said he plans to break ground later this year, pending city approval of a building perm



“Transitional areas in cities are very hip,” said Suzanne Amaducci, a lawyer at Bilzin Sumberg who has worked on several land deals on the river. “Think of the Lower East Side and the Meatpacking District in New York. They used to be taboo. Now they’re cool. They feel like an adventure.”

Locals and visitors alike are already familiar with several riverside eateries. Garcia’s Seafood Grille and Fish Market on NW North River Drive has been a local staple since it opened in 1966. Next door, Casablanca Seafood Bar & Grill is another popular local hangout.

But upscale newcomer Seaspice (which opened at the end of 2013 as Seasalt and Pepper) has also found a home amidst the tug boats and fishing trawlers of the working river.

“I grew up in England and in most cities that I’ve visited, the river is the lifeline of the city,” said Maryam Miranda, the restaurant’s owner. “People thought we were crazy, but the location of how close we are to Brickell, to downtown and I-95, it naturally felt right to do something here.”

Others clearly see the same lure.

SushiSamba, which has locations in Miami Beach and Coral Gables, and Duck & Waffle, based in London, are planning to move to a funky, four-story riverfront building near the Flagler Street bridge.

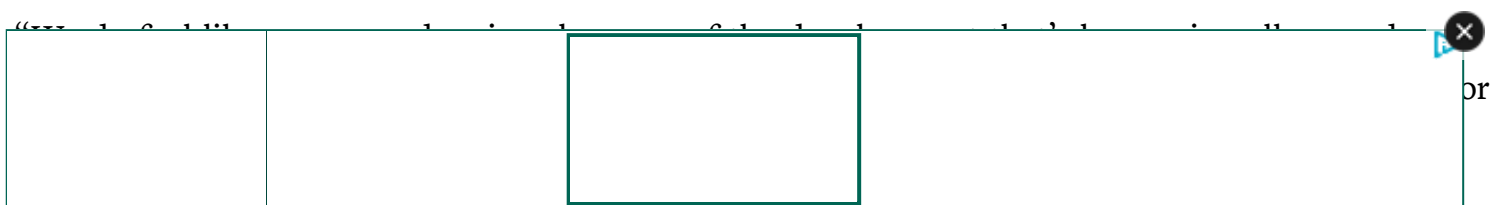
“The new restaurants are transforming the river into a riviera and a nightlife hotspot,” said Carlo Melo, co-owner of the Melo Group, which is developing the building and has also built residential properties in Edgewater and near I-95.

Across the street, the Melo Group developed a market-rate rental tower called Flagler on the River that opened last year. Rents are about \$1.60 per square foot at the tower, compared to nearly \$3 in Brickell

“The area was abandoned 10 years ago,” Melo said. “It was very unsafe. But it’s different now and the building was totally leased in two months. People are looking for more affordable housing near the downtown.”

‘UNDER SIEGE’

But some residents of Spring Garden, the river’s historic single-family neighborhood, say they are worried about encroaching development.



Martin, who also sits on Miami’s planning and zoning board, said the neighborhood may consider setting up a special taxing district to fund guard gates that can prevent traffic from cutting through its streets.

Another neighborhood in the area that could see changes is East Little Havana, an enclave of affordability in a city of rising rents.

“Eventually the people who move into the river condos will need restaurants and retail and the other services that come along with a residential neighborhood,” said Jason Katz, vice president at the real estate investment firm Aztec Group. “The one place I can see becoming a Williamsburg to Brickell’s Manhattan is that East Little Havana area. It could be a really fun, vibrant neighborhood but the values are going to go up and people are going to get priced out.”

Katz brokered the \$8.6 million sale of the Miami River Inn last month to Avra Jain, the developer who rejuvenated the Vagabond Motel in the MiMo district.

Development may creep further west along the river as time goes on, said John Spencer, CEO of a river boatyard called Spencer Boat Company that would have closed down during the recession without a major investment from a Turkish company. But Spencer said his dry dock — which repairs little wooden dinghies, 180-foot yachts and everything in-between — isn’t being threatened by the new projects.

“I like the new restaurants and shops because they will give the boat crews somewhere to go,” Spencer said. “And some of the people doing the development are my customers.”

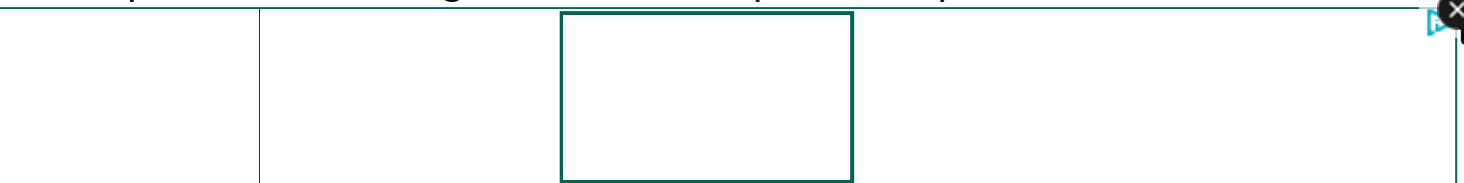
“We all have to co-exist here on the river,” he added. “There’s a place here for all of us.”

HISTORY OF THE MIAMI RIVER

The Miami River is where it all started.

In 1998, a developer trying to build a condo tower on the south bank of the river’s mouth had his plans spoiled when workers uncovered an ancient village that had been home to the Tequesta, a Native America tribe, as long as 2,000 years ago. That site is now the Miami Circle. Another village was found on the river’s north bank last year and has also been preserved.

The Tequesta were still living in the area when Spanish conquistador Juan Ponce de León



But it wasn't until Henry Flagler brought the Florida East Coast Railway to the Miami River in 1896 and built the Royal Palm Hotel near its mouth in 1897 that development took off.

Trade boomed and docks, warehouses and boatyards went up along both banks. In 1909, the Miami Canal was built to connect the river to Lake Okeechobee and drain the Everglades, causing swamp muck to muddy the river's once-clear waters.

As development picked up, pollution became a major problem as untreated sewage poured into the river. Saltwater, trash and chemicals made their way into the water, too. The toxins and boat propellers decimated the river's population of manatees.

The five-and-a-half-mile river remained a blighted but industrially important area for several decades after World War II. Then, in 1985, Miami's police department made national headlines when a gang of corrupt cops were revealed to have caused the death of three drug dealers on a boat in the Miami River.

The police officers had boarded the boat intending to steal as much as \$35 million worth of cocaine. After being beaten, the panicked smugglers jumped overboard to escape but drowned in the river's filthy waters. The practice of ripping off drug dealers turned out to be widespread among Miami's finest. Ultimately, more than 100 cops were arrested in one of the nation's most infamous police corruption scandals.

But by the 1990s, when two federal grand juries criticized Miami's polluted river for being a "cesspool," city and state leaders had had enough. The Miami River Commission was formed in 1998 by state legislators to manage development along the river.

In 2004, the commission helped push through a four-year, \$89 million dredging project that made the river more accessible to cargo ships and cleaned up its polluted bottom.

The river is in better shape now, although still far from fully recovered, and the commission has also secured funding for a \$20 million cleanup job on one of Miami's most polluted waterways, the Seybold Canal. The fecal-matter-and-toxin-infested canal is a 2,000-foot stretch of Wagner Creek, a tributary that feeds into the Miami River.

As the river, which except for a small portion in unincorporated Miami-Dade County is located entirely in the city of Miami, has been nursed back to health, residential developers have returned, following in the footsteps of the Tequesta and Flagler.

Meanwhile, the western reaches of the river, further away from the prime real estate at its



Source: Miami River Commission



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