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Transformation for Miami's Edgewater Neighborhood

By **John Ellis** | January 3, 2014 8:14 AM ET



I recently spent a day touring the Edgewater neighborhood. It was Christmas Eve; traffic was remarkably light and the streets were very quiet.

On the surface Edgewater looks like your typical working class neighborhood. The area is a mix of historical single-family residences and high-rise residential towers coupled with an automobile and retail corridor. The south end of Edgewater abuts a recently developed vertical neighborhood that includes the Omni, also referred to as the Media and Entertainment District. What may not be evident to those driving along Biscayne Boulevard is the transformation that is underway, on path to make Edgewater one of the premier live-work neighborhoods in Miami.

Edgewater, located north of downtown, is approximately bound by 17th street to the south, 37th street to the north, the Florida East Coast Railroad and First Avenue to the west and Biscayne Bay to the east. From the 1920s through the 1960s the southern part of Edgewater was known as a high-end shopping district with national retailers including Sears, Jordan Marsh and Burdines. In 1977 the Omni International Mall opened,



Biscayne-corridor

replacing many of the street retailers with a suburban style shopping mall. The mall attracted such luxury retailers as Emilio Pucci, Givenchy and Hermes. By the 1990s the mall was struggling and shoppers were choosing Aventura, Dadeland and Sawgrass Mills as alternatives to downtown. The 1990s saw the defections of JC Penney, Jordan Marsh and the neighborhood suffered with the ultimate closing of the Omni Mall in 2000.

The 2000 census data for Edgewater shows a total population of approximately 14,500 residents with a median household income of \$11,293.93. The racial makeup of the neighborhood was 59.51 percent Hispanic or Latino, 17.51 percent Black or African American, 21.55 percent White (non-Hispanic) and 2.42 percent Other Races (non-Hispanic). As of 2000, 25.1 percent of the Edgewater population did not speak English well or at all and 44.4 percent of the population was foreign born.

Fast forward to 2013 and Edgewater is on the radar of national and foreign investors alike. Deal flow is peaking and land is trading as high as \$300 per square foot. Local-based developers The Related Group and Crescent Heights have quietly assembled parcels over the last decade. Family-run Melo Group has been developing residential projects in Miami for the past 12 years. Melo principal, Martin Melo, remembers Edgewater from the early 2000s.



Melo Bay House

"When we arrived this was an area that had homeless on the streets," Mr. Melo said. "We saw the potential it had and we began to accumulate land and develop here."

In 2011, Melo's 96 unit condo tower, 23 Biscayne Bay, was one of the first post-recession projects completed and also sold out. This September the Melo Group delivered Skyview, a 32 story rental tower with 257 units. Melo's tenth Edgewater building is the 165-unit Bay House condominium project. Bay House, which is scheduled to open in mid-2014, is more than 50 percent pre-sold to 100 percent foreign buyers. Prices for the units range from \$490,000 to over \$2 million.

Not to be left behind are the other prominent national and international developers that also see the potential of Edgewater. A 24,500-square-foot development site at 3360 Biscayne Boulevard has sold for \$7.6 million or \$310 per square foot. The seller was MG3 Developer Group LLC, which

purchased the property in September of 2102 for \$5.75 million. The buyer was a Brazilian investor. The parcel comes with an active permit to develop a 16-story, 127-unit residential tower. In 2005 the same parcel was acquired by Flagler Group for \$6.5 million.

Edgewater is going vertical quickly and I am not just referring to prices! Melo Group is working on projects that will add 2,700 additional residential units to the corridor. The Related Group's two new towers, Icon Bay and Paraiso Bay, will add 1,000 units to the neighborhood. Eastview Development and its New York-based partner, GTIS, has a planned 399-unit project in development and mckafka Development Group is building a 90-unit, 18-story project named Crimson. That's 4,189 new residential units, not counting MG3's permitted 127-unit tower.

The average purchase price of condos in "Edgewater East," the area east of Biscayne Boulevard, built since 2003 soared to \$454,317 in the first quarter of 2013 from \$236,649 in 2009, at the depths of the downturn, according to Focus Real Estate Advisors.

Brokers and developers alike are singing the praises of the "new" Edgewater.

"Edgewater has become one of the hippest, most chic places to live, driven by its proximity to the Design District and Midtown. It's a place people want to be," said Jaret Turkell, a director with HFF, which recently brokered the sale of 4.5 acres of bay front property to the Related Group and a partner earlier this year.

Unlike Brickell and Downtown, Edgewater still has land that can provide excellent views of Biscayne Bay at lower costs to developers.

"We like special sites -- not 'shoulder-shruggers,'" said Rob Vahradian, senior managing director of GTIS, touting the "fantastic views" along the 335 feet of bayfront.

Also maturing along Biscayne Boulevard is the profile of the commercial tenants. Chase Bank is under construction at Biscayne and 18th Street. A new Publix supermarket with a parking garage opened in 2012 at 17th Street (1776 Biscayne): co-tenants include nationals GNC, Wells Fargo and Best Buy Mobile. Home décor retailers Modani Furniture, Go Moderne and Zyance have joined Cort Furniture and opened showrooms on Biscayne Boulevard. Other nationals such as Sprint, Starbucks, Papa Johns, Walgreens, Metro PCS and Staples are interspersed with the independent retailers along the corridor.



Young Arts

Edgewater's cultural revolution is keeping pace with the retail - the historic former 3.5-acre Bacardi U.S. headquarters at 2100 Biscayne is being transformed, by renowned architect Frank Gehry, into the National Young Arts Foundation, a multidisciplinary arts complex that will include year-round cultural programming. Margaret Pace Park, on the bay between 17th and 20th street, is thriving. The Park once known for being home to gang bangers, drug dealers and homeless is now full of dog walkers, joggers, bikers and a mix of young professionals playing volleyball and tennis. Restaurants The Daily and City Hall are humming and the free Miami Trolley services the area.

Edgewater has been through a few recent identity crises, but is now finding its own way. The latest fan of Edgewater is the Italian ultra-luxury residential developer Valerio Morabito of Morabito Properties. Morabito's Miami Beach project, Beach House 8, is ten stories with seven full floor properties and a penthouse (starting prices at \$5.9 million).



The Park

"I'm looking at Edgewater. I think it has great appeal and I love the area. And I think it can be done, considering its Miami on the water," Mr. Morabito said. "This market is increasingly being moved by Europeans, and Europeans are more used to smaller buildings."

At Beach House 8, which is scheduled to deliver mid-2015, the unit just below the penthouse recently sold for \$6.8 million or \$1,800 per square foot.

Edgewater's transformation is well underway and the sleepy little corridor north of downtown along with the gang bangers and the homeless is a thing of the past.

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