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A real estate explosion in Edgewater, Miami's next trendy district

Property values are exploding and skyscrapers are rising in Edgewater, located at the intersection of funky and trendy. It's the latest sign of a recharged real estate market.

By Martha Brannigan

Driving the streets of Edgewater recently, Martin Melo eased the accelerator of his Porsche Panamera to point out large swaths of land his family-run firm has cobbled together for high-rise development in one of Miami's most rapidly emerging neighborhoods.

"This four-block area is ours," said his brother Carlos, whose Melo Group has seven condominium and apartment projects lined up in the area. "We bought [the lots] one by one. It's hard work."

The buzz of activity at Melo Group — headed by their father Jose Luis Melo, who moved from Buenos Aires in 2001 — comes as the transformation of Miami's funky Edgewater district has shifted into high gear.

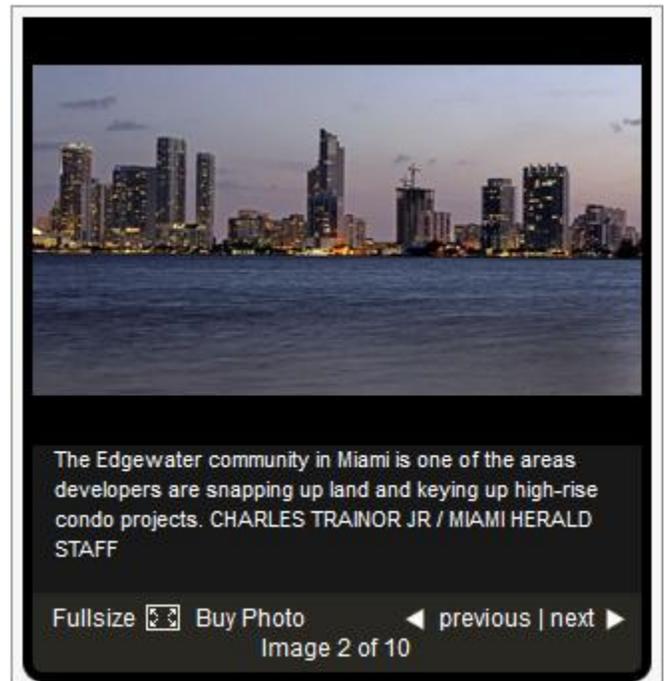
Developers have been snapping up parcels and keying up high-rise projects in the bayfront neighborhood. Land prices are soaring.

The revival of construction — which sputtered during the real-estate crash — is poised finally to remake the character of the once-blighted city neighborhood, which unofficially stretches from Northeast 17th Street north to the Julia Tuttle Causeway at 36th Street and from Biscayne Bay west to the railroad tracks. (Some draw the western line at Biscayne Boulevard.)

"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 bayfront property to Jorge Pérez's Related Group and a partner.

Miami-based Related paid \$29 million for the prime site at Northeast 31st Street, land that sold in 2012 for \$11.5 million. Related plans to erect a high-rise condominium on the spot, where plans to build in the last boom were scuttled.

Separately, Related broke ground a few weeks ago on Icon Bay, a luxury condominium at 428 NE 28th St. Related launched pre-sales of units last September and "is basically sold out," said Carlos Rosso, president of condo development for Related.



Edgewater's big draw, of course, is the bayfront.

Developers continue to bask in robust demand from foreigners willing to pony up 50 percent or more of the price for a pre-construction condominium near the water in South Florida.

Brickell and downtown, where the resurgence of condo construction began after the crash, are nearly built out. But Edgewater has land for projects that can provide spectacular views of Biscayne Bay at a lower price.

"We're looking at a couple more deals in the area. We have sites under contract. The views of the water are something in really high demand. It's something everyone wants and expects in Miami," Rosso said.

Edgewater's layout works well for high-rise condos, Rosso said. Running parallel to the bay is the major thoroughfare of Biscayne Boulevard with shops and restaurants. "It's an attractive area," he said. "It's got good bones."

Other developers have noticed. "There are probably a dozen groups that have multiple parcels they've assembled and a lot of single owners," said Ryan Shaw, a senior associate with Marcus & Millichap, which has a listing at 28th Street and Biscayne Boulevard. "It's starting to really heat up."

A key lure for developers: permissive zoning allows for high-rise buildings. And the area borders trendy Wynwood and the Design District, which is on the rise thanks in part to DACRA's venture to bring in luxury retail icons like Louis Vuitton and Hermes.

In March, GTIS Partners, a New York-based real-estate private-equity firm, and Eastview Development of West Palm Beach acquired a 2.65-acre bayfront site between 29th and 30th streets with plans for a 42-story condominium with 394 units.

"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.

Vahradian sees Edgewater as "a transforming market, but not a pioneering one." He points to the strong prices for the already-built Paramount Bay tower and for pre-sales of Related's Icon Bay project.

Along the bay, Margaret Pace Park, once a hangout for drug users and the homeless, is abuzz with mostly young residents, walking dogs, riding bikes, and playing volleyball. A new Publix supermarket with a second-floor parking garage opened at 1776 Biscayne Blvd. last year, and restaurants and shops have been moving in nearby. A trolley runs through the area.

"It's definitely gentrified. There is less crime, fewer homeless. There are more amenities," said Richard Strell, who has lived in Edgewater for 12 years. Still, Strell, like some other locals, is frustrated that one major amenity envisioned for the area — a baywalk along Biscayne Bay — appears to remain an elusive dream.

"It went from a place you would not want to go walking at night to something fairly safe," said Norman Wartman, president of the condo association at Onyx on the Bay. "And it's getting better."

The Miami Herald

Last fall, the National YoungArts Foundation acquired the Bacardi Tower at 2100 Biscayne Blvd. as its new home for fostering young artists, adding to the neighborhood's cachet.

More condominium owners are living in their units instead of renting them, according to Craig A. Werley, president of Coral Gables-based Focus Real Estate Advisors. "Two particularly notable trends during the last 12 months are the percentage of renter-occupants declined from over 60 percent to 50 percent of area residents [and] owner-occupants/full-time residents increased from 24 percent to over 40 percent of area residents," Werley said.

In the "Edgewater East" area, east of Biscayne Boulevard, the average sales price of condos 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.

Developer Carlos Melo said Edgewater, where Melo Group has its offices, was blighted when his father began pioneering new development there in 2001. "This area was a disaster. People were sleeping in the streets. There was prostitution and drug dealing."

Melo said the family business, which also acts as general contractor on its projects, has sufficient land for 2,800 residential units in the area.

Within a few weeks, Melo expects to top off Skyview, a 32-story, 258-unit rental apartment at 425 NE 22nd St. The new apartment tower dwarfs an old two-story apartment complex next door, underscoring the transitional feel of the neighborhood.

In September, Melo plans to break ground on BayHouse, a 36-story condominium with 164 units at 600 NE 27th St., a one-acre site purchased last year for \$5.5 million — far above some earlier deals. Units will range from about \$500,000 to about \$1.5 million.

For many of the parcels, the current flurry of development in Edgewater marks a new lease on life.

AXA Developers and Strategic Properties Group recently paid about \$20 million for a two-acre site at 545 NE 32nd St., once intended for a project called ICE, with plans to build a condominium.

Aventura-based mckafka Development Group, founded by principals Stephan Gietl and Fernando Levy Hara, bought a note from a bank two years ago for about \$2.1 million and foreclosed on a site at 623 NE 27th St.

"At that moment, things didn't look so optimistic," said Levy Hara, who has previously developed real estate in Buenos Aires and Miami. Levy Hara and Gietl, an Austrian, are preparing to file condominium documents with state regulators soon and are working on construction drawings for a 90-unit building called The Crimson, near Icon Bay. Prices are expected to average about \$435 a square foot, putting units in the range of \$330,000 to \$1 million.

"We were taking some risk buying this land," Levy Hara said. "But waterfront land in Miami is becoming very scarce. So we knew at some point this would be very valuable."