

RETAILERS GET CREATIVE AS MIAMI IS HOT, BUT AVAILABLE SPACE IS NOT



Anthony Blanco
Partner, Director of
Investment Sales,
The Shopping Center
Group



Bryan Fetherston
Partner, Director of
Investment Sales,
The Shopping Center
Group



Situated along Miami River, the \$380 million River Landing will span 2 million square feet. It is currently the only waterfront retail/multifamily project underway in the city.

The Miami retail market is healthy, expanding and not showing signs of a slowdown. At more than 2.8 million people with an average household income of nearly \$70,000, demand for more retail continues throughout Miami-Dade County. The submarkets of Aventura, North Miami, Coconut Grove, Kendall and Pinecrest, as well as the urban core submarkets of Brickell, Midtown and Wynwood, reflect this with low vacancy rates and increasing rents.

Most of the new construction projects underway or recently delivered are in the form of mixed-use projects, both within Miami's urban core and in well-established submarkets such as Coral Gables, Doral and the Design District.

The bad news? Miami is landlocked between the Atlantic Ocean and the Everglades, limiting space for traditional retail development and retailer footprints. But here's where it gets interesting, and promising — instead of abandoning the market, developers and retailers in Miami-Dade County are simply getting creative with the limited dirt available.

Building Density

Because of the scarcity of land and its high price per-acre, density is the top priority, resulting in a surge of vertical, mixed-use developments with structured parking. For instance, Brickell City Centre demonstrates that if developers want critical mass, sometimes the only way to go is up. The \$1.05 billion mixed-use development totals 4.9 million square feet, with 500,000 square feet of retail and entertainment anchored by Saks Fifth Avenue, CMX Cinema and La Centrale, a 40,000-square foot, Italian-inspired emporium.

Another planned vertical, high-density retail project is River Landing located along the Miami River on the periphery of the Health District. Construction of the \$380 million mixed-use development is underway, an-

chored by retailers such as Publix, T.J. Maxx, Ross Dress for Less, Burlington and Hobby Lobby.

Miami officials also recently selected Swerdlow Group to develop a 3.4-acre site on Northwest 6th Street in Miami's Overtown neighborhood. Plans for the \$130.5 million mixed-use development include 220,000 square feet of stacked box retail space and approximately 100 residential units.

In addition to all the planned developments, Miami's urban core continues to add new restaurant and retail concepts throughout Wynwood, an eclectic district with art galleries, boutiques, bars, eateries and one of the largest street-art installations in the world; the Design District, a luxury shopping destination dedicated to fashion, design, art, architecture and dining; and Midtown. These areas have become retail and dining destinations for both Miami residents and global tourists.

Yet the urban core isn't the only market increasing density. Looking west where retail development is typically more traditional in nature, density is now driving more urban-inspired creativity. Opened in 2017, Related Group's \$800 million CityPlace Doral introduced dense urbanism to this northwest Miami suburb that was once only served by traditional malls. CityPlace includes 250,000 square feet of retail with more than 40 dining, shopping and entertainment options, as well as residential.

The success of Dadeland Station, a 250,000-square-foot power center, proves that high-density, vertical redevelopment, when planned effectively from a parking/access standpoint, can be successful in non-urban environments. Several active projects in various stages stretch along South Dixie Highway from Coconut Grove south to Coral Gables.

their own stores across the county.

Yet, in order to "fit" into the market, many of these grocers will have to follow their competitors and pursue more creative design and space strategies. At Publix in Miami Beach, Little Havana and Coral Gables, parking is situated below or above the store. Whole Foods Market followed suit in Coral Gables and downtown Miami. In Miami Beach, The Fresh Market opened with a parking garage. All of this in order to gain traction in some of the more desirable submarkets with limited space.

Entertainment Tenants

Several entertainment concepts are also making debuts throughout Miami-Dade despite limited available land. Topgolf staked its claim at two locations — Miami Gardens and Doral, with a 65,000-square-foot venue opening in Doral this summer. New standards in cinema are also adding to entertainment options including CineBistro in Doral, Landmark Theater in Village of Merrick Park, Silverspot Cinema at Met Square, CMX Theater in the Brickell City Centre and ShowBiz Cinema in Homestead.

Record Sales Prices

Yet one more upside exists — low supply and high demand is good for owners and investors alike. Recently, retail assets such as Doral Commons and Country Club Plaza have traded at record pricing. Based on the amount of demand, even the highest priced properties will continue to attract capital. Yet, it will be interesting to watch how investors react when the high-density, urban mixed-use properties currently under construction come on line. More than likely, more high-dollar trades are forthcoming.

Grocers Shop Around

The resurgence of new mixed-use developments, as well as high-density redevelopments, finds new grocery and entertainment concepts diversifying Miami-Dade's retail base. While Publix has had the largest presence in Miami-Dade County for decades, new grocers are taking on the challenging landscape with aggressive expansion plans. Aldi, which already has a strong market presence, continues to expand its footprint, while Sprout's Farmers Market, Earth Fare, Lucky's Market and Trader Joe's are looking to open



Grass River Property is actively developing several mixed-use projects in South Florida, including the redevelopment of CocoWalk in Miami's Coconut Grove neighborhood.