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BUSINESS MONDAY

Brickell is growing quickly — but into what?

By Nicholas Nehamas

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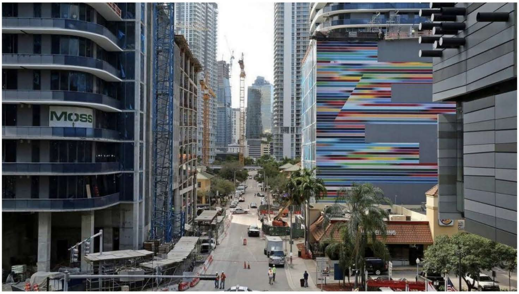


The view from Brickell City Centre, a 9.1-acre, $1.5 billion mixed-use project, facing southbound toward Brickell Avenue skyscrapers. C.M. GUERRERO *cmguerrero@elnuevoherald.com*

Philippe Houdard could be Brickell's future: He has gone car-less.

Houdard, the co-founder of office-space sharing firm Pipeline, sold his Honda Accord when he moved to Brickell from South Beach last year. He walks when he goes to dinner. He takes Uber to meetings.

"Brickell has the density to do everything I need within several blocks," Houdard said. "It's completely changed."

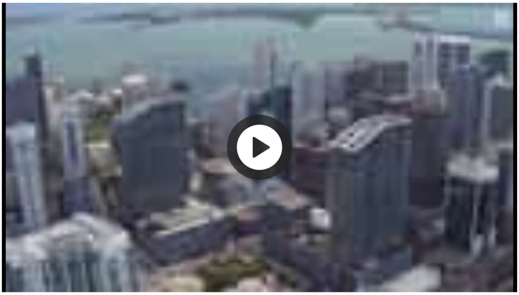
Just a few years ago, Miami's financial district emptied into a ghost town when law firms and banks shut their doors at night. You could roll a bowling ball down Brickell Avenue without hitting a soul. But after the housing bubble burst, millennials seeking cheap rents flooded into Brickell, helping revive one of Miami's historic residential districts. Now, with the population booming and expensive new restaurants, hotels, condos and shops popping up on every block, the neighborhood is changing fast. City officials, business owners and residents are trying to keep up.

Is this Brickell's moment to transform into the hip, walkable, urban playground that boosters dream of? Or will the neighborhood mutate into a traffic-congested nightmare where only the rich can afford to live and party?

“Between 2003 and 2008, there was $13 billion in private investment in downtown Miami,” said Alyce Robertson, executive director of Miami’s tax-funded Downtown Development Authority. “The public sector has to catch up. Nobody imagined it would grow that fast. I remember looking out my window back then and wondering, ‘Who’s going to live in all these condos?’ ”

But the condos filled up. Brickell’s population has nearly tripled since 2000, to nearly 35,000 this year, making it the most populous neighborhood in Miami’s revived downtown. Trendy restaurants and bars now dominate the scene after business hours.

Brickell’s latest crown jewel is a 9.1-acre, $1.5 billion mixed-use project called Brickell City Centre.



Brickell City Centre, a mixed-use complex of luxury condos, office buildings, hotel and shopping center, is expected to transform Brickell to a work and live, shop and dine nexus. The project was still under construction in this May 2016 video. BY CHARLES TRAINOR JR.

The massive city-within-a-city is bringing two condo towers, two office buildings, a hotel and 500,000 square feet of shopping — including a Saks Fifth Avenue, an Apple store and a dine-in movie theater. Analysts have called the development a “game-changer” for downtown Miami. Signaling the shopping center’s ambitions, rapper Pitbull was drafted to make a guest appearance at its unveiling. So far, only a few shops have opened up as the project runs behind schedule. Massive construction in the area makes getting around tough.

“Once it fully opens up and the construction stops, the area will become much more pedestrian-friendly,” said Zach Winkler, a retail broker at CBRE. “The traffic is always going to be an issue. But Brickell City Centre fills a much-needed demand in the market. You have offices, you have condos, you have restaurants and bars [already in the neighborhood], but you don’t have traditional retailers.”

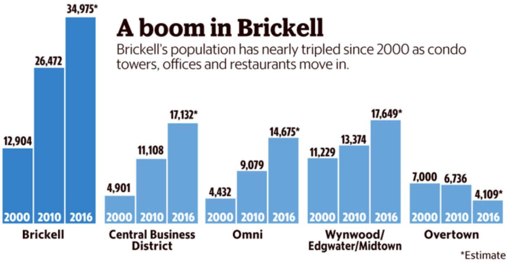
Saks Fifth Avenue president Marc Metrick said the mix of young professionals and foreign tourists in Brickell made it an attractive location for the luxury retailer’s seventh new store of 2016.

“Ten years ago, the Meatpacking District in New York City was dead at night,” Metrick said. “Look at it now.”

TRAFFIC TROUBLES

There’s no question the biggest roadblock to Brickell’s growth is traffic.

In the morning and evening rush, miserable congestion slows Brickell and South Miami avenues to a crawl. Even during non-peak hours, getting around can be tough. Oppressive heat and summer rainstorms make walking a risk. But the neighborhood is well-served by public transit, at least compared with other areas in Miami, with Metrorail and Metromover stops.



A boom in Brickell

Brickell's population has nearly tripled since 2000 as condo towers, offices and restaurants move in.

Source: Miami Downtown Development Authority

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If traffic gets bad enough, and the city provides reasonable transit alternatives, the hope is that commuters and residents will give up their cars. More people will have to embrace walking, ride-sharing and public transit to create a true urban core. And although it may seem counterintuitive, traffic should eventually get better as people move into new condos and apartments and stop commuting in, said Mitchell Bierman, an attorney at Weiss Serota who chairs a committee on transit and infrastructure at the Greater Miami Chamber of Commerce.

“Most people looking at the problem of traffic consider density in the core to be a good thing,” Bierman said. “The worse the traffic gets, the more people will get frustrated and seek out the alternative. Density should reduce traffic because people are all in the same place. If you live in Manhattan, traffic isn’t a huge problem for you. You walk or take the subway.”

To that end, one DDA proposal envisions turning the traffic-clogged lanes of Biscayne Boulevard across the Miami River from Brickell into a wide-open, pedestrian- and bike-friendly greenway. City officials have also given their blessing for developers of smaller residential projects in areas served by public transit to build without providing parking spaces. Tri-Rail and Brightline connections at MiamiCentral in Overtown will make it easier for commuters to get into Brickell without driving. Walking trails along the river and Biscayne Bay are growing. And the Underline, another planned walking-and-biking trail, will stretch south from Brickell to Dadeland.

That’s not to mention the legalization of ride-sharing services like Uber and Lyft at the county level, as well an ambitious and expensive but still years-off plan for six new rail lines, including two that would connect downtown to Miami Beach and Northeast Dade.

“We are strangled by the fact that we aren’t able to build that subway system,” said Tere Blanca, a commercial real estate broker who leases office buildings in Brickell. “We need to find more ways to facilitate mass transit. We have to invest in that as a community.”

CHOKEPOINT

Despite signs of progress, the arch-nemesis of Brickell business interests remains the dreaded Brickell Avenue Bridge.

When the bridge goes up, Brickell shuts down.

Miami’s marine community has defended the need for the bridge to open regularly, citing the frequent passage of both pleasure vessels and commercial craft on a busy working river.

Miami Commissioner Ken Russell, chairman of the DDA, has lately played peacemaker between the office dwellers of Brickell Avenue and the boating industry.

“It’s tricky waters to navigate,” he said. “We do have a working river, and we have to value the businesses that are on that river. They’ve got to be able to work. … That being said, when that bridge is up, Brickell and downtown are crippled.”

Russell hopes to work out a compromise with the Florida Department of Transportation and the U.S. Coast Guard, which control the crossing, that will see the bridge stay locked during peak commuting times.

Another priority: the preservation and creation of affordable housing in Brickell and surrounding neighborhoods.

It might seem like a fool’s errand. Land costs for developers have soared, eating into profits for all but the most expensive luxury housing. The average price of new residential construction in Brickell stands around $650 per square foot. The average rent for a condo exceeds $2,500. And it’s not like the working class can afford or expect to live in, say, downtown Manhattan’s financial district. But mixed-income communities produce better results for children in school and reduce traffic by saving low-income workers a grueling commute, Russell says.

“It’s not just a city for the wealthy; it’s not just a city for investment,” he said. “If you really want to be a thriving metropolis, you’ve got to have a youthful energy. … [And] you can’t expect that to just thrive organically. You have to plan for it and allow for it and incentivize.”

For instance, Pinnacle Housing, an affordable and market-rate developer, was able to build a mixed-use, mixed-income project called Brickell View Terrace near Brickell station. The 23-story tower offers 100 affordable units and 76 market-rate units, as well as 7,300 square feet of retail. (Developers bought the land before prices spiked and received government tax credits, helping to make the finances work.)

It’s the first mixed-income project in Miami, and it could be a blueprint for future development.

“If left completely to the market, affordability has no chance,” Russell said. “There has to be some thumb on the scale to make sure that the city remains livable.”

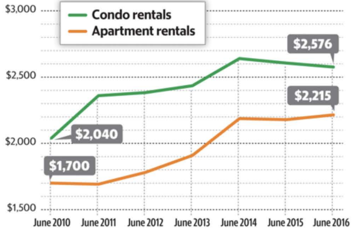
Developers completed more than 2,200 luxury Brickell condos in 2016. Another 3,300 are under construction.

Residents of East Little Havana — already being marketed as West Brickell by some Realtors — are nervously watching the luxury towers grow. They’re worried about development creeping into their affordable neighborhood.

Efforts to promote affordable housing will have to be subsidized by the public.

Brickell rents on the rise

As Brickell heats up with new condos, restaurants and shops, average rents have soared.



Source: Integra Realty Resources MARCO RUIZ mruiz@miamiherald.com

“As a function of land cost, the land is too expensive for voluntary development of mixed-income housing,” said Anthony Graziano, senior managing director for Integra Realty Resources and a consultant for the DDA.

More mixed-income projects are worth the price tag, said Adrian Madriz of the non-profit Struggle for Miami's Affordable and Sustainable Housing

“Brickell and the rest of Miami do not have to become exclusive playgrounds for the elite,” he said. “They can start a trend of equitable development that can create prosperity for all Miamians.”

STEPPING INTO THE LIMELIGHT

Brickell has been in the spotlight before. When “Miami Vice” featured sexy Brickell Avenue condo buildings designed by local firm Arquitectonica in the 1980s, the area’s global profile soared.

But this time feels different.

The big change happened after the housing bubble burst.

Millennials seeking cheap rents and convenient commutes swarmed Brickell’s empty condos. Developers responded by building new projects marketed to foreign buyers, reviving the local housing market much faster than expected. As rents soared again, nightlife moved in. Retail follows rooftops, brokers say. For instance, restaurant sales in greater downtown Miami rose 78 percent in 2014, according to a DDA study.

“We saw huge potential: a lot of young professionals moving in and nothing too edgy as far as nightlife in terms of cocktails, dancing and live music,” said Dan Binkiewicz, owner of Blackbird Ordinary, a buzzing bar in Brickell that opened in 2011 and attracts more than 1,000 customers on Saturday nights.

Binkiewicz says he’s not worried about rising rents or redevelopment pushing out his bar, as happened to Tobacco Road, a neighborhood stalwart from an older, more colorful era. Blackbird Ordinary has a long-term lease, and its landlord is also a business partner, he said.

Thanks to trendy new nightlife options, downtown neighborhoods are also attracting a growing share of visitors to Miami-Dade County. And for businesses, the appeal of a swanky Brickell address is undeniable.

When Eddy Arriola launched Apollo Bank in 2009, he dreamed that one day its Brickell headquarters would be in the heart of Miami.

“We thought we were ahead of the curve by 10 years,” said Arriola, who recalled having to drive out of the neighborhood to find an after-work drink or meal. Now, he said, Brickell is “a destination where clients want to come visit us.” Roughly 30 percent of Apollo’s Brickell employees use public transit, Arriola said, a number he expects to grow.

Eric Groffman, an office-space broker at JLL, said it’s not just law and financial firms looking for space. Companies want to be "where their clients want to see them and where their employees want to live," Groffman said.

Tech companies including Uber, Facebook, Expedia and Skyscanner chose Brickell for their South Florida offices. Class-A office vacancies in Brickell have dropped from 15 percent in 2014 to 9 percent this year, even as new inventory hit the market, according to Blanca Commercial Real Estate.

"When you have a city that doesn't die at night, lots of things develop," said Suzanne Amaducci, an attorney at Bilzin Sumberg. Her firm raised eyebrows in 2010 when it moved from its offices near the Miami-Dade County Courthouse to the south end of Brickell Avenue. Other big firms have followed, including Akerman Senterfit, which leased seven floors at one of the new Brickell City Centre towers.

Landlords are also rethinking existing spaces.

At the 21-story office tower at 801 Brickell Ave., a no-frills cafeteria on the ground floor could barely pay operating expenses.

So the owners embarked on a multimillion-dollar renovation project to make the space suitable for a trendy restaurant.

"We saw what was happening with all the cranes," said Stephen Rutchik, the building's leasing agent and a broker at Colliers International South Florida. "Brickell is the place everyone wants to be."

Last year, Miami nightlife impresario Dave Grutman (who runs Liv and Story in Miami Beach) signed a lease for his new $15 million, pan-Asian restaurant Komodo, which opened this spring.

Hotels are moving into Brickell, too.

Four hotels with more than 770 rooms have opened or are set to open by year's end, according to the Greater Miami Convention & Visitors Bureau. Another 290 rooms are projected in 2017.

SLS Brickell Hotel & Residences, a partnership between the Related Group and sbe Hotel Group, has sold all but two of its 450 condos and done a soft launch for a 124-room hotel. Reviews so far have been positive.

Carlos Rosso, president of Related's condo division, said the proximity of Brickell City Centre and other new amenities has boosted interest in the project.

And he said Brickell is now catching up to Related's pre-construction marketing pitch.

"When we started putting these people in brochures, the mom with the stroller, the businessman walking to work, it wasn't a reality yet," Rosso said. "Now all the people we put in our renderings are finally living in Brickell. The lifestyle is becoming a reality."

Artist Markus Linnenbrink works high above South Miami Avenue while painting a massive mural on the facade of Related's SLS Brickell building on Monday, May 23, 2016, in Miami. BY PATRICK FARRELL

This article includes comments from the Public Insight Network, an online community of people who have agreed to share their opinions with the Miami Herald and WLRN. Become a source at MiamiHerald.com/insight.

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