

Take Me to the River: Demand Swells for Miami River Sites

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Michelle Ash, CEO, Simply Marinas at Hurricane Harbor Marina

Michelle Ash quips that friends advised her to set up a tent along the Miami River after more than a dozen transactions so she'd have easy access to her assignments.

She's returned repeatedly to the river, where a mix of residential, shipping and recreational uses allows her to trade limited inventory to buyers searching for optimal projects amid economic flux. Despite swings in the real estate cycle, she has sold more than a dozen properties—some more than once—as demand heated up for either income-producing marine sites during the downturn or developable waterfront parcels in periods of economic boom.

"The river has approximately 11 miles of river frontage on the north and south side," said Horacio Stuart Aguirre, chairman of the Miami River Commission, which coordinates public policy and projects on the urban waterway. "There's enough demand for twice as much frontage. Easily the demand is twice the availability."

That's good news for Ash, whose Coral Gables brokerage, Simply Marinas Corp., deals in only one asset class.

Her latest deal in January dealt the 37,795-square-foot shipping site at 3001 NW South River Drive for \$4.9 million. The first time she marketed the property in 2003, it fetched about \$1 million per acre. She brokered another sale three years later, packaging it as part of an

assemblage that drew \$8.5 million, or more than \$2 million per acre. This time—for Ash's fifth transaction on the property—she participated in the deal, offering private financing to the new buyer.

"I'm very comfortable with it. I know the value," she told the Daily Business Review. "I sold it at \$1 million, and now I'm selling it at \$2.5 million. There's a lot of safety there."

River Rebirth

Her sense of optimism about the river prompted a client, Oklahoma developer Terryl Zerby, to pay nearly \$3.2 million in April 2012 for a waterfront shipping site spanning less than one-third of an acre on South River Drive.

Two months later, Zerby spent another \$6.3 million to acquire the nearly 6.7-acre Hurricane Cove Marina & Boatyard at 1884 NW North River Drive out of foreclosure. That deal gave him control of the river's largest marina and 135 boat slips.

Today, he's at work on a multimillion-dollar project to rebuild crumbling sea walls, piers, upgrade the electrical grid and create a two-story building with about 6,000 square feet of office space at Hurricane Cove. Instead of operating from trailers at the boatyard, the marina operator plans to break ground this year on a project that would bring Class A mixed-use space to the site for the first time. Its administrative offices and store would occupy the first floor, while marine contractors would lease the top story.

"We came down, saw Miami and never left," John Michael Cornell, an Oklahoma transplant who manages Hurricane Cove, told the DBR. "It's property on the water, which we always saw as a plus. In Miami, you come here for the water and weather. The recreational boating industry is a huge part of that lifestyle."

Real estate investments like Zerby's led Miami Mayor Tomas Regalado in September to herald the river's "rebirth."

"Today, we can call this river the new Miami River," he said. "Never before has there been such a resurgence in the recreational marine trades industry in Miami."

That resurgence is due at least in part to a similar waterfront revival taking place on Fort Lauderdale's New River, where residential development has pushed out boat repair yards.

In June, Apex Marine left its longtime home at 401 SW First Ave. in Fort Lauderdale to make way for luxury condos by developer TRG New River Ltd. Displaced from the 1.5-acre site, it leased a 5.5-acre property on the south bank of the Miami River's South Fork Canal.

Apex arrives as Miami River developers are at work on about 3,280 approved residential units, three hotels and 18 planned restaurants, which would account for most of the available space, according the River Commission,

"There's such limited availability, but people think there's a huge acreage we're holding back from the market," Aguirre said. "But this is it."

'Not Selling'

This fall, developer Shahab Karmely of KAR Properties plans to break ground on One River Point, two 60-story towers with about 400 luxury condos, 20 hotel rooms, restaurant and a members-only club at 24 SW Fourth St.

In October, New York-based Chetrit Group and its CG Florida Properties LLC won city approval for a \$1 billion Miami River Special Area Plan with 1,678 residences, 330 hotel rooms, retail space, offices and restaurants on 10 acres bounded by the river and Southwest Seventh Street between Second and Third avenues.

A more unusual prospect comes from Naeem Khan, a celebrity fashion designer who's dressed first lady Michelle Obama and pop star Beyonce. Khan's Miami-Dade County applications show plans to lease a shuttered carpentry shop from the county and invest \$6 million to create a fashion house with dockside access for shipping and to entertain yachting guests at 1175 NW South River Drive.

"It's an interesting adaption of an old and tired Miami-Dade building that's been vacant for years," Aguirre said. "Food and beverage wouldn't fit because of limited visibility. It was too small for a marine yard and too small for apartments, so it's atypical of what's flourished on the Miami River."

For Ash, the development flurry creates new opportunities and challenges.

On the one hand, she markets a zone widely seen as a natural extension of affluent Brickell Avenue. With three segments—each with distinct mixed-use, residential and industrial leanings—the river readily lends itself to an array of buyers.

But limited supply, zoning restrictions to preserve a working river and environmental laws cause lengthy delays, regulatory hiccups and financing hurdles that intimidate first-time river investors.

"It's complicated," Ash said. "But there's great upside, especially now."

One potential benefit: zoning changes around Palmer Lake east of Miami International Airport and the Miami Intermodal Center are aimed at creating a vibrant metropolitan area from underutilized and vacant properties.

The Palmer Lake Metropolitan Urban Center District created in 2013 brought new zoning allowances to a swath of industrial land bounded by the river on the northeast, the Seaboard Air Line Railroad on the west and the Tamiami Canal on the south. Its comprehensive master plan envisions offices, hotels, meeting spaces, shops, residential development and light industrial projects to serve aviation and marine users.

Factor in limited land supply, proximity to Brickell and attractions like Marlins Stadium, and marketers expect record-breaking deals—if they can get them done.

"I've talked to some owners, and they're not selling, not even for \$3 million an acre," Ash said. "It's a great area for a long-term hold."