

ON THE WATERFRONT

Miami is undergoing a big bounce-back from the 2008 property crash. This time, developers are thinking on a grander scale, aiming to create a truly cosmopolitan city beyond beach chic and bling.

STORY SOPHIE KALKREUTH



Driving along US Route 1 in the early evening, Miami's skyline rises above the flat land, its concrete and steel-wrapped towers lit by the orange glow of a tropical sunset. To the east, a stretch of powder white sand meets a long sweep of the turquoise sea, and to the west, the fading light leads to the Everglades swamp. In Miami Beach, neon signs glow against the pastel facades of Art Deco buildings and Ferraris hum along Ocean Drive where tourists gather for evening revelry in beach couture and flip-flops.

This is a city of juxtapositions. It is a pre-eminent beach resort that pulses with cultural dynamism thanks to an influx of Cuban and Latin American immigrants and a thriving financial centre, the site of regional headquarters for many companies serving South America. The city is also emerging as a hub for art and design. Miami hosts Art Basel and Design Miami each December and, in recent years, its skyline has been reshaped by a slew of "starchitects", including Zaha Hadid and Norman Foster, whose cutting-edge designs cater to an increasingly global clientele.

Miami is also moving up on the list of places that attract deep-pocketed foreign investors. In 2014, the city was ranked the seventh most important city to high-net-worth individuals with more than US\$30 million in assets. (Back in 2009, it ranked 29th, according to the annual global Wealth Report, a study published by Knight Frank).

When the financial crisis hit in 2008, Miami's condo market was so affected that new construction came to a virtual standstill. But if the decline was remarkable, the rebound has been just as striking. The latest building boom, fuelled largely by foreign buyers, has brought prices to an all-time high. Currently there are

about 100 new condo towers under construction, many of them luxury towers with units priced upwards of US\$30 million.

The most coveted area among well-heeled buyers continues to be Miami Beach, the slender barrier island between Biscayne Bay and the Atlantic. Last year, a Miami Beach apartment sold for US\$34 million. The record-breaking sale was for two triplex penthouses totalling 16,271 square feet across three levels at The Residences at Miami Beach Edition, a new John Pawson-designed hotel-condominium project. A US\$60 million duplex penthouse is also reportedly under contract at Faena House on Miami Beach, though the sale has not yet closed. As part of the same project, developer Alan Faena is also building Faena Versailles Contemporary with prices ranging from US\$3 million to US\$50 million.

"All of South Florida is experiencing a boom but, in particular, Miami Beach is in a league of its own," says Ophir Sternberg, founding partner of Lionheart Capital. "It's very hard to get projects approved and so whatever gets approved or built maintains its value." The last building boom saw many projects built on speculation with low deposits but, in this cycle, Sternberg says, lenders have been more selective.

Sternberg's company is building The Ritz-Carlton Residences Miami Beach, a waterfront development on seven acres facing a lagoon. The property will feature gardens, running trails, pools, entertainment spaces and 36 private boat dockages for 111 condominium residences and 15 single-family villas. The two- to five-bedroom homes range in size from 1,700 to over 11,000 square feet and feature interiors by Italian architect Piero Lissoni that include Boffi kitchens,



Artist renderings of the Paramount Miami Worldcenter, a new residential complex development due for completion by 2018, offers 470 residences with 1m sq. ft. of retail space.



oversized stone countertops and Gaggenau appliances. "It's very modern Italian design but with a very warm tropical feel because of the materials he chose," says Sternberg. "It's perfect for Miami."

Units will also be wired for smart-home technology and many will include private elevator foyers, sprawling terraces, summer kitchens and private plunge pools. In addition to on-site boat dockage, a captained VanDutch private day yacht will be available for Intracoastal and beach access and buyers will also enjoy a range of on site amenities like spa facilities, a gym, a pool

deck with city views and 24-hour concierge. At the time of writing, 60 per cent of the units had sold, with prices ranging from US\$2 million to US\$40 million.

So far this year, a strong US dollar and currency devaluations in Brazil, Argentina and Russia have dampened sales in Miami. The city usually has more than double the US average of residential cash buyers, reflecting its position as a pre-eminent American market for overseas investors. About 81 per cent of international buyers in South Florida pay all cash, compared to 60 per cent of international

buyers purchasing across the US, according to the 2014 Survey of International Home Purchases conducted by the National Association of Realtors. But 2015 sales have fallen short of previous year levels. In Miami Beach, cash buyers previously accounted for about 75 per cent of all purchases, but that number fell to 68.9 per cent in Q2 2015.

However, Sternberg says sales at The Ritz-Carlton Residences Miami Beach have been holding steady. "There have been less buyers from Brazil, Argentina and Venezuela, but replacing them are a lot of US-based buyers and



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Developers are also looking further north to Fort Lauderdale as the next destination for upscale residential development. Located 36 kilometres north of Miami, Fort Lauderdale has long been known as a premier yachting destination, attracting visitors from around the world to its nearly 500 kilometres of waterways. The city shares the same coastline as Miami, but draws a different type of buyer, says Andreas Ioannou, a partner at Orchestra Hotels + Resorts. “Miami is a very big brand. Fort Lauderdale is more serene and peaceful. And pricing on the beach is less than half of what you pay on Miami Beach.”

His company is currently building The Ocean Resort Residences at Conrad, a beachfront property where prices start at over US\$400,000 and range up to over US\$2 million for the penthouse. The property is part of new wave of luxury development in Fort Lauderdale that includes the Auberge Resort Residences and

Spa and the Four Seasons Fort Lauderdale. Designed by architect the late Michael Graves to emulate the decadence of a 1920s ocean cruise liner, the Conrad features 109 condominiums and beachfront villas with interiors clad in Italian porcelain wood with leather accents. Residents here will have access to a full-service, Conrad-branded spa, a poolside restaurant and lounge and preferred rates at two marinas that are within easy walking or driving distance.

But South Florida is not only about vacation homes. In downtown Miami, new condominium projects are offering an increasingly attractive urban lifestyle for those who live and work in the city. Brickell City Centre, one of the most ambitious new developments, aims to revitalise a section of the downtown core by importing a Hong Kong-style urbanism.

Developed by Swire Properties and designed by Miami firm

Canadian buyers so the market has kind of evened out.”

Miami developers are also courting Chinese buyers who are a relatively new but growing force in the market. Chinese nationals made up just two per cent of international buyers in South Florida in 2014, according to a report by the National Association of Realtors, but that number has doubled since 2012 and developers are confident the numbers will increase. Sternberg flew in feng shui master Patrick Wong from Hong Kong to advise on The Ritz-Carlton Residences Miami Beach. The project has sold a number of units to buyers from mainland

China, including several buyers from Beijing.

With limited beachfront land left in Miami Beach, development is moving north along the coast. In Bal Harbour, located on the northern tip of Miami Beach, new luxury offerings include The Residences at The St. Regis Bal Harbour Resort and Oceana Bal Harbour. The latter is another building with Piero Lissoni-designed interiors, where prices range from US\$3 million to US\$30 million. Further north, Sunny Isles Beach has transformed from a sleepy beach town to posh residential area, with condo towers such as the Porsche Tower and the Jade Signature Residences.

ABOVE AND RIGHT
The Ritz-Carlton Residences Miami Beach is a private property with 111 condominium homes and 15 single-family villas. It offers on-site boat dockage and a captained VanDutch private day yacht to provide ntracoastal and beach access.

OPPOSITE
The Ocean Resort Residences at Conrad is a beachfront property in Fort Lauderdale, which emulates the decadence of a 1920s ocean cruise liner.



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Arquitectonica, the project will span four city blocks of office, residential, retail and hotel components including 19,200 residential units, 13.5 million square feet of office space, 3,000 luxury hotel rooms and a range of retail and entertainment outlets. The project also incorporates public transportation and connects to the light rail system that is being expanded to reach the airport.

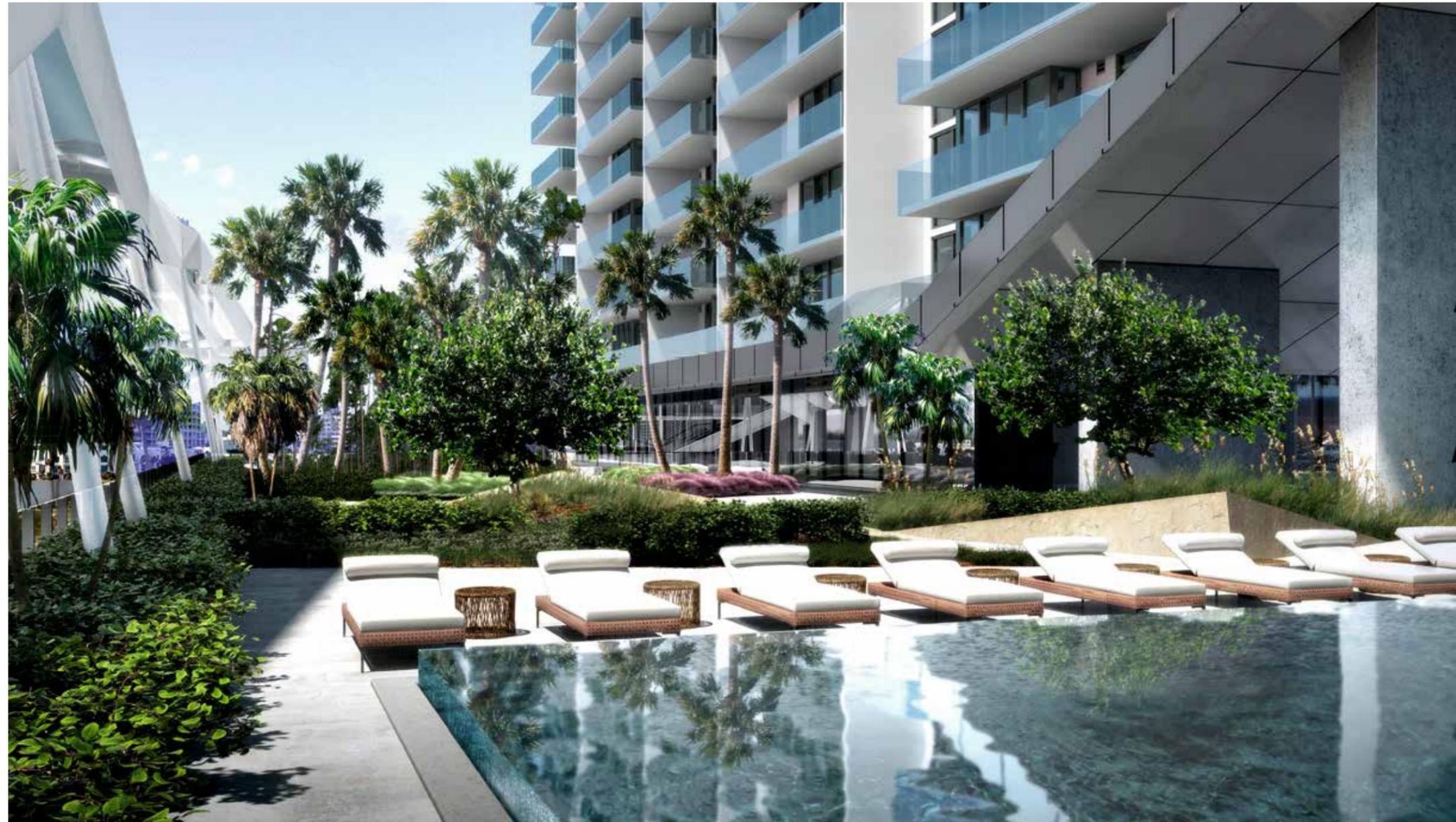
“This is transformational for Miami,” says Stephen Owens, president at Swire Properties, the US real estate subsidiary of Swire Pacific Holdings Ltd. “People are looking for urban connectivity; for transportation. A lot of professionals are doing business and want to be close to where they work.”

Owens compares the project to Pacific Place, complete with premium retail, food and beverage and an urban feel. This combination might seem obvious to

citizens of Hong Kong, Shanghai or Bangkok, but the formula is largely untried in US cities.

The project’s first phase is currently under construction and will include a premium shopping centre, two residential towers, EAST, Miami by Swire Hotels, and two mid-rise office towers. The one- to three-bedroom apartments and penthouses start from US\$630,000 and feature high ceilings and city views. There is also an amenity deck with gardens, outdoor fitness and children’s play area.

Connectivity and sustainability are also central to the project design. The architects placed the parking below ground so that the shopping centre flows freely at ground level. They also designed a Climate Ribbon, an overhead trellis made of glass, steel and fabric, which allows for passive climate control at street level. Breezes that come off the bay pass through the



ABOVE The Brickwell City Centre offers 19,200 residential units with luxurious amenities such as heated social pool and spa.

LEFT Developed by Swire Properties, The Brickwell City Centre is set to import a Hong Kong-style urbanism to south Florida, which includes office, residential, retail and hotel components.

ribbon to cool the area and protect it from direct sunlight. Brickell City Centre is also Leadership in Energy and Environmental Design (LEED) certified, a rare feat for a project of this scale.

Owens reckons that international interest in the project has been buoyed by Swire Properties’ global reputation. “We are an international developer that builds on equity. We don’t need to borrow to build. We don’t need to use deposits. And we develop for the long term.”

While the options for luxury living abound in Miami,

the dialogue around long-term, sustainable development is surprisingly absent. Built on a dome of porous limestone, the low-lying city is already vulnerable to storm surges, and if climate change predictions are to be believed – in the state of Florida they are largely ridiculed – large parts of Miami, including Miami Beach, Key Biscayne, Virginia Key could soon be under water.

So perhaps Miami should remain a medium-term investment. Just have an exit strategy in place while the party goes on. ☹