



# 2016 SOUTH MIAMI MARKET REPORT



**A COMPREHENSIVE STUDY ON SOUTH MIAMI'S RETAIL & OFFICE MARKETS**

# 2016 SOUTH MIAMI MARKET REPORT

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## EXECUTIVE SUMMARY

The Commercial Industrial Association of South Florida is proud to present the 2016 South Miami Market Report. Enclosed, you will find an analysis of lease and sale metrics related to Retail and Office properties, the main product types in the South Miami sub-market. Additionally, this report includes key demographics as well as an overview of schools in South Miami, providing a comprehensive insight into what drives the market.

In our panel, we will discuss the current state of the market with the some of its insiders like Victor Dover, Steve Alexander, Scott Silver, and George Spillis. Together, they will shed light on the trends that have shaped the neighborhood and that will transform its future.

## MARKET REPORT PANEL

**MODERATED BY** Tom Byrne, EWM Commercial



**Victor Dover**  
Founding Principal  
Dover Kohl



**Steve Alexander**  
City Manager  
City of South Miami



**Scott Silver**  
Litigation Attorney  
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**George Spillis**  
Principal  
Grass River Properties



# SOUTH MIAMI RETAIL MARKET

## AN OVERVIEW OF THE MARKET

South Miami has reached a maturity level where trading activity has decreased. In 2015, the jump in retail sales transactions was due to the sale of the Shops at Sunset Place, which sparked an interest in nearby properties.

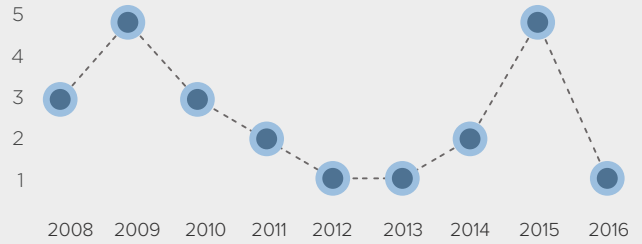
However, the price per square feet did not follow a clear trend, mainly due to the substantial difference between the condition of properties being traded.

In 2015, the price per square feet was also affected by the sale of the Shops at Sunset Place. The Shops at Sunset Place are set for a renovation that will open up more access and visibility to its surrounding streets, taking advantage of the growth around the Mall.

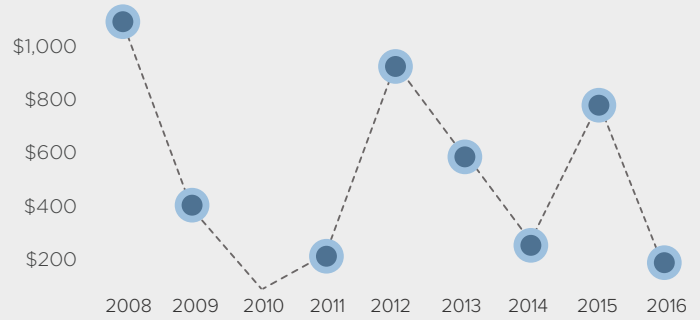
Vacancy rates remained at historical lows with exception of 2009, when 34,249 SF came available in the market, but were quickly absorbed down to 12,597 SF by 2010, a year when no sales transactions were reported.

Average Retail lease rates have increased steadily from mid \$30s PSF to around \$50 PSF, showing signs of growth in a healthy retail market. From 2010 to 2012, the average price per square feet in South Miami increased by almost \$10. After 2012, the growth has leveled, showing signs of a maturing market.

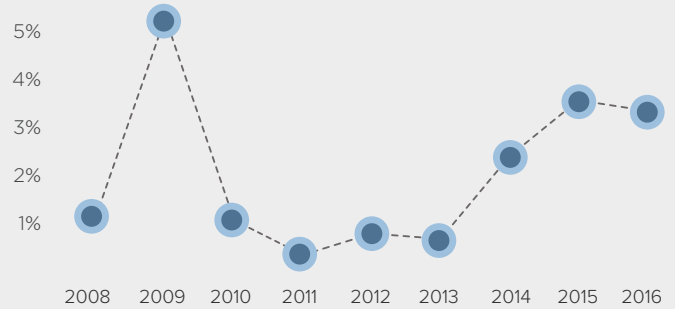
RETAIL SALES TRANSACTIONS



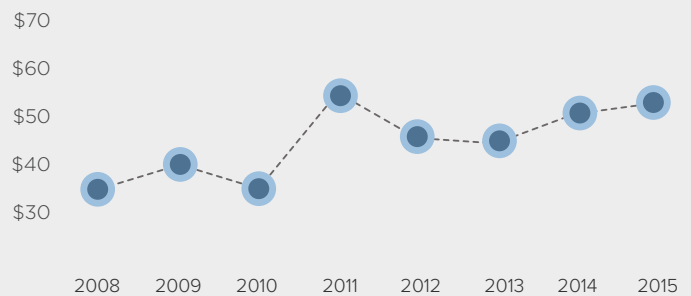
RETAIL SALES PRICE PSF



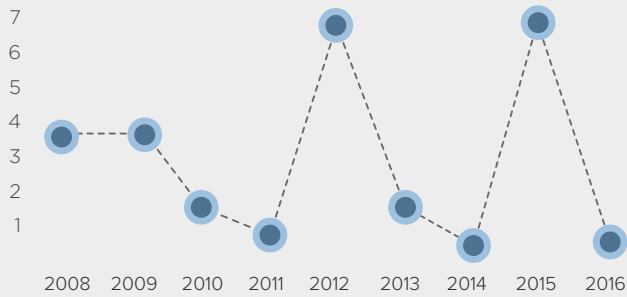
RETAIL VACANCY RATES



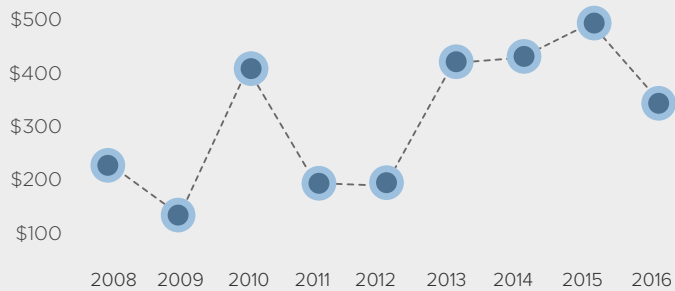
AVERAGE RETAIL LEASE PRICE PSF



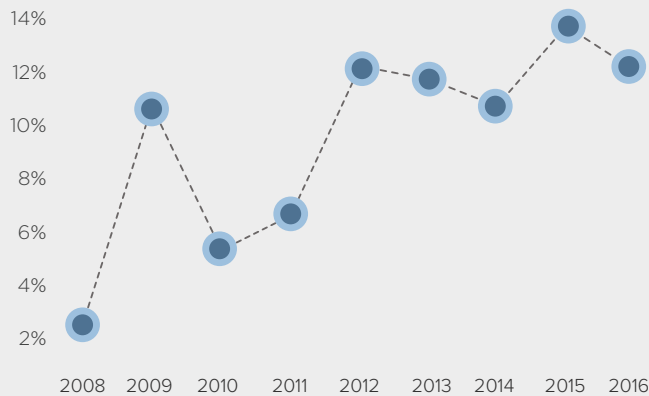
## OFFICE SALES TRANSACTIONS



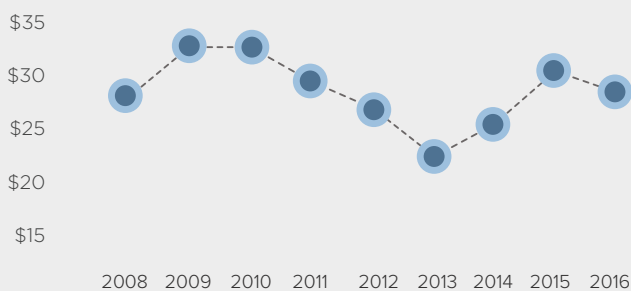
## OFFICE SALES PRICE PSF



## OFFICE VACANCY RATES



## AVERAGE OFFICE LEASE PRICE PSF



# SOUTH MIAMI OFFICE MARKET

## AN OVERVIEW OF THE MARKET

The Office Market in South Miami is undergoing a transformation. As lease prices have stabilized around \$30 PSF, developers have been thinking of different ways to create growth in their portfolios.

The 13,000 SF **Büro** lease at 5966 S Dixie Highway is a sign of a changing market within a changing industry. The property was being marketed at \$35 PSF, which is above the average asking rent for Office in the market.

Office Sales price per square feet is trending upward, moving between \$300 - \$400 per square feet. Correlated with the average lease prices per square feet, Investors might be getting 5% - 9% Cap Rates. There is little room for upside in a stabilized market under the conventional office types.

For this reason, vacancy rates are trending upwards, however, these vacancies are almost exclusive to Class B and Class C office types. As an example, **Büro's** business model caters to the creative businesses in a Class A office environment without the burden of leasing a large and costly Class A space. Small businesses are able to lease a desk or a full office, lowering their overhead and the risk involved in signing a long term lease.

Class A office types are still doing very well, profiting from an affluent economy that is hungry for top-notch offices in prime locations. Most tenants are willing to pay the premium price for projects like 5966 S Dixie Hwy and SoMi Station.

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# SOUTH MIAMI SCHOOL OVERVIEW

## UNIVERSITIES

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### UNIVERSITY OF MIAMI



A private research university with more than 16,000 students from around the world.

The University comprises 11 schools and colleges serving undergraduate and graduate students in more than 180 majors and programs. In 2016, U.S. News & World Report ranked UM No. 44 among the top national universities in the country in its “Best Colleges” listings. U.S. News also cites several of its programs in “America’s Best Graduate Schools.”

## HIGH SCHOOLS

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### SOUTH MIAMI SENIOR HIGH SCHOOL



South Miami Senior High School is a high school located at 6856 SW 53rd Street in Miami, Florida, in the United States. Its principal is Gilberto Bonce.

The school is located about a mile and a half west of the University of Miami. It contains a magnet program, the Celia Cruz School of the Arts, which offers programs in seven strands: media production (with emphasis on television and film), computer graphics, music, photography, commercial arts (with emphasis on illustration), dance, and drama.

## MIDDLE SCHOOLS

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### SOUTH MIAMI MIDDLE SCHOOL



The South Miami Middle School is an “A” rated school for the 15th consecutive year.

Located on 6750 SW 60th Street, the South Miami Middle Community School provides opportunities for every student to become a responsible thinking citizen through an extended family of teachers, parents, students, community and business leaders working and learning together in a safe, caring environment to develop knowledge of careers, technology, the arts and social skills as they relate to the world of work and individual future planning.

## ELEMENTARY SCHOOLS

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### SOUTH MIAMI K-8 CENTER



South Miami K-8 Center is a Miami-Dade County Public School attendance boundary school serving children from Pre-K to eighth grade with an expressive arts magnet program in grades three through eight.

South Miami K-8 Center enriches the community through the conveyance of the cultural heritage of the nation. The provision of the best possible educational experiences for our students will complement our mission to develop the whole child in an enriching academic environment, and to develop lifelong learners in pursuit of excellence, utilizing the expressive arts and technology.



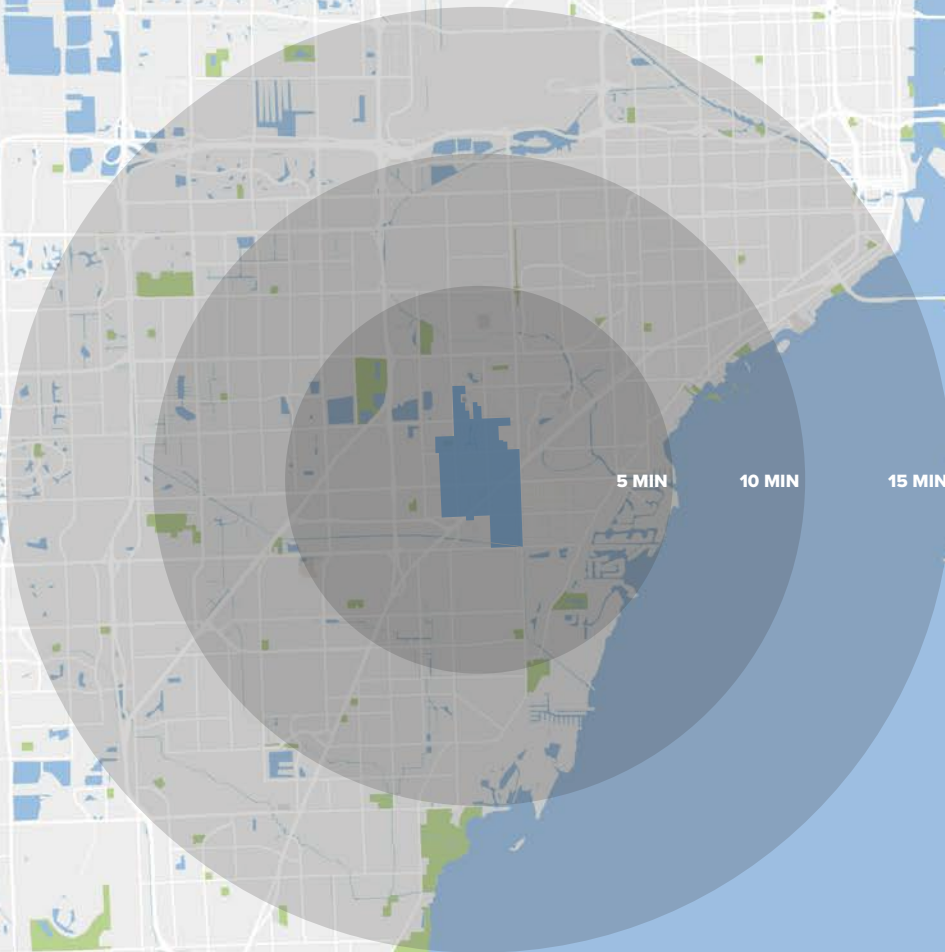
**SOUTH MIAMI  
METROPOLITAN  
STATISTICAL  
AREA**

# DEMOGRAPHICS

<b>MALE POPULATION</b>	10,127	51,617	165,751
<b>FEMALE POPULATION</b>	10,302	55,821	180,782
<b>DAYTIME POPULATION</b>	34,039	137,779	411,260

<b>MEDIAN AGE</b>	26	40	43
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<b>AVERAGE HH INCOME</b>	\$96,287	\$110,220	\$85,529
<b>MEDIAN HH INCOME</b>	\$58,492	\$65,215	\$50,344



# REPRESENTATIVE TRANSACTIONS, DEVELOPMENTS, & LEASES

**1** Fox's **\$7.5M | P**



10,830 SF | \$692.52 PSF

**2** Büro **Lease**




13,000 SF | \$35 PSF

**3** 5958 S Dixie Hwy **Lease**



16,000 SF | \$65 PSF

**4** 5901 SW 74th St **\$9.8M**




34,251 SF | \$286.12 PSF

**5** SoMi Station **\$13M**



6.2 Acres

**5** Offices @ SoMi Station




6.2 Acres

**6** 1542 S Dixie Hwy **\$16.5M**




64K SF Development

**7** Wendy's **\$9M**




38,200 SF Land | \$235 PSF

**9** 5887 Sunset Drive **Lease**

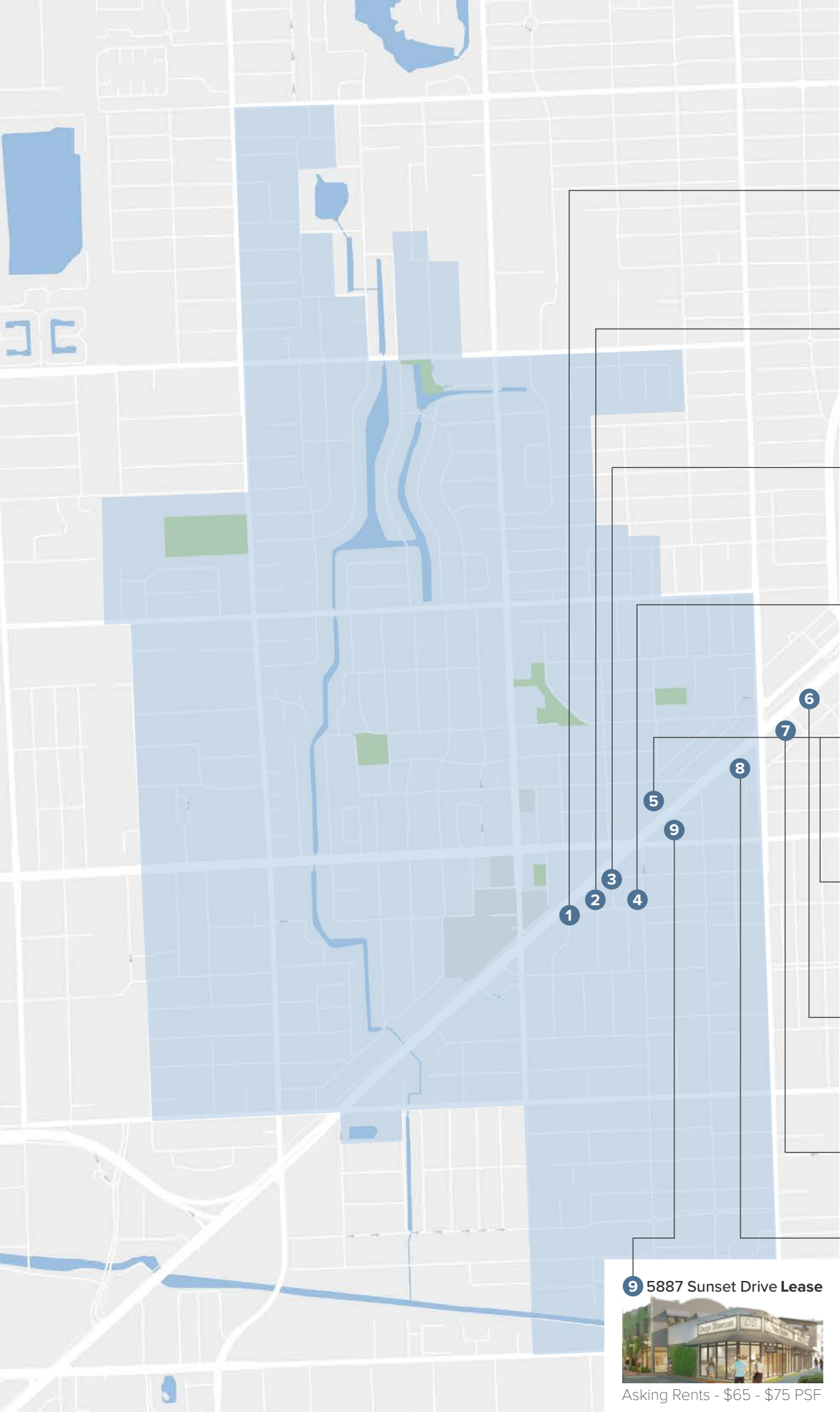


Asking Rents - \$65 - \$75 PSF

**8** Sunset Place **\$110M**



10 Acres







## 5966 S DIXIE HWY LEASED TO BURO

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# büro

Büro inked a 13,000-square-foot lease for the Somi Center on U.S. 1, founder and CEO Michael Feinstein told The Real Deal. The Miami-based co-working space company has locations in Midtown, Sunset Harbour, MiMo and Coconut Grove.

It's slated to open at Somi Center, 5966 South Dixie Highway, next spring. Büro has more than 800 members and 350 companies renting space, including Airbnb, Gilt Group, Glamsquad and Lyft, according to a press release.



## 7145 SW 59 PLACE 195,850 SF WITH REDEVELOPMENT PLANS

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County records show the lease, which was transferred to the Treo Group of Miami, covers about 6.2 acres of land at the corner of Southwest 70th Street and Southwest 59th Place. It's mostly occupied by an existing five-story parking garage, although 36,267 square feet of the land is vacant green space.

The land is owned by Miami-Dade County, and the lease requires Treo — at its own expense — to begin construction on 100,000 square feet of any combination of hotel, retail, or residential space within three years of the transfer. Within five years, the project must be completed, according to the lease.



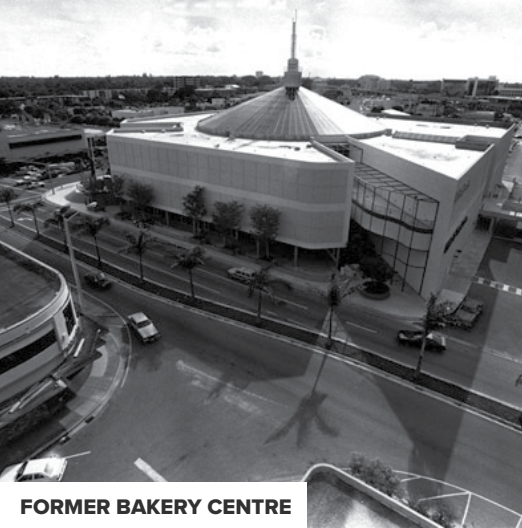


## 5958 S DIXIE HIGHWAY LEASED TO SLIDERZ & AMERICAN HARVEST



The former restaurant sold the property, which included Swim Bike & Run, to Greenstreet Real Estate Partners for nearly \$5.7 million in October 2013. The new owner redeveloped the property into a mixed retail-office space.

Asking rents for ground floor retail space in the area are between \$65 a foot and \$75 a foot, with the property at 5998 South Dixie Highway “on the higher end of the spectrum,” Comras said.



FORMER BAKERY CENTRE



## SUNSET PLACE - \$110M WITH REDEVELOPMENT PLANS

“The Bakery Centre” was constructed on the site of a former Holsom Bakery. Developer and art collector Martin Margulies built the retail complex in 1980s. The structure was meant to serve as both a mall and an office space complex and was expected to create approximately 4,200 jobs within the community.

Unfortunately, the shopping center was unable to attract consumers due to its poor architectural design and shortage of retail options. In 1994, the mall was sold for \$11.2 million to Simon Property Group. The Bakery Centre was demolished 1996 and replaced three years later with a new open air shopping center that became “The Shops at Sunset Place.”

In 2015, Federal Realty Investment Trust and its two local partners Grass River Company and Comras Company, bought the project for \$110M. The new owners propose to drastically de-mall Sunset Place, whose failing fortunes they attribute to a dated, theme-park-like design that walls it off from the surrounding streets.

They plan to save most of the half of the mall structure facing Sunset Drive, albeit with a cleaner, contemporary look that strips off much of the gaudy 1990s detailing and multi-color paint scheme. They will remove the big sunbaked staircase and the grotto-like fountain in the central plaza as well as the bridges and staircases that make navigating the mall a confusing chore and give it the look and feel of a tunnel.





## **5901 SW 74 STREET - \$9.8M**

### **SOLD TO MARKET STREET REALTY PARTNERS**

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A Miami-based investment and management company paid \$9.8 million for a low-rise office building and parking lots in downtown South Miami

Records show Market Street Real Estate Partners, based nearby on Red Road, bought the building at 5901 Southwest 74th Street and the lot at 5900 Southwest 74th Street.

The properties total 45,963 square feet of land and a three-story, 34,251-square-foot building. The seller is an LLC managed by Vivian Dimond, broker and owner of Avatar Real Estate Services. 5901 South Miami LLC paid \$7 million in 2007 for both properties. Dimond signed the deed transfer of ownership..



## **1542 S DIXIE HIGHWAY**

### **PUBLIX ANCHORED CENTER**

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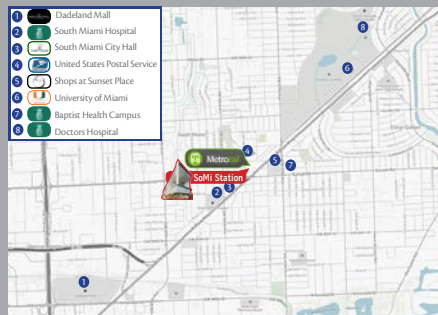
Coral Gables will consider plans for a new Publix Super Market just south of the University of Miami in Coral Gables.

The application for the site at 1542 South Dixie Highway will go before the city's Development Review Committee on Friday, and would need further approval from the city commission. It was proposed by Riviera Plaza Holdings, a partnership between local developers 13th Floor Investments, Gadin-sky Real Estate and Echion USA.

The companies acquired the 1.5-acre site for \$16.5 million in 2015. It currently has 45,000 square feet of retail and office in two buildings, constructed in 1995. The developers want to demolish the buildings and build a four-story, 64,000-square-foot complex. Publix would occupy most of the space, with 10,830 square feet reserved for specialty retailers.

# SoMi Station

Class A, 8-Story Office Bldg Connected to Mass Transit  
On the Corner of US 1 & Sunset Dr. ± 195,000 RSF



In addition to its superior location and connectivity, the property enjoys unsurpassed parking availability with a 5-story private parking garage containing approximately 650 spaces, in addition to an adjacent 1,100 space municipal parking garage available to the public.

The area's Walk Score<sup>®</sup> is 94 ("Walker's Paradise") and its daily traffic count is over 130,000 cars. University of Miami campus is within walking distance and one Metrorail stop to the north. The Underline will create a linear park with green space and art exhibitions under the Metrorail.

Visually compelling architecture by Perkins + Will. Ground floor amenities complement the live-work-play-learn environment. Ideal for headquarters, medical, and educational facilities.

Loopnet ID 19933817 / CoStar ID 10096000

Scan QR code below for more information

- Tony Puente, CCIM
- Jose I. Juncadella, SIOR

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# 2016

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