Why Are The World's Top Real Estate Developers Risking Billions On Miami's Riverfront Renaissance?

Peter Lane Taylor

Inevitably it seems that rivers are one of two things to a city: either a vital, vibrant artery stitching it historically together (think the Seine through Paris, the Sumida through Tokyo, or the Chicago River through the downtown Windy City), or an industrial, black water pipeline which, decade after decade, sacrifices a thriving, walkable waterfront for **a persistent no man's land of warehouses, ports, power plants, and sewage tr**eatment facilities (think the Delaware River in Philadelphia).

For years, the Miami River flowing through downtown Miami (yes, Miami does have a river, not just beaches) has been a classic example of the latter—a "working river" rather

than a modern "waterfront". **Few people know this better**—and the potential it represents from a real estate development standpoint—than Shahab Karmely, the Founder and Principal of New York-based KAR Properties, a real estate investment and development firm that is betting its **future in part on the Miami riverfront's current** renaissance.

Shahab Karmely, Founder and Principal of KAR Properties

While far from Trumpian in its high-flying public profile, KAR is no small player in global real estate development. Over the past two decades, KAR and its affiliates have acquired and monetized over 3 million square feet of office, luxury mixed-use, and industrial space in the U.S., Southeast Asia, and Europe, and now oversees a core

development portfolio and pipeline in excess of 5 million square feet. So Karmely knows what works—**and what doesn't**—when it comes to the international clientele that is the driving force behind the South Florida real estate market. In Miami specifically, KAR **has invested over $150 million in the city's established neighborhoods as well** as buying up vacant land for years in emerging neighborhoods where the only value has been potential.

To hear Karmely tell the story of what the Miami River once was, and what he ultimately envisions it to be within the next few years, is to understand both how risky and hard urban riverfront redevelopment can be, but more importantly, how powerful an impact it can have on the future vibrancy and economic development of a city in the long-term.

In an article on the Miami River's real estate development renaissance back in June 2015, the Miami Herald referenced the "patches of seediness" that historically had the big, international real estate developers looking to Miami Beach, Sunny Isles, and every last square inch of Biscayne Bay waterfront for their next high rise development project. The Herald was being polite.

"Back in the 1980s", recalls Karmely, "The Miami River was like something out of a Miami Vice episode. It was the cowboy cocaine days. Drug runners would cruise up and down the Miami River in speedboats with no fear of the law. There were shoot-outs. Tourists wouldn't even think of coming here. But that's why I knew there was an opportunity. All of this was happening in the middle of one of the most cosmopolitan cities in America, and minutes from South Beach."
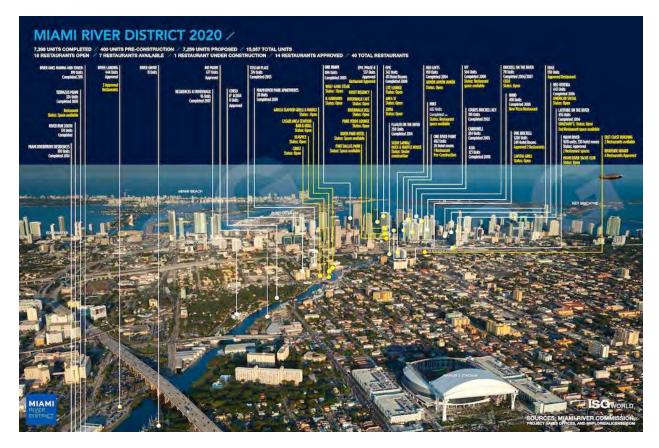
Karmely has always been enamored of the power of rivers to revitalize cities and suture them back together again. **He's traveled extensively across Europe and Southeast Asia** where in cities like Prague, Vienna, Berlin, London, Amsterdam, Tokyo, and Ho Chi Min City (Vietnam), rivers form a vital link between neighborhoods, create large swathes of pedestrian green space, and are an important tourist destination.

In Miami's case, this is even more potently true because the Miami riverfront has long been—at least until recently—the last remaining stretch of undeveloped waterfront property in a city where waterfront property is real estate gold. It was where Henry Flagler developed Miami's first hotel, the Royal Palm, in 1896, and where Miami's first courthouse and post office were constructed when the city was first being developed.

Notwithstanding the Miami River's last waterfront frontier status, creating an environment that would attract redevelopment dollars was not an easy task. The dredging and cleanup of the Miami River took five years to complete in 2008 and cost $89 million. Given the effort, logistics, and costs required it was an undertaking that necessitated widespread political collaboration and public and private sector support.

"In 1998 the State of Florida created the Miami River Commission which has worked tirelessly in partnership with the public and private sectors to significantly improve the mixed-**use Miami River District," explains Horacio Stuart Aguirre, pro-**bono Chairman **of the Miami River Commission. "The U.S. Congress, State of Florida, South Florida** Water Management District, Florida Inland Navigation District, Miami-Dade County,

City of Miami, Miami River Commission and the private sector all partnered to improve the unharnessed mixed-use potential of the Miami River. These improvements have attracted major private sector developments, and today the Miami River is an example of a complete Renaissance."

Based on the raw redevelopment statistics alone, Karmely played his cards rights. Currently, the revitalization investment into the Miami River since 2000 has resulted in a total of 55 new buildings either already constructed or in the pipeline, amounting to over 15,960 new residential units and more than 750 five-star hotel rooms. Discount liquor outlets and boarded up storefronts have been replaced by some of Miami's newest and hottest culinary destinations like Zuma, Cipriani, The Capital Grille, Wolfgang's Steakhouse, and the Miami River Yacht Club to name just a few. Dozens of others are planned. On the retail side, Saks Fifth Avenue just opened up a new department store on the river at the newly completed Brickell City Center. Over six miles of the 10-mile, $21 million Miami River Greenway have been constructed, which weave together ten different parks and green spaces.

In addition to KAR Properties, the other forces that have bet big on the Miami River's Renaissance are serious players with serious money, including some of the world's largest real estate development companies like The Related Group, Swire Properties out of Hong Kong, and the Chetrit Group, one of who's projects is estimated to cost over a billion dollars on its own.

Karmely's new flagship project on the Miami River, called One River Point, now in pre-sale phase, is architecturally and economically symbolic of the future that KAR, The Related Group, Swire, the Chetrit Group, and other international real estate developers **envision for Miami's riverfront in the coming years. Instead of cigare**tte boats packed with cocaine, Karmely envisions luxury motor yachts docked next to up-and-coming Michelin-starred restaurants. Where there were once vacant blocks ringed by chain-link fence and barbed wire, he sees mixed-use retail corridors, waterfront and pedestrian parks, and protected historical sites. Where there was once not a tourist in sight, he anticipates a new generation of Miami travelers flocking to the riverfront first, and Miami Beach afterwards.

One River Point, represented exclusively by Douglas Elliman's Florida brokerage, is one more, very large step in making Karmely's vision a reality. A transformative, 350-unit high-rise development designed by internationally-acclaimed architect, Rafael Viñoly, One River Point sits on a plum 6 acre piece of property right on the river directly across from the recently completed Brickell City Centre, which Karmely cobbled together from three vacant lots back in 2006 for a total of $75 million.

"Acquiring these parcels right next to each other allowed us now to realize our vision of creating the only gated luxury enclave in urban Miami right on the river," says Karmely.

Rising 780 feet from the river, One River Point will consist of two transparent glass towers connected at the summit by a three-story floating glass sky bridge that will boast a 35,000 square foot private Sky Club curated by world-renowned hotelier and global tastemaker, Adrian Zecha. A cascading 85-foot waterfall that courses down a floating four-story podium graces the portico entrance, retaining Miami's intimate, historical connection with the sound and motion of water.

One River Point's other exclusive world-class resort hotel amenities include private elevator landings, 10' to 12' feet ceilings, floor-to-ceiling glass walls, glass enclosed

outdoor terraces with sweeping vistas of the Miami River, Biscayne Bay and the Miami skyline. The towers will also include individually tailored penthouses up to 12,000 square feet that feature private pools. An on-site central vault, rotating art exhibits by an internal curator, as well as art storage space, will allow avid art collectors and Art Basel addicts to indulge themselves as close as they can come to having their own private museum. Residents and guests will also have access to 25 deluxe club suites in the Sky Club that come with 5-star hotel service for out-of-town family, business colleagues, and other guests.

Of One River Point, Jay Parker, CEO Douglas Elliman Florida, says "The significant development along the Miami river reflects the extraordinary demand for lifestyle in the downtown Miami core, and will benefit the culture and lifestyle of living in downtown Miami. Karmely and KAR Properties helped Douglas Elliman and our Florida leadership **to understand the viability of the "redevelopment" opportunity associated with the river,** and while there are several projects being developed along the river, One River Point uniquely distinguishes itself by offering a level of quality, sophistication, security and accessibility in a way that few other if any other riverfront properties will be able to **compete with."**

Prices for One River Point's one, two, and three-bedroom units range from $850,000 to $12 million, higher for the penthouses.