

Traffic glut shifts transit-oriented projects into high gear

BY CATHERINE LACKNER

As traffic becomes more difficult by the day, development around transit stations is shifting into high gear. Several factors combine to make it an interesting opportunity for developers, sources say.

"There are many incentives, and they vary by city," said Mitch Bierman, partner in charge at the Weiss Serota Helfman Cole & Bierman law firm. Both Miami-Dade County and the City of Miami offer reductions in the number of parking spaces required based on a project's proximity to public transit, he said, and there are other inducements.

Still, Miami's transit system isn't as evolved as that of some cities, he said, so property along transit lines doesn't automatically command higher prices.

"I don't know if that aspect has been monetized in South Florida, as it is in other real estate markets around the country, but everybody expects and wants that to happen," said Mr. Bierman, who chairs the Greater Miami Chamber of Commerce's Transportation & Infrastructure Committee. "South Florida is a different transit situation."

Nevertheless, the change is coming, he said. "The younger generation, especially, wants a

choice to not have a car or only have one car per family. The cost of driving a car can run into thousands of dollars."

In Denver, which the chamber and other groups have visited, expanding public transit revitalized entire neighborhoods, he said. "We don't have a lot of undeveloped areas, but people I know who invest in projects believe that having transit options makes property more marketable and produces higher value, not only for residential, but for retail and restaurant uses, too," he said.

"While Miami's transit corridor is small, it's very well-defined and we're currently seeing a lot of development along it," said Jacob Roffman, a principal of 13th Floor Investments. "Each Metrorail stop from downtown south to Dadeland is its own little hub. This sector has been underdeveloped in past cycles."

Nothing has been delivered in this cycle, but there are several exciting projects coming up, he said.

They include his firm's 50-story 1010 Brickell (being developed in partnership with Key International), which is sold out and under construction with 387 units next to the 10th Street Metromover station in Brickell.



'Our deals all connect with stations.'

Jacob Roffman

"Our deals all connect with stations," Mr. Roffman said. While a 10-minute walk to transit might be acceptable in some climates, "between April and September, by the time you've walked that far in Miami, you're soaking wet."

Motion at Dadeland (on which 13th Floor Investments is partnering with Adler Development) adjoins the Dadeland North Metrorail station, the county's third-busiest. The partners plan to break ground on the 294-unit apartment building during the first quarter of 2016.

While transit-oriented development in Miami hasn't attained

the level it has in other cities, where it is common to consider the distance to transit as part of a home's amenities, Mr. Roffman said, "If you ask commuters whether they would rather live closer to or farther from the station, they will usually choose to be closer. We hope that will reflect itself in our rents."

With Adler Development, his company is negotiating a ground lease with Miami-Dade County for a mixed-use development on the 7-acre plot surrounding the Douglas Metrorail Station, Mr. Roffman said in a release.

"We won the request for proposals to exclusively negotiate with the county," he said. While he declined to divulge specifics, he said the prospect looks very promising.

"Institutional lenders are buying into this story, which is universally regarded as a positive indication," he said. "Our projects feed that vision," Mr. Roffman said.

"I can speak to the office sector, specifically projects near rail," said Tere Blanca, president and CEO of Blanca Commercial Real Estate Inc. Her firm is the exclusive listing agent for Two Miami Central, which comprises 190,000 square feet of office space, and Three Miami Central, with has approximately 94,000

square feet of space.

Both are part of Miami Central Station, where All Aboard Florida and Tri-Rail both plan to provide train service. Two Miami Central is "on the platform," while Three Miami Central is one-half block from the station, Ms. Blanca said.

"We are getting top-tier market rents tied to the excitement of these buildings. This is first time we've ever had the opportunity to move people on passenger rail throughout the tri-county area in comfort, not having to deal with traffic accidents and the shut-down of highways. There has been tremendous interest from both global and domestic tenants, given the appeal that connectivity has. You can now afford to have your employees well-connected to transit."

The office buildings will complement the residential, retail, lifestyle and entertainment uses that will spring up in the area, she said.

"The beautiful thing is that Florida East Coast Railway has owned the land and dedicated rail since Henry Flagler built it," Ms. Blanca said. "He had the vision to connect Jacksonville and Key West. We are so lucky, because if private enterprise had to acquire the land today, it would be prohibitively expensive."