



Adaptive Reuse 2.0 *Making Bright Brighter*

“We Create Magic in Places Often Overlooked”
Tony Goldman – Wynwood Visionary

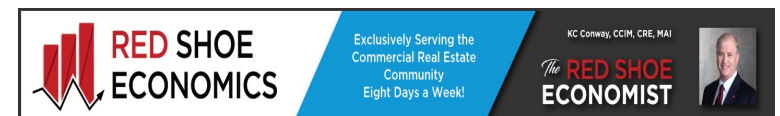
“Making Bright Brighter” provides a blueprint for making suburban communities brighter by applying a neighborhood approach to transforming economically obsolete areas. **Miami is the quintessential example of this neighborhood approach in action.**



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Miami Realtors Commercial & National Association of Realtors

“Adaptive Reuse 2.0 - Making Bright Brighter” white paper presentation, May 26, 2021

Red Shoe Economics and authors K.C. Conway, CCIM, CRE, MAI & Caylinn Peterson

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Adaptive Reuse: AdRu 1.0 versus 2.0

Adaptive Reuse (AdRu) is not a new term or concept to the commercial real estate industry.

AdRu is an evolving property use expanding beyond the conversion of individual single-property assets located in urban areas to full neighborhood renewals extending into the suburbs, and secondary MSAs.

AdRu 1.0 (Turning Blight Bright) was about understanding the conversion of individual assets in cities from something “blight-ed” to something “bright”. **AdRu 2.0 (Making Bright Brighter) is about** taking the property use trend beyond one-off properties associated with blight and **applying it to entire neighborhoods** beyond the urban core to make suburban areas even brighter than when first developed three, four, or more decades ago.

➡ **AdRu 1.0 (Turning Blight Bright)** was about understanding the conversion of individual assets in cities from something “blight-ed” to something “bright”.

Defining Adaptive Reuse: The three elements that define an adaptive reuse project are:

1. **Reuse of all or a material portion of an Existing Structure;**
2. **Presence of Functional and/or Economic Obsolescence; &**
3. **Change of Use**

*Of these three elements, **the most material is a Change of Use***

➡ **AdRu 2.0 (Making Bright Brighter)** is about taking the property use trend beyond one-off properties and applying it to entire neighborhoods beyond the urban core to make suburban areas even brighter than when first developed three, four, or more decades ago.

4. **The newly added fourth element is **Neighborhood**.**
In other words, AdRu 2.0 is neighborhood concentric, not single property concentric.

Adaptive Reuse: Miami - the Quintessential Example of AdRu 2.0

Examples of the neighborhood-concentric approach to adaptive reuse in South Florida developed and explained in this white paper include:

- **Wynwood Arts District** (Preserve & Enhance Vs. Erase & Rebuild)
- **Doral** (Local Government as part of the Solution: Incorporation made the difference)
- **Coral Gables** (Adaptive Reuse dating back almost 100 years)
- **Cutler Bay** (Redefining a community's identity around a defunct shopping mall)
- **The Underline** (Greenspace & Walkability are essential to Neighborhood AdRu)

Telling the Story is important in AdRu.

Use the ArcGIS StoryMap tool available to CCIMs & Realtors!



[Find your Caylinn Peterson!](#)

Adaptive Reuse 2.0: Key Takeaways

- **Adaptive Reuse should be thought of as more than addressing the one-off urbane blight.** There are more than one “Blight to Bright” needs in every neighborhood and community. **The top challenge for AdRu in most cities is aligning local government and business leaders.** The “Bright Brighter” neighborhood approach overcomes this challenge. Doral and Cutler Bay are great examples. Others outside FL include Marina Heights in AZ and Streets of South Glenn in CO.
- **Miami is the quintessential example of AdRu’s 4th Element – Neighborhood.** Other cities have successfully applied singular examples of AdRu 2.0 – Bright Brighter, but Miami has embraced and cross-pollinated the concept all across the MSA and is the case-study for a “Neighborhood Approach” applied systemically.
- **Learn from other Neighborhood AdRu examples:** Tony Goldman brought experiences from outside FL to Wynwood. Doral is taking cues from Wynwood and incorporating the AdRu **Neighborhood recipe 1-part preservation plus 1-part enhancement VERSUS 1-part remove and 1-part redevelop.** And Cutler Bay is applying lessons learned from Wynwood, Doral, and other defunct mall rejuvenations from across the U.S.

Adaptive Reuse 2.0: Key Takeaways

- **Don't forget the Greenspace:** Every successful AdRu – a one-off 'Blight to Bright' or the Neighborhood model – incorporates new Greenspace and pedestrian mobility.

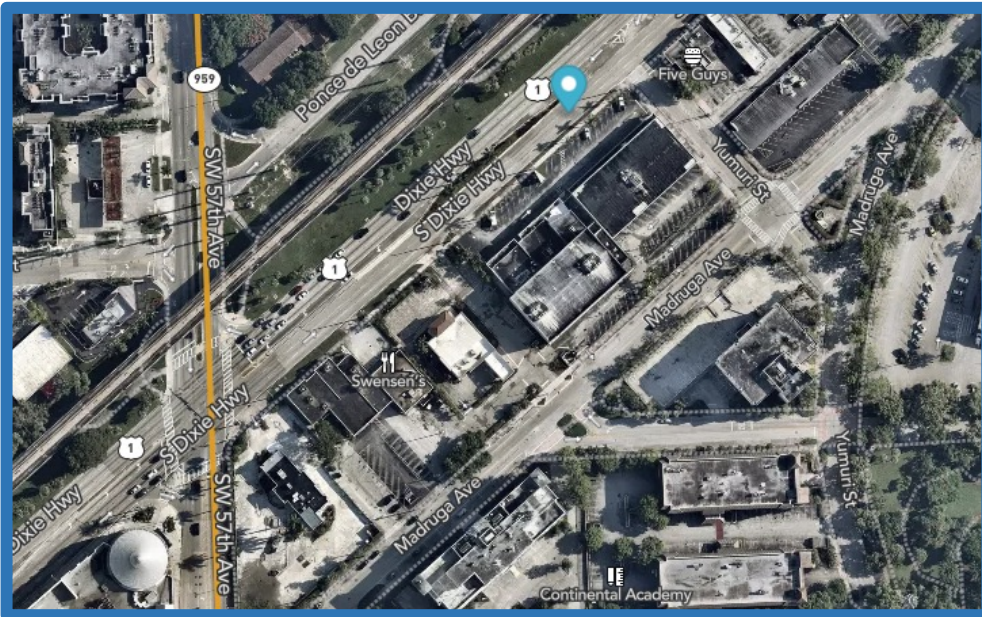


Greenspace is what will reconnect our cities from the 1950-1970 Interstate-era that divided many cities, such as Birmingham, AL.

The “G” in ESG should be amended to Greenspace. It is good “E” for the environment, and it is good “S” as it brings social diversity back to our neighborhoods.

- **Adaptive Reuse is Economically Feasible and Maximally Productive for cities.** It is what Realtors, CCIMs and Appraisers seek to ID – **Highest & Best Use**.

Let's look at what can happen to land values reviewing this recent Publix land sale.



LAND SALE COMPARABLE

Property Name: 1.5-Acre Commercial Site - Proposed Publix
 Address: 1550 - 1560 South Dixie Highway
 City,State,Zip: Coral Gables FL 33146
 Jurisdiction: Miami-Dade County
 MSA: Miami
 Submarket: Miami-Dade County
 Property Type: Land
 Property Subtype: Commercial
 Classification: N/A
 ID: 552544
 Tax Number(s): 03-4130-010-0010 & 03-4130-010-0011

Sale Date:	4/2020	Price per Sq.Ft.:	\$350.83
Sale Price:	\$23,000,000	Price per Acre:	\$15,282,392
Value Interest:	Fee Simple	Price per Potential Building Area:	\$547.62
Grantor:	Riviera Plaza Holdings LP	Price per Potential Units:	N/A
Grantee:	Publix Super Markets Inc.		

This 1.5-acre improved property is located on the **southeast corner of U.S. Highway 1 and Yumuri Street, just east of Red Road, in Coral Gables.** The site is zoned C (commercial) and has 980 feet of street frontage (including 300 feet along U.S. Highway 1). The property was **purchased by Publix to develop a 42,000 square foot grocery store with parking on the second level of this development.** The seller was marketing the site for **redevelopment.** This property sold in April 2020 for \$23,000,000 or \$350.83/SF of land area.

Adaptive Reuse 2.0 – Making Bright Brighter! ArcGIS StoryMap presentation



Caylinn Peterson
Project Research Strategist
Red Shoe Economics, LLC

Following graduation from Florida State University in 2014 with a degree in Real Estate, Caylinn relocated to North Carolina and began her commercial real estate career at Avison Young in Leasing and Investment Sales within the Retail Development Team.

Over the last 6 years, Caylinn has expanded her practice to include her passion for mapping, demographics and psychographics to become an integral part of the Red Shoe Economics consulting firm.

As a Project Research Specialist, Caylinn is responsible for the research of special projects and white papers. Caylinn lives in Raleigh, NC with Brian and their German Shepherd, Sawyer.

To learn more about StoryMaps contact Caylinn at Caylinn@redshoeeconomics.com

Wynwood Arts District



Wynwood Arts District

- 1917: Farmland to Residential
↕ *Period characterized by increased residential*
- 1960s: I-95 Construction
↕ *Period characterized by declining residential use and increasing industrial use*
- 1980s: The Garment District 3rd Largest in US
↕ *Period characterized by declining residential and industrial use leaving many vacancies*
- 2000s: Tony Goldman Sees Potential
- 2002: Art Basel Miami Beach Opens
- 2009: Miami 21 Zoning Code Adopted
- 2013: Wynwood Business Improvement District Organized
- 2015: Wynwood Neighborhood Revitalization District Adopted

Primarily transformed through the conversion of dilapidated warehouses into creative office and retail space, Wynwood has expanded to over 50 city blocks, including more than 400 businesses, 200 street murals, and 30 restaurants today.

Wynwood Arts District

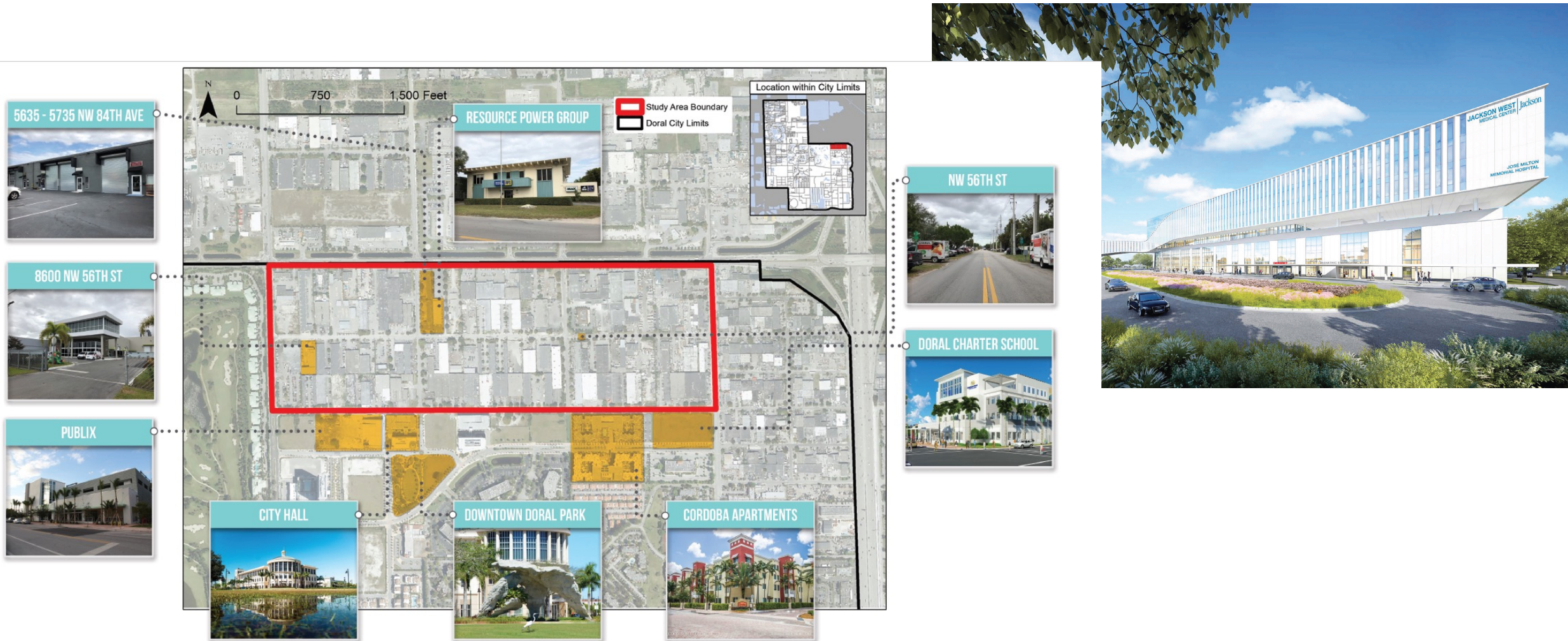
1-800 Lucky



The Print House



City of Doral

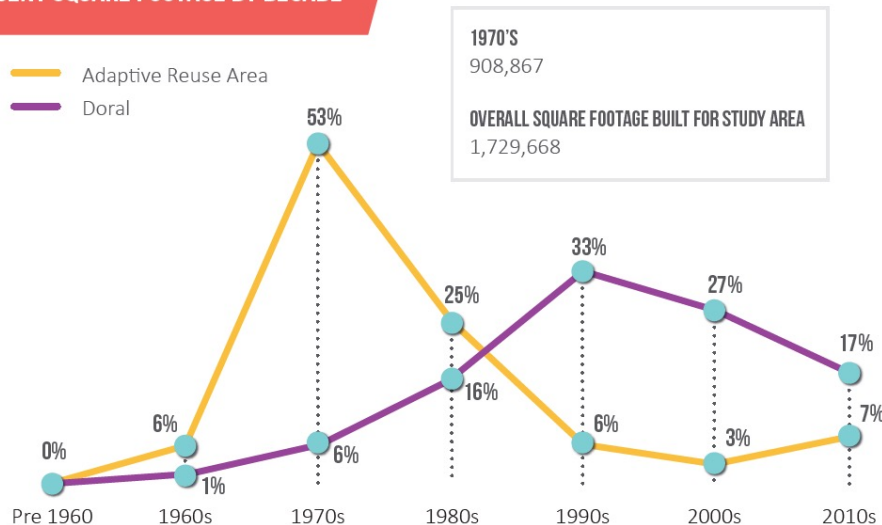


City of Doral

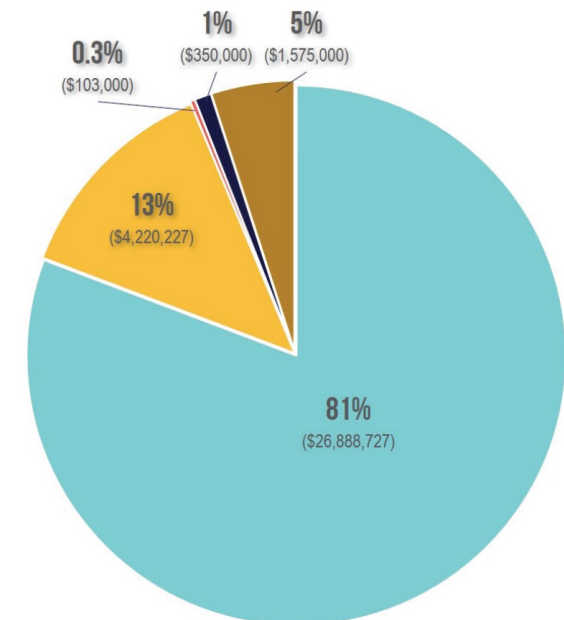
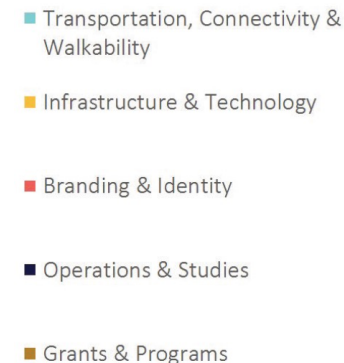
- 1950s: 'Dor'is and 'Al'fred Kaskel acquired 2,400 acres of vacant everglades land
Period lacked cohesive planning and zoning regulations leading to unorganized growth
- 2003: City of Doral Incorporation
- 2014: Codina Partners begins transformation of Downtown Doral
- 2015: Jackson Health System acquires land
- 2019: City of Doral Adaptive Reuse Study Area Action Plan

Proactively identified a focus area to be transformed through development with significant emphasis on artistic components, greenspace and pedestrian-centric environments.

PERCENT SQUARE FOOTAGE BY DECADE



PROJECT COSTS
BY TYPE



City of Doral

Projected BID Revenue Estimate		
Year	Adaptive Reuse Area Taxable Value	Projected BID Revenue
2019	\$ 176,183,625	-
2020	\$ 184,111,888	\$176,184
2021	\$ 192,396,923	\$184,112
2022	\$ 201,054,784	\$192,397
2023	\$ 210,102,250	\$201,055
2024	\$ 219,556,851	\$210,102
2025	\$ 229,436,909	\$219,557
2026	\$ 239,761,570	\$229,437
2027	\$ 250,550,841	\$239,762
2028	\$ 261,825,628	\$250,551
2029	\$ 273,607,782	\$261,826
2030	\$ 285,920,132	\$273,608
2031	\$ 298,786,538	\$285,920
2032	\$ 312,231,932	\$298,787
2033	\$ 326,282,369	\$312,232
2034	\$ 340,965,076	\$326,282
2035	\$ 356,308,504	\$340,965
2036	\$ 372,342,387	\$356,309
2037	\$ 389,097,794	\$372,342
2038	\$ 406,607,195	\$389,098
2039	\$ 424,904,519	\$406,607
2040	-	\$424,905
Total		\$5,952,035

Figure 3-7: Projected BID Revenue Estimate. Source: taxable value sourced from Florida Department of Revenue, 2018
Note: assumes 1.1 millage rate, tax value growth rate of 4.5%, and \$1 of revenue per \$1,000 of taxable value; collected revenue for each year is based on the prior year's taxable value.

WHAT IS A BUSINESS IMPROVEMENT DISTRICT (BID)?

A BID establishes a geographically defined area where a special assessment is charged to property owners in the district to provide special services, programs, and/or improvements within the district above and beyond what the local government provides. It typically has an entity that oversees the district and implementation of initiatives and projects, such as a non-profit organization with a Board of Directors and committees.

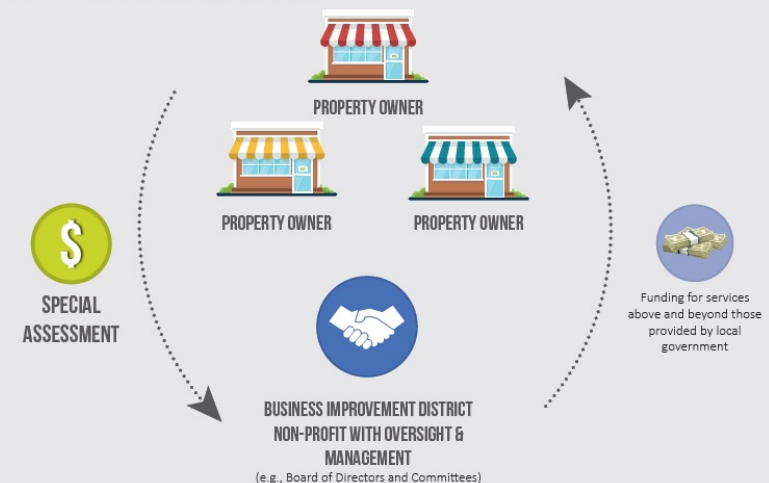


Figure E-4: Business Improvement District

Coral Gables



Coral Gables

- 1920's: George Merrick begins converting his citrus groves to a town inspired by the City Beautiful Movement investing more than \$50 million
- 1924: First adaptive reuse project in the form of the transformation of a limestone quarry into the Venetian Pool, a public swimming venue in Coral Gables
- 1925: Coral Gables incorporates as a city
- 1926: Biltmore Hotel and Golf Course opens for business
- 2017: RFPs issued for parking garage redevelopment
- 2019: City tries its hand at self-development
- 2022: Deadline for garage self-development to break ground or allow City 1 & 4 garages to come back to Coral Gables City Center, LLC

Identifying activities to re-energize and redevelop the numerous under-utilized spaces, big and small in all areas of the center.

Coral Gables

Table 1:
Andalusia Avenue Property
City of Coral Gables, Florida
Development Program

I. Residential (Multifamily Rental)	244 dwelling units
II. Retail	28,749 square feet
III. Structured Parking	593,359 square feet

CAPITAL SOURCES (ALL NUMBERS IN \$1,000,000'S)	VERSION 1			
	Total	Residential	Retail	Office
TOTAL PROJECT CAPITALIZATION[1]	\$170.2	\$149.8	\$20.4	\$0.0
EQUITY	\$60.6	\$52.4	\$8.2	\$0.0
CONSTRUCTION LOAN	\$109.6	\$97.4	\$12.2	\$0.0



I. Ad Valorem Revenue (20 years)

City of Coral Gables	\$22,853,979
Miami-Dade Public Schools	\$31,294,205
S. Florida Water Mgmt. Dist.	\$599,819
Everglades Construction Project	\$208,025
Okeechobee Basin	\$652,031
FIND*	\$131,557
County Operating	\$19,186,407
County Debt Service	\$1,850,025
Library District	\$1,167,572
Children's Trust	\$2,055,584

TOTAL **\$79,999,204**

II. Construction Economic Impacts

Output	\$311,474,000
Earnings	\$93,738,000
Employment	2,519

III. Annual Economic Impacts

Output	\$74,205,461
Earnings	\$19,408,880
Employment	628

Cutler Bay



Cutler Bay

- 1830 – 36 square miles of government land granted to Henry Perrine
- 1896 – Henry Flagler's Florida East Coast Railway reaches Miami
- 1900's – Perrine heirs awarded title & Flagler acquires majority of Perrine Grant for rail extension
- 1905 – Panama Canal Project prompts Flagler to continue the railroad South of Miami
- 1942 – Homestead Army Airforce Base opens
- 1954 – First Residential Subdivision begins construction – Blumberg's Cutler Ridge
- 1972 – Blumberg opens Cutler Bay Ridge Shopping Mall
- 1992 – Hurricane Andrew strikes
- 2005 – Cutler Bay becomes incorporated as a town
- 2020 – Cutler Ridge Shopping Mall falls into foreclosure
- 2021 – Lender seized mall in foreclosure auction

Cutler Bay has endured many transitions from the original land grant through the foreclosure and seizure of the Cutler Ridge Shopping Mall. This area presents the greatest adaptive reuse opportunity in South Florida to date. What is the untapped potential for AdRu?

The Underline

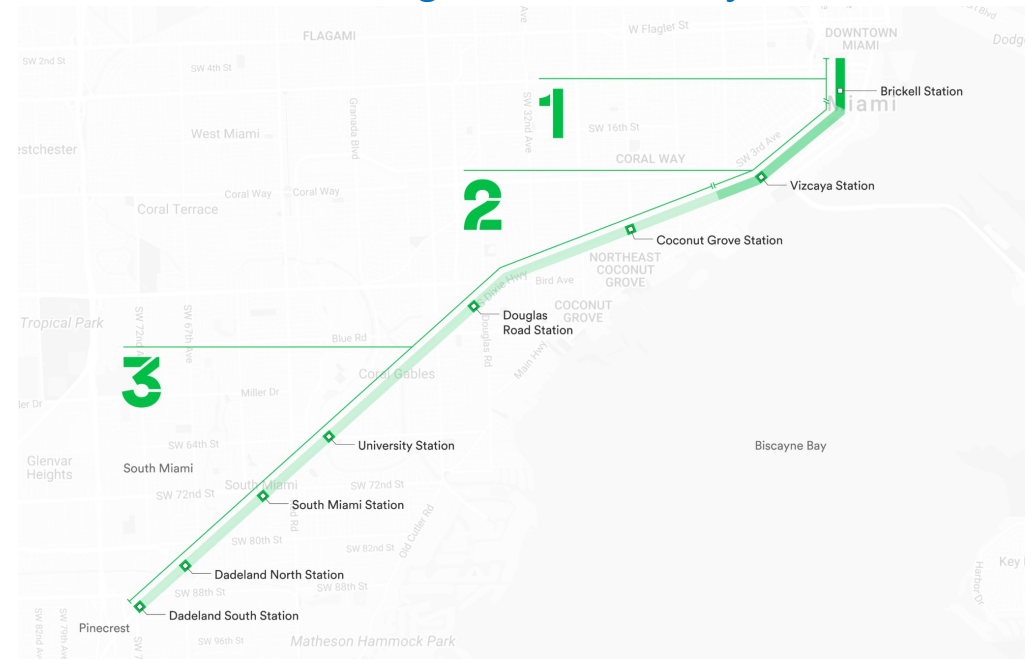


The Underline

- 1983: Miami Metrorail and MPath Open
- 2013: Meg Daly Discovers the Opportunity
- 2021: The Underline Phase 1 Opens
- 2025: The Underline Anticipated Completion

The Underline will be a 10-mile linear park that spans over 120 acres under Miami's Metrorail. This once underutilized space will soon have new life through a wide array of amenities including:

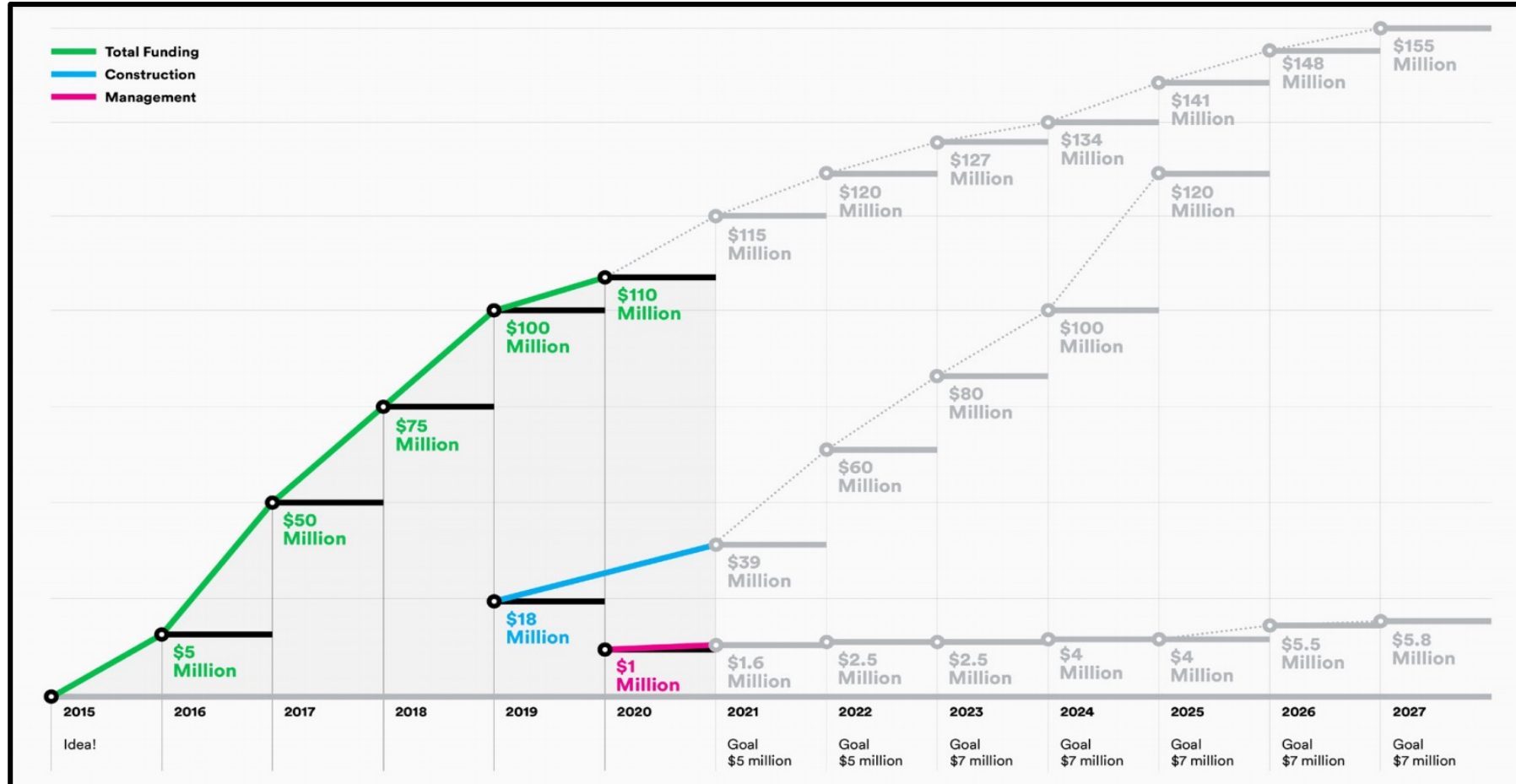
- 2,300 SF Plaza
- 700 SF Sound Stage
- Basketball Court
- Mini Soccer Field
- Exercise Equipment
- Communal Dining Table
- Dog Park
- Art Gallery
- Butterfly Gardens
- Running Track
- Free WiFi



The Underline



The Underline



Project funding through 2020 was provided by federal, state and local assistance and private support and involvement.

Adaptive Reuse: Panel Discussion

Moderated by KC Conway, CCIM, CRE, MAI



KC Conway

MAI, CRE, CCIM
Principal Red-Shoe Economics



Meg Daly

Founder
The Underline



Kobi Karp

Founder and Principal
Kobi Karp Architecture and Interior Design



Tim Meerbott

Mayor
Town of Cutler Bay



Joe Jimenez

EVP and General Counsel
Codina Partners LLC