



New Residential Development Focuses on Infill Locations

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From multimillion-dollar waterfront estates to new condominiums and apartments, South Florida's residential development focuses on infill locations. In contrast, new commercial projects are underway in both suburban and urban locations, depending on land costs and availability, as well as local market conditions.

In Miami-Dade, new rental apartments are being developed in Wynwood and Hialeah, as well as other urban communities. In the next few years, that residential redevelopment is likely to grow in close-in neighborhoods like Little Haiti and Allapattah with relatively low land prices.

There are two primary reasons for this trend. First, the region's traffic congestion is causing more residents to choose locations closer to their jobs to avoid spending hours behind the wheel each day.

Residential parcels near the new Brightline rail station in downtown Miami and along the Metrorail line are drawing the attention of investors looking to capitalize on the shift toward transit oriented development (TOD).

However, the wave of new condominium projects in downtown Miami and Brickell appears to be slowing, as there is an oversupply of units for rent, unlike most areas of Miami-Dade where residential inventory remains tight.

In the single-family sector, older residences in prime waterfront locations are being replaced by larger, modern homes with high-end amenities, features and finishes. The same trend is occurring in interior lots at significantly lower price points.

On Miami Beach, some new homes are being built at higher elevations than surrounding properties, reflecting the threat of sea level rise in the future. However, lenders are still providing 30-year mortgages on coastal homes and flood insurance is readily available. While residential buyers and investors are thinking more about flood zones and elevations, they will continue to seek out attractive properties in South Florida's subtropical paradise.

On the commercial side, retail owners and investors are finding new uses for shopping centers and empty "big box" buildings. In some cases, single-tenant properties are being converted to smaller, multi-tenant retail centers.

In northwest Miami-Dade, the American Dream mall will be a new regional destination for residents and visitors. Elsewhere in South Florida, malls and shopping centers are adding new restaurants, entertainment and lifestyle tenants to counteract the consumer shift toward online retail sites. Gyms, movie theaters and outpatient health services are among the new tenants being courted by property owners.

Industrial and warehouse properties in Miami-Dade and Broward continue to attract U.S. and international investors. The key drivers are the growing need for online retail distribution space, as well as the region's strategic location as a gateway for shipping products to Latin America and the Caribbean.

Looking ahead, South Florida is likely to remain an appealing market for individual and institutional investors from around the world.

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