

## **Downtown Miami Gets A Facelift As Hotel Market Heats Up**

By Nathan Hale

Law360, New York (June 14, 2013, 4:40 PM ET) -- Downtown Miami has emerged from the Great Recession as fertile ground for new condominium, retail and especially hotel development, attracting a slate of ambitious large-scale projects that could transform the city's long-overlooked urban core.

The return of capital has already made Miami one of the hottest hotel markets in the world. Additions like MDM Group's recently revealed [convention center plans](#), Florida East Coast Industries' All Aboard Florida [train line to Orlando](#) and the Museum Park on Biscayne Bay, which is under construction, suggest development has reached the critical mass necessary to catch the eye of major investors.

“I think Miami is an incredibly underutilized city, an incredibly underbuilt city, and the return on investment here will continue to outpace New York, San Francisco and other cities across North America,” said City Commissioner Marc Sarnoff, who is also the chair of the Miami Downtown Development Association.

The economic downturn brought a perfect storm of increasing supply and decreasing demand, coupled with overleveraged properties, and as a result, the city saw little hotel development over the past four years, said Suzanne Amaducci-Adams, who leads the hospitality group at [Bilzin Sumberg Baena Price & Axelrod LLP](#).

But that's all changed. “Miami has now become one of the top hotel markets in the country, if not the world,” said Amaducci-Adams, noting that in rebounding from historically low supply growth, Miami is now outpacing the rest of the country at 2.6 percent growth from last year to this year, compared with a national rate of 0.8 percent.

The city also ranked as the top hotel destination in the entire country in March, Amaducci-Adams said, citing data from Smith Travel Research that found it at the top in terms of revenue per available room, average daily rate, and an occupancy rate at more than 80 percent, about 20 points higher than the rest of the U.S.

Downtown is playing a big part in this resurgence, especially in terms of new hotel development, where there are 6,999 room across 31 properties, including the just opened b2 Miami and an Aloft outpost that will open this month, according to the Greater Miami & Beaches Hotel Association.

In Brickell, SLS Hotels is developing its second Miami area location, and Chile's Atton Hotels [recently announced](#) plans to open its first North American location there as well. Amaducci-Adams said several as-yet unannounced hotels deals are in the works around South Miami Avenue, too, including two boutique hotels and a five-star branded development.

Several of the mega-developments planned for downtown also incorporate hotels. MDM's convention center would be topped by a Marriott that could be the largest hotel in South Florida with as many as 1,800 rooms. Malaysian conglomerate Genting dropped plans for an enormous casino at its Resorts World Miami on the Miami Herald site, but is [expected to move forward](#) with a large destination resort/hotel development. And Swire recently announced it will bring its Asian hotel brand East to its [ever-growing](#) Brickell CityCentre mixed-use complex.

The downtown these projects will be entering is already coming to life.

“Ten years ago, it was a ghost town at night. It's not like that anymore,” Amaducci-Adams said. And the decisions by major international developers like Swire and Genting to undertake such large projects in Miami reflect a shift in how the city is viewed, several sources said.

“They've done this model before, and I guess they've been waiting for Miami to reach this level of maturity that the critical mass is there,” said Diego Ojeda, an executive with the Rilea Group, which just launched The Bond on Brickell luxury condominium.

The increasing globalization of the city, attracting visitors — and investors — from not only South America and Latin America, but also Europe, Russia and Asia, bodes well for continued growth, but the question remains whether the city can sustain all of these projects.

The fact that different hotel and convention center projects aim to reach discrete segments of the population — from business travelers to families on vacation — should help avoid too much overlap, while the extra foot traffic should benefit each of them, experts say.

“There's great things happening — Wynwood, the Design District, Mary Brickell Village — there's so much going on,” said Wendy Kallergis, president and CEO of the Greater Miami & Beaches Hotel Association. “There's a great vibe going on. There's also the cultural venues. And they're all pretty close to each other, so it's not complicated to get to.”

The biggest challenge the city faces in supporting its new development is improving its infrastructure, especially public transportation.

Efforts have begun. Last year, the city extended its Metrorail service to Miami International Airport and digging was recently completed on a port tunnel that will redirect truck traffic away from downtown streets. But there remains much to be done, experts say.

“It's going to be incumbent upon us as a community to ensure we're supporting this economic development and improving transportation infrastructure for both the residents and the visitors so we can appropriately welcome them,” said Al Dotson, who leads Bilzin Sumberg's government relations and land development practice.

--Editing by Jocelyn Allison and Sarah Golin.

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