

Miami's Wynwood Arts District and the Miami Design District were created when overlooked neighborhoods were redefined and reimagined with an eye toward art, creativity and retail.

By SHARON EDELSON



Coconut Grove is the poster child for authenticity. Settled in the 1800s and blessed with the natural beauty of Biscayne Bay, leafy tree-lined streets and parks, its downtown retail

district developed organically.

But while the area has continued to attract residential real estate investment, Coconut Grove's retail district became increasingly challenged over the last decade.

Cocowalk, a large shopping, dining and entertainment complex unveiled in 1990, was an early example of the retail model dubbed "retail-tainment" and a tourist destination. By the late Nineties, Cocowalk had fallen on hard times as Miami neighborhoods such as South Beach and Coral Gables siphoned its traffic.

"When one place got hot, it sucked the life out of another place. Cocowalk lost its luster with the locals," said Michael Comras, founder of the Comras Co., a real estate firm, adding that for a while "it got really ugly at the Grove." Federal Realty Trust, a real estate investment trust with a history of creating urban, mixed-use neighborhoods such as Santana Row in San Jose and Pike & Rose in North Bethesda, Md., recognized Cocowalk's upmarket potential and last year acquired an 80 percent interest in the 198,000-square-foot center, based on a total value of \$87.5 million. Federal teamed with Comras and another local partner, Grass River Property.

Following the Cocowalk acquisition, Federal, with the same two partners, acquired 85 percent of The Shops at Sunset Place, a 515,000-square-foot open air mixed-use center in South Miami, based on a gross value of \$110.2 million.

Federal was encouraged by the fact that Coconut Grove has remained a vibrant residential community. "It's a place where people live," said Chris Weilminster, executive vice president of leasing for the REIT. "The University of Miami is in Coconut Grove and Sony Music has its headquarters there. It's not downtown Miami, it's not the suburbs, it's more ex-urban. There was always a strong residential community. The market was always vibrant and strong. What happened is that there was no new retail construction since 2003."

Coconut Grove is poised for another residential growth spurt, and this time, retail real estate owners are promising to keep pace. About 1,000 new luxury condominium units are on tap, all within walking distance of Cocowalk.

Federal cited the area's strong demographics, including 153,000 residents in the Grove's trade area with an average household income of \$110,000.

The Grove at Grand Bay, a pair of Bjarke Ingels-designed luxury condominium towers, symbolizes the influx of affluence at Coconut Grove. A 15,000-square-foot condo at the project, which is scheduled to open this summer three blocks from downtown, was recently listed for \$28 million.

Cocowalk's reinvention is a work in progress. Built in Mediterranean style, with heavy architectural details, the center will be streamlined and modernized. "We'll be creating 1,400-square-foot boutique spaces," Comras said. "It will still be low-scale buildings and pedestrian-oriented."

In the meantime, Coconut Grove's downtown retail district has been attracting new retailers.

"Last year, the bulk of the buildings downtown changed hands. Ninety percent of the space is in our control," Comras said, noting that fewer owners means the district is able to exert a level

of quality control over the area and attract high-end tenants. Five years ago, rents in Coconut Grove were around \$40 a square foot, according to Comras. He said when Cocowalk is finished, it could fetch rents of \$60 to \$100 a square foot that would be in line with street retail in the area.

Comras said the center is moving away from more traditional mall retailers like Victoria's Secret, Gap and Banana Republic. "We're looking for cooler, hipper retailers like J. Crew Men's, Lululemon and emerging concepts from South America and Central America," he said. "We like organic. It doesn't have to be a national chain."

"There's nothing like it," said Lesley Griffith, who last year opened The Griffin, a boutique on Commodore Avenue selling shoes and handbags by Balenciaga, Valentino, Yves Saint Laurent, Chloé and Pierre Hardy. "There are trees everywhere. There's a marina and the houses are on the water. Everyone drives around in golf carts and people walk from their homes to restaurants. I wanted that vibe for my store."

Griffith, who is also a stylist, said there's been no resistance from Coconut Grove residents to the store's prices, from \$500 for shoes to \$3,000 for a handbag.

"We're taking what became tacky-tacky retail and elevating it. We have Malibu here. Now, we're providing Malibu with its Country Mart," Comras said, referring to the California lifestyle center whose roster includes Morgane Le Fay, Chrome Hearts and John Varvatos, and restaurants Mr. Chow and Taverna Tony.

"Coconut Grove is a historic neighborhood and Miami's original art district," said JJ Wilson, cofounder and head of brand for Kit & Ace. "We love the eclectic restaurant scene there and the neighboring boutique retailers. This location is exceeding expectations. People are liking and commenting on the feel of our lightweight fabrics and technical features like water-wicking and four-way stretch. Based on the success of Coconut Grove, we now have two locations in Miami – our other store is in the Wynwood Arts District. Coconut Grove is among our best-performing locations in the U.S. and regularly [surpasses] our goals."

Bernardo Fort-Brescia, a principal of Arquitectonica and longtime Coconut Grove resident, bought the entire downtown block from St. Stephen's Episcopal Day School to the Fuller Street Alley.

Arquitectonica, which maintains an office in downtown, designed office space for Sapient Nitro in downtown Coconut Grove. Harry's Pizza and Panther Coffee set up shop in the Engle building.

The Shops at Sunset Place, with its multiscreen movie theater, will have a completely different vibe from Coconut Grove when Federated is finished with the updates. "Historically, it competed against the Grove," Weilminster said. "Sunset Place will be redone so that it complements Cocowalk."

The area also has strong demographics, with about 100,000 residents within three miles of Sunset Place registering a household income of \$120,000.

"Sunset Place, like Cocowalk, presents a compelling opportunity to create value by integrating with the vibrant streets that border the property," said Dawn Becker, executive vice president of the mixed-use division at Federal Realty. "The trust will add new tenants and deliver a mix of uses that meets the demand of the affluent, year-round communities."

Existing tenants at Sunset Place include LA Fitness, Barnes & Noble, Forever 21, Splitsville and Z-Gallerie. The new owners spent months collecting feedback from shoppers, merchants and neighbors, and the suggestion that kept coming up was to make Sunset Place more family-friendly, especially in the evening. A new policy on April 1 went into effect that requires visitors 17 or younger to be accompanied by a parent or guardian at least 21 years of age after 9 pm.

"What we intend to do with redevelopment and repositioning of assets, is provide platforms for retailers to express who they are from a brand standpoint," Comras said about both properties.

Referring to Cocowalk, Weilminster added, "Hopeful, we'll have a smart leasing strategy that's more consistent with long-term gains rather than short-term gains." Of course, he could have been talking about Sunset Place as well.

In an effort to tap into Coconut Grove's creative past as a Bohemian hangout for Tennessee Williams, Marjory Stoneman Douglas and Hervey Allen, the Coconut Grove Business Improvement District commissioned Reuben Toledo to create illustrations for its Coconut Grove marketing campaign. Toledo's work can also be seen in the marketing materials for the Park Grove, a \$700 million luxury condominium designed by OMA Rem Koolhaas, and he may end up creating some permanent murals for the Park Grove's towers.

Meanwhile, the BID is busy reestablishing the Grove's legacy, saying it won't rest until Coconut Grove is "reestablished as a world-class commercial walking village with impeccably clean and visibly safe streets and a more compelling retail mix." ■