

Commercial Real Estate

\$1.4B development plan unveiled for Miami's Magic City Innovation District

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While Miami's urban core has attracted billions of dollars of investment over the past decade, relatively little capital has been deployed in the Little Haiti neighborhood north of downtown, but that could soon change in a major way.

Developers submitted plans to the city Friday for the Magic City Innovation District, which they said would be a \$1.36 billion investment in a mixed-use project. The largest component would be office space geared towards entertainment technology jobs.

Located on 17 acres at 6300 N.E. Fourth Ave., the Magic City Innovation District is a partnership between Canadian billionaire **Guy Laliberté**, the founder and creative force behind Cirque du Soleil; **Tony Cho** of Miami brokerage and development firm Metro 1; **Bob Zangrillo** of Miami venture capital firm Dragon Global; and Miami-based Plaza Equity Partners, led by **Neil Fairman**, **Anthony Burns** and **George Helmstetter**. Laliberté's company Lune Rouge is the **first tenant to sign on**.

"There is no real center in the U.S. today for high-tech entertainment, virtual reality and augmented reality," Fairman said. "We hope we can make Miami the center of this particular industry."

Laliberté has created a similar entertainment technology center in Montreal, Fairman said.

Through their subsidiary MCD Miami LLC, the developers filed a special area map (SAP) with the city. An SAP is a major mixed-use rezoning that can apply to sites of at least 9 acres. The same zoning mechanism was used for Brickell City Centre.

In this case, the existing industrial building and the former Magic City trailer park would be transformed into a mixed-use project designed by Arquitectonica.

The Magic City Innovation District would have 2,490 apartments, up to 432 hotel rooms, 1.76 million square feet of office space, 313,000 square feet of retail space, and 5,547 parking spaces. The office space would include a performance auditorium for Lune Rouge. Fairman said the SAP requests a maximum height of 28 stories, although the developers intend to build the residential buildings up to 27 stories and the office buildings up to 19 stories.

Fairman noted that the tallest buildings would be in the center of the property, set back from Northeast Second Avenue. The developers would not rezone their frontage along Northeast Second Avenue to preserve the character and culture of the retail stores, he said.

“The Caribbean nature of the street is a big plus for us,” Fairman said. “We want to respect the community that is there.”

Fairman said the project would create major jobs for the community and boost sales at local businesses by attracting new residents, workers and visitors.

An economic impact study the developers ordered from Lambert Advisory said the 10-year project would create 870 short-term construction jobs with \$500 million in wages and spending, plus \$40 million in permit and impact fees. Upon completion, the project would support 9,000 direct and indirect jobs with \$536 million in wages, generate \$22 million in annual ad valorem taxes, \$1.3 million in hotel bed taxes and \$3.7 million in sales taxes.

The 33138 ZIP code where the project is located has a 24.6 percent poverty rate and a median household income of \$42,566, according to the U.S. Census Bureau.

Fairman hopes to partner with local colleges so people can be trained for the job opportunities there.

Most technology campuses are in the suburbs and have large tracts of land. Since the Magic City Innovation District is in an urban site, it must have taller buildings so people can go downstairs and enjoy the restaurants, shops and open space, Fairman said.

The site plan calls for 3.8 acres of green space, double what the city requires for a property of this size, Fairman said. There would be a wide, tree-lined promenade through the property called the Promenade De Grand Bois ("large wood") after a park in Haiti. The developers would also extend Northeast Third Avenue through the site and move Northeast Fourth Avenue onto the property, bringing it further from the FEC railway.

Fairman said the site plan would reserve space for a possible passenger rail station if a local service is introduced along the FEC railway. The new Brightline passenger rail doesn't stop there, but two groups are considering a local service with multiple stops in Miami, he said. In order to land a rail station, there must be sufficient density, Fairman said.

The initial plan for the Magic City Innovation District will include a lot of renovation. The property currently has 20 warehouses totaling about 200,000 square feet. Over the next 18 months, the developers will transform over a dozen of those warehouses into office, retail and restaurant space through adaptive reuse, Fairman said. Meanwhile, Laliberté's Lune Rouge will establish an entertainment attraction on the site of the former trailer park.

The historic Dupius Building will be restored as part of the project. Fairman said it would be the only existing building that wouldn't eventually be torn down.

The first new building, at 6301 N.E. Fourth Ave., would have the Lune Rouge auditorium and offices, Fairman said.

The economic impact study projected the apartments would rent for an average of \$1,750.

"There are no residential units on the site now, so we aren't moving people out or gentrifying anybody," Fairman said. "The area has been going through a transition for the past 10 to 15 years. The only way the community can remain there is if it becomes viable from a commercial point of view."

The Magic City Innovation District SAP would require approval from the city's planning and zoning board, plus two votes by the city commission. Fairman hopes to achieve approval this summer.