

THE MAGAZINE

CITYSCAPE

A Middle East perspective on global real estate

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Transforming
the **QATAR** peninsula

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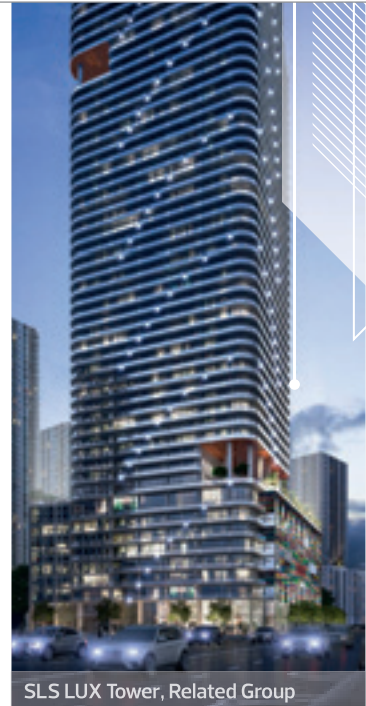
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Grove at Grand Bay Towers, Bjarke Ingels Group



SLS LUX Tower, Related Group

HIGH TECH MIAMI

Opportunity for real estate's early adopters: Cityscape looks at how high tech entrepreneurship is likely to spur a wave of luxury residential and commercial development in Florida's popular beach destination.

Always sunny Miami still has the beaches, hotels, restaurants, and nightclubs to attract visitors, but in the past few years, it has been re-branding itself as a high tech centre, the unexpected result of the 2008-9 financial crisis that dropped real estate values in much of the developed world and hit Miami especially hard.

In a new report, Richard Florida, Director of the Martin Prosperity Institute at the Rotman School of Management, University of Toronto, uses data from Thomson Reuters to conclude that Greater Miami attracted \$300 million in venture capital in 2013, ranking 16th among US metropolitan areas. A year earlier Miami was barely visible to venture capital investors.

Issued last month *Startup City: The Urban Shift in Venture Capital and High Technology* also examines the South Florida (So-Flo) mega region - adding Tampa and Orlando to Miami for a total economic output of \$750

billion. That puts So-Flo with 15 million people among the 20 top economies of the world, about the size of The Netherlands. Florida is expected to pass New York in this decade as the third largest state in population after California and Texas.

The report was the focus at Start-Up City Miami 2014, a conference organised by The Atlantic and Atlantic Cities partnering with the John S. and James L. Knight Foundation. Some 700 entrepreneurs and would-be entrepreneurs attended in the beautiful theatre of Frank Gehry's New World Centre in Miami Beach.

Matt Haggman, introduced at the conference as the man who writes the checks, is the Knight Foundation's Program Director. The goal, Haggman said, is "to help make Miami a place for ideas and innovation" and "where people can build their ideas."

Knight's investment of \$3 million brought Endeavor to Miami last year to open its first office in the US.

The global organisation is developing entrepreneurs in 18 countries including the UAE. In January Endeavor released the report, *City Hubs for Entrepreneurship. Case Study: Miami*, prepared by its own researchers.

The report finds that while entrepreneurs in Miami can easily reach customers and the quality of life attracts "successful founders and companies," more sources of early stage financing, human capital, and high quality mentors are needed. So Endeavor's mission is "to select local high impact entrepreneurs and support their growth with programs that increase their access to talent, capital, and mentors."

Speakers at the fast-moving day-long event included Michael McCord and Michael Laas, who founded LearnerNation to produce cloud-based software that simplifies training in organisations. The idea was born in New York in 2011, but when an investor appeared a year later and the Knight Foundation weighed in, the team moved to Miami. LearnerNation has also set up another office in Atlanta, Georgia, and its first international location in Hong Kong.

At the conference Richard Florida predicted it would take 5-10 years for Miami to realise its high tech potential and grow the commercial and residential buildings that will be needed as "real estate follows high tech." Right now "funky urban spaces" are available for young high tech companies in areas like Wynwood, Midtown, and North Miami.

Most of the local high tech companies at Start-Up City Miami are located in the many incubators and shared workspaces in and around the city. The Lab, a combination incubator and shared space facility also supported by the Knight Foundation, is in a former warehouse in the Wynwood district.

Like many of its neighbouring art galleries, artists' studios, and restaurants, The Lab's outer walls are brightly painted with cartoon figures – it cannot be mistaken for a corporate headquarters in the suburbs.

“Florida is expected to pass New York in this decade as the third largest state in population after California and Texas.”

Wynwood is an old industrial area like those found in many American cities that have been revived as cheaper locations for artists and entrepreneurial startups. It recalls Al Quoz in Dubai.

The view of real estate through the lens of high technology entrepreneurship is quite different from what some of Miami's leading developers see as they look at the market today. At the annual real estate roundtable sponsored by the Greater Miami Chamber of Commerce that provides a good indicator of where the big money is going, five local developers described current projects and anticipated the next five years.

Two weeks after Start-Up City Miami 2014 none of them is thinking about spaces for high tech companies. While one focuses on affordable housing paid for by the federal government, the other four are developing super-luxury residential or mixed-use towers in the best city neighbourhoods like Brickell, Coconut Grove, and Miami Beach.

The Allen Morris Company with the Related Group is producing SMS LUX, a 57-story tower in Brickell, Miami's prime business and residential district. The tower will contain 450 condominium apartments and 84 hotel suites on the lower floors. President W. Allen Morris said he has purchased a monumental sculpture by Fernando Botero, the Colombian artist, for the ground floor and promised more significant art in the public areas.

South of Brickell in Coconut Grove, the Terra Group, co-founded by David Martin, is putting up Grove at Grand Bay, two dynamic structures by star architect Bjarke Ingels, luxurious living for the very rich. Martin noted that Miami is "gaining respect" from Americans in the Northeast and Midwest, something positive since "our goal is to touch their souls,"