

## GOING UP? Vertical retail center eyed for Beach

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Trendy South Beach may get its first dose of suburban retail: a shopping center with possible stores like Target, Best Buy, Sports Authority and Publix.

Developer Jeff Berkowitz and auto moguls Alan and Robert Potamkin are seeking approval

from the city of Miami Beach to build a multistory shopping center of "big box" retailers on a vacant, three-acre parcel at Fifth Street and Alton Road.

Building vertically is the only way to make a project financially viable in a market like Miami Beach, where land is in short supply and real estate prices are skyrocketing. It's the same approach

Berkowitz used at Dadeland Station, which opened in 1996.

"There is a major void in this market that we think we are addressing," said Berkowitz, who will handle all the development and leasing. "Right now people have to drive to Dadeland or Aventura if they want to shop at

◆ PLEASE SEE SHOPPING CENTER, 2A

## Multistory retail complex eyed for Beach

◆ SHOPPING CENTER, FROM 1A

these stores."

Preliminary plans show a smaller version of Dadeland Station, with 226,339 square feet of retail stores spread over four levels, integrated with more than 900 garage-parking spaces that would also be available at a fee for public use.

Unlike Dadeland Station, the Miami Beach complex would likely include a ground-level grocery store, something city officials have been trying to attract since the Hyde Park Market on Fifth Street closed two years ago.

Other potential tenants could be just about any national, big-box retailer, including Circuit City, Bed Bath & Beyond, Barnes & Noble, Office Depot, Linens 'N Things or Home Depot. "Big box" refers to their usual building style.

Berkowitz is shopping the project this week to potential tenants at the International Council of Shopping Centers annual convention in Las Vegas. Real estate brokers say there should be no shortage of retailers willing to at least look.

"They would be nuts not to consider it," said Jeremy Larkin of Larkin Schmidt Commercial Real Estate in Miami. "They're not going to get in the market any other way."

The only difficulty might be convincing national retailers that the Miami Beach market is strong enough to warrant deviating from their traditional store layouts, parking requirements and lease rates.

"It's not a guaranteed slam dunk," said Alan Esquenazi, vice president of Terranova, a Miami real estate consulting and management firm. "Not everybody can justify breaking their mold. But South Beach is one of those markets where some people will be able to justify it."

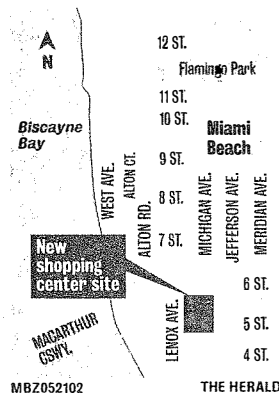
A reluctance to break from tradition has kept many of big-box retailers out of developed urban markets like Miami Beach. But the tide has been turning, and many retailers are



**RETAIL VISION:**

A shopping center anchored by such stores as Target, Best Buy and Publix is in the planning stages for development at Fifth Street and Alton Road in South Beach.

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experimenting with multilevel stores or smaller formats designed for markets where land is scarce.

Target has about a dozen multilevel stores around the country, including one that opened in October in Deerfield Beach. The retailer has others in Minneapolis, Pasadena, Calif., and Queens, N.Y., and has been considering a site at CityPlace in West Palm Beach.

"The benefits and the economics of the store have to be positive enough to outweigh the risks of trying it," said Douglas Kline, a Target spokesman, who says South Florida remains on the company's expansion list.

Wal-Mart announced last month that it will build its first two-story supercenter in Dallas as part of a new "urban" concept. Costco has a two-story store in Brooklyn and Home Depot has been testing a smaller format in urban markets like New York City and Chicago.

"Retailers are running out of new spaces, yet they have to continue to grow," said Kurt Barnard, editor of Barnard's Retail Trend Report. "That is what's forcing them to look at other possibilities."

Berkowitz and the Potamkin brothers say they hope the Miami Beach project moves quicker and smoother than their last joint venture, which dragged on for more than 12 years and culminated in last year's opening of Kendall Village, a mixed-use retail, residential and office development. The site was originally intended for an auto park, but community opposition forced the partners to change their plans.

Berkowitz also had problems at Dadeland Station, which had major structural flaws. The engineer and Miami-Dade County building officials were indicted, but Berkowitz was not blamed for the troubles.

"This is one where we don't expect a battle at all," said Alan Potamkin, who once had a Potamkin Chevrolet on a portion of the site and has acquired the rest of the land over the past several years. "It looks like we'll be greeted with open arms."

The key will be the ability of Berkowitz and the Potamkins to gain the support of the city of Miami Beach and local residents. If things go smoothly, they say they expect to open in fewer than two years.

The first hurdle will be getting the Miami Beach City Commission to vacate an alley between Alton Road and Lenox Avenue. Potamkin owns the entire rest of the block.

The developers will also need regulatory approval from both the city's Design Review and Historic Preservation boards, because part of the site falls in a historic district.

Miami Beach Mayor David Dermer — who insists the project needs a grocery store — said he's going to wait to hear what the community thinks before making any determinations.

"Certainly if it's something that is good for the neighborhood, then I feel it will be a positive thing," he said.