

Miami Economic Associates, Inc.

May 20, 2025

Mr. Thomas Mooney
Planning Director
City of Miami Beach
1700 Convention Center Drive
Miami Beach, FL 33139

Re: 1250 West Avenue

Dear Mr. Mooney:

In accordance with our proposal dated April 30, 2025, which was accepted by the City of Miami via Purchase Order 20252671, Miami Economic Associates, Inc. ("MEAI") has performed an analysis to estimate the increased value that would be realized by West Ave Owner LLC ("the Developer") if the City of Miami Beach Mayor and City Commission approved an LDR amendment with respect to the Alton Beach Bayfront Overlay District with the stated purpose of creating development regulations that incentivize non-transient development on the Subject Property, which is currently occupied by the Bay Garden Manor Condominium. It would increase the allowable intensity of development on the Subject Property from FAR 2.75 to FAR 5.75 and the allowable height of development on the Subject Property from 150 feet to 330 feet. According to a memorandum dated April 23, 2025, from City Manager Eric Carpenter to the Mayor and Members of the City Commission, a summary of proposed bonuses is as follows:

- FAR bonus of .25 for not exceeding a density of 75 apartments per acre.
- FAR bonus of .25 for executing a covenant prohibiting short term rentals on the Subject in perpetuity.
- FAR bonus of .50 for the design and construction of a bay walk extension at adjacent properties on West Avenue.
- FAR bonus of 2.0 for acquiring an existing property across the street from the Subject Property (1247 – 1255 West Avenue and 1234 13th Street) that has a transient use and conveyance of that property to the City of Miami Beach.
- A height bonus of 180 feet above the current maximum height of 150 feet for a project that implements all the above bonuses, allowing for a maximum height of 330 feet.

The purpose of this letter is to provide you with the results of our analysis. The conclusions presented in the letter are based on the professional research and analysis of the undersigned whose resume accompanies this letter.

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According to information provided to MEAI by the Developer, the current plans for the redevelopment of Subject Property, which are conceptual and subject to further refinement during design review and the permitting process, contain a total of 273,212 sellable residential square footage including 125,951 square feet that would under 150 feet, the current height limit, and 147,261 square feet that would above 150 feet. However, based on MEAI's review of the plans and assuming an efficiency factor of 85 percent, we estimate the proposed building will have 401,863 sellable square feet including 174,625 under 150 feet and 227,239 above 150 feet.

The Developer estimates that the sellable square feet above 150 will achieve an average price per square foot of \$2,000, with the average price per square foot. Based on that figure, MEAI has calculated that the Developer is assuming that the square footage under 150 feet would sell of an average price of \$1,826 per square foot, which approximates the average price per square foot of the eleven sales that have occurred since 2023 at the adjacent Madan Terrace Condominium project in which all the units are on floors below 150 feet. It should, however, be noted that eight of those eleven sales occurred at prices per square foot less than \$1,663. MEAI believes that it is reasonable to believe that units in the proposed project on the floors under 150 feet would sell at a higher price than those in a building that was completed in 2021. Finally, the Developer estimates that the units on floors above 150 feet would sell at an average price per square foot of \$2,150. MEAI was unable to identify any units in the Alton Beach Bayfront Overlay District that would be comparable with the units in the proposed building on floors above 150 feet; however, based on review of the conceptual plans for the proposed project, we believe that they are likely to sell for an average price per square foot in the range of \$2,300 to \$2,500, say \$2,400. On that basis, the gross revenues realized on that square footage would be in the range of \$545,373,600.

To estimate the value of the bonus square footage above 150 feet to the Developer, it is necessary to estimate the cost to develop that square footage and subtract that amount from the gross proceeds just estimated. According to the Developer, the hard and soft costs exclusive of the cost of site acquisition would total \$1,200 per square foot. Based on discussions with architects, contractors and other developers, MEAI determined that the range for hard and soft costs for comparable projects is between \$1,000 and \$1,300 per square foot with a number of factors contributing to differences between projects including, among others, site conditions, the specific level of quality intended for the finished product, the existence of unusual design features, the cost of construction financing and commissions rates paid. Given that the Developer's estimate is within the stated range, MEAI decided to use it for its analysis. On that basis, the total cost to produce the bonus square footage would be \$272,686,800.

In summary, the value of the bonus square footage to the Developer would be in the range from \$272,686,800, minus the cost of constructing the bay walk extension and acquiring the transient facility property across the street from the Subject Property. MEAI has not been provided an estimate of the costs to the Developer of those proffers.

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MEAI is available to respond to any questions you may have with respect to the contents of this letter.

Sincerely,
Miami Economic Associates, Inc.



Andrew Dolkart
President

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Miami Economic Associates, Inc.

Mr. Dolkart has provided real estate consulting services to developers, investors and governmental entities during a period of more than 50 years. His many consulting assignments have involved all major uses of real estate including residential, office, retail, industrial and hotel and resort development. His professional activities have been primarily focused on real estate projects in Florida, the Caribbean, Mexico, Central and South America.

Throughout his consulting career, Mr. Dolkart has performed many assignments involving market and financial feasibility analysis for all uses of real estate including residential, office, retail, industrial and hotel projects. He also has extensive experience analyzing destination resort projects in Florida, Arizona, New Mexico, Mexico and the Caribbean.

Mr. Dolkart is considered one of the leading experts in the State of Florida with respect to the economics of community redevelopment and tax increment financing. In this regard, he assisted Miami-Dade County in formulating its policies and procedures for establishing new Community Redevelopment Districts within its jurisdiction. Among the CRA's that Mr. Dolkart has consulted in recent years has been the Southeast Overtown Park West CRA. In this regard, he assisted in the preparation of the Application for Development Approval for Increment III of the Southeast Overtown Park West DRI and more recently assisted the CRA in preparing an application to Miami-Dade County to extend the life of the CRA itself. Mr. Dolkart also assisted Brightline in obtaining the recently activated right-of-way between Cocoa Beach and Orlando and in obtaining its financing.

In recent years, a substantial portion of Mr. Dolkart's practice has involved estimating the fiscal and economic benefits generated by new real estate projects. In this regard, he has done several engagements for Brightline. He has also worked on a proposed hotel adjacent to the recently renovated and expanded Miami Beach Convention Center and numerous privately developed multi-family, mixed-use and industrial projects throughout South Florida.

Mr. Dolkart has also worked extensively for both public and private sector clients on issues relating to the provision of affordable housing. He chaired two task forces appointed by the Miami-Dade County Board of County Commissioners to address issues relating to affordable housing.

Mr. Dolkart is a graduate of Harvard College and received an MBA from Harvard Business School. He has served as a member of the Board of Directors of Habitat for Miami of Greater Miami and the Ransom Everglades School.

Education:

1963 – 1967 Harvard College - Bachelor of Arts, Cum Laude

1967 - 1969 Harvard Business School - Master of Business Administration

Previous Positions:

1991 – 1995 Kenneth Leventhal & Company - Director, Real Estate Advisory Services
Florida/Caribbean

1988 – 1990 Laventhol & Horwath - Director, Real Estate Advisory Services
Florida/Caribbean

1986 – 1988 GA/Partners - Vice President in Charge Florida Office

1983 – 1986 Gulfstream Land & Development Corp. - Director, Commercial
Development

1980 – 1983 Laventhol & Horwath - Director, Real Estate Advisory Services
Florida/Caribbean

1976 - 1980 Jandy, Inc. - Owner/President

1972 – 1976 Gladstone Associates - Senior Associate

1969 – 1972 U. S. Navy - Commissioned Officer, Office of Legislative Affairs