

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: Deauville

Dear Mr. Mooney:

In accordance with our proposal dated April 28, 2025, which was accepted by the City of Miami via Purchase Order 20252654, Miami Economic Associates, Inc. ("MEAI") has performed an analysis to estimate the increased value that would be realized by TMG 67 Communities LLC ("the Developer") if the City of Miami Beach Mayor and City Commission approves an LDR amendment with respect to the North Beach Oceanfront Overlay District with the stated purpose of creating development regulations that incentivize developments including the partial reconstruction of contributing buildings on certain existing lots within the North Beach Resort Local Historic District. The referenced lots include the property on which the former Deauville Hotel was located ("the Subject Property"). The proposed LDR amendment would increase the allowable intensity of development on the Subject Property from FAR 3.0 to FAR 5.5 and the allowable height of development on the Subject Property from 200 feet to 380 feet. MEAI understands in return for the increased intensity and height, the Developer is proposing to partially reconstruct the historic podium of the Deauville Hotel and re-interpret the hotel tower with a 200-room structure. The Developer is also proposing: 1) to establish two public access points from Collins Avenue to the beach; 2) to create a public park on a triangle-shaped parcel at the intersection of 67th Street and Indian Creek Drive; and 3) to make 150 parking space available to the City of Miami Beach in the Deauville garage on the southeast corner the intersection of 67th Street and Indian Creek Drive. Finally, it will provide financial contributions to the proposed Byron Carlyle cultural center in the shuttered theater and to a nearby public school.

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

As indicated above, the Developer's current plans for the Subject Property, which are conceptual and subject to modification during design review and the permitting process, envision the partial reconstruction of the historic hotel podium, which will contain public spaces for the 200-room re-interpreted hotel that will rise above it as well as a small museum featuring exhibits with respect to architecture and resiliency. The plans also assume the development of two 380-foot towers containing a combined 140 condominium units. On an overall basis, the project would be developed at an intensity of FAR 5.5, which would allow total development of 915,750 square feet, which is 416,250 more square feet than could be built at an intensity of FAR 3.0. However, it should be noted the partially reconstructed podium will be developed under provision of what is referred to on the conceptual plans as legislative bonus will be comprised of 166,460, which equates to an intensity of FAR 1.0. The remaining 749,290 square feet, which equate to an intensity of FAR 4.5, would contain the towers containing the 200 proposed hotel rooms and 140 proposed condominium units. The hotel tower, which will be comprised of approximately 230,000 FAR square feet and 256,268 FAR square feet in the two condominium towers will be developed at a height under 200 and at a combined intensity less than the 499,527 FAR square feet that would equate to a project developed at an intensity of FAR 3.0. Accordingly, the remainder of this letter will focus on the 210,538 sellable square feet that will be in the 261,732 FAR square feet that will be located above a height of 200 feet.

The Developer estimates that the total sellable square feet contained in the 140 proposed condominium units, which total 420,000 square feet, will achieve an average price per square foot of \$3,000. It claims that that figure is based on the sales at the Perigon condominium project, which is now under construction at 5333 Collins Avenue and in which the units are under 200 feet in height. It further estimates that the 210,538 sellable square feet above 200 feet would achieve an average price per square foot of \$3,500. Based on its own independent research, MEAI believes the average price per square foot at the Perigon is more likely \$3,500, which would suggest that the units proposed in the Subject Project that are above 200 feet would likely sell for an average price approximating \$4,000 per square feet, thereby producing gross sales proceeds in the amount of \$842,152,000.

To estimate the value of the bonus square footage above 200 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. Based on interviews with architects, contractors and other developers, MEAI determined the total cost exclusive of the amount spent on site acquisition to construct luxury high rise condominiums is in the range of \$1,000 and \$1,300 per sellable square foot with a number of factors contributing to differences between projects including, among other, site conditions, the specific level of quality intended for the finished product, the existence of unusual design features, the cost of construction financing and commission rates paid. For this analysis, we are assuming the cost for 210,528 sellable square feet above a height of 200 feet would be \$1,300 per square foot resulting in a total cost exclusive of the amount spent on site acquisition in the amount of \$273,699,400.

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City of Miami Beach
May 20, 2025
Page 3

In summary, MEAI estimates the value of the condominium square footage above 200 to the Developer would be \$568,452,600, minus the cost of the proffers discussed above. Most prominent among them are the partial reconstruction of the historic podium and the re-interpretation of the historic hotel, which are consistent with the stated purpose of the proposed LDR amendment. MEAI has not been provided with an estimate of the total cost of those proffers.

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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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