



Upstart in Miami Lures Luxury Stores From a Chic Citadel



Angel Valentin for The New York Times

Chic brands have been popping up in Miami's Design District.

By HILARY STOUT
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MIAMI — For decades, the wealthy tourists and transplants who flock to South Florida bought their Chanel, Cartier, Dior and the like at one place: Bal Harbour Shops, an open-air mall housing many of the highest-end retailers in the world around a courtyard of palm trees and koi ponds at the northern end of Miami Beach.

[Enlarge This Image](#) This was where Gucci opened its first shopping center boutique in the 1970s. It is where, last week, a 22-carat yellow-diamond ring priced at more than \$1 million glittered in the window of the jeweler Graff. Last year,

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Angel Valentin for The New York Times

The well-known Bal Harbour Shops mall has been home to names like Gucci since the 1970s.

the International Council of Shopping Centers pronounced it the single most productive shopping center in the world as measured by sales per square foot of retailing space.



But recently a string of big-name tenants — Louis Vuitton, Hermès, Cartier and others — has been abandoning Bal Harbour’s rarefied confines for a scruffy city neighborhood 10 miles away. More than a dozen other Bal Harbour tenants, including Valentino, Giorgio Armani, Fendi and Harry Winston, have signed leases in the area and are expected to follow.

Their destination is the Miami Design District, once an enclave of furniture showrooms, low storefronts and empty streets in the shadow of two interstate highways. There, Craig Robins, 50, a local real estate developer with a passion for contemporary art and design, is engaged in a more than \$1 billion effort to transform the neighborhood, and to crack Bal Harbour’s hold on the increasingly important local luxury market.

With middle-income families still struggling after the recession, spending by affluent consumers has been a critical ingredient in the economic recovery in the United States. While New York and Los Angeles have long been magnets for high-end shoppers, Miami’s popularity as an attraction for moneyed foreigners, particularly from Latin America and Russia, has created an increasingly vibrant luxury market. More than 70 percent of Bal Harbour’s sales these days are to foreign customers. Brazilians, in particular, have become so important that many of the stores in Bal Harbour employ Portuguese speakers.

In no city is the battle for the high-end consumer more intense than here.

“I realized there was this crazy situation going on in Miami,” Mr. Robins said in an interview in his office, an airy loftlike space that displays his personal collection of contemporary art. “This is the third-largest luxury market in the United States and there was this remote, inaccessible, beautiful mall that controlled 100 percent of the market share.”

The issue is a clause in the Bal Harbour lease — a common feature in shopping center contracts — that bars tenants from opening another retail location within a certain distance. (At Bal Harbour it used to be a straight radius of 20 miles but it has been modified slightly in recent years.) Bal Harbour’s intimate size — it is less than 500,000 square feet, compared with more than two million square feet for some other malls in the region — meant many tenants yearned for more space. But the success and cachet of the location kept them from seriously considering decamping — until Mr. Robins came along.

“Miami is completely under-retailed in terms of luxury and in terms of potential of the city,” said Emmanuel Perrin, the president and chief executive of Cartier North America. He said the jeweler had increased its retail footprint in the area twelvefold by leaving Bal Harbour and opening stores in the Design District and another mall in the area called Aventura. “It’s unfortunate we couldn’t find an agreement with Bal Harbour to have a multistore presence.”

Mr. Robins’s firm, Dacra, has entered into a 50-50 partnership with a private equity fund, L Real Estate, whose investors include LVMH, one of the premier luxury companies in the world. Its labels include Pucci, Celine and Louis Vuitton.

For several years, he quietly bought up property in the neighborhood at attractive prices —



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holdings now are valued at more than \$1 billion after debt. Mr. Robins said the partnership was spending “hundreds of millions of dollars” to create a new street with pedestrian plazas at each end, buildings by renowned architects, luxury condos, restaurants (and of course, four vast parking garages so the people will come).

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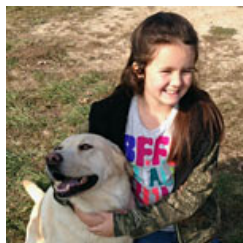
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