

Hidroock Properties partners with Alex Karakhanian on Miami A&E dev site Karakhanian paid \$15M for the property in October

By Katherine Kallergis

Alex Karakhanian sold a development site in Miami's Arts & Entertainment District to a joint venture between New York-based Hidroock Properties and Karakhanian's Lndmrk Development, *The Real Deal* has learned.

The joint venture paid \$19 million for the 0.9-acre property at 1601 North Miami Avenue, home to Elev8tion Fitness, the partners said. Miguel Pinto of Apex Capital Realty brokered the off-market deal.

It will likely be developed into a multifamily project, though the developers are considering other uses, said David Huke, vice president of acquisitions and capital markets at Hidroock. The developers could build about 440 units with ground-floor retail space.

Elev8tion Fitness still has time left on its lease, and the joint venture hasn't determined a timeline yet for redevelopment, [Karakhanian](#) said. The 17,616-square-foot building was constructed in 1920, and expanded in 1988 and 1991, records show.

An affiliate of Karakhanian's Miami-based Lndmrk Development [paid \\$14.8 million](#) for the corner property in late October.

[Land prices have skyrocketed](#) throughout South Florida, especially in Miami's urban core. In Greater Downtown Miami, which includes the A&E District, the dollar volume of sold development sites skyrocketed 155 percent between 2019 and 2021, according to Real Capital Analytics data provided to TRD by Colliers International South Florida. Many developers are planning multifamily projects, encouraged by continually rising rents and occupancy rates. [Miami was ranked](#) the least affordable housing market in the country earlier this year, as locals are increasingly priced out of the city.

In 2019, prior to the pandemic, 24 development sites in Greater Downtown Miami sold for more than \$315 million, or about \$16 million per acre. Last year, 34 properties traded for over \$808 million in the same area, for a price per acre of about \$19 million, according to the Real Capital Analytics data.

Hidroock said in a statement that the company was attracted to the A&E site because of its existing cash flow, favorable zoning and the land basis, which it said "is a relative discount to surrounding submarkets." The land basis is the value of the land based on the projected project cost and base rent.

The property is also in a federally designated [Opportunity Zone](#), which allows investors to defer capital gains tax payments if they invest the money into those areas.

The Melo Group has developed thousands of rentals in the A&E District, also known as the Omni District.

Karakhanian has been active in Miami, focusing on Wynwood and the Miami Design District. Karakhanian recently partnered with David Edelstein's Tricap and Integra Investments to buy the development site at [3601 North Miami Avenue](#), on the border of the entrance to the Design District and Midtown Miami.

Hidroock, led by the Hidary family, is also looking to expand in South Florida. Last year, [Hidroock](#) and the Robert Finvarb Companies paid \$13 million for a property in Wynwood that they eventually plan to redevelop.



From left: David Huke, Alex Karakhanian, and Abraham Hidary with 1601 North Miami Avenue (LoopNet, Hidroock Properties, LNDMRK Development)