

This Argentine family visited Miami in 2001 — and changed the city forever

By Rene Rodriguez

It was supposed to be an ordinary, weeklong business trip.

But after Jose Luis Ferreira de Melo and his sons Carlos and Martin — the president and two principals of the Argentine real estate developer Melo Group — spent a few days in Miami in 2001, they saw so much untapped potential in one downtown neighborhood they decided they didn't want to leave.

Instead, just a few weeks after Sept. 11 of that year, Melo Group closed on its first land purchase in Miami — a one-acre lot at 615 NE 22nd St. in Edgewater — for \$1.9 million.

"Edgewater had been depressed for so long that local developers had given up on it," said Martin, 39. "People had been waiting for the area to take off and it never did. But for someone like us coming from the outside looking in, you could only see the potential and the future, not the past. You're not as scared to take a chance — probably out of sheer ignorance."

Over the next 17 years, Melo Group has charted its own path through South Florida's volatile real estate landscape. The company has bucked industry trends by venturing into unproven neighborhoods before they were desirable, targeting foreign buyers when the U.S. economy tanked, and courting a wide demographic by alternating between luxury towers and market-priced apartment rentals.

The strategy has paid off. In May, Melo opened the doors to Aria on the Bay, a 53-story luxury condo tower at 1770 N. Bayshore Drive. The building comprises 648 units ranging in price from the \$400,000s to more than \$12 million. The buyers hail from 42 countries and include the Grammy award-winning producer Timbaland and former Florida Marlins outfielder Giancarlo Stanton. The building is over 90 percent sold.

Opening this month is Square Station, located at 1424 NE Miami Place, which will add 710 rental



Melo Group president Jose Luis Ferreira de Melo, center, and his two sons, Martin, left, and Carlos, stand on the 14th-floor pool resort deck of the new Aria on the Bay condo tower in Edgewater on April 30, 2018.



Cranes work on the Melo Group's Miami Arts & Entertainment district project called Art Plaza that is being built next door to their latest apartment rental tower called Square Station, at 1424 NE Miami Place. The development firm from Argentina has built a number of condo and apartment buildings in Edgewater and downtown Miami since 2001.

apartments to the downtown Arts & Entertainment district. Rents start at \$1,650 for one-bedroom units and go up to \$2,500 for three bedrooms. About a third of the units have been pre-leased in the two 34-story towers, which are directly across the street from the School Board Metromover station.

Already under construction: Art Plaza, a 667-unit rental apartment development at 58 NE 14th St., just west of the Adrienne Arsht Center for the Performing Arts. On June 5, Melo secured an \$85 million construction loan from Ocean Bank. The project, which will consist of two 36-story towers, is due for completion in 2019.

In the planning stages is Miami Plaza, another rental apartment project at 1502 NE Miami Place, with 437 units in a 36-story tower.

When those two projects are finished, the total number of units Melo Group has delivered in Miami since 2003 will reach 4,896 — almost as many as they've built on their home turf of Argentina.

"These guys have stayed ahead of the curve and developed subprime markets that are located a block or two from where everyone else is looking," said Peter Mekras, managing director of Aztec Group, an investment and merchant banking firm, who has helped Melo Group with some of its land acquisitions over the last decade. "They fit into a very unique category of developers who are building for their own account, not an institutional partner. They do condo projects such as Aria only when the appropriate parcel of land presents itself. They buy land to build on it, not to speculate."

A family tradition

Compared to major players such as The Related Group, whose \$15 billion development portfolio includes more than 90,000 condo, rental and commercial units, the Melo Group is a small family business. But that is a strength, not a hindrance.

"They're vertically integrated and they're very hands-on," said Alicia Cervera, the Realtor handling sales at the Aria on the Bay. "These are not people sitting in an ivory tower. The three of them, the father and the two sons, go to work every day. They're actively involved in their business. They can walk through a job site and know what everyone there is doing. They make you feel like a critical part of their team. They are very task-oriented and they don't waste time, but they recognize and appreciate good work. And they

also hold you accountable."

Founded in 1948 in Buenos Aires by Jose Luis' father, the Melo Group had already developed more than 5,000 condos on its home turf when the family came to Miami for that fateful visit in 2001.

With Argentina then embroiled in a financial crisis that had left the country's economy teetering on the brink of collapse, the Melos were intrigued by the possibilities of the relatively derelict Edgewater area.

"Edgewater is next to the water, near I-95 and Brickell and downtown," said Carlos, who oversees the design and architectural elements of the company's projects. "You have two causeways that connected to the beaches. There was already talk of an arts center. The location was great. There were a lot of homeless people and drug addicts in the area. But my dad always says, 'People can always be relocated, but places cannot, because they are fixed. If a location is good, it will always be good.' "

The Melos were also enticed to set up shop in Miami because the city is "very welcoming to foreigners," said Martin, who handles the company's accounting matters. "After two years, you are considered a local. Spanish is spoken here. The U.S. has been using the same currency for 200 years. There is physical, economical, judiciary and legal security here. And the crisis in Argentina was so bad we didn't know if there were going to be guerrillas."

So the Melos shuttered their Buenos Aires office and relocated to Miami. Two years after buying the land in Edgewater, Melo Group unveiled 22 Biscayne Bay, a 104-unit apartment rental building at 615 NE 22nd St. The building opened just as Edgewater started transforming from crime-ridden downtown district to a bayfront residential neighborhood.

The Melos stuck to the business practices that had worked in Buenos Aires: They oversaw every aspect of development, from design to construction to management. They stuck with the same group of contractors — L&R Structural Corp. built their last three projects — which allowed them to learn from mistakes and increase the speed of construction. They built four more apartment rental buildings from 2005-2011, in Edgewater and Brickell, and funneled the profits back into the company.



Melo Group president Jose Luis Ferreira de Melo, center, and his two sons, Martin, left, and Carlos, right, stand on the 14th-floor pool deck of the new Aria on the Bay condo tower in Edgewater on April 30, 2018. The cranes behind them are building their next project, the apartment rental project called Art Plaza. The buildings to the right of the cranes are their Square Station rental complex, which is opening this month.

The Melo Group developed projects one building at a time, using the company's money instead of banks to avoid over-leveraging. They gradually expanded into other neighborhoods such as Allapattah, Brickell and the Miami River. When the recession hit in 2008, they were able to scoop up land at discounted prices.

Against the grain

In 2010, the Melo Group paid \$1.4 million for a 28,000-square-foot waterfront lot at 601 NE 23rd St. and launched a new condo project — the first in Miami in three years — with no traditional financing in place. The move drew the attention of national outlets such as the Wall Street Journal and Bloomberg, who wanted to know how Melo was breaking ground at a time when most companies were sitting on piles of unsold inventory.

The answer was simple — and was quickly adopted by other developers: requiring buyers to put a 50 percent down payment, all cash, without bank financing. The practice was common in Buenos Aires and South America, but was relatively new in the U.S.

"During that time, an apartment in Bogotá or Sao Paulo cost as much as one in Miami," Carlos said. "They were even more expensive, because those cities were economically strong and Miami was depressed. Buyers had a lot of extra money to spare, so it was no problem to ask them for a 50 percent down."

By the time the 96-condo 23 Biscayne Bay tower was completed in 2012, the building was sold out. Prices in the building ranged from \$180,000-\$260,000.

"We were able to make a product that cost the same as a foreclosed or short-saled building," Martin said. "There were buyers outside of Miami who wanted to take advantage of the depressed market but didn't want to buy property that was foreclosed. They wanted brand new, clean condos at a lower price."

In the five years since, Edgewater has exploded in popularity. The Related Group is in the middle of its biggest single development to date, the four-tower Paraiso District project. It will add a combined total of 1,400 condos, priced from \$600,000 to \$2 million, on an 11-acre stretch of bayfront land between NE 30th Terrace and 32nd Street. Nearby, the OKO Group recently broke ground on Missoni Baia, a 57-story luxury tower at 777 NE 26th Terrace.

But instead of chasing after the same luxury market dominated by its bigger competitors, the Melo Group is now focusing on the rental market poised to explode in the downtown area.

Their current projects in the Arts & Entertainment district are located near public transportation hubs, because the Melos believe mass transit will be Miami's next major game-changer. They are concentrating on middle-class clients who work in urban areas but can't afford high-end Brickell digs.

And despite the Melo Group's growth and success, the family bonds that form the spine of the company remain intact. The three men still carpool to their Edgewater office every day. They all live in the same building on Miami Beach. And they put business aside for a bit every afternoon to have lunch together.

Then they all go back to work.

"In a way, we were the beginning of a reactivation of Miami," said Jose Luis. "The local economy was stimulated by the foreign capital that came here. People who complain that condos are too expensive, but thanks to those expensive units, a lot of people — auto mechanics, hospitality staff, restaurant workers — have jobs. And all those foreign buyers pay local taxes, too. If we've had a competitive advantage over our competitors, it's not because we're lucky. It's because we've worked hard."



Biscayne Bay as seen from Melo Group's Square Station development in the heart of Miami's Arts & Entertainment district. The two 34-story towers offer rental apartments.



The Melo Group's Melody Tower development, at 245 NE 14th St., has residential apartments and a mixed-use retail space and sits right next to the Adrienne Arsht Center in downtown Miami.



The new Aria on the Bay condo tower in Edgewater offers luxury bayfront residences. The development firm Melo Group has built a number of condo and apartment buildings in Edgewater and downtown Miami since 2001.



Martin Ferreira de Melo, left, walks with his father, Jose Luis Ferreira de Melo, center, and his brother, Carlos, in a garden area near the Metromover station that is right next to their new development, Square Station. The development has 710 rental apartments and 15,000 square feet of commercial space and is located in the heart of Miami's Arts & Entertainment district.