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Miami Developer Says Higher and More Expensive Doesn't Always Work

David Arditi on the importance of knowing the nuances of the market you're building or buying in

BY LUCY COHEN BLATTER | ORIGINALLY PUBLISHED ON APRIL 1, 2019 | MANSION GLOBAL



David Arditi y el desarrollo hotelero Yotel en el centro de Miami.
COURTESY OF ARIA DEVELOPMENT GROUP

David Arditi is a founding principal of Aria Development Group, a company with projects in Miami, Washington, D.C., and New York. He leads the company's Miami office.

Among Aria's current projects is YotelPad, a 30-story Yotel-branded residential-hotel project in downtown Miami.

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Prior to founding Aria, Mr. Arditi, 42, was a principal with Cardinal Development Corp., his family's Miami-based real estate development and advisory business.

While at Cardinal, he developed and profitably delivered two mid-rise residential condominiums in downtown Miami totaling 325,000 square feet.

He began his career in New York City at The Blackstone Group, where he provided corporate finance advisory services in complex restructuring transactions.

Born in Paris, he now lives at 321 Ocean, one of Aria's buildings.

We caught up with Mr. Arditi to discuss the importance of layout, of fitness amenities and more.

Mansion Global: Describe your dream property.

David Arditi: I don't think it exists on earth—something that combines the ocean and the mountains. I love living by the ocean, which I have the privilege of doing in a project we did in Miami Beach, but I love skiing, and being near the mountains, too. I also like being near an urban metropolis.

MG: What does luxury mean to you?

DA: The word we like to use a lot in the office is thoughtful—when it comes to the architecture, the design and feel of the building. We like to be luxury relative to the asset. When we developed 321 Ocean in South Beach, it was a high-profile architect, an amazing location, we knew we had to go very high-end relative to the submarket, with oversized balconies, top-of-the-line finishes.

But it's all about how the space functions. We spend a lot of time on layouts—on how you get into the home, et cetera. We try to think about it specific to the submarket. We look at each project uniquely.

MG: What area do you think is the next hub for luxury properties?

DA: Most of what is luxury in Miami is oceanfront, though there are a few examples of luxury in the more urban setting. The immediate association is oceanfront. What we've seen is people moving further north from Miami, into Palm Beach and north from there.

But I can upgrade a property, but I can't upgrade a location. Placing luxury in the wrong location is a real risk.

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MG: What's the biggest surprise in the luxury real estate market now?

DA: The proliferation of brands getting into the real estate business—fashion designers and automakers. Sometimes it works, sometimes it doesn't work. I've found that curious. And it's a trend that seems to continue.

The other thing I would add is people delivering overly luxurious properties in locations that don't necessarily warrant them, places where the business plan hasn't been proven.

There's this idea that if I build it higher, and more expensive, they will come. Especially in places like New York. It's about imposing one's will without taking into consideration where the market is.

MG: What's your favorite part of your home?

DA: The kitchen, no question. I love cooking and I love eating. It's open to the living room, and it's where people want to be.

MG: What best describes the theme to your home and why?

DA: It's very modern in a way that's consistent with the building. It's clutter-free. I try to live my life free of material clutter and people clutter. I try to let the architect and the space speak for itself. It has a neutral, contemporary design aesthetic.

MG: What's the most valuable amenity to have in a home right now?

DA: Most important is a great fitness program, because time is a constraint, especially if you're in a place where you have to drive a lot, or you're in a place with bad weather.

Inside my home, my favorite amenity is the wine storage. I love drinking and collecting wine. Otherwise my kitchen appliances. For me, they're really important. I have Gaggenau appliances, fantastic double cooktops, rotisseries that make the best chicken you've ever had in your entire life. built-in espresso grinders.

They are form and function. They check the luxury box, but I actually use them every day.

MG: What's your best piece of real estate advice?

DA: Invest prudently and for the long term. Be careful with leverage and unrealistic expectations in the short term. That really summarizes my philosophy.

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MG: What's going on in the news that will have the biggest impact on the luxury real estate market?

DA: There's continued political instability around the world, which is bringing funds into the United States. But with that comes currency risk, and fears that these situations may not improve. We're seeing that in places such as South America, in certain Asian markets, and Turkey. Over time that can have a negative effect on the luxury market.

But there's no doubt that tax changes are bringing people from New York to Florida.

MG: What is the best area now for investing in luxury properties?

DA: In South Florida right now, South of Fifth and Bal Harbour/Surfside. These areas offer boutique and small scale residential projects with a limited supply.

MG: If you had a choice of living in a new development or a prime resale property, which would you choose and why?

DA: I like new properties. Even though they take some more time and effort to season, you end up with a product that is uniquely yours. From a developer and owner standpoint, I like understanding how the property develops. New properties also give you the advantage to have a direct impact on the changes that happen within the building and shed light on the operations of the building from inception. This improves how people, both staff, management and residents, utilize the space (common areas, amenities and back of house) of the building.

MG: What area currently has the best resale value?

DA: It seems like the best resale value is currently in vacant lots and waterfront, single-family homes.