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DEMOGRAPHICS

Study examines Miami's inner-city potential

A new study aims to paint a truer picture of the population and purchasing power in Miami's inner city to entice investments.

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To anyone who has walked the streets of Overtown, Liberty City, Wynwood and Little Haiti, there is no denying that these Miami neighborhoods have a vibrant underground economy.

The big challenge always has been quantifying that economy in terms of population and purchasing power.

The problem: Data from the U.S. Census or traditional sources like Claritas don't tell the full story. They often don't account for multiple families living in one house or people who work off the books and pay their bills in cash.

Yet, without a true picture of the population and purchasing power, it's hard to convince developers, retailers and banks there is a strong business case to warrant their investment. It's one of the many reasons these neighborhoods tend to lack many of the services found in suburban or wealthy urban communities, ranging from grocery stores to banks, movie theaters and chain restaurants.

"In Miami Beach they've got everything they need, but we don't," said Jafford Tucker, a Miami resident, who regularly takes the bus to the Shoppes at Liberty City. "People don't want to go too far just to get a shirt."

Social Compact believes it can provide the data that can persuade more retailers and banks that there's plenty of people like Tucker eager to shop or do business in their neighborhood.

The Washington, D.C., nonprofit research group last month launched a major research effort designed to quantify the buying power of Miami's underserved, urban markets. The study, expected to be completed by the end of the year, will cover Overtown, Liberty City, Wynwood, Little Haiti, Model City, Allapattah, Edgewood and Wynwood.

"We're trying to really change these cities," said John Talmage, chief executive of Social Compact, whose leaders include executives from some of the country's largest financial institutions. "You may not see the paradigm shift this year or next. But in five years you will. It's too big of a market that's being left untapped."

OTHER CITIES

Since its first study in 1999 in Chicago, Social Compact has done similar research in eight other cities across the country including New York, Houston, Jacksonville and Oakland. The results have led to investments including retail development, new bank branches and more small-business lending.

Social Compact's "Drill-down" methodology combines dozens of wide ranging data sources that individually may not reveal a lot but when combined provide an insightful and localized picture of a neighborhood. Research could include a combination of building permits, driver's licenses, utility records, school enrollment figures, credit bureau reports and more.

"These communities really are misunderstood," Talmage said. "The lack of data becomes a structural barrier to entry. Businesses want to be there, but they can't make the dollars-and-cents case."

While nationally more retailers and banks are starting to realize the potential for doing business in the inner city, the investments haven't even scratched the surface. The Initiative for a Competitive Inner City run by Harvard Business School Professor Michael E. Porter has estimated the gap between retail supply and demand in the 100 largest inner city markets at \$42 billion.

The Shoppes at Liberty City, which opened in October 2000, marked the area's first major commercial development in about a decade. The 79,000-square-foot strip center includes big tenants like Winn-Dixie, Radio Shack, Payless ShoeSource, Simply Fashions and Wendy's.

CHANGING PERCEPTIONS

Redevco President Debra Sinkle Kolsky, who developed the Liberty City project, believes the Social Compact research will go a long way

toward helping to change the perception in Miami of these inner-city communities.

"These people are not splurging on luxuries, but they're spending money on every day basic needs," Kolsky said. "I barely made a dent in the market. There's a tremendous opportunity to improve the quality of life in these communities."

Social Compact's introduction to Miami came from former Miami Herald Publisher Alberto Ibarguen, now president and chief executive of the John S. and James L. Knight Foundation. Ibarguen heard one of the group's presentations years ago and in his new job made the introduction to Miami Mayor Manny Diaz that led to the Miami launch.

The Knight Foundation is also supporting a big chunk of the research cost with a \$100,000 grant.

"These particular neighborhoods are areas that business people often don't consider when they look to do business," Ibarguen said. "You want to help leverage investment that leads to rational development."

HAVING A CONSCIENCE

Ramon Rodriguez, community affairs relationship manager for Washington Mutual, believes the key is making sure the efforts in these Miami neighborhoods lead to "redevelopment with a conscience."

"This is a long time coming," said Rodriguez, whose bank is considering whether to make an investment to support the study. "We need to do it in such a way that we're helping the folks that live there. That's the double-edged sword of development and gentrification -- people do ultimately get pushed out. We can make efforts to avoid that."

Social Compact executives say that in effect their efforts mitigate against gentrification because they spur more local investments.

The Miami study is part of the Social Compact's plan to conduct 30 studies within the next two years to build a broader picture of trends within inner-city communities and bring those to the attention of national retailers and financial institutions.

In each community, Social Compact seeks to identify "commercial leakage," areas where local residents have to go outside of their communities to get certain basic goods and services.

The group was attracted to Miami because of the current development boom, diverse immigrant population and the vast number of small firms.

"Miami is really a tale of two cities," Talmage said. "On one hand, everyone wants to be in Miami. But there are some dramatic parts of the city that aren't involved in the comeback story."

Miami economic development director Lisa Mazique believes the timing is right, as skyrocketing land prices and overdevelopment in some of the city's prime areas are putting the brakes on investment.

"Even the best of investors are finding themselves priced out of the 'sexy communities,'" Mazique said. "The goal is to widen the path of where these investments can be steered. Once you make it apparent that we've got the buying power to sustain an operation, they'll come."