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# Residential Market Trend Update – September 30, 2010 (2010-Q3)

## Downtown Development Authority District and Adjacent Areas of Influence

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REAL ESTATE ADVISORS

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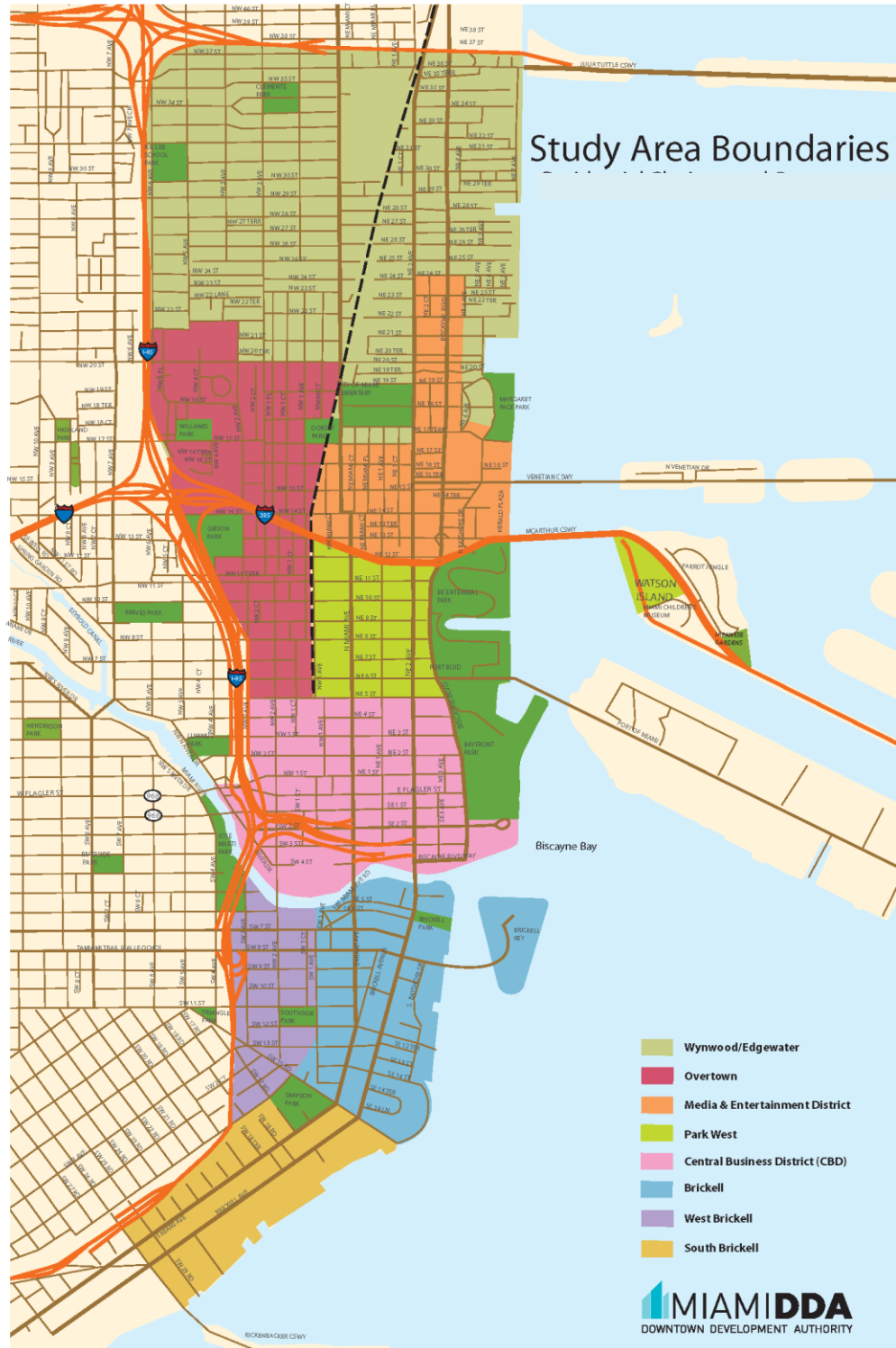
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STUDY AREA



# I. RESIDENTIAL MARKET TREND UPDATE

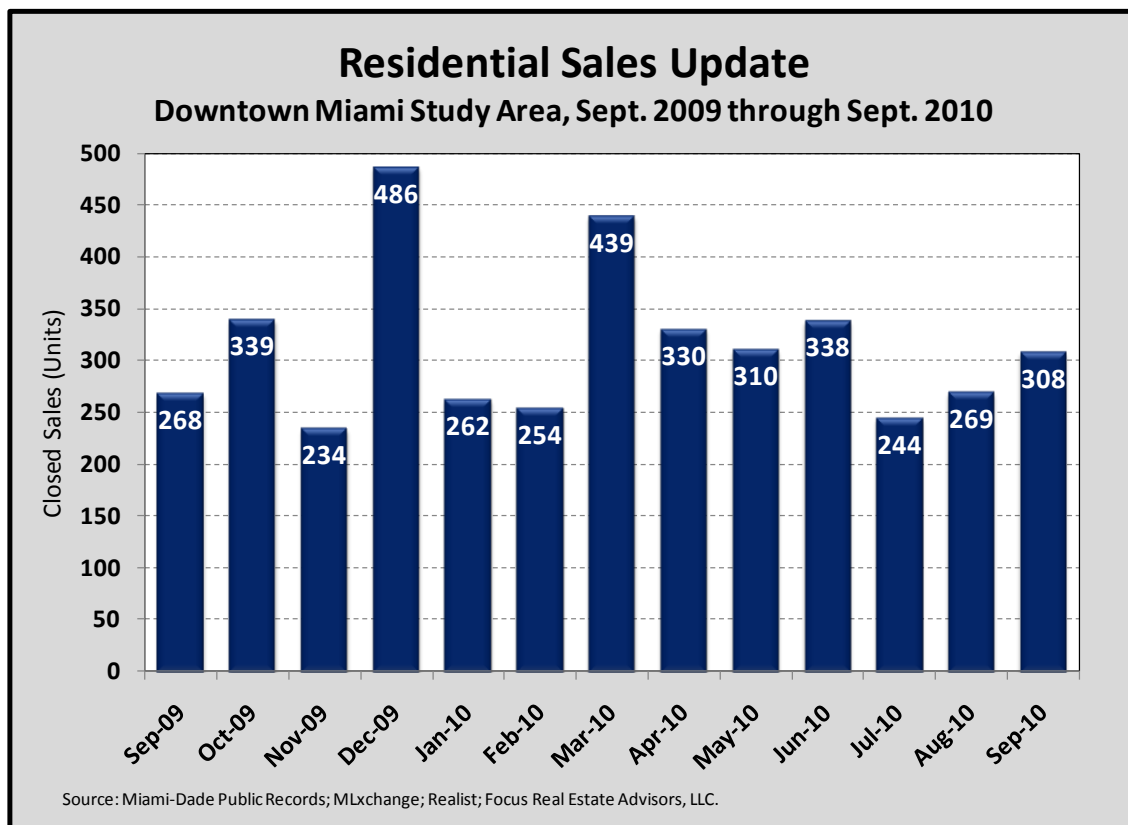
This report presents a statistical update of key residential market trends in the downtown area and includes trends through September 30, 2010 including:

- Monthly Residential Sales Activity (Closings)
- Price Trends
- Residential Leasing Velocity
- Foreclosure Activity

The information presented in the following exhibits is based on direct research of public records maintained by the Miami-Dade County Appraiser and County Clerk along with MLS and other independent data services. Research using the above noted sources was supplemented, as deemed necessary, by direct field reconnaissance.

## RESIDENTIAL SALES UPDATE

Average monthly residential sales in the Miami Downtown Area in the 3rd quarter of 2010 were 274 units, down about 16% from the 2nd quarter 2010 average of 326 sales per month. However, total sales through the first 9-months of 2010 were up about 61% to 2,754 from 1,714 during the same period in 2009.

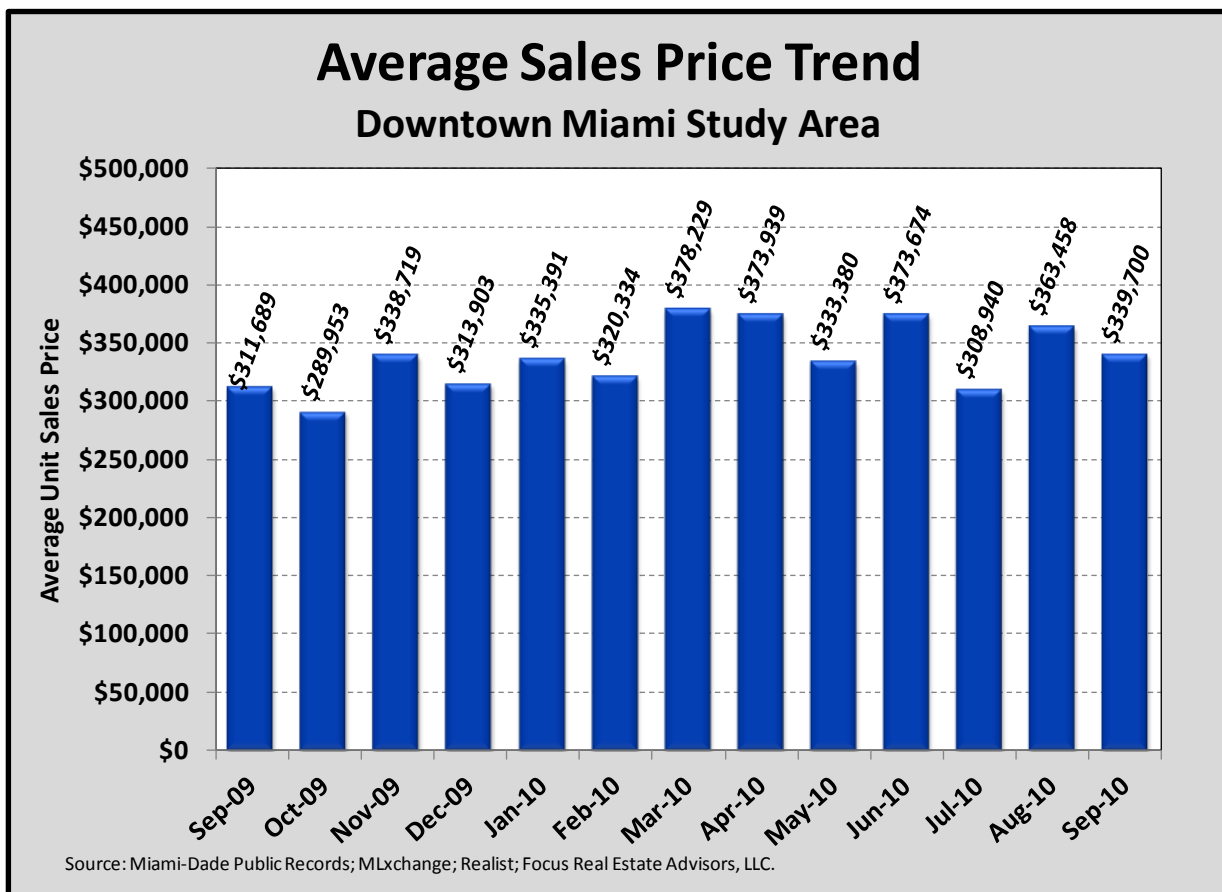


**EXHIBIT I.1 RESIDENTIAL SALES (CLOSINGS) TREND-UPDATE**

Monthly housing sales in the downtown area fluctuated during the past six months with spikes in December and March influenced by bulk sales activity and the first-time home buyer tax credit program. Qualified buyers with binding sales contracts signed by April 30, 2010, were allowed to close up until September 30, 2010 and still receive the credit. This may have had some influence on the upward sales trend during the third quarter.

**RESIDENTIAL PRICE TREND UPDATE**

The average unit sales price in the third quarter of 2010 was \$338,342, down about 6% from the second quarter average of \$361,000. However, the average price was up on a year-over-year basis for both the quarter and the first nine months. The average unit sales price for the first nine months of 2010 was \$350,800, representing a 17% increase from the average price of \$298,900 in the first nine months of 2009.



**EXHIBIT I.2 RESIDENTIAL SALES PRICE TREND-UPDATE**

The average price per square foot for units sold in the third quarter of 2010 was \$299, down 6% from \$318 per square foot in the second quarter. However, the average sales price per square foot for units sold in the first nine months of 2010 was up 14% to \$303 per square foot from \$265 per square foot for the first nine months of 2009.

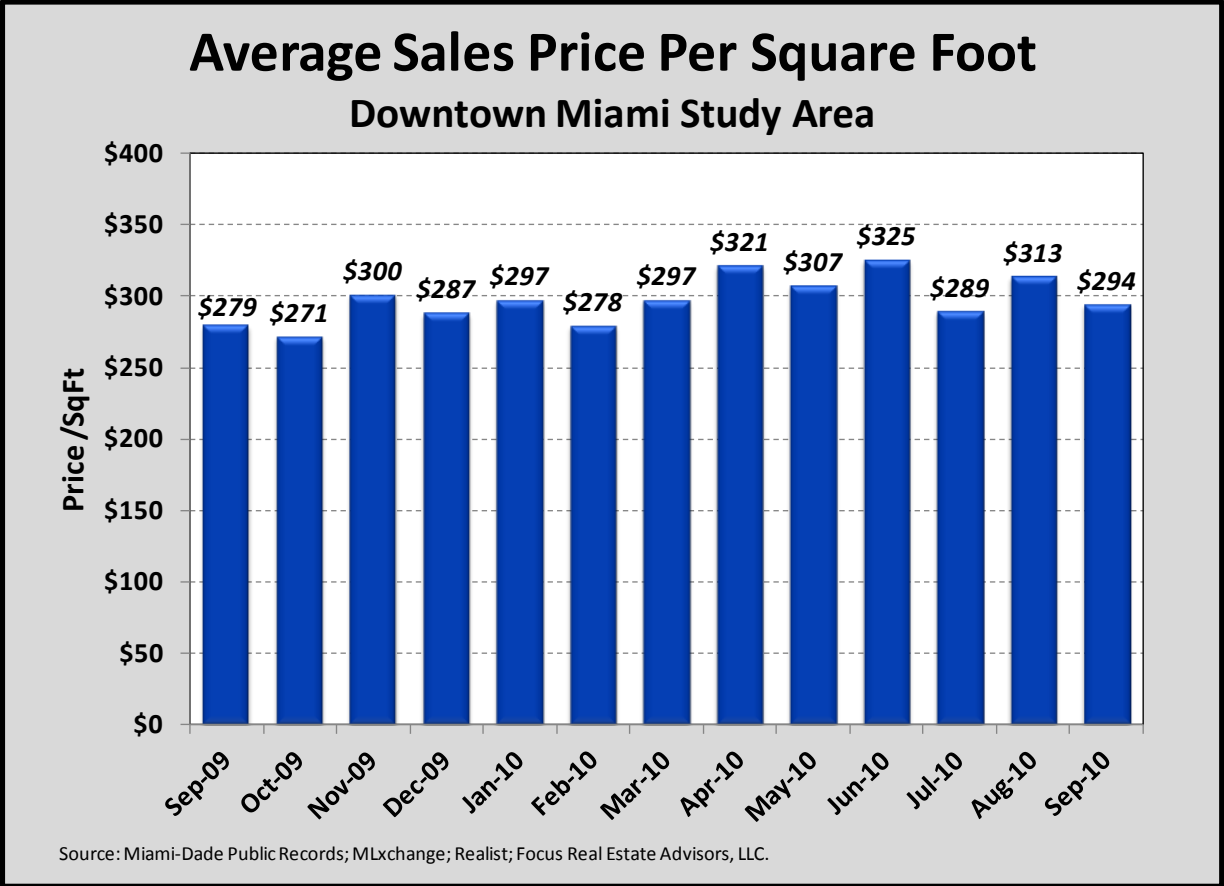


EXHIBIT I.3 RESIDENTIAL SALES PRICE PER SQ.FT. TREND-UPDATE

## Downtown Study Area Residential Sales Update and Profile, Sept. 2009 - Sept. 2010

### *Monthly Sales Profile*

	Units Sold	Total Sales Volume (\$)	Total Sq.Ft.	Average Unit Price	\$/SqFT
<b>Sep-09</b>	268	\$83,532,567	299,516	\$311,689	\$279
<b>Oct-09</b>	339	\$98,294,072	362,471	\$289,953	\$271
<b>Nov-09</b>	234	\$79,260,145	263,779	\$338,719	\$300
<b>Dec-09</b>	486	\$152,556,872	530,811	\$313,903	\$287
<b>Jan-10</b>	262	\$87,872,433	296,122	\$335,391	\$297
<b>Feb-10</b>	254	\$81,364,900	292,165	\$320,334	\$278
<b>Mar-10</b>	439	\$166,042,566	559,600	\$378,229	\$297
<b>Apr-10</b>	330	\$123,399,750	384,779	\$373,939	\$321
<b>May-10</b>	310	\$103,347,900	336,872	\$333,380	\$307
<b>Jun-10</b>	338	\$126,301,807	388,934	\$373,674	\$325
<b>Jul-10</b>	244	\$75,381,283	261,096	\$308,940	\$289
<b>Aug-10</b>	269	\$97,770,107	312,295	\$363,458	\$313
<b>Sep-10</b>	308	\$104,627,500	356,390	\$339,700	\$294

### *Breakdown by Area - 3rd Quarter 2010*

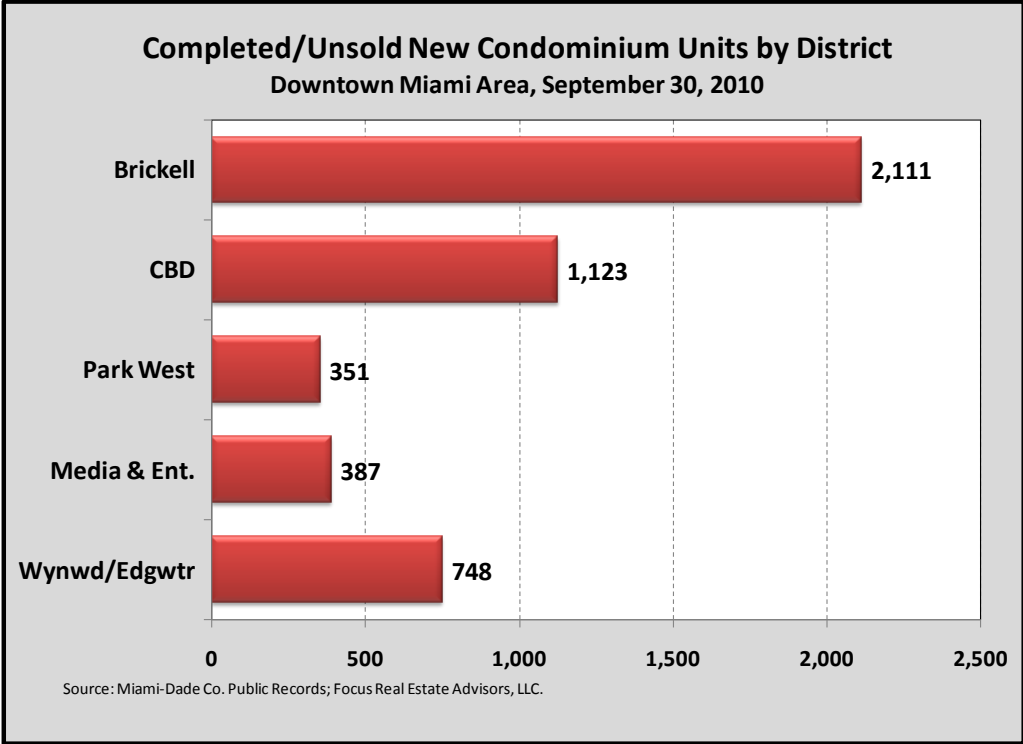
	Units Sold	Total Sales Volume (\$)	Total Sq.Ft.	Average Unit Price	\$/SqFT
<b>Brickell</b>	496	\$179,571,023	566,596	\$362,038	\$317
<b>CBD</b>	118	\$38,388,719	121,816	\$325,328	\$315
<b>Park West</b>	81	\$36,285,000	115,173	\$447,963	\$315
<b>M&amp;E/Wynwood</b>	126	\$23,534,148	126,196	\$186,779	\$186
<b>Total Q3-2010</b>	821	\$277,778,890	929,781	\$338,342	\$299

Source: Miami-Dade Public Record; Mlxchange; Realist; Focus Real Estate Advisors, LLC.

#### **EXHIBIT I.4 RESIDENTIAL SALES PROFILE BY MONTH AND SUB-MARKET**

The inventory of new, unsold condominium units in the downtown area as of September 30, 2010 was estimated at approximately 4,700 units. This is the estimated inventory of developer-owned units and does not include units purchased by investors for resale. As shown in Exhibit I.5, the Brickell area continues to account for nearly half of the remaining unsold inventory of new units in the downtown area.

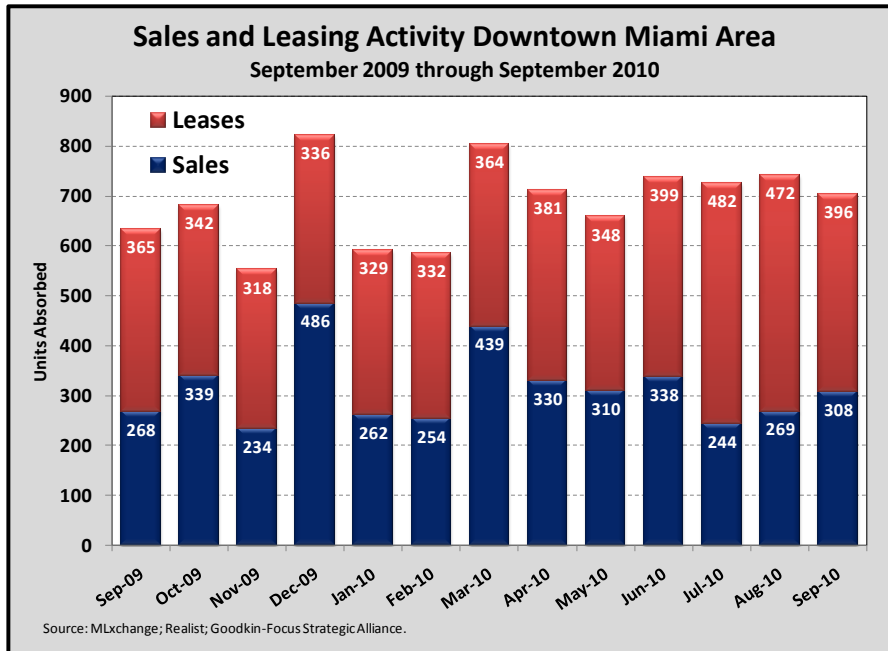
The CBD represents the second largest segment of the overall downtown area inventory with 24% of new unsold units. The CBD inventory of unsold units will increase by approximately 370-units in the fourth quarter when unsold units in MINT at 92 SW 3<sup>rd</sup> Street on the Miami Riverfront will be released for sale by Starwood Residential. No official announcement has been made to date regarding the date of opening for the 346-unit Paramount Bay project, also controlled by Starwood as part of their Corus Bank portfolio acquisition. The development pipeline of new condominiums in the downtown area beyond the above noted buildings includes less than 300 units in several partially completed buildings.



**EXHIBIT I.5 UNSOLD NEW CONDOMINIUM UNITS BY DISTRICT**

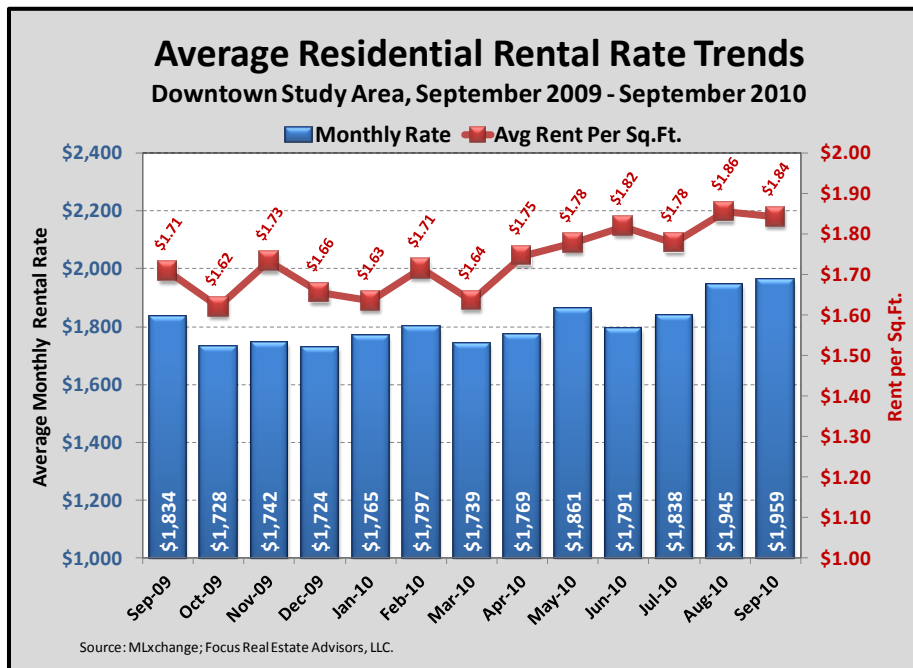
**RESIDENTIAL LEASING VELOCITY AND RENTAL RATE TRENDS**

Average monthly residential leasing velocity continues to increase in the downtown area. Average monthly leases closed during the third quarter increased to an average of approximately 450 units per month, up from 376 units per month during the second quarter of 2010, representing a quarter over quarter increase of nearly 20%. Leasing activity through the first nine-months of 2010 was up 11.5% with approximately 3,500 executed leases up from about 3,100 during the first nine months of 2009. Average monthly leasing activity increased from 349 per month for the first nine months in 2009 to 389 per month during the first nine months of 2010. The overall occupancy rate in downtown area condominiums substantially exceeds the number of units sold as a result of developers' rental of unsold units.



**EXHIBIT I.6 DOWNTOWN MIAMI STUDY AREA LEASING VELOCITY**

Average monthly unit rental rates and per square foot rates are illustrated in Exhibit I.7. The average monthly contract rental rate for units rented during the third quarter of 2010 was \$1,911, up 6% from the second quarter 2010 average of \$1,805.



**EXHIBIT I.7 DOWNTOWN MIAMI STUDY AREA RENTAL RATES**

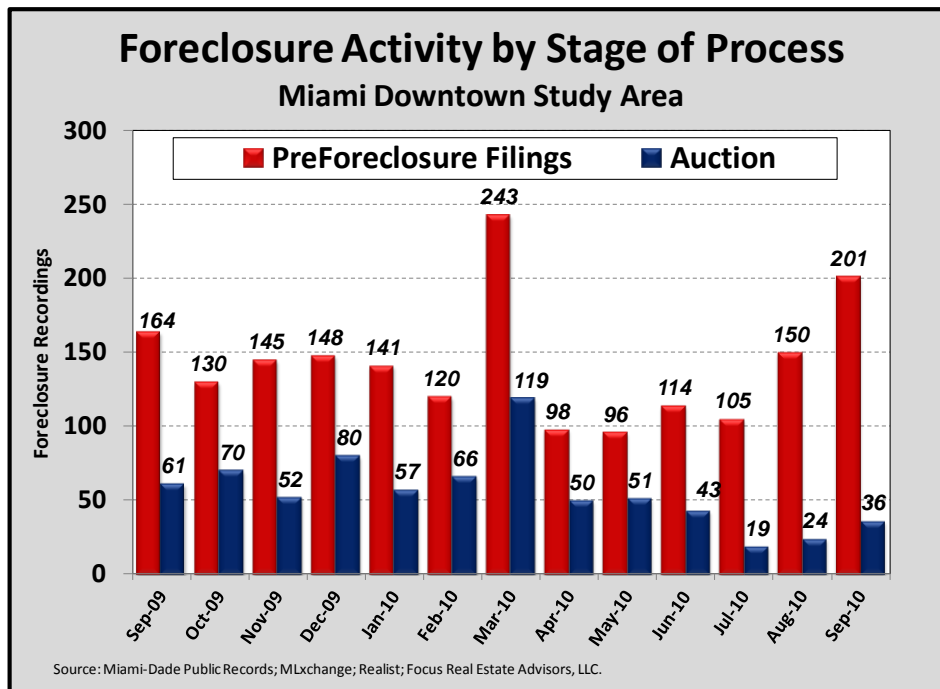
The average rent for leases executed during the first nine months of 2010 (\$1,834) was approximately 3% higher than the average rate of \$1,781 recorded for the first nine months of 2009. Average rent per square foot in the third quarter was up 7.4% over the second quarter

increasing from \$1.70 to \$1.82 per square foot. On a year-over-year basis for the first nine months the average per square foot rate was up just 2.4% from \$1.72 for the first nine months of 2009 to \$1.76 per square foot in 2010.

**RESIDENTIAL FORECLOSURE ACTIVITY**

Residential foreclosure activity by stage of process (pre-foreclosure vs. auction sales) in the downtown area is shown below based on research of public records and associated residential data services. Following a downward trend in downtown area foreclosure activity since mid-2009, the level of foreclosure activity escalated in the third quarter of 2010 as shown in Exhibit I.8. The overall third quarter increase was largely attributable to pre-foreclosure filings, with auction sales actually declining to a two year low.

Recent developments concerning bank foreclosure processing and corresponding moratorium on foreclosure evictions by some major lenders make the future outlook for foreclosure volume and market impact highly uncertain. The extent of future foreclosure levels will depend on the timing and strength of general economic recovery, stabilization and growth in employment and the extent to which rate adjustments on ARMs for mortgages on properties closed from 2005 through 2008 have been renegotiated. In any case, the downtown area condominium market will continue to be less affected than many other areas due to the high percentages of foreign national buyers and all-cash transactions evidenced in the downtown area during the past several years.



**EXHIBIT I.8 FORECLOSURE ACTIVITY – DOWNTOWN MIAMI STUDY AREA**