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Demand for urban living driving strong sales and rentals in Downtown Miami

New Study points to signs of stabilization in downtown Miami condo market

MIAMI, FL – July 30, 2010 – Nearly 80 residential buildings encompassing 22,000 units were built in Downtown Miami during the condo boom, transforming the area into one of the fastest growing urban communities in the U.S. Now, following years of oversupply, never before seen levels of demand for urban living is resulting in a thriving community of renters and owners.

A new study released today by the Miami Downtown Development Authority finds that sales of downtown condos were up 110% during the first six months of the year, effectively shrinking the inventory of available condos in the market to approximately 5,400 units and driving average prices up 16%. Furthermore, the study finds that condo and apartment rentals have increased by 14% during the first six months of 2010.

This report comes only three months after a similar study, which assessed occupancy rates in the Downtown Miami area and revealed that 74% of the district's residential condos are occupied. Of those units occupied, 52% of those are renters, resulting in one of the strongest rental markets in the country.

The 2010 Q2 Residential Market Trends Update report, conducted in partnership with Goodkin Consulting/Focus Real Estate Advisors, reveals a 110% year-over-year increase in condos sales from the first six months of 2009 (919 recorded sales) as compared to the first six months of 2010 (1,933 recorded sales).

Highlights from the second quarter 2010 market trend findings include:

- **Sales and leasing velocity remains strong:** Average monthly residential leasing velocity in the downtown area increased from 342 units per month during the first quarter of 2010 to 376 during the second quarter, representing a 10% quarter-over-quarter increase. Leasing activity in the downtown area is up 14%, increasing from a monthly average of 315 units in the first half of 2009 to an average of 359 units per month in the first half of 2010.
- **Sales and rental rates begin to rise:** The average unit sales price for the first six months of 2010 was up 16% from the first six months of 2009, from \$306,700 to \$356,000. The average monthly rental rate for units rented during the second quarter of 2010 was \$1,805, up 2% from the first quarter average of \$1,766.

- **Inventory of empty condos is shrinking:** The inventory of new, unsold condominium units in the downtown area is now estimated at approximately 5,400 units (out of 22,079 units overall) as of June 30, 2010. This reflects an 11% reduction from only three months ago.

Additionally, following a spike in pre-foreclosure activity in March 2010, monthly pre-foreclosure activity dropped to the lowest levels of the past year during the second quarter. The number of foreclosure auction sales activity during the second quarter of 2010 also declined about 40% from the previous quarter, indicating signs of stabilization.

According to Craig Werley, co-author of the Q2 2010 Residential Market Trend Update and principal of Focus Real Estate Advisors, the current residential sales velocity, coupled with increasing sales and rental prices and decreasing foreclosure activity spells positive news for market recovery.

“Over the past two years, residential sales and rental rates have been improving in the Downtown Miami area, primarily because of the quality of inventory, lifestyle, and affordability,” said Werley. “We have every reason to believe these trends will continue over the coming months and year ahead.”

Alyce Robertson, executive director of the Miami DDA agrees. “Occupancy is continuing to thrive in Downtown Miami, and is serving as a magnet for additional investments in the area’s office and retail markets. And with the buzz surrounding the Miami Heat’s new all-star team, we anticipate even more people and businesses will choose to capitalize on Downtown Miami’s new urban appeal.”

About the 2010 Q2 Residential Market Trend Update

The Residential Market Trend Update report represents a statistical update of key residential market trends in the downtown area. The report includes data that covers trends through June 30, 2010 including monthly residential sales activity (closings), price trends, residential leasing velocity, and foreclosure activity. The buildings surveyed are all located within the area bounded by State Road 195 on the north, Interstate 95 on the west, the Rickenbacker Causeway on the south, and Biscayne Bay on the east. The study was conducted by Goodkin Consulting/Focus Real Estate Advisors in partnership with the Miami Downtown Development Authority. Major findings are 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 was supplemented, as deemed necessary, with direct field reconnaissance. To access the full report, please visit www.MiamiDDA.com.

About the Miami Downtown Development Authority

The Miami Downtown Development Authority (DDA) is committed to improving the quality of life for businesses, employees, residents, and visitors in Downtown Miami. As an independent agency of the City of Miami, the Miami DDA supports business growth, infrastructure improvements, and services for Downtown Miami residents and stakeholders. In addition to its programs and initiatives, the Miami DDA is partnering with the City and other government entities to strengthen Downtown Miami’s position as an international center for commerce, culture, and tourism. The organization is governed by a 15-member board comprised of three public appointees and 12 Downtown property owners, residents and/or workers. For more information about the Miami DDA and Downtown Miami, please visit www.MiamiDDA.com.