

May 22, 2009

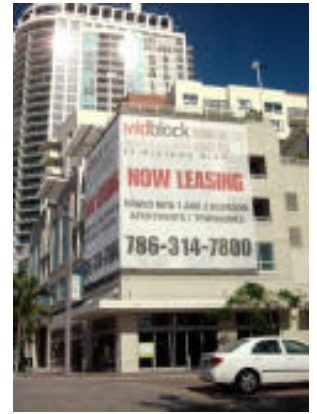
Renters help Miami condo market and businesses

South Florida Business Journal - by Paul Brinkmann

Condominium rental programs are transforming urban Miami, attracting more young professionals and making a dent in the oversupply of housing from the condo boom.

While some buildings remain mostly empty, the rental programs offer young professionals with mid-level incomes the opportunity to live in plush buildings with amenities. The programs don't come without problems, but local real estate interests are hoping they are the leading edge of a recovery in urban cores.

Some renters, like Alisha Marks and Ben Tischler, moved from pricier apartments in South Beach. Their 1,400-square-foot apartment in Midblock at Midtown Miami has a sprawling balcony with a view of Biscayne Bay and the downtown skyline. The only sign of the housing crisis is an unfinished ceiling.



"I'm very happy with it," said Marks, director at [Schwartz Media Strategies](#) in Coconut Grove. "We couldn't afford this much in South Beach, and it's new and has a lot to offer."

The couple pays a little less than \$2,000 a month for the apartment. Tischler is a producer at [Sapient Interactive](#) in Miami Beach.

Miami has been at the heart of the real estate bust that helped lead the nation into recession. For about two years, real estate news has focused more on empty condo towers

and foreclosures than sales.

While developers and banks have taken losses, condos are now passing into a new phase, where some restructured ownership arrangements are seeking to maximize income with rentals.

"It is a renaissance of a sort," said Peter Zalewski, real estate consultant and broker with [Condo Vultures Realty](#) in Aventura. "Renters are really moving into the market. It's not the liveliest downtown in the U.S., but someone new is going to say, 'hey, this isn't bad.'"

Zalewski released a survey showing 52 percent of the 34,253 condo units in the greater downtown Miami area are now available for rent.

His survey also identified several buildings where the majority of units are now rentals, including Sail on Brickell, with 92 percent rentals; Jade Residences at Brickell Bay, 88 percent; 1800 Club on Bayshore Drive, 96 percent; Midtown Four, 95 percent; and 50 Biscayne, 60 percent.

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Zalewski based his survey on deeds recorded, interviews with property managers and on homestead declarations filed by primary owners. He said he believes the information is accurate, but cannot be guaranteed because it is the result of a survey.

WThe **Miami Downtown Development Authority** is expected to show similar results in its Residential Closings and Occupancy Study. But, the DDA study will attempt to say how many units are actually occupied, which Zalewski said is next to impossible.

The DDA expects the downtown population to grow significantly, said Leo Zabezhinsky, economic development associate with the DDA. The population was 20,000 in 2000 and 31,000 in 2008, according to the **W****U.S. Census**.

The DDA study, to be released soon, was done by Miami's **W****Goodkin Consulting** and Coral Gables' Focus Real Estate Advisors.

"These are bodies. They are living and shopping downtown," Zabezhinsky said. "They are going to Segafredo and Mary Brickell Village on Thursday nights."

Zabezhinsky said the rental market is appealing to a younger "more vibrant" demographic that couldn't otherwise afford living downtown.

Lawsuits and vacancies

But, the picture isn't all rosy.

Lewis Goodkin, principal of Goodkin Consulting, said foreclosures are still rampant in some buildings.

Only slightly more than two-dozen units have closed at the **W****Related Group**'s Icon Brickell North Building, which has 705 total units, making it the most empty building downtown, Zalewski said. But, recent **W****Fannie Mae** approval for the building could change that.

Some of the rental programs have prompted legal claims by unit buyers. Aventura attorney Robert Cooper is suing a Related Group affiliate – TRG Columbus Development Venture – on behalf of 72 buyers at 50 Biscayne.