

Downtown Miami condos pass 60% occupancy level

MIAMI - Some 62% of the residential units completed in Downtown Miami since 2003 are occupied, and the closing rate is accelerating despite obstacles to financing, according to a Residential Closings & Occupancy Study conducted by independent research firm Goodkin Consulting/Focus Real Estate Advisors in partnership with the Miami Downtown Development Authority.

The study assessed occupancy and closing rates for 73 condominium buildings and seven rental apartment buildings that have come on line in the Downtown Miami area since 2003. Combined, the 80 buildings account for 22,959 residential units.

"This is the first study since the start of the construction boom that provides a complete picture of the number of people living in Downtown Miami," said Lewis M. Goodkin, CRE, FRICS, MIRM, founder of Goodkin Consulting. "Our research indicates that 62% of units in new Downtown Miami buildings are occupied by a combination of owners and renters, defying the perception that the majority of high-rises built in recent years are empty."

According to Craig Werley, founder and president of Focus Real Estate Advisors, the increasingly attractive pricing and location of Downtown Miami continues to generate demand from both buyers and renters in the marketplace. "Considering the financial roadblocks that many homebuyers have faced over the past year, the sales activity that we've seen in recent months is encouraging," he said.

The study suggests that heightened demand for urban living, new programs aimed at easing home financing restrictions, record low interest rates and further price discounting will likely accelerate the closing rate - with arrival at market equilibrium probable within three to four years. Occupancy will trend upward in that span as the existing inventory is absorbed and no new residential buildings are built, according to Goodkin.

"Our growing residential population is drawn to our waterfront location, entertainment and cultural offerings, strong commercial base, and to our standing as Florida's largest employment center. Those moving here are full-time residents who are populating our city streets and fueling the local economy," said Alyce Robertson, executive director of the Miami Downtown Development Authority.

Significant findings from the Miami DDA-Goodkin/Focus Closings and Occupancy Study include:

- Condominium inventory and discounted trading prices will continue to enhance the attractiveness and affordability of the urban lifestyle in the downtown area.
- Of the 21,616 new condominium units completed, 13,337 have closed and 98.6% of the closed units are occupied.
- Average monthly sales of new units during the past three months increased over the three months prior, with a 12-month average of approximately 70 recorded closings per month.
- The average monthly sales and leasing activity of new units has been averaging approximately 350 units per month.
- During the four year period from 2004 through 2007, an average of more than 2,000 condo units were absorbed annually; in 2008, more than 4,200 units were sold, despite the collapsed housing market and general economic recession.
- Of the total inventory of residential properties for sale in Miami-Dade County last month, 26% are in Downtown Miami.
- Historically, more than 70% of Downtown Miami residents were renters. So the balanced 50-50 mix between owners and renters in new Downtown condominiums indicates a steady increase in home ownership among area residents.

The survey results support projections forecasting continued population growth in Downtown Miami. According to U.S. Census' projections, since 2000, the Downtown area's residential base has grown from 40,000 to 60,000, with more than 10,000 residents expected to move in over the next six years.