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## **Downtown Miami condos filling up fast, report says**

BY MONICA HATCHER - Miami Herald

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With dark windows dulling Miami's twinkling skyline, newly built condo towers may look ghostly. But that's changing as the downtown area quickly fills up with flesh-and-blood residents. Although condo sales remain sluggish, renters are marching in to help lighten things up. Sales are picking up, too.

An occupancy report released Wednesday, commissioned by the Miami Downtown Development Authority, found that 62 percent of the new condos built since 2003 are, in fact, inhabited by humans.

What's selling: good deals.

In the past two weeks at Brickell on the River South, 40 new sales contracts have been signed, thanks to aggressively reduced pricing by the developer.

"Come into the sales offices and see the movement on a daily basis of people trying to find out what is available to buy or to rent," said Andres Asion, principal broker for the Miami Real Estate Group. "People are tired of commuting into the heart of the city."

Renters are driving the change.

Although the rental-to-sales ratio is now 50-50, an average of 280 new leases were drawn up per month on new units, compared with an average 50 monthly sales in the last year, according to the report.

Thanks to downwardly spiraling prices, sales numbers have improved recently to an average of 70 per month, though financing hurdles are still tamping down otherwise robust demand, the report noted.

While some may point to the rental trend as evidence developers overshot their estimates of demand and put up far too many buildings, Alyce Robertson, executive director of the development authority, said it makes little difference from an economic development standpoint.

Whether people rent or own, they need and demand more shops, banks, bars and restaurants in the area.

Robertson said the Downtown Development Authority, a quasi-governmental agency that promotes the area, will soon sell the area to prospective retailers based on the results of the occupancy report.

"The people who haven't been to downtown recently, you really have to come and see because it's really a different place."

In the midst of one of the worst housing blowouts in state history, the occupancy report sheds some positive light on what otherwise is still a fairly grim situation in the condo market.

Prices continue to drop and rising foreclosures are financially disabling many condo associations. Also, the

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sector is dealing with a vast oversupply of inventory — units for sale from developers, owners and banks.

As of May, developers still held 38 percent of completed units — or about 8,300 of 21,616 completed. They are being forced to rent or sell at steep discounts to fend off lenders seeking construction loan payoffs. An additional 1,333 units will be delivered to market later this year.

Competition from other parts of town also looms large. In Miami-Dade County, 56 percent of all properties for sale are either condos or townhomes, according to the Multiple Listing Service.

The bulk of those units are in Aventura, North Miami Beach and Sunny Isles Beach, with downtown Miami ranking second by a fraction. Developers typically do not list unsold units in the MLS.

What's more, condos and townhomes represent 71 percent of all rental listings.

Craig Werley, president of Focus Real Estate Advisors in Coral Gables, who authored the study with Miami-based Goodkin Consulting, said that even though people are moving in, that doesn't mean the market is healthy. But it does point to a recovery that may come sooner than what many people think.

Based on the current absorption rate and the likelihood of further price declines, Werley said healthy occupancy rates of 95 to 98 percent could be seen in as little as three years.

"There is an inflow, and while there will be some further discounting of prices that will undoubtedly take place with the existing inventory," Werley said, "there is a demand for this affordable product."