

## Greater Downtown Miami condo boom comes full circle

*The current condo resale price is up 77 percent from 2011, rental rates are up 31 percent*

By Peter Zalewski



The Greater Downtown Miami preconstruction condo boom has come full circle — down to the same exact block of Northeast 23rd Street in the Edgewater neighborhood — in the four years since this current real estate cycle began after the market crash of 2007.

Back in August 2011, the Melo Group kicked off this current boom when it assembled the first construction crane on the north side of Northeast 23rd Street near Biscayne Bay to build a new condo tower — the 18-story 23 Biscayne Bay project with 96 units — in Greater Downtown Miami following the aftermath of the last cycle.

Condo units in the 23 Biscayne Bay project ultimately sold for an average price of under \$300 per square foot, according to Miami-Dade County records.

Some four years later, a company affiliated with Eastview Development of West Palm Beach — which is already developing the nearby Biscayne Beach project — announced plans on Monday to build the planned 57-story Elysee Miami condo tower with 100 units on the south side of Northeast 23rd Street across the street and to the east from the 23 Biscayne Bay project.

The average asking price for a condo unit in the new Elysee Miami project is \$750 per square foot, The Real Deal first reported.

Other than being located on the same block, the environment of today's Greater Downtown Miami condo market is completely different from the summer of 2011.

A whirlwind of changes — prompted in part by a significant amount of foreign investment — has occurred in the Greater Downtown Miami market in 48 months since the first condo construction crane of this real estate cycle was erected.

Developers have now announced more than 70 new condo towers — excluding at least six towers that were previously planned but later revised or canceled — with nearly 20,200 units in the Greater Downtown Miami area that stretches from the Julia Tuttle Causeway south to the Rickenbacker Causeway, and Biscayne Bay west to I-95 as of Monday, according to the preconstruction condo projects website CraneSpotters.com. (For disclosure, my firm operates the website.)

To date in Greater Downtown Miami, seven new condo towers with nearly 1,900 units have already been completed and 21 more new condo towers with nearly 5,325 units are currently under construction, according to the data.

An additional 44 new condo towers — including the newly announced Elysee Miami project — with nearly 13,000 units are currently in the planning or presale phase of development.

The hefty buyer deposit requirement of 50 percent of the contracted purchase price introduced during this cycle is still mostly intact but under growing pressure to be reduced by developers battling to offset the strengthening dollar against most foreign currencies.

On the condo resale market front, buyers back in 2011 acquired an average of 160 units per month at a price of \$229 per square foot in Greater Downtown Miami between January and June of that year, according to data from the Southeast Florida MLXchange.

During the same six-month period of this year, buyers purchased an average of 164 units per month at a price of \$405 per square foot, according to the data.

The current condo resale transaction price represents a 77 percent increase from 2011.

It is worth noting that the Greater Downtown Miami market has also experienced a surge in the amount of resale inventory on the market, as more than 2,765 units are currently available for purchase at an average asking price of \$502 per square foot as of Monday, according to the data.

The amount of condo resales on the market in 2011 is unknown as the Southeast Florida MLXchange does not readily provide this data.

At this year's current resale transaction pace, Greater Downtown Miami now has nearly 17 months of supply of condo resale units available for purchase, according to the data. A balanced market is considered to have about six months of supply of condo units. More months of supply suggests a buyer's market and less months a seller's market.

As for the rental market, tenants leased an average of 415 properties — condos, apartments, townhouses and houses — at a median price of \$1.82 per square foot in the first six months of 2011.

By comparison in 2015, tenants leased 486 properties monthly at a median price of \$2.39 per square foot, according to the data.

The current rental transaction rates in Greater Downtown Miami represent a 31 percent increase from four years ago.

The unanswered question going forward is whether any more condo developments will be announced for Greater Downtown Miami during this current real estate cycle, given the rising prices coupled with the growing supply of residential inventory added since 2011.