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Miami High: New Condo Boom In Magic City Sets Records

After Miami's last housing crash, tens of thousands of new condos sat empty and dark as buyers who put little money down in pre-construction went missing at closing.

The no-shows were the latecomers, who made light deposits on units that may have been flipped several times within months, weeks or even days of purchase at ever higher prices. Then the market crashed.

Developers or their lenders were left holding the inventory. That inventory gradually sold off, starting with investors who grabbed units in bulk at deep discounts.



Ultraluxury condos are coming back to South Florida. A crane stands next to the Porsche Design Tower site in Sunny Isles Beach in February. Bloomberg [View Enlarged Image](#)

Now, with much of that excess inventory absorbed, a new condo boom has taken hold in the area, with projects that are more lavish and expensive than before.

"Prices are starting to shoot for the stratosphere," said Peter Zalewski, founder and principal of Miami-based Condo Vultures and CraneSpotters.com. He calls Miami, with its new crop of skyscrapers fronting the downtown-area waterfront, "the Western Hemisphere's version of Dubai."

"It's a destination," he said. But it's also "a community that has opened up overnight. Here anything and everything is possible."

Plus, the area still has land available for development, he says.

Land In The City

Case in point: A two-acre plot in receivership in downtown Miami has entitlements in place for 93-story twin towers. Previously approved plans from the boom days called for 1,557 condos and space for retail and offices. The site, which the Miami Herald reported "fizzled when the developers went to prison for tax evasion," is now a parking lot.

Developers learned their lesson from the last cycle and now typically require 50% down from buyers before moving ahead.

"The word 'flipper' doesn't even exist today in the new-construction industry," said Philip Spiegelman, partner with ISG World, a sales and marketing firm working on behalf of developers. "Developers want a hard contract with a real buyer."

In order to lure wealthy cash buyers, each new project aims to be more remarkable than the last.

"Projects tend to have fewer (and larger) units, more spectacular amenities and star architects," said Zalewski. "If you're a developer trying to achieve a record price, you need to offer something the chairman of Goldman Sachs can't get elsewhere. Let's call it a work of art."

In fact, multiple sources say, the chairman and CEO of **Goldman Sachs (GS)**, Lloyd Blankfein, has bought a unit in one of the priciest condos going up in Miami Beach, Faena House, designed by the British architectural firm Foster + Partners.

Prices there range from \$3 million to \$50 million. The latter price, a record for a Miami Beach condo, was for an 8,000-square-foot penthouse recently sold to an undisclosed buyer.

Famed Iraqi-born architect Zaha Hadid is the designer for the proposed One Thousand Museum, a 62-story condo that, if built, would be one of the most dazzling to tower over Biscayne Bay in downtown Miami.

Plans call for "83 museum-quality residences," a rooftop helipad and a high-security vault to hold buyers' valuables. Prices on websites marketing the project range from \$4.9 million to \$45 million.

Not all projects will go forward, Zalewski says. Of 223 in some stage of development in South Florida east of I-95, 147 towers with 23,133 units are in Miami-Dade county, according to CraneSpotters.

"One of four is going forward with construction now," he said. "The other three out of four are trying to grab (marketing) position."

Just as some properties in Miami may be works of art, one developer says it'll actually give a work of art to each buyer. At the planned Muse in Sunny Isles, where units start at just under \$2 million, buyers are promised a custom-designed sculpture from Albanian-born Helidon Xhixha, a "featured artist" at Miami's Art Basel international art fair.

Customized **Tesla Motors (TSLA)** electric Model S cars are promised to buyers of select penthouses at the Echo Brickell and Echo Aventura.

Muse and the two Echo sister condos are being developed by Property Markets Group, or PMG, behind some of the tallest and most amenity-filled towers sprouting in Miami.

Another luxury auto, the Porsche, is the calling card for a condo building rising in Sunny Isles Beach. The property is the Porsche Design Tower, from Dezer Development and the auto firm's design arm, Porsche Design. The 57-story cylinder-shaped building features glass car elevators that will take owners' vehicles right into their units.

As over-the-top as Miami's luxury condo scene may seem, it is viewed as a value compared with Manhattan and other global cities such as London, says Jay Parker, CEO of Douglas Elliman Real Estate's Florida division.

"In the luxury category, as Miami approaches \$4,000 to \$5,000 per square foot, New York is approaching \$10,000 per square foot," Parker said. "New York is looking at Miami as a bargain right now."

But, he adds, "records are being broken everywhere."

Zalewski says he has seen prices for new condos top \$6,000 per square foot at Faena House. Buyers don't seem to be pushing back.

Signs Of The Times

In the first quarter, Miami logged the most sales and fastest selling time in eight years, plus the top median price since 2008, Parker says. The median price for a condo in the upper 10% sales category for all of Miami lifted 17.2% from last year to \$1.35 million, Douglas Elliman says.

"There's no doubt the high end is doing extremely well," Parker said.

Miami Beach draws a lot of well-heeled New Yorkers. South Americans and other international buyers seem to like downtown Miami and nearby Brickell, among other areas.

South America is a frequent stop for developers looking to drum up business for their Miami projects. ISG World's Spiegelman travels there a lot on behalf of his developer clients, most notably PMG.

"We have demand for product in the multimillion price range from Colombia, Venezuela, Argentina, Brazil and Mexico," he said. "We can sustain our business just on Latin America, although we have demand from all over the world."

Recently in Colombia, Spiegelman met with "a roomful of high-end brokers interested in selling our Miami product to their clients."

Related Group, Florida's largest developer, has more condo projects in the works around Miami than anyone, with roughly 4,000 luxury units either proposed or under construction, says Related condo-division president Carlos Rosso.

Related was also the largest developer of new condos in the last housing boom and was left with thousands of unsold units when the market crashed. It transferred ownership to lenders in exchange for managing the properties and did fine.

Related's chairman and CEO, "condo king" Jorge Perez, donated money to help build a museum, named after him. The Herzog & de Meuron-designed Perez Art Museum Miami sits on Biscayne Bay with views of the downtown waterfront. Condo marketers tout it as they promote Miami as a cultural mecca.

"Miami is a completely different Miami than it was in the previous cycle," Rosso said, ticking off the Perez Art Museum and other cultural sites built or under construction

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