

The Miami Herald

Real Estate 

February 24, 2011

South Florida home, condo sales begin 2011 with a surge

South Florida saw existing home sales hit stride in January, with more than 2,500 condos sold in the month. But the sales surge—the largest since 2005—came amid still-drooping prices.

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The Marquis building, 1100 Biscayne Blvd., in downtown Miami, May 12, 2010, is one of the many new condos in the area.
MARICE COHN BAND/MIAMI HERALD STAFF

More than 2,500 socialites gathered last month for a series of condominium building launch parties, where the free-flowing liquor, Grammy-winning recording artists and glitz-filled atmosphere evoked memories of 2005.

The festive events belied the current turbulence in South Florida's weary real estate market but pointed to an intriguing reality: Even in today's economy, some condo buildings are posting respectable, even strong, sales figures.

The marketing minds behind the lavish soirees at projects like Ios on the Bay and Trump Hollywood are hoping the buzz created by the booze-filled bashes will help them join the elite ranks of those towers out-selling the competition.

According to sales figures released Wednesday, buyers are snapping up South Florida's discounted condos at a pace that's also reminiscent of 2005, although prices are considerably lower, and still on the decline.

There were 1,262 sales of previously owned condos in Miami-Dade County in January, up 134 percent from the year before, the Miami Association of Realtors reported Wednesday. In Broward County, 1,318 condo sales represented an increase of 27 percent from January 2010. Both figures are the highest sales totals in the last five years.

Single-family home sales increased as well—up 55 percent to 676 in Miami-Dade and up 18 percent to 813 in Broward.

That 2011 began with such a large number of home sales bodes well for a market still trying to claw its way back from the bottom. While the region's glut of foreclosures is expected to put downward pressure on prices for many more months, strong sales volume and a swiftly dwindling supply of homes for sale could counter that. That could speed up the long-awaited day when South Florida properties actually start to add, and not lose, value.

According to data crunched by BalHarbour-based consultancy Condo Vultures, some of the top-selling new condo buildings—including Miami's Mint at Riverfront, Marquis Residences and Icon Brickell—are posting at least a couple dozen monthly sales, on average. In the broader market, sales of developer units are pumping along at a pace that bests last year, but with prices that are still slipping.

Hosting parties and sharpening marketing strategies are only a part of what separates the top performers from the pack, said Alicia Cervera, a broker with Cervera Real Estate. Other important components include a building's pricing structure, availability of financing and its lineup of amenities.

"A building has to find its [niche]," Cervera said. "It's almost like a person. You could see two beautiful women—one has a date every night and the other can't find her way to a coffee shop."

Cervera added that the towers finding the most success in this market make a point to cater to a specific type of buyer, and that most have been able to court the ever-important South American consumer.

With South Floridians still struggling with double-digit unemployment and high rate of underwater mortgages, condo towers are looking to buyers from elsewhere to fill the void. Real estate brokers have been traveling to New York, Venezuela and other places to pitch South Florida's condo market and recruit buyers.

Sam Mandel, a retired New Yorker who plans to close on a 2-bedroom unit at



Sam Mandel, left, is getting ready to close on the purchase of a \$1 million beachfront condo at the Canyon Ranch in Miami Beach. Mandel's wife, Annette, talks with interior designer Peter Kilgour about decorating the unit.

Charles Trainor Jr/ Miami Herald Staff

Canyon Ranch in Miami Beach on Thursday, is spending nearly \$1 million for his unit.



Sam Mandel is getting ready to close on the purchase of a \$1 million beachfront condo at the Canyon Ranch in Miami Beach.

Charles Trainor Jr / Miami Herald Staff

At Canyon Ranch, which has seen its sales pace pick up recently and is planning a re-launch party for next month, all-cash buyers from New York and Brazil have helped prop up sales, said sales director Michael Sadov.

Mandel, who visited friends living in the building last year, said he was so impressed with the amenities and health classes offered that he decided to buy a unit without looking anywhere else.

“The apartments are beautiful and available, and of course, you know, they’re really going at a big discount,” he said.

But even at those buildings where sales are picking up speed, pricing is king. Buyers, many of whom are investors, are looking for the best deals and that has led sellers of both new and existing condos to cut prices.

The median-priced condos in Miami-Dade sold for \$91,200 in January, down 36 percent from the year before. In Broward, median condo prices were actually up 2 percent year-over-year to \$68,900, but that number remains substantially below mid-decade peaks. Single-family prices continued their downward path in January, falling 18 percent in Miami-Dade to \$150,800, and dropping 5 percent in Broward to \$165,100.

Peter Zalewski, principal at Condo Vultures, said that even the top-performing buildings can’t escape the impact of down-and-out prices across the region.

“It’s like a bad sector with good companies,” he said. “There are going to be buildings that are going to perform well in this market. The drawback is that they aren’t going to be able to achieve the pricing that they would like.”

Zalewski pointed out there is increasing competition for buyers among the large developers in the market. Most have already slashed prices, and further cuts might be necessary in order to generate sales going forward, he said.

One positive sign is that financing is beginning to open up for those buyers who don’t have enough cash on hand to buy a home without the help of a loan, said Jeff Moor, CEO of Majestic Properties and a member of Miami’s Master Brokers Forum.

At Ios on the Bay, a 43 -unit condo project on Miami's Biscayne Bay, the availability of Fannie Mae and FHA financing is a key reason sales are on the rise, Moor said.

"Financing is helping to move product," he said. "Without it you're restricted to cash deals and that restricts buyers to about 10 percent of the population."

At Mint, a 530-unit project taken over in 2009 by Starwood Capital-led group ST Residential and re-launched in December, Fannie Mae approval has also come in handy.

Mint has posted more than 100 sales in the last three months, many of them involving pre-construction contract holders who were convinced to complete their purchases. Most units have sold for between \$200,000 and \$500,000, or about \$326 per square foot, on average, county records showed.

"We priced [Mint] for what today's market is and we've been very successful," said Peggy Fucci, ST Residential's vice president of sales and marketing. "That's been our biggest claim to fame in terms of our sales."