

Downtown Miami's Residential Occupancy Rate Surges To 85%

Study finds nearly eight-in-ten units built during boom have been sold in Downtown Miami area

Heightened demand for urban living accelerates sales and rental activity, stimulates commercial activity.

MIAMI, FL – February 22, 2011 – Downtown Miami is now emerging as one of the country's fastest growing urban centers, the product of significant increases in population growth and commercial activity over the past two years. An independent Residential Closings & Occupancy study commissioned by the Miami Downtown Development Authority reveals that 85% of the 23,628 condo and apartment units constructed since 2003 are now occupied, reflecting a 31% increase since June 2009.

The report, conducted by Lewis Goodkin and Craig Werley of Goodkin Consulting/Focus Real Estate Advisors, signals a strong demand for urban living in Miami for the first time in the City's history. According to the study, 78% of the condo units built during the building boom in the downtown Miami area have been sold, up 10 percentage points from only one year ago to 315 units per month. As a result, unsold inventory in the downtown area has now fallen to roughly 4,960 units – a 40% drop since 2009. At the same time, average monthly leasing velocity has risen 7% in the past year.

“Sales and rental activity in Downtown Miami has outpaced even the most bullish projections,” said Lewis Goodkin of Goodkin Consulting. “Assuming these rates continue, Downtown's remaining inventory could theoretically be sold-out within 26 months. This is quite remarkable considering that some analysts believed it would take nearly a decade to reach absorption.”

Other key findings from the Miami DDA's Residential Closings & Occupancy Study include:

- **Sales activity is accelerating:** Total condo sales in Downtown Miami were up approximately 36% year-over-year from 2009 to 2010, with 3,780 units sold in 2010. 78% of the 22,439 condo units completed since 2003 have been sold.
- **Prices are rising:** Average sales prices in 2010 were up in Q4 and on a year-over-year basis. The average unit sales price in 2010 was \$347,729, a 15% increase from the average price of \$302,254 in 2009. Average condominium sales price per square foot in 2010 was up 10% to \$300 per square foot.

- **Absorption ahead of schedule:** If current sales levels persist, Miami's remaining condo inventory could be absorbed within 26 months.

In a sign of further market stabilization, Everglades on the Bay's \$142 million debt was purchased by Rockwood Capital Partners in Q4 2010. The number of unoccupied new condos in the downtown area has fallen by more than 3,300 since May 2009.

Much of the sales activity taking place can be attributed to an infusion of capital from abroad. Investors from rebounding markets such as Brazil, Mexico, Colombia, and Argentina are increasingly viewing Downtown Miami an attractive place to invest. According to residential broker Ron Shuffield, president of Esslinger-Wooten-Maxwell Realty (EWM), international buyers now account for roughly 60% of the sales taking place in Miami's urban core.

"Nowhere else in the country is seeing this kind of offshore demand. Unlike the investor makeup during the bubble, those purchasing units in Downtown Miami today see the value to be had and are in it for the long-term," said Goodkin.

Craig Werley, principal of Focus Real Estate Advisors adds that renter demand is playing a major role in stimulating commercial activity within Miami's urban core. The majority of renters are full-time residents, many of whom have disposable income that translates to heightened demand for goods and services.

According to the Miami DDA Population & Demographic Profile from May 2010, more than 70,000 people now live in downtown Miami, up more than 80% from 10 years ago. The population is expected to grow to 85,000 by 2014 as the remainder of the new housing inventory is absorbed. As a result, downtown's retail and hospitality markets have flourished during a time when most are struggling. Since 2008, 120 net new businesses have opened in downtown, joining a crop of new luxury hotels, including the Kimpton EPIC Hotel, Viceroy Miami, Tempo Miami, and the world's first JW Marriott Marquis. In fact, Downtown Miami is now home to more four star hotels per capita than anywhere else in South Florida.

"One of the most important outcomes of the residential occupancy boom is Downtown Miami's newfound destination status and commercial growth," said Alyce Robertson, executive director of the Miami DDA. "What was once considered a strict 9-to-5 employment district is now emerging as a vibrant 24-7 city filled with a wide array of culinary, entertainment, cultural and arts experiences. Downtown Miami has become an urban destination in its own right."

About the Residential Closings and Occupancy Study

The Residential Closings and Occupancy study surveyed occupancy and closing rates for 76 completed condo buildings and eight rental apartment buildings that have come online in the Downtown Miami area since 2003, accounting for a total of 23,628 residential units. The buildings surveyed are all located within the area bounded by State Road 195 on the north, Interstate 95 on the west, the Rickenbacker Causeway on the south, and Biscayne Bay on the east. The study was conducted by Goodkin Consulting/Focus Real Estate Advisors in partnership

with the Miami Downtown Development Authority. The report is a year-end survey that was done during the period between mid-December 2010 and mid-January 2011.

About the Miami Downtown Development Authority

The Miami Downtown Development Authority (DDA) is committed to improving the quality of life for businesses, employees, residents, and visitors in Downtown Miami. As an independent agency of the City of Miami, the Miami DDA supports business growth, infrastructure improvements, and services for Downtown Miami residents and stakeholders. In addition to its programs and initiatives, the Miami DDA is partnering with the City and other government entities to strengthen Downtown Miami's position as an international center for commerce, culture, and tourism. The organization is governed by a 15-member board comprised of three public appointees and 12 Downtown property owners, residents and/or workers. For more information about the Miami DDA and Downtown Miami, please visit www.MiamiDDA.com.

###