

# MIAMI'S CONDO BOOM REDUX

WITH 40 PROJECTS UNDER CONSTRUCTION AND ANOTHER 92 PLANNED OR PROPOSED, HOW LONG WILL THIS SURGE LAST?

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The grand opening of the pre-construction sales center for the SLS Lux Brickell condominium drew hundreds of real estate agents on a sultry June evening.

With the imposing bronze sculpture *Male Torso* by Fernando Botero looming above, Related Group chairman and CEO Jorge Pérez made the rounds as the crowd tipped stemmed glasses of bubbly and nibbled hors d'oeuvres.

Pérez was in high spirits. And why not?

SLS Lux Brickell already had reservations from buyers to purchase \$200 million in units — half the project's total sales — before the formal launch of



PEREZ

the sales center June 11, according to Related, which is jointly developing the prime site with real estate baron W. Allen Morris, who owns the land.

"Miami is the sweetheart of the world," said Pérez, who is leading a new

boom in condominium construction six years after the last one ended in a spectacular crash. Back then, thousands of buyers reneged on contracts for newly

built Miami condos amid nosediving values. Now, he said, "Everyone wants a place here."

Along with the reliable stream of investors from Brazil, Argentina, Venezuela and Mexico, Miami keeps attracting buyers from Russia, England, France and Canada, among other places. All eyes are on the Chinese to see if they will join the fray in any significant way.

Conspicuously absent from the buyers are South Floridians. Few local residents have the big cash deposits needed to participate in the pre-construction boom or the financial means to pay the lofty prices for units, even if mortgage financing were available.

With the revival gaining steam over the past two years, the looming questions are: How many new condos can the foreign-fueled market absorb? And how long can this party go on?

## BY THE NUMBERS

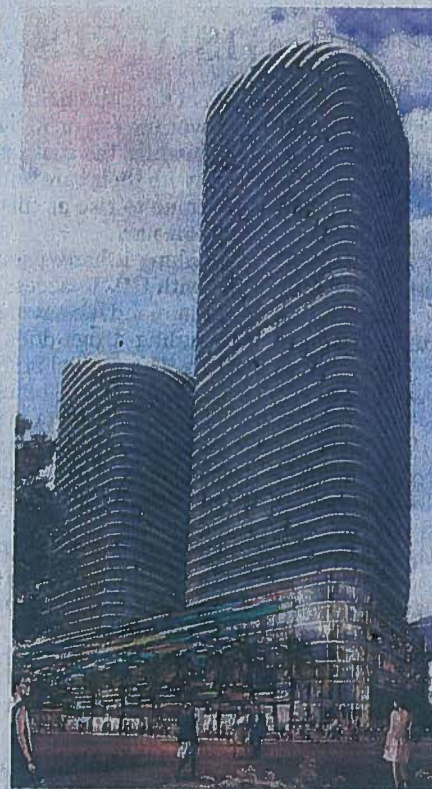
In the eastern swath of Miami-Dade County where the boom is concentrated, 40 condo projects with 6,781 units are under construction, 56 others with 10,807 units are planned, with approvals to go forward, and 36 more projects with more than 8,300 units have been proposed at early stages, according to Peter Zaleski, a principal at Cranespotter.com, a Miami firm that closely tracks condominium construction in South Florida.

In the past two years, the costs of land and construction in Miami have soared, and so have the prices for units. A typical project in the downtown Brickell area that would have sold at \$400 a square foot in 2012 is going for more than \$600 a square foot today, according to Aventura-based International Sales Group, a pre-construction condo marketing firm. Exclusive projects in South Beach are fetching well over \$2,000 a square foot.

This condo construction cycle in Miami is distinguished from the last in several ways. The biggest difference is the unit buyers are putting up big deposits, typically 50 percent of the purchase price, in stages during construction, funding most of the hard construction costs for developers. (Florida law allows developers to spend deposits for direct construction expenses, except for 10 percent, which must be placed in escrow unless a bond is posted.)

That level of commitment from buyers (which contrasts with the 20 percent down payments that were typical the last time) dramatically increases the likelihood that buyers will close on contracts when their buildings are complete, developers say.

Whatever triggers the end to this condo cycle, it won't be a repeat of the last boom when buyers skipped out on their



COURTESY OF RELATED GROUP

**BRICKELL HEIGHTS:** A rendering shows one of the condo projects planned by Related Group.

contracts — not as long as the big deposits are required — developers predict.

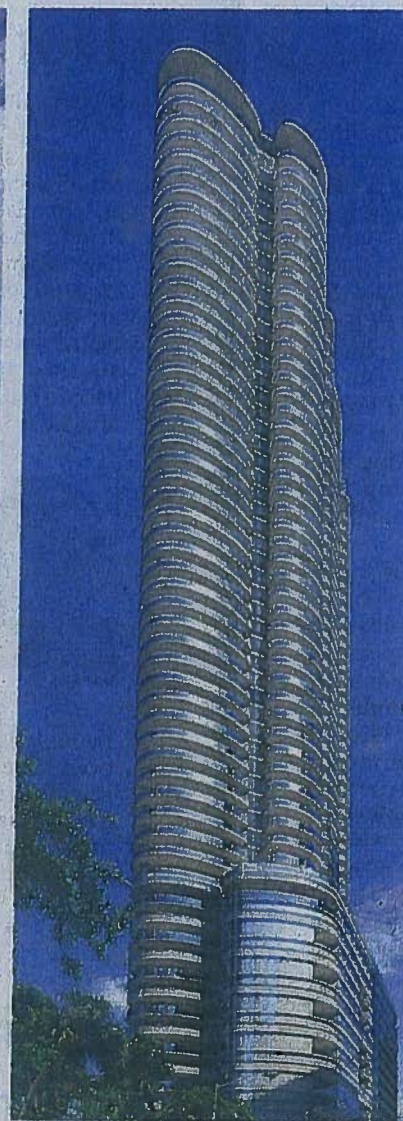
## UPSCALE GOES HIGHER

Another change this time is the high-end condo units are far fancier, with much higher prices that reach eight figures (the penthouse at Faena House in Miami Beach was listed for \$50 million), moving Miami into an elite circle of global cities where the super-rich come to play or perhaps to do business.

As developers wage an escalating battle to offer the best of the best, Miami has turned into a workshop for internationally famous architects like Richard Meier, Zaha Hadid and Bjarke Ingels, and prominent interior designers and landscape architects.

Exotic building materials, cutting-edge appliances and smart-house features are de rigueur.

"Everyone is doing buildings with amenities and toys that just blow away the buildings that went up last time," said Gil Dezer, president of Dezer Development, which is in the midst of construction on the 60-story Porsche Design Tower in Sunny Isles Beach. The tower, which is selling to billionaires from around the world, will feature automated car lifts to deliver vehicles to a resident's unit. Most balconies will include private plunge pools.



CATAPULT

**BRICKELL FLATIRON:** A rendering of the 750-foot condo skyscraper under development in Miami.

[MiamiHerald.com/video](http://MiamiHerald.com/video)  
Construction complexities of Porsche Design Tower

Artwork — from paintings and sculptures to murals and installations — distinguishes the new towers, a testament to Miami's newfound affinity for art and culture. At Muse, a tower in the works in Sunny Isles Beach, Albanian artist He don Xhixha will create a sculpture for each unit owner.

Amid the boom, Miami has buttressed its role as a magnet for foreign wealth looking for a safe haven from political and economic instability in Latin America and elsewhere.

Many of the foreign investors buying the "affordable luxury" units in the