

Miami Renters Fuel a Boomlet

Building Bust's Ghostly Condos Are Filling Up, Bringing Neighborhoods to Life

By ARIAN CAMPO-FLORES

MIAMI—When the real estate market collapsed five years ago, this city's downtown soon became an emblem of the worst excesses of the building boom. Glittering new towers sat mostly vacant.

Those towers are filling up much sooner than some analysts predicted. The new arrivals, mostly renters, are spurring the establishment of restaurants, bars and shops. Streets that once grew desolate at the end of the workday now buzz with residents walking around and dining at outdoor tables.



The Brickell Irish Pub in downtown Miami.

"A few years ago, you couldn't be here at night without dogs and guns," said William Richey, a 68-year-old lawyer who lives in the Central Business District, while dining one recent evening at Trë, a new bistro. "Now it's full of life."

A February report by the Miami Downtown Development Authority found that 85% of new condo units, those built since 2003, were occupied, up from 74% in 2010 and 62% in 2009. The residential population of downtown—which, broadly defined, stretches from the emerging Wynwood arts neighborhood in the north to the gritty CBD to the flashier Brickell financial district in the south—now numbers about 70,000, compared with 40,000 a decade ago. Another 10,000 people are expected to move in by 2014, according to the Development Authority.

Ambitious new projects are on the way. In April, Hong Kong-based [Swire Properties](#) unveiled plans for Brickell CitiCentre, a five-million-square-foot development with a hotel, residences, office towers and retail outlets. Construction is expected to begin next year. Last week, Genting Malaysia Berhad, of Kuala Lumpur, Malaysia, announced a deal to buy 14 acres of waterfront property where the Miami Herald building currently sits. The company plans to build a complex with restaurants, entertainment venues and, if the Florida legislature authorizes it, casino gambling.

"I never expected it would be as vibrant as it is today," said Andres del Corral, a 30-year-old commercial real estate broker who moved to the area three years ago.

Whether Miami's momentum will continue, leading to the 24-hour city that downtown boosters dream of, is unclear. Miami-Dade County's 13.2% unemployment rate, the second-highest in a state

hard hit overall by the economic downturn, remains a drag on the local economy, and the region continues to reel from the mortgage foreclosure crisis.

DOWNTOWN MIAMI REBOUNDS



The Epic, a new residential and hotel tower, sits in the heart of downtown Miami.

"The [downtown] market on the surface appears to be doing really well," said Glenn H. Gregory, senior vice president at commercial brokerage firm Jones Lang LaSalle. "The question is whether that will be sustainable."

Nationwide, the housing sector continues to suffer. On Tuesday, the S&P/Case-Shiller index showed that home prices in the U.S. fell 4.2% in the first quarter; the Miami metro area was among 12 where prices fell to their lowest levels in the current housing cycle. Parts of Miami-Dade County generally continue to post some of the highest foreclosure rates in the country.

Many buyers are investors who plan to unload their properties eventually, said Peter Zalewski, principal at real estate consultancy Condo Vultures LLC. Mr. Zalewski's question is: "Will they dump at the same time?" That would depress prices, potentially reversing the area's revival.

Condo sales here began to surge after property owners slashed prices about two years ago, sometimes by 50% or more. That lured hordes of international buyers, including Brazilians and Venezuelans, who often pay entirely in cash. Fewer than 4,000 out of the 22,000 new units built since 2003 remain unsold, according to Condo Vultures.

At the Icon Brickell, a luxurious three-tower complex that for many came to epitomize the height of the speculative frenzy, more than 80% of the units have been sold, according to Fortune International, which markets the units. Sales are averaging 47 units a month.

In the past year, prices for new condos downtown have begun ticking up, from \$298 a square foot in 2009 to \$304 in 2010, according to Condo Vultures.

Residents say downtown is more animated than ever. When Geri Fischman moved to the area from South Beach three years ago, the nightlife options were scant. Now Ms. Fischman, 28, has a slew of them within walking distance, including db Bistro Moderne, the new Miami outpost of famed chef [Daniel Boulud](#). Coming soon across the street from her place: a Whole Foods supermarket and a luxury movie theater. "I can't remember the last time I went to South Beach," she said.

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As young professionals and families move in, the area's vibe has changed. Bayfront Park in the Central Business District now has free yoga classes three times a week. Parents pushing strollers are a common sight.

The newcomers have encouraged new businesses to open—a net of 38 in 2010, according to the Downtown Development Authority. Another 27 are currently planned for this year.

Many existing establishments have changed their mix of merchandise to appeal to a younger, more affluent demographic. At La Epoca, a department store in the CBD, clothing racks that once featured Levi's denims now have Diesel jeans and Hugo Boss shirts. "Sales keep growing each year," said owner Tony Alonso.

Downtown still has a way to go, especially the CBD, which remains crammed with grubby storefronts. "It's a bit of a mud hole," said Tony Goldman, a longtime developer who helped transform South Beach and is now considering investing downtown.

Development Authority officials are working on a master plan for the district. They recently helped organize a gathering of business leaders in the CBD to hear a presentation by Mr. Goldman, who outlined his vision for a pedestrian-friendly neighborhood centered on its historic buildings.

"It could be this fabulous oasis," Mr. Goldman said in an interview. "I think it's never been more ripe."