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# Residential Market Trend Update – June 30, 2011 (2011-Q2)

## Downtown Development Authority District and Adjacent Areas of Influence

Prepared for:



Published July 2011



**A Professional Strategic Alliance**

**Lewis M. Goodkin, CRE, FRICS, MIRM**  
Lewis.goodkin@goodkin.com  
305.860.0771

**Craig A. Werley, CRE, FRICS**  
cwerley@focusadvisors.net  
305.441.6438

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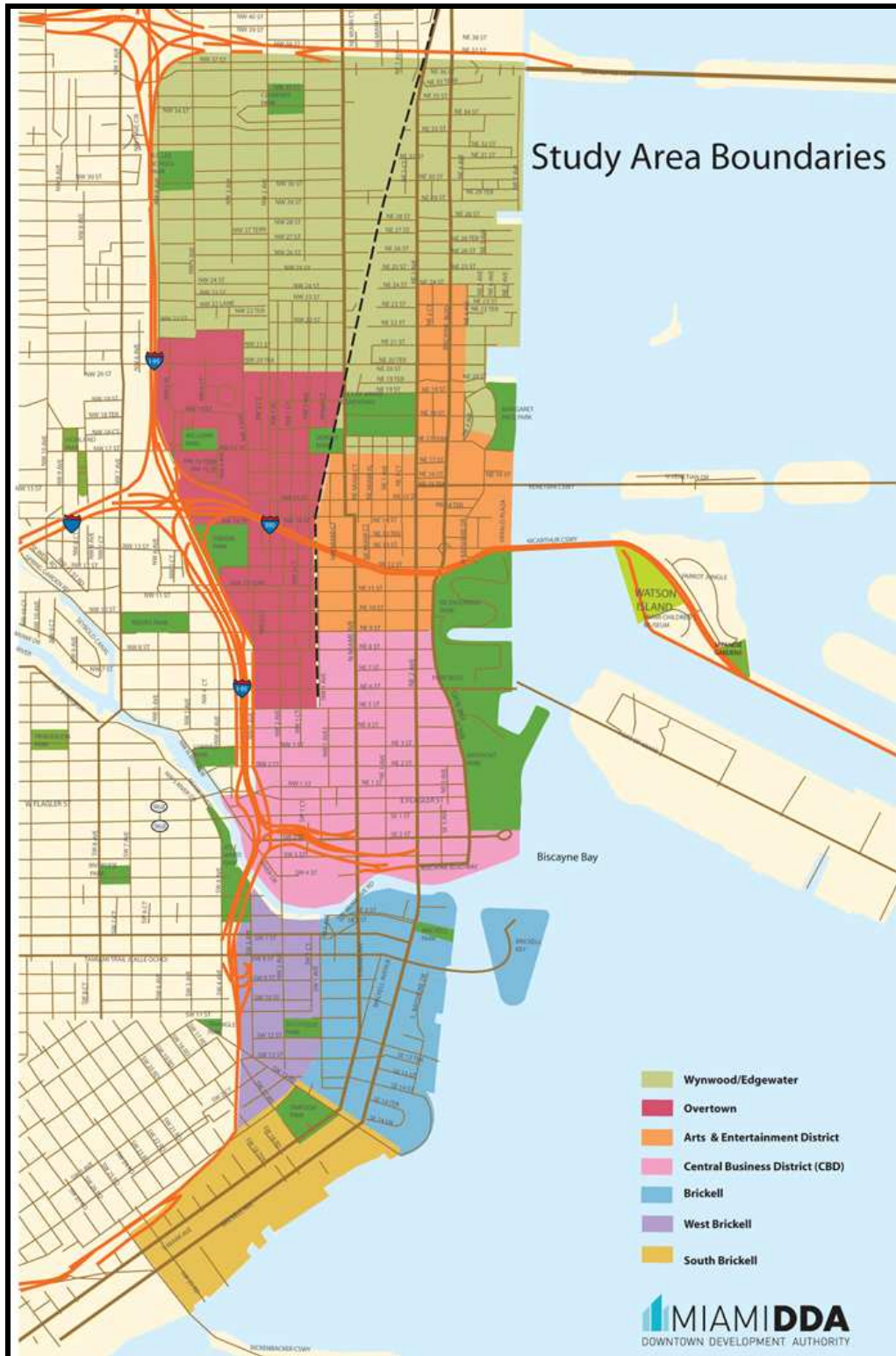
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STUDY AREA



\*Effective Q1 2011, the study area sub-district names have been updated for consistency with the 2025 Downtown Master Plan as adopted by the Miami DDA Board of Directors.

# I. RESIDENTIAL MARKET TREND UPDATE

This report presents a statistical update of key residential market trends in the downtown area and includes trends through June 30, 2011 including:

- Monthly Residential Sales Activity (Closings)
- Price Trends
- Residential Leasing Velocity
- Foreclosure Activity

The information presented in the following exhibits is based on direct research of public records maintained by the Miami-Dade County Appraiser and County Clerk along with MLS and other independent data services. Research using the above noted sources was supplemented, as deemed necessary, by direct field reconnaissance.

## RESIDENTIAL SALES UPDATE

Average monthly residential sales in the Miami Downtown Area in the second quarter of 2011 were 294 units, up about 12% from the first quarter 2011 average of 263 sales per month. Year-over-year, total sales in the second quarter of 2011 (882) were down about 10% from 978 during the second quarter of 2010. The comparatively high volume of closings in April were heavily concentrated in the Brickell Area reflecting aggressive seasonal sales programs in major new buildings (i.e. Icon Brickell and Infinity) as well as investor and Bank REO resales in older properties.

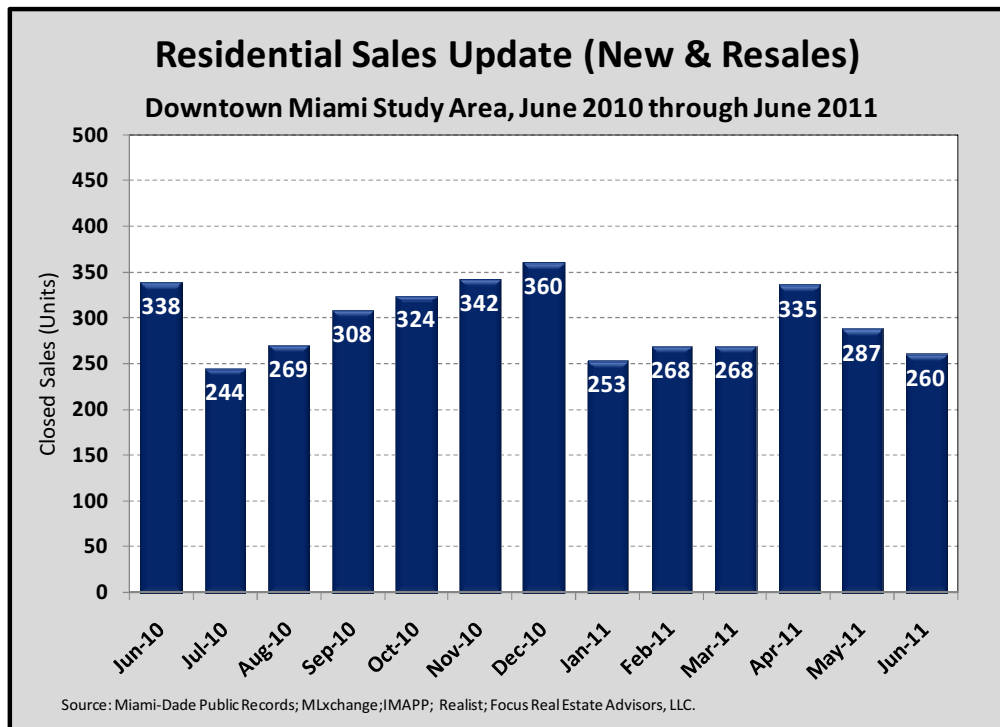
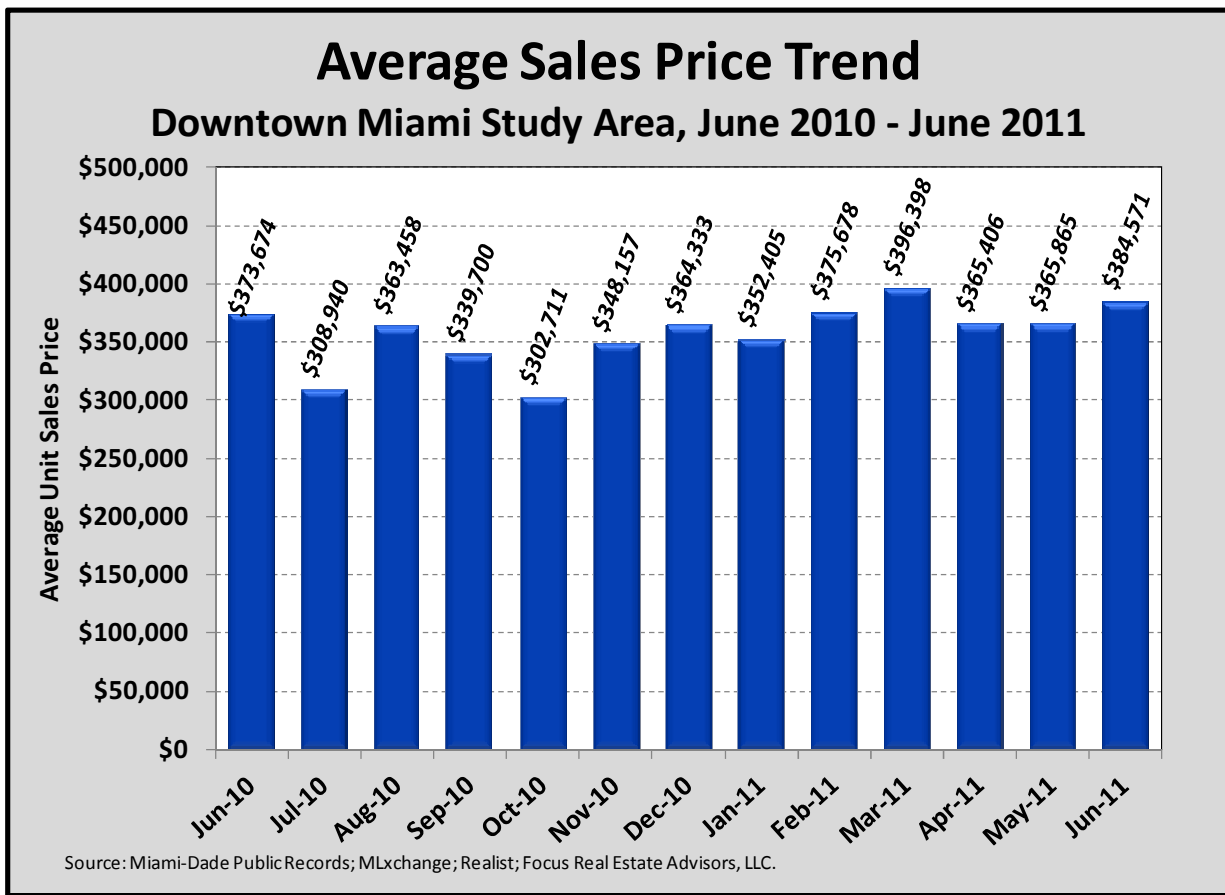


EXHIBIT I.1 RESIDENTIAL SALES (CLOSINGS) TREND-UPDATE

Total sales in the first six months of 2011 (1,671) were down 13.6% from the first half of 2010 (1,933). Year-over-year declines in the total number of sales evidenced in these statistics primarily reflect the reduced inventory of new units available for sale along with increasing prices.

**RESIDENTIAL PRICE TREND UPDATE**

The average unit sales price in the second quarter of 2011 was \$371,205, down about 1% from the first quarter 2011 average of \$375,253. However, the average sales price was up on a year-over-year basis for the quarter and the first six months of the year. The average unit sales price in the second quarter of 2011 was 2.8% higher than the average price of \$360,991 in the second quarter of 2010. Through the first six months of 2011 the average price of condominiums sold in the downtown area (\$373,116) was 4.8% higher than the same period in 2010 (\$356,094).



**EXHIBIT I.2 RESIDENTIAL SALES PRICE TREND-UPDATE**

The average price per square foot for units sold in the second quarter of 2011 remained essentially flat at \$315 per square foot compared to the \$316 per square foot average recorded in the first quarter. The average sales price per square foot for units sold in the second quarter of 2011 was also down slightly from the same quarter a year ago. However, on a year-over-year basis through the first six months of 2011 the average sales price per square foot of \$316 was up about 4% from \$305 per square foot for the in the first half of 2010.

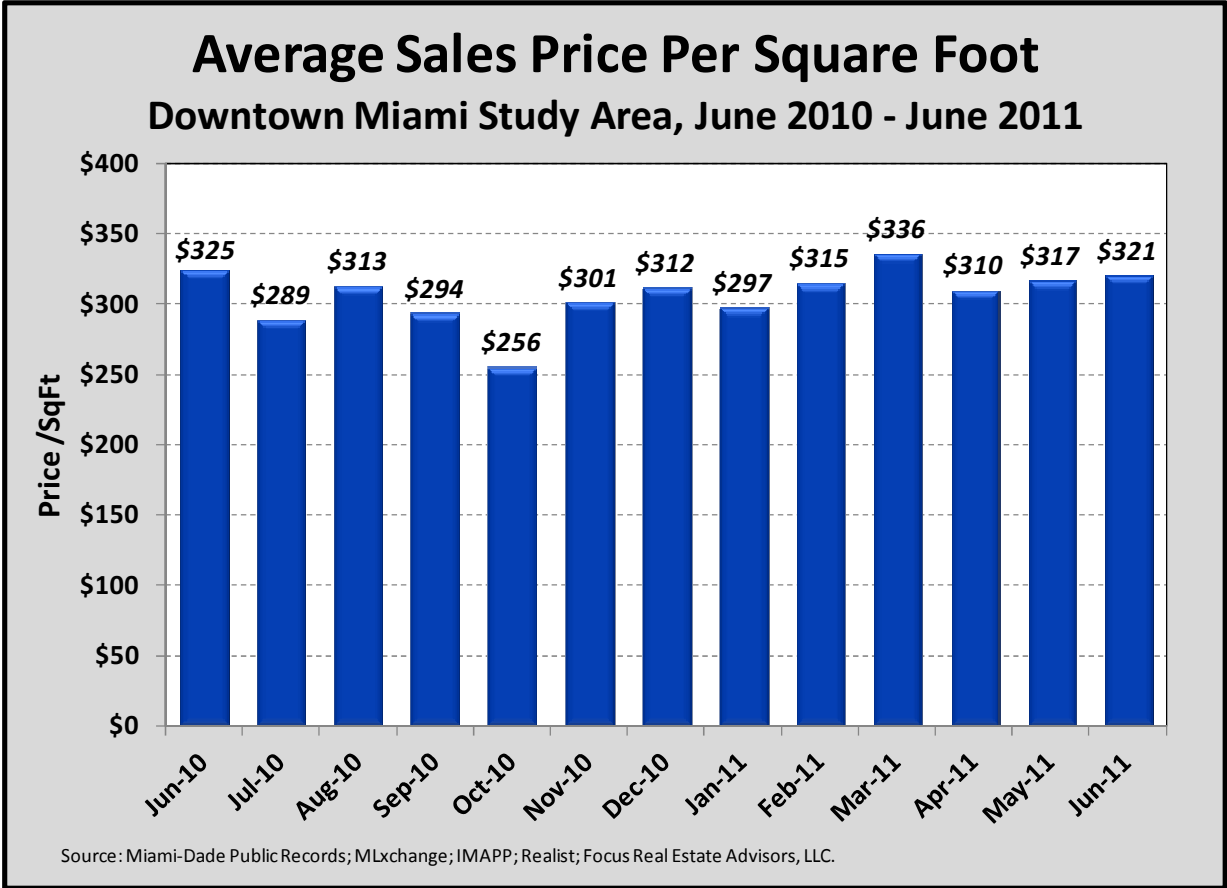


EXHIBIT I.3 RESIDENTIAL SALES PRICE PER SQ.FT. TREND-UPDATE

## Downtown Study Area Residential Sales Update and Profile, June 2010 - June 2011

### *Monthly Sales Profile*

	Units Sold	Total Sales Volume (\$)	Total Sq.Ft.	Average Unit Price	\$/SqFT
<b>Jun-10</b>	338	\$126,301,807	388,934	\$373,674	\$325
<b>Jul-10</b>	244	\$75,381,283	261,096	\$308,940	\$289
<b>Aug-10</b>	269	\$97,770,107	312,295	\$363,458	\$313
<b>Sep-10</b>	308	\$104,627,500	356,390	\$339,700	\$294
<b>Oct-10</b>	324	\$98,078,434	383,588	\$302,711	\$256
<b>Nov-10</b>	342	\$119,069,741	395,256	\$348,157	\$301
<b>Dec-10</b>	360	\$131,160,023	420,372	\$364,333	\$312
<b>Jan-11</b>	253	\$89,158,400	299,812	\$352,405	\$297
<b>Feb-11</b>	268	\$100,681,650	319,604	\$375,678	\$315
<b>Mar-11</b>	268	\$106,234,770	316,095	\$396,398	\$336
<b>Apr-11</b>	335	\$122,410,845	394,753	\$365,406	\$310
<b>May-11</b>	287	\$105,003,300	331,270	\$365,865	\$317
<b>Jun-11</b>	260	\$99,988,500	311,948	\$384,571	\$321

### *Breakdown by Area - 2nd Quarter 2011*

	Units Sold	Total Sales Volume (\$)	Total Sq.Ft.	Average Unit Price	\$/SqFT
<b>Brickell</b>	517	\$202,477,245	624,769	\$391,639	\$324
<b>CBD</b>	172	\$53,067,300	172,060	\$308,531	\$308
<b>Arts &amp; Ent.</b>	122	\$57,702,500	171,766	\$472,971	\$336
<b>Wyn/Edgwtr</b>	71	\$14,155,600	69,376	\$199,375	\$204
<b>Total Q2-2011</b>	882	\$327,402,645	1,037,971	\$371,205	\$315

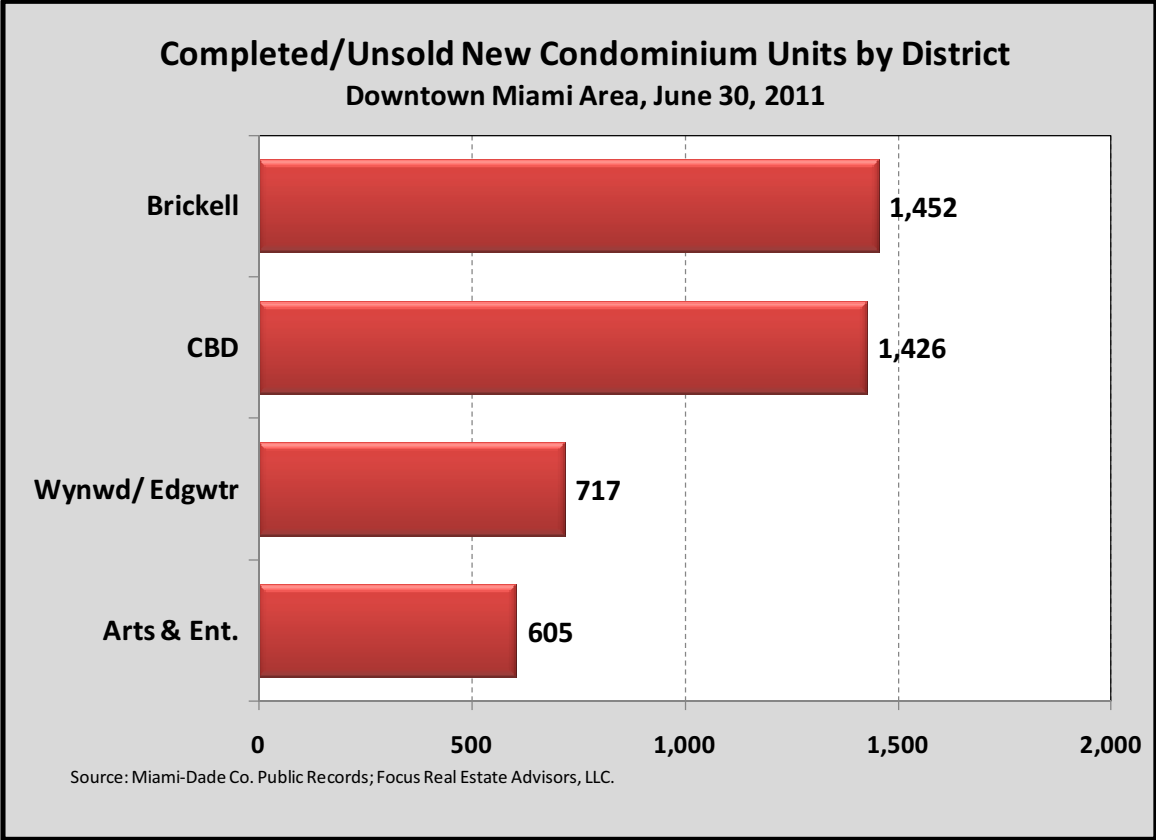
Source: Miami-Dade Public Record; Mlxchange; Realist; Focus Real Estate Advisors, LLC.

#### **EXHIBIT I.4 RESIDENTIAL SALES PROFILE BY MONTH AND SUB-MARKET**

Monthly sales presented above include both first-time sales of new units and resales in new and existing buildings. Exhibit I.4 above also presents second quarter 2011 sales by sub-area. For the purposes of this report, the Overtown district is included in the Wynwood-Edgewater area summary statistics. As previously noted, the study area was updated in the first quarter 2011 market update to reflect the new sub-districts as outlined in the 2025 Downtown Master Plan and adopted by the Miami DDA Board of Directors.

The inventory of new, unsold condominium units in the downtown area as of June 30, 2011 was estimated at approximately 4,200 units. However, a large portion of these developer-owned, unsold units are occupied by renters. The estimated inventory of unsold, completed developer-owned units excludes units purchased by individuals or bulk unit investors for resale, but includes units where title has been transferred in 'non-arms length' transactions (i.e. project lenders, equity partners or project-level foreclosure sales).

As shown in Exhibit I.5, the amount of remaining new unsold condominium units in the Brickell area and the CBD is now nearly equal. The only major new condominium development in the downtown area subject to completion and opening is the 346-unit Paramount Bay project, controlled by Starwood as part of their Corus Bank portfolio acquisition. The development pipeline of new condominiums in the downtown area beyond the above noted building includes less than 300 units in several partially completed buildings.

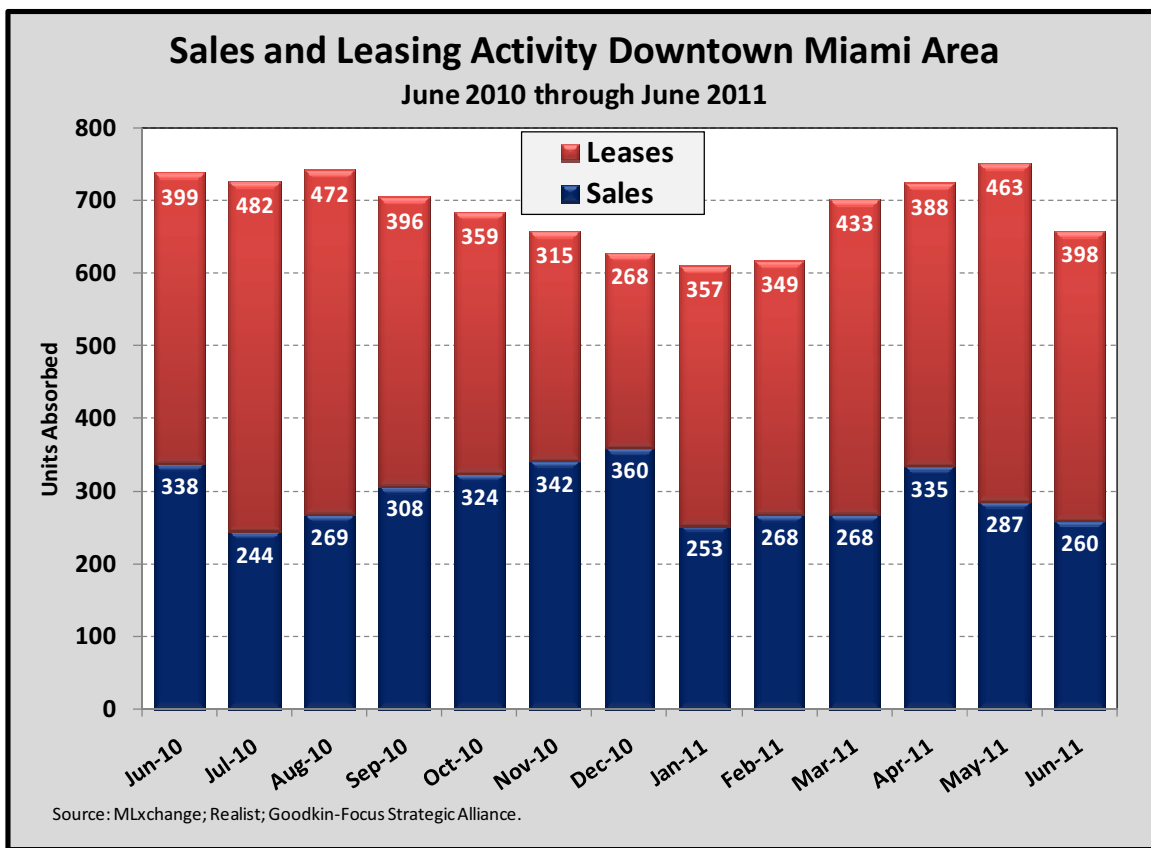


**EXHIBIT I.5 UNSOLD NEW CONDOMINIUM UNITS BY DISTRICT**

Assuming continuation of the average monthly new unit sales pace of 132 sales per month experienced during the first six months of 2011, the remaining unsold inventory of completed new condominiums in the downtown area could be sold-out within approximately 32 months. However, the actual sell-out time-frame will be influenced by developers' strategies regarding pricing, bulk sales and sales versus rental programs.

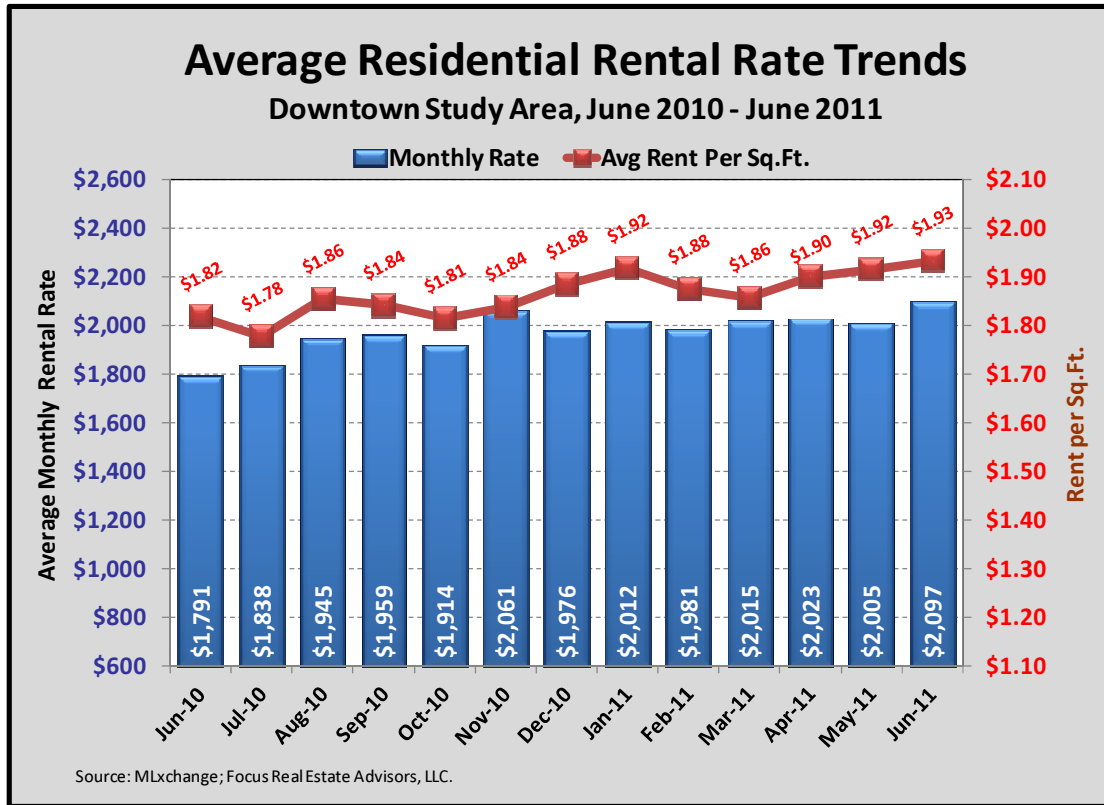
**RESIDENTIAL LEASING VELOCITY AND RENTAL RATE TRENDS**

Residential leasing velocity accelerated in the second quarter of 2011 with activity approaching peak monthly levels in 2010. The average number of monthly leases closed during the second quarter of 2011 (416 units per month) was up from 380 units per month during the first quarter of 2011, representing a quarter over quarter increase of about 10%. In the second quarter of 2011 total leasing activity was up on a year-over-year basis about 11% from 1,128 during the second quarter of 2010 to 1,249 in the second quarter of 2011. Leasing volume for the first half of 2011 increased approximately 11% over the same six month period in 2010.



**EXHIBIT I.6 DOWNTOWN MIAMI STUDY AREA LEASING VELOCITY**

Average monthly unit rental rates and per square foot rates are illustrated in Exhibit I.7. The average monthly contract rental rate for units rented during the second quarter of 2011 was \$2,040, representing a 1.8% increase over the first quarter 2011 average of \$2,004.



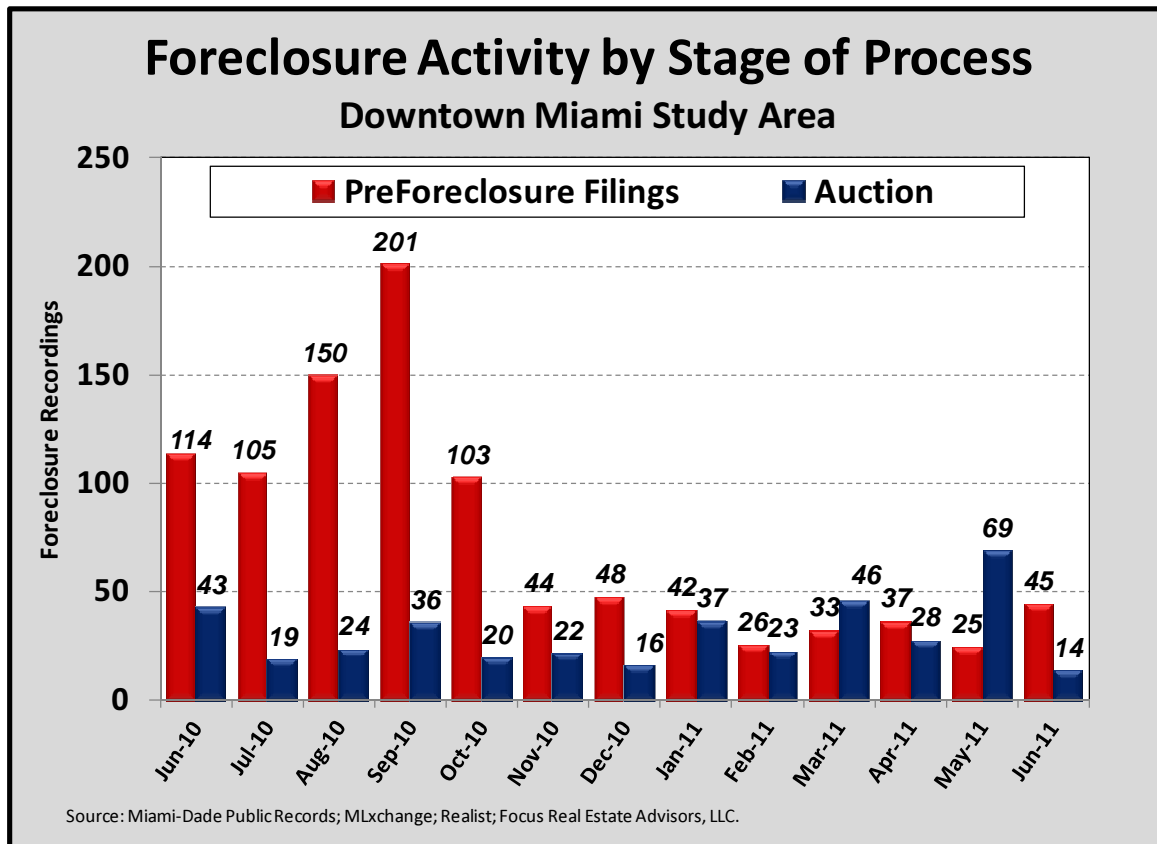
**EXHIBIT I.7 DOWNTOWN MIAMI STUDY AREA RENTAL RATES**

The average rent for leases executed during the second quarter of 2011 (\$2,040) was approximately 7% higher than the average rate of \$1,911 recorded in the second quarter of 2010. Average rent per square foot in the second quarter was up 2% over the first quarter increasing from \$1.88 to \$1.92 per square foot. On a year-over-year basis for the quarter the average per square foot rate was up just over 5% from \$1.82 for the second quarter of 2010 to \$1.92 in the second quarter of 2011. In addition to increased year-over-year leasing volume during the first six months of this year, the average lease rate per square foot during the first half of 2011 (\$1.90) increased more than 10% over the first half of 2010 (\$1.72).

**RESIDENTIAL FORECLOSURE ACTIVITY**

Residential foreclosure activity by stage of process (pre-foreclosure vs. auction sales) in the downtown area is shown below based on research of public records and associated residential data services. Foreclosure activity has remained relatively flat over the past six months. However, total foreclosure filings and auction sales volume during the first half of 2011 were down about 60% from the same period a year ago.

The extent of future foreclosure levels in the downtown area, as elsewhere in the county and state, will depend on the timing and strength of general economic recovery, stabilization and growth in employment. The downtown area condominium market will continue to be less affected than many other areas. This is due to the fact that approximately 69% (15,447 units) of new units in the downtown condominium inventory were completed after 2006 (following the housing market collapse) and that the majority of sales since that time have been cash sales to investors.



**EXHIBIT I.8 FORECLOSURE ACTIVITY – DOWNTOWN MIAMI STUDY AREA**