

The end is near: Downtown Miami's condo cycle will likely end this year, report shows

Resale prices continue to fall, but experts say market is on much better footing than before last crash

By [Keith Larsen](#) | September 13, 2018 05:30PM

After a more than eight-year run that changed the Magic City's skyline, Greater Downtown Miami's condo cycle is likely nearing the end.

The Downtown Development Authority's mid-year report, prepared by Integra Realty Resources, suggests that the cycle is coming to a close as Miami's urban core has yet to see a [new condo project break ground](#) so far this year.

The average resale prices for condos fell to \$392 per square foot from \$405 per square foot at the end of 2017 – a sign that per-square-foot prices are returning to 2014 levels. Condo prices will likely continue to fall in the near future on a per-foot basis to about \$360 per square foot.

"It's hard to argue there could be any better time to buy as pricing edges down late cycle," the report states.

The number of units under construction in Greater Downtown Miami totaled 3,849 by mid-year 2018, down from nearly 5,000 units at the end of 2017. By the second quarter of this year, there were nearly 28,000 condo units in the pipeline, up 5 percent year-over-year, according to the DDA. The pipeline includes units that are completed, under construction, under contract, reserved and proposed in downtown Miami, Brickell, Arts & Entertainment District, Edgewater, Midtown Miami and Wynwood.

Anthony "Tony" Graziano, who authored the report, stresses that this cycle is healthier than the previous one because developers have more equity in their projects. In most [condo projects](#) this cycle, developers required buyers put down 50 percent deposits and banks generally required 50 percent presales before providing a construction loan.

“You don’t have any of the big banking risk exposure,” Graziano said.

By the end of this year, the DDA report estimates that the number of units under construction will be fewer than 2,500 – less than 10 percent as large as the pipeline was when the financial crisis hit.

While the condo market is winding down, the report signals that the multifamily market continues to remain strong. Overall gross average rents for apartments increased 4.5 percent year-over-year in the second quarter of 2018 to \$2,175 a month.

Over the past year, more than 2,400 rental units at Square Station, Solitair, Panorama, 2500 Biscayne and Midtown 29 have been delivered in Greater Downtown Miami. Another 1,600 units will be completed in the next nine months.