

Miami's Condo Market Is Winding Down. But There Are Exceptions

The Brickell area recently had a record breaking \$13.2 million penthouse sale.

By **David Wilkening** | September 20, 2018 at 08:55 AM



Brickell Flatiron

MIAMI—The once-hot Miami condo market generally continues to wind down with a few exceptions — such as the recent sale of an upper penthouse at CMC Group’s Brickell Flatiron tower for a record-breaking \$13.2 million, the highest price paid for a condo in the submarket since 2007, according to a report.

“Brickell Flatiron’s central location and family-sized units have attracted savvy buyers who think long-term,” said Vanessa Grout, president of Miami-based CMC Real Estate. “Many plan to make Brickell Flatiron their primary residence, taking full advantage of the now-famous Brickell lifestyle. At more than 80% sold, we can see the finish line and we’re looking forward to topping off the building later this year.”

Still evidence of the winding down is clear: There have been no new condo projects announced this year.

The report of “Greater Downtown Miami Mid-Year Residential Market Study Update” prepared for the Downtown Development Authority by Integra Realty Resources in August concluded the “the development pipeline in Brickell has largely closed out.” It added that the last project under construction, Brickell Flatiron, had high sales volumes.

Most of the product in the area under construction is pre-sold. Overall, the total number of units remaining under construction downtown is at 3,849, down from nearly 5,000 units last year.

The report identifies two professional camps in the condo market in the first half of the year: bulls and bears.

Condo market Has its Bulls and Bears

The bears see market “devastation.” The bulls believe that Miami has reached critical launch velocity in its downtown urban lifestyle, critical mass, and residential appeal, and that continued massive liquidity in the equity and debt markets will remain long-term, according to the report.

“What is evident in the composition of the remaining product under construction starting in 2019 is a much more highly differentiated market, with product offerings in the \$350,000 range, to as high as \$8 million. Instead of shooting for a massive middle-market, the majority of the remaining pipeline will cater to ultra-luxury, or competitive alternatives for local (primarily domestic) urban dwellers who buy versus rent,” the report says.

The report stresses that this cycle is healthier than the previous one because developers have more equity in their projects than during the slowdown eight years ago.

With the Flatiron deal, the record-setting penthouse has three stories with six bedrooms, 6.5 bathrooms and a total of 7,850 square feet.

The buyer was represented by Karen Elmir of the Elmir Group and Brett Firestone of Florida Capital Realty. Adriana Brito of Fortune Development Sales represented the developer.

The purchase marked the latest in a string of recent sales at Brickell Flatiron to buyers from major US cities. This time a year ago, 70 percent of Brickell Flatiron's condos were selling to Latin American buyers, whereas today 80 percent of sales are being made with local and domestic buyers.