

## Downtown Miami Market Defies Conventional Wisdom

Conventional wisdom has held that the condo supply produced in Miami's Downtown/Brickell area during the recent building boom would take years—perhaps more than a decade—to be absorbed. For many, the idea that the 23,000 condos built between 2003 and 2008 would ever be filled in a city that lacked a vibrant urban core was outlandish.



**By Tere Blanca**

But analysts failed to predict that affordable condominiums, the result of oversupply, coupled with the convenience of residing in Florida's largest employment center, would result in new demand for downtown living in Miami.

Today, nearly 75% of the residences built during the boom are occupied by full-time residents and condo inventory is diminishing at a rate of more than 350 closings per month, according to a recent study by the Miami Downtown Development Authority.

Population growth is impacting the commercial real estate market in Miami's Downtown/Brickell corridor: the area's retail vacancy rate of 5% is among the nation's lowest, thanks primarily to business owners flooding the area to serve new residents.

The visionaries who set out to bring a newfound sense of community to urban Miami through public and private investment are now seeing their vision materialize. The larger question facing

Miami's Downtown/Brickell real estate economy is what impact residential occupancy will have on its office market, where nearly two million square feet of new class A space is projected to come on line over the next two years, beginning with 1450 Brickell, a 582,817-square-foot tower that was delivered in February 2010.

Just as skeptics doubted the residential market's ability to absorb oversupply, there is reason to believe that Miami's office market will beat forecasts as well. For years, South Florida has been viewed as a strategic locale for corporations' regional or Latin American headquarters. Going forward, factors including the vibrancy of Miami's urban core, the absence of state income tax, multicultural diversity and a strong transportation infrastructure that includes Miami International Airport and the Port of Miami will help ensure the region is part of the conversation when US and multinational companies consider relocating their offices.

With more residential units filling up each day and 800,000 square feet of office leasing activity underway in Miami's Central Business and Brickell Financial Districts, there is reason to be optimistic about the city.

*The views expressed in this column are those of the author and not necessarily REAL ESTATE FORUM.*

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