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Report highlights rebound in downtown Miami residential market

By [Brian Bandell](#) – Senior Reporter, South Florida Business Journal

The residential market in downtown Miami has bounced back quickly from a dip during the Covid-19 pandemic and is poised for rapid growth, according to a report by the Miami Downtown Development Authority (DDA).

The DDA released its residential market update on the greater downtown Miami area, from Brickell through the Design District and Wynwood, working for the first time with Miami-based Lambert Advisory.

Here are four main takeaways from the report.

Inventory running low

The number of new condos available in Miami is falling quickly, because there aren't many new buildings being delivered at a time when buyers are more active.

From 2016 to 2019, an average of 3,198 condos were delivered in greater downtown Miami per year, but there were no deliveries in 2020. The DDA anticipates 349 condos will be completed in 2021 between two buildings in Edgewater but a relatively modest 1,598 condos are set to be completed between 2022 and 2023 based on buildings already under construction. It usually takes two years, and sometimes longer, to build a high-rise condo in Miami.

The low supply of condos is creating upward pricing pressure on units, said [Alicia Cervera Lamadrid](#), president of Miami-based Cervera Real Estate, one of the largest condo brokers in Miami, and a member of the DDA board. Condo developers see this and many are eager to start projects in the city, she said.

"We have very experienced developers in Miami and very experienced developers all over the world who are coming to Miami," Cervera said.

Prices recovering

According to the DDA report, average sales price for condos peaked at \$643,000 in 2019, but fell to \$553,000 in 2020. It bounced back to \$607,000 by mid-2021.

Sales of new and existing condos have followed a similar pattern, peaking at 3,982 in 2018, but dropping 12% in 2019 and 44% in 2020, when Covid-19-related restrictions made it harder to sell condos.

Yet, condo sales have increased in 2021, spurred by people moving to Miami from other states and all the technology and financial companies opening offices in the city, Cervera said. Now, there's a lower level of inventory and the condo market largely favors sellers, she said.

Occupancy strong

Apartment building occupancy in downtown Miami declined to 87% in 2020 but it bounced back to 93% by mid-2021. Meanwhile, rent has increased at least 10% over the past year.

There's been plenty of apartment construction in greater downtown Miami, so having a high occupancy level shows those new buildings have no problem attracting tenants. From 2017 to 2020, over 16,200 new apartments were delivered, representing a 55% increase in total inventory. The DDA says 5,899 apartments are under construction now and more than 30,000 are proposed.

While the lack of workforce and affordable housing is an issue, Cervera said that can best be addressed by building more low-cost housing near mass transit hubs that lead into downtown Miami. That will be easier than building workforce housing in downtown Miami, where land is more expensive.

Robust shadow rental market

At least 4,470 condos in downtown Miami are "shadow" rental inventory, meaning they are regularly listed for rent by owners. The majority of them are in Brickell, the Central Business District, and Edgewater. About 70% of them are available on monthly leases as opposed to annual leases. About 28% of them are furnished, which tends to command higher rental rates.

Edgewater is the most expensive place to rent a condo with an average of \$3,068, followed by Brickell at \$2,971.

Cervera said investors usually list condos for rent to cover their expenses while depending on the appreciation of the condo's value for their real profit.

"As rental rates have gone up, very few people are upside down and some are making money renting in addition to the wonderful appreciation they have seen," Cervera said.