

Downtown Miami condo prices bounce back

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

Condo resale prices in downtown Miami climbed in the 2018, marking it the first increase since 2015, according to a residential market study by the Miami Downtown Development Authority and [Integra Realty Resources](#).

While prices rose, they still remained short of the market peak in 2015.

Few developers broke ground on condo projects downtown this year as the market works to absorb the units currently under construction, or on the resale market.

“Demand for new construction has been pretty strong,” said [Anthony M. Graziano](#), senior managing director of Integra Realty Resources Miami. “We only got 2,200 units in the construction pipeline and 72% are under contract. That is supporting the uptick in pricing.”

The average resale price in 2018 for a condo in greater downtown Miami, including Edgewater, Midtown and Wynwood, was \$416 per square foot, up from \$405 in 2017, but down from \$457 in 2015.

“If somebody bought a unit in 2015 or 2016, they probably couldn’t get their money back today at that price,” Graziano said.

There isn’t distress in the market because most units were bought with cash, so the owners aren’t underwater on mortgages, Graziano said.

The 2,747 condos delivered in downtown in 2018 was the most since 2008, when 10,111 units were completed during the real estate meltdown. The report estimated 1,461 deliveries in 2019 based on what’s under construction.

Of the 12 condo projects currently under construction, nine have an average unit price exceeding \$1 million. The average price per square foot for all 12 projects is \$869.

By 2020, pent up demand from buyers should justify new construction, the report stated.

In addition to the condos under construction, there are another 450 units signing contracts with buyers, 737 taking reservations, and 16,034 proposed but not in the sales process. That means a significant number of developers are sitting on the sidelines.

Graziano doesn’t expect any developers to break ground on a large condo building soon because the sales volume hasn’t been strong enough.

Most condos in new buildings are purchased by investors and rented out. The report said average rental rates increased 4% for downtown condos in 2018.

For conventional apartments, there were 5,118 units under construction in 10 buildings, with 1,056 of them slated for occupancy in 2019. There were 2,743 apartments delivered in 2018.

There were an additional 19,130 apartments proposed.

Graziano said apartment rental rates should soften over the next 18 to 24 as the market absorbs all the new inventory. Many of the new buildings are offering concessions to attract tenants quickly, he added.