

## Condo Prices Tick Up in Downtown Miami

Americans are buying more condos as foreign capital eases back, while multifamily developers rush to meet rental demand, according to a new report by the Miami Downtown Development Authority.



Miami's residential market is going strong. The average sale price of existing condos in the greater downtown area climbed 2.7 percent year-over-year in 2018, from \$405 to \$416 per square foot—marking the first rise since 2015, as sales volume accelerates, according to a new report by the Miami Downtown Development Authority.

The agency's annual report, prepared by Integra Realty Resources, found that prices of pre-construction condos are surging, reaching an average of \$1.5 million today, or \$869 per square foot. A strong economy and dwindling condo supply are driving the price increase. Roughly 2,200 condos are now under construction, the lowest figure in nearly five years, and 75 percent of them are pre-sold, leaving only about 550 units for sale.

The conventional rental sector is also getting cramped. Occupancy rates are hovering around 92 to 96 percent in high-quality downtown apartment buildings, and multifamily developers are scrambling to meet rental demand, with 5,118 apartment units currently under construction.

### END IS NEAR FOR BUYERS' MARKET

Price declines from 2015 to 2017 and a glut of unsold inventory have given buyers the upper hand in Miami's condo resale market over the past 24 months, but that may be ending as sales activity intensifies and prices tick up. Average resale inventory, which has been growing by 8 to 10 percent over the past two years, is projected to tighten towards the end of 2019 or the start of 2020, and resale pricing is expected to strengthen, according to the report.

Americans are increasingly shoring up the condo market as weakness in foreign currencies from the Argentinian peso to the Russian ruble have slowed the flow of overseas capital into Miami. Data shows that domestic buyers accounted for the vast majority of sales over the past 6 to 12 months in the under-construction buildings due for completion this year.

Miami's healthy economy and booming population continue to fuel the metro's apartment market, according to a [new report by Yardi Matrix](#). Rent growth, recorded at 2.1 percent year-on-year through February—below the national average—is tempered by an ongoing wave of new construction. Rents are expected to inch up by another 2.1 percent this year as 16,320 apartment units are slated to come online in 2019.