



Posted on Monday, 05.17.10

## Downtown condo deals cut into beach-area sales

BY HANNAH SAMPSON  
HSAMPSON@MIAMIHERALD.COM

Dennis and Rowena Bennett were set on moving to South Florida from St. Louis. And they thought they knew exactly where they wanted to buy.

“My wife was totally, totally set on a beach property,” said Bennett, a patent attorney. “She said: ‘Don’t even show me something that’s not on the beach.’”

But then they saw the ICON Brickell building in downtown Miami. By the end of January, the Bennetts were sold -- and the two-bedroom, two-bathroom condo was theirs.

It’s a tale of two sides of the causeway, where palm trees and high prices on one side give way to towering downtown buildings and relative bargains on the other.

On the sands of South Beach, sales of new condo units are sluggish, with only 17 closing in the first three months of 2010.

Across the MacArthur Causeway, the pace picks up. During the first quarter, buyers snapped up 713 units in the downtown Miami area -- nearly twice as many as during the first quarter of 2009.

A look at the price tag explains the difference: in South Beach, the average price per square foot for new condos was \$1,364; downtown, buyers paid an average of \$326 per square foot. Those figures are according to a report from the real estate research and brokerage firm Condo Vultures. It describes new condos as any built since 2003 with direct sales from the developer to a buyer.

“Many people are just sort of saying this is too good a value, so they’re jumping over the causeway and going downtown,” said Peter Zalewski, a principal with the firm. “It’s cheaper to live downtown.”

The situation is different in Broward County where more deals can be found on the beaches. There the average price per square foot for new coastal condos is \$276. Over the last six months, 254 new units sold. Beach units were largely condo hotels, Zalewski

said.

“In South Beach, you buy because you want to be there,” he said. “In [coastal] Fort Lauderdale, you buy because it's better value.”

The prime location in central Broward is east of Interstate 95, including downtown Fort Lauderdale, and west of the Intracoastal.

Prices are higher there -- an average of \$587 per square foot -- than coastal and inland areas in Broward. Sales aren't as brisk as in downtown Miami, where the price per square foot is lower. Over the last six months, 470 new units closed in the urban area of Broward that includes downtown Fort Lauderdale.

West of I-95, “new” condos are mostly apartments converted to condos, even if they were built decades ago. There the average price is \$86 per square foot, with 904 units sold in the last six months.

But in Miami-Dade, downtown is where the deals are.

Miami Beach-based real estate agent Kevin Tomlinson said now prices have gone down to where they belong on the mainland. “If you've got \$300,000 to spend, it's going to get you a prettier, newer building,” he said. “You're not going to get that over on Miami Beach.”

But he said the chic neighborhood south of Fifth Street on South Beach still has strong sales of high-priced existing condos, which were not included in the report from Condo Vultures.

He said the new building getting the most traffic on the Beach is the Caribbean, 3737 Collins Ave. There, 33 units closed in the first quarter at an average of \$562 per square foot, according to Condo Vultures.

At Canyon Ranch Living-Miami Beach, 6801 Collins Ave., which wasn't included in the Condo Vultures report because sales weren't direct from the developer, 88 units have sold since last May at price points between \$300 and \$900 per square foot. The most popular units fall at about \$600, according to a spokesman for the property.

Sunny Isles Beach, with an average price per square foot of \$508, saw relatively strong sales with 103 units closing in the city in the first quarter.

Rita Japhet, broker-owner of Sunny Isles Real Estate, said about 65 percent of her buyers are foreign and most of them are looking for second homes.

Everyone, however, is looking for the best value.

“You can find here very good values on brand new luxury construction on the ocean, larger spaces than you would find on South Beach,” she said.

Still, she said, many buyers are asking to see property beyond Sunny Isles Beach. They want Brickell.

They are not alone. Nearly three-quarters of the more than 22,000 condo units built in the downtown area are occupied, according to a study released earlier this year by the Miami Downtown Development Authority.

Developers have been forced to slash prices and investors have turned to renting out their units, bringing life into once-empty buildings.

“It used to be that you could shoot a cannon down Flagler Street after 7 at night,” said Alyce Robertson, executive director of the DDA. Now, she said, the neighborhood shares something with South Beach: nightlife.

Dennis Bennett like his new Brickell neighborhood, including all the restaurants, well-kept public areas and lack of graffiti.

“I don't know what was there before, but boy do I feel safe and secure there now,” he said.

Zalewski said his firm's research shows that it's likely three of four downtown units are bought by investors or second-home buyers. Most rent the units out to tenants who are lured from areas like Kendall, Aventura and South Beach by the good prices.

Alejandro Bonet, 26, had kept his eye on the Marquis project at 1100 Biscayne Blvd. since the preconstruction phase, when units were going for just under a million. Finally this year, he made his move, buying a 1,477-square-foot two-bedroom condo for the mid-\$500,000s.

“I love the whole downtown area. I see it as picking up a lot, the vibe and the feeling of the area,” he said. “And finally the prices came down to a point where it would be a good buy.”

<http://www.miamiherald.com/2010/05/17/v-fullstory/1634368/downtown-condo-deals-cut-into.html#ixzz0oGZlCeZl>