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Predictions About Miami's Next Condo Cycle

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There's still a whirlwind of closing activity, but it's never too early to look ahead.



Elsyee Condominium

MIAMI—Condo developments are still breaking ground. Condo sales are still strong. But what is ahead at the end of this cycle and the beginning of the next?

GlobeSt.com caught up with **Rennert Vogel Mandler & Rodriguez** partner **Jose A. Rodriguez** to get his predictions. You can still read part one of this interview: [How Fast Are Condos Really Closing At This Stage?](#)

GlobeSt.com: Why is there such a whirlwind of closing activity?

Rodriguez: Condominium buyers in South Florida continue to absorb the newly constructed inventory at a very steady rate. Three integral components to this cycle are: much larger buyer deposits, relatively low levels of financing and no abrupt decline in the market.

The condominium market has softened from its exuberance of two years ago but has not seen the precipitous decline experienced in 2008. The market is more mature and robust.

The lower levels of financing has allowed developers more flexibility in maintaining prices for unsold inventory, creating a stabilizing effect on the market.

The large buyer deposits make the option of not closing much more difficult. The buyers have a lot more “skin in the game” this time around. Also, adding to a more stabilized market. Underlying the tangible factors, condominium buyers continue to close on their purchases due to the belief that South Florida real estate remains a very good long-term investment.

GlobeSt.com: How specialized is the practice of volume condominium closing?

Rodriguez: We believe to be efficient and effective in handling volume closing, a specific skill set is necessary. Deep experience, strong client relationships and institutional knowledge are key factors.

Preparing for situations and anticipating any number of events is important; knowing what to do to resolve the impediment helps is more important and avoid delays and additional carrying costs. The support of a large group of capable and dedicated closers and back-office staff members who focus solely on volume condominium closings is extremely valuable. With a group of experienced

professional that possess the above characteristics, it's not unusual to handle closings at the pace of 10 per day for sustained periods of time.

(A rare five million-square-foot development sites is up for grabs in Greater Downtown Miami. That means [more condos to come.](#))

GlobeSt.com: Looking ahead to the rest of this real estate cycle and the next cycle, what kind of activity should we expect to see in the Greater Miami area?

Rodriguez: The vast majority of unit purchases at new construction condominium towers will close for the reasons described above during the next 24 months. The majority of all new developments that are already under construction will move forward.

Others who have land but have not started building, will move in one of two directions: test the waters by investing in marketing, project design and related preconstruction costs, or hold until the market becomes favorable again to launch new developments. Going forward, you may see some land banking as we saw in Miami's Edgewater neighborhood 10 years ago. However, investors should not expect to acquire prime development sites for deep discounts, as was the case in the previous decade.