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Fueled by overseas buyers, South Florida condo sales soar

In South Florida, international buyers are scooping up property, particularly condos, at relative bargains -- a reason why home sales are rising.



**Nicola Schon poses in his home at Epic Condominiums in downtown Miami. ALEXIA FODERE / PHOTO BY ALEXIA FODERE
BY INA PAIVA CORDLE
ICORDLE@MIAMIHERALD.COM**

Nicola Schon, an Italian restaurateur with homes in Monte Carlo, Milan and New York, wanted the perfect pied-à-terre in Miami, with plenty of space, water views and amenities such as a spa, concierge and room service.

So he bought a \$1.8 million condo at Epic in downtown Miami -- and persuaded 19 friends from Italy to buy there, too. "The building is half-Italian now," joked Schon, who owns eateries Quattro and Sosta in Miami Beach. "We should put an Italian flag on the roof!"

International buyers are quickly converting their currency into real estate in South Florida, snatching up property at floor-sweeping prices. At high-end Epic, Schon paid about 25 percent less than he would have at pre-construction prices a few years ago.

Add low interest rates and a deadline for federal tax credits, and overall sales of single-family homes and condominiums in South Florida soared during the first three months of 2010, according to quarterly figures released Tuesday by Florida Realtors. The association's April numbers will be out May 24.

In Miami-Dade, sales of condos skyrocketed 46 percent during the first quarter, to 1,920, compared to the same period of 2009. Median prices fell 9 percent to \$136,100, figures from Florida Realtors show.

The numbers reflect a real estate market where prices have generally bottomed out, said analyst David Dabby, president of Coral Gables-based Dabby Group Advisors.

"It's a continuation of the trend that has been in place for close to a year now. Prices have been reduced by 50 percent over the 2006 highs, and that has increased sales significantly," Dabby said. "Hopefully it will continue, because since 55 percent of the sales are [short sales and foreclosures], the more sales we have, the quicker we will be able to clear the foreclosure pipeline."

In fact, real estate agents say that buyers who were on the fence before are signing contracts, and renters are realizing it now makes sense to own.

Another reason sales have picked up is federal tax incentives. Buyers had until April 30 to sign a contract to purchase a primary residence and until June 30 to close on it to be eligible for the federal tax credit of up to \$8,000 for first-time buyers and up to \$6,500 for repeat buyers.

In April, 907 condos sold in Miami-Dade, compared to 872 in April 2009, and 1,330 sold in April in Broward, compared to 1,003 the same month the previous year, according to figures from EWM Realtors, which compiles them from aggregated MLS data.

Veronica Cervera, president of Miami-based Cervera Real Estate, which specializes in condos on Brickell, downtown Miami, Miami Beach and Key Biscayne, said she has seen a surge in international buyers including those from Italy, Germany, Spain, Sweden, Greece and even China. Many are buying vacation homes, she said.

International clients tell her: "We know we'll never see prices like this in Miami again," said Cervera, who sold Schon his unit. "I know the market has turned -- it's evident," she said. "We're in the process of negotiating more deals in the last two-week period than we did last year, in some of the buildings."

Fewer than 40,000 condominiums and town houses are now for resale in South Florida, the lowest number of available units on the market in the last 18 months, according to a new report from CondoVultures.com.

Resale units in Miami-Dade, Broward, and Palm Beach counties have dropped by 23 percent, compared to May 2009 when there were 52,000 on the market, the report said.

"As you look at inventory and what is being depleted, Dade is moving much faster than Broward," said Peter Zalewski, principal with Condo Vultures, a real estate advisory firm. "Miami is really ahead of the curve: it peaked first, it bottomed out first and it is now showing signs of stabilization -- and the other counties are following behind."

During the first quarter, sales of single-family homes in Miami-Dade jumped 12 percent, to 1,530 homes, amid a drop in median prices of 6 percent to \$191,200, Florida Realtors figures show.

In Broward, sales of condos rose 45 percent during the first quarter to 2,739, as median prices fell 15 percent to \$71,900. Sales of single-family homes inched up by 7 percent to 1,756, as median prices dropped 6 percent to \$196,700, the figures show.

Jeff Watts and his wife Najat, who had been renting in Fort Lauderdale and before that in Aventura, just bought a \$360,000 townhome in downtown Fort Lauderdale's Rio Vista neighborhood for their growing family of four.

"When we ran the numbers of purchasing the townhome versus renting, it made economic sense to buy, because we had the money to put down," said Jeff Watts, 34, who works in banking. Luckily, they experienced a buyer's market, in terms of price negotiation and the amount of inventory, he said.

Liz Caldwell, the EWM Realtor who worked with Watts, said the townhome the Watts family purchased was priced at \$550,000 to \$600,000 at the peak of the market in 2006. She expects it to rise in value over time. "The worst is over probably in terms of values," said Caldwell, who specializes in Broward real estate from Weston to Fort Lauderdale.

"You will see some drop in value in the high-end, but for the average dual-income family looking to buy a \$600,000-\$700,000 house, those values have pretty much stabilized."