

REAL ESTATE NEWS

It's getting cheaper to live in downtown Miami



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Good news, renters: It's getting cheaper to live in downtown Miami.

As developers deliver a bounty of new condos and rental apartments in 2017, the increased supply is helping keep rents in check, according to a new report from Miami's Downtown Development Authority.

An aerial photograph shows a new rental tower north of downtown Miami called Melody. Melo Group - Courtesy

"Landlords are trying to retain tenants because [tenants] now have these new options," said Anthony Graziano, of Integra Realty Resources, who authored the report. "It's going to be a renter's market in 2017."

In 2017, developers are expected to complete nearly 6,350 condo and rental condo units, the most in a single year during this real estate cycle, according to the DDA. (For the first time, the majority of those units are rentals, reflecting Miami's rapidly cooling condo market.) Developers already delivered more than 4,700 units in 2016.

3.2 percent Decline in rents for downtown Miami condos in the third quarter of 2016

Condo leasing prices reflect the added competition: In the third quarter of 2016, they fell to \$2,590, down 3.2 percent compared to the previous quarter.

That's a relief after years of rising rents, up 19 percent since 2012. Brickell and the rest of downtown Miami depend on an influx of young professionals who work in the area and want to take advantage of the area's [new shops, restaurants and bars](#).

But most Miamians still can't afford to live downtown, even though the area is home to so many jobs. Miami is one of the nation's most [expensive housing markets](#) relative to salaries. In Miami, renter households spend 48 percent of their income on housing, the [second highest rate in the nation](#).

Rates for rental apartments are still rising because most of the new product is luxury. In the third quarter, the average rent for a two-bedroom apartment was \$2,320.

Even so, Graziano said, "if you're renting in an existing building, you're going to be in a strong position to bargain."

The report looked at rents in six sub-markets of greater downtown Miami: Brickell, the central business district, Edgewater, Midtown, the Omni and Wywood.

Shifting cycle

There's more big news in the report: Much of the inventory slated for 2017 is rentals. Next year, developers will complete 3,575 rental units, compared to 2,774 condos. Graziano said the new rentals would nearly double Miami's existing supply.

It's the first time this cycle that downtown Miami will see more rentals built than condos, mainly thanks to a major slowdown in the condo market.

Latin American investors snapped up Miami condos when the dollar was weak and rents jumped by double-digits annually. But a currency reversal and slowing rental rates have significantly cooled their ardor. Luxury condo sales fell by 25 percent in the third quarter year-over-year, according to brokerage Douglas Elliman.

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IT'S GOING TO BE A RENTER'S MARKET IN 2017.

Anthony Graziano, analyst

As a result, developers have [shifted their attention to rentals](#). They're banking on younger workers still being attracted to Miami's growing urban core. Many buildings offer [high-life amenities](#) that used to be found only in condos.

In other U.S. cities, big jumps in the number of luxury apartments are leading to over-supply – and good deals for renters. According to the Wall Street Journal, landlords in New York City, Los Angeles and Houston have begun [offering perks](#) including several months of free rent, free parking and no security deposits.