

Downtown Miami new apartments to exceed condos in 2017: DDA report

3,775 apartments are set for delivery in 2017, compared to 2,774 condos, report shows

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Downtown Miami

Greater Downtown Miami will see more rental apartments delivered than condominiums in 2017 for the first time ever, as developers focus on the multifamily market amid slumping condo sales, according to newly released report.

And that influx of inventory means rental rates are dropping, the Downtown Development Authority's study shows.

The DDA's Greater Downtown Miami Residential Market Study "Flash Report" found that 3,575 rental units will be delivered in 2017, compared to 2,774 condos,

as developers wind down their condo construction in 2017 and beyond, until possibly 2019. No new major condo projects commenced construction during the third quarter, though some projects began taking reservations, as they position for a 2019 delivery, according to the report, which tracks activity through October 2016.

Figure 1
Current Greater Downtown Miami Condo Pipeline



Submarket	Complete	Under Construction	Contracts	Reservations	Proposed	Totals
A&E	0	596	0	298	1,758	2,652
Brickell	2,694	2,870	406	0	4,512	10,482
CBD	352	512	0	390	5,303	6,557
Edgewater	651	2,249	417	512	1,839	5,668
Midtown	0	410	0	0	195	605
Wynwood	11	0	0	15	478	504
Total Q3 2016	3,708	6,637	823	1,215	14,085	26,468

Developers, like the Related Group, are holding off on construction amid a slowdown in condo sales, as foreign buyers contend with economic turmoil and currency fluctuations. Related has [delayed construction](#) on Auberge Residences & Spa Miami until at least 2018.

Meanwhile, [Greater Downtown rental apartment](#) deliveries have risen each year since 2014, and are expected to peak in 2017, then decline again to 1,882 in 2018 and 464 in 2019. Among the rental projects slated for delivery in 2017: Midtown Five and [Panorama Tower](#).

The rash of deliveries already has put downward pressure on rents downtown. Average condo leasing prices are down from 2 percent to 4 percent in the third quarter, quarter-over-quarter, after a flat first and second quarter, according to the report. Rental building rents are up nearly 3 percent, with the exception of 1-bedroom units.

The surge in rentals is not only hitting Greater Downtown Miami. [A Marcus & Millichap report](#) released in August 2016 found that by the end of 2016, developers were slated to deliver the largest influx of new inventory in Miami-Dade County in the past 17 years.

Figure 3
Greater Downtown Miami Unit Delivery of Conventional Rental Projects by Year 

Year	2014	2015	2016	2017	2018	2019
Forecasted Delivery	250	418	1,038	3,575	1,882	464

Miami-Dade saw 2,100 new apartments open their doors during the first quarter of 2016, nearly matching in three months the 2,440 units that were delivered in the entirety of 2015. And the Marcus & Millichap report said another 4,640 apartments were in the pipeline, marking the biggest inventory spike since 1999. As noted in the report, a lack of land for single-family housing [has brought multifamily projects into prominence over the past year](#). And a [flood of new condos](#) — 11,000 in Miami-Dade’s pipeline for the next two years — could also end up as rentals, potentially leading to an oversupply of apartments.