

Miami developers predict luxury market slowdown to continue in 2017: ULI panel

Jorge Perez: "We see us having less emphasis in the condo market"

By Francisco Alvarado



Two weeks after the glitzy opening for his company's latest high-end project, the SLS Brickell Hotel & Residences, Miami condo king Jorge Perez signaled a shift away from building luxury towers locally during a high-powered real estate panel on Wednesday.

"At our company, we are shifting into international markets that we know very well, [as well as] rental, government and affordable housing," said Perez, chairman and CEO of the Related Group. "We see us having less emphasis in the condo market. And we think the rental market will be stronger in next few years."

Perez was among the **featured panelists at the Urban Land Institute's Miami Condo Symposium** at the East, Miami hotel in Brickell City Centre. Joining him in a discussion about the current state of the South Florida condo market were Inigo Ardid, co-president of Key International; Ziel Feldman, chairman and founder of HFZ Capital Group; Moishe Mana, president of the Mana Group; and Eliot Spitzer, principal

of Spitzer Enterprises and former New York attorney general. Anthony Graziano, senior managing director for Integra Realty Services, moderated the panel.

“I think there will be a slowdown,” Perez said. “International demand [for Miami condos] is still there, but there is a lot of product to choose from.”

In recent months, Related has submitted plans to the city of Miami for mixed-used projects with rental components the company is co-developing in Wynwood. Over the summer, Related’s affordable housing division was awarded the \$307 million redevelopment of Liberty Square and Lincoln Gardens, two of the oldest and largest public housing complexes in Miami-Dade County.

Perez also said construction financing will also be harder to come by for some builders. “We are seeing second tier developers having a difficult time getting financing,” said Perez, who also noted some of these smaller builders have approached Related about providing them with construction loans.

Ardid echoed Perez’s sobering outlook. “I think getting new projects off the ground will be very difficult in the next 12 months,” Ardid said. “The market will slowly chug through this inventory and then come back stronger.”

During an earlier panel, CMC Group founder Ugo Colombo said he believes the market will eventually revert to pre-2000s levels when sales moved at a slow, but steady rate, as opposed to a cycle with a high peak followed by a steep decline.

“The supply and demand kept up with each other,” he said. “Banks were financing when there was a comfort level that the sales pace would go along with the construction [schedule]. It was this way in the 1980s and 1990s.”

Colombo’s panel also included Reid Boren, managing partner of Two Roads Development; Silvia Coltrane, CEO of Transacta Developers; Neil Farman, president and founder of the Plaza Group; David Martin, president and co-founder of Terra Group; and moderator Suzanne Amaducci-Adams, a partner with law firm Bilzin Sumberg.