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MIAMI REAL ESTATE

## 3 condo projects launched in 1 day

BUSINESS

10B

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The city's elected officials raced to keep up with the photo ops for a real estate industry once again chasing Latin American investors. They expect the ending to be different this time.



James, Wade, Heat are in NBA Top 10

### Starwood sells off St. Regis to firm

Starwood Hotels & Resorts Worldwide Inc. has sold its St. Regis Hotels & Resorts to a private equity firm, according to a source familiar with the deal. The sale is part of a larger restructuring of the company's portfolio.

PERSONAL FINANCE  
Survey sheds light on Hispanics' financial goals

The city's elected officials raced to keep up with the photo ops for a real estate industry once again chasing Latin American investors. They expect the ending to be different this time.

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Marc Sarnoff played his part quickly Wednesday morning, shoveling some dirt on the ground of a Brickell Avenue construction site for a ceremonial groundbreaking. He didn't linger after the photo op; there was another shovel awaiting him at another condo tower groundbreaking in just 25 minutes. And one more after lunch.

"We've never had a three-groundbreaking day in the history

of Miami," said Sarnoff, a Miami city commissioner. "I've done two, but never three."

The back-to-back ceremonies within four hours and four miles of each other on Miami's Brickell Avenue and in Edgewater offered fodder for both camps in Miami's latest real estate divide.

On the one side, those who see a familiar pattern of over-confident developers rushing to create new condo towers in an overheated market fueled by Latin American investors. On the other side, those

who see more proof of a rebounding market so strong that it can launch three projects at once, thanks in part to a new finance model borne of the rubble from the last boom-and-bust cycle.

"It's a much more serious buyer from Latin America. We never hear the word 'flip,'" said Craig Studnicky, a founder of ISG, a brokerage that specialized in lining up Latin American investors during the housing boom of the last decade. "The conversations are not about, 'Can I resell the unit, and how much can I sell it for when I resell it?' It's all about the rentability."

For sure, the real estate landscape hardly compares to the con-

ditions buyers, sellers and financiers faced during the housing boom that ran from about 2003 to 2006 before a crash that hit bottom in 2011.

While banks then were eager to sell mortgages to buyers of modest means, financing is much harder to come by now. Then, a pre-sale condo contract required a 20 percent deposit; now the standard requirement is 50 percent.

The current crop of about 25,000 announced South Florida condo units east of I-95 are less than half of the roughly 50,000 built during the last boom, according to figures tracked by cranes-potters.com and condovultures.com. This boom also lacks a wave

• Map inside: Three ground-breaking ceremonies in four hours, 8B.

of apartments being converted into condos like there was in the run up to the crash.

Still, the broad brushes of the last real estate boom are visible in this one, too. Developers are mostly chasing Latin American investors to sell condo contracts, and those investors don't plan to live in their units. Prices once again are surging by double digits, and spiking almost as quickly as they did during the last boom. The frenzy has been strong enough to spark warnings about over-building and

• TURN TO CONDOS, 8B

MIAMI REAL ESTATE

## A spate of ceremonial shoveling

• CONDOS, FROM 10B

speculation, even as developers again point to the confidence that comes with strong pre-sales.

"There's no question a gathering cloud is the number of projects that are planned," said David Dabby, a real estate consultant in Coral Gables. "Whoever gets projects completed first in any cycle tends to win. It's the ones completed somewhere between the second and fourth rounds that run into trouble."

Jack McCabe, a Deerfield Beach consultant and one of the first to spot the pricing bubble before the crash, said he's not nearly as concerned this time. "I don't think we're faced with the same over-supply," he said. But McCabe also cautioned against putting too much faith in the large deposits. "If prices get bolstered up high, and then prices drop... there's a good chance they'll walk away from those deposits just as the speculators did in the last decade."

Wednesday's streak of ceremonial shoveling (involving 25 shovels in all) began at 10 a.m. at the future of home The Bond, a 328-unit condo tower wedged between two existing buildings on the 1000 block of Brickell Avenue. Developer Alan Ojeda said about 70 percent of the units were already under contract, and that Latin Americans account for 80 percent of the sold units. Prices start at about \$400,000 for the smallest units and run close to \$2 million for the penthouse.

Those buyers agreed to pay 50 percent of the purchase price in advance, allowing Ojeda's Rilea Group to start building without a construction loan. The advance payments have let developers circumvent a tight credit market by using their buyers' cash to get a project going and then approaching banks for the final payments to contractors. "Other projects started looking for a construction loan when they were paving the 14th floor," Ojeda said.



PATRICK FARRELL/MIAMI HERALD STAFF

FOR THE BOND CONDO TOWER: Alan Ojeda, CEO of the Rilea Group, center, alongside Miami Commissioner Marc Sarnoff, with his team on Wednesday.

### Three ceremonies in four hours

A trio of condo projects held ground-breaking ceremonies within a few hours of each other Wednesday.



KARA DAPENA/MIAMI HERALD STAFF

Ojeda's staff delayed the start of the ceremony by about 30 minutes while waiting for dignitaries to arrive, which caused some watch-glancing from attendees planning to hit the next groundbreaking at 11.

"I'm going to try for three," said Sonja Bogen-sperger, head of business development for Miami's

Downtown Development Authority. "I think it's awesome."

Around 11:30 a.m., Bogen-sperger was on a vacant waterfront lot on Edgewater's NE 27th Street to watch Sarnoff and Miami Mayor Tomás Regalado congratulate developers Stephan Gietl and Fernando Levy Hara for launching their 90-unit con-

*"This shows Miami has already come back."*

— Miami Mayor Tomás Regalado, about the ground-breakings

do project, The Crimson.

"This shows Miami has already come back," Regalado said of the repeat ground-breakings. "It's not that Miami is coming back."

Roughly three hours later, Regalado had circled back to downtown, about two blocks away from the day's initial ceremony. This time, he was the guest of honor at a ground breaking by the Related Group, the Miami development firm at the center of the prior decade's over-heated market.

Related Group CEO Jorge Pérez said that Florida lends itself to boom and bust cycles, but he said the company learned lessons from the crash. He said the 453-unit SLS Brickell is almost completely sold out, with buyers agreeing to pay 50 percent of the purchase price before construction workers finish the top floor of the 52-story building.

"We are trying to reduce the chance," he said, "that there will be a bust like the last time."