

HIGHRISE CONDOMINIUM MARKET

A fourth quarter 2007 survey of 258 currently selling condominium developments located throughout Southeast Florida by Reinhold P. Wolff Economic Research, Inc. revealed that about 26,351 of the 71,374 units planned in these developments are in highrise buildings. Most of the units in highrise buildings, 20,525 or 78%, are located in Miami-Dade County.

A sizeable share of the units planned in the condominium developments have been sold, 68% in all developments and 79% in the highrise developments. Units considered to be sold include those which are either reserved, under contract or closed on (deeded).

Most of the units reported as sold in the highrise developments are under contract for sale but are still under construction. At the end of 2007 there were 17,446 condominium units in highrise developments in Southeast Florida which were still under construction.

	Currently Selling Highrise Condominiums			
	Miami-Dade County	Broward County	Palm Beach County	Southeast Florida
No. Of Highrise Projects (1)	58	13	12	83
Total Units Planned	20,525	2,619	3,207	26,351
Total Units Completed	4,605	811	1,202	6,618
Units Under Construction	14,481	1,401	1,564	17,446
Units Not Yet Started	1,439	407	441	2,287
Total Units Sold (2)	16,771	1,810	2,256	20,837
Total Units Deeded	1,613	655	972	3,240

(1) Developments over 12 stories are considered as highrise projects.

(2) Includes units reserved, under contract or deeded (closed on).

Almost all of the condominium units currently under construction will be completed during 2008 and 2009. In fact, almost 60% or 10,447 of the units under construction will be completed during the first three quarters of 2008. This, and the remaining 7,000 units to be completed, will represent a major challenge to the highrise condominium market, especially in Miami-Dade County.

In Miami-Dade County there are 14,481 units under construction in highrise buildings and about 8,535 of these units are expected to be completed during the first three quarters of 2008.

It is estimated that as many as 40% to 50% of the buyers of the condominium units are investors and those who close on their completed units will place it back in the for-sale

market or offer it for rent, or both. Developers may also be in a position of attempting to rent a portion of the completed units.

Apartment vacancy rates in and around the downtown Miami area can be expected to increase to the double digit levels by mid-2008 as a result of this increase in available multi-family supply. It is likely that the excess supply of upscale multi-family housing will continue to negatively impact the housing market in the downtown Miami area for the next three years.

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