SOUTHEAST FLORIDA CONDOMINIUM MARKET STATUS

A survey by Reinhold P. Wolff Economic Research, Inc. of 258 currently selling condominium developments located throughout Southeast Florida revealed that they experienced an average monthly sales rate of 2.3 units per development during the fourth quarter of 2007. This sales rate is notably reduced from the 7.8 sales per month experienced by the developments measured from the start of their sales programs. Sales at most of the developments started in 2005 or 2006 when the market was considerably stronger than in the fourth quarter of 2007.

The developments examined in the three-county area are to contain a total of 71,374 units when fully completed. At the end of 2007 a total of 34,761 units were completed in the developments while 27,923 were under construction and 8,690 units were still to be started.

County	# Projects	Units Planned	Units Completed	Under Construction	Not Started
Miami-Dade	112	39,335	14,522	20,229	4,584
Broward	77	17,161	9,956	4,438	2,767
Palm Beach	69	14,878	10,283	3,256	1,339
Southeast Florida	258	71,374	34,761	27,923	8,690

A total of 48,354 units or 67.7% of all units planned in the developments are reported to be sold leaving 23,020 still to sell. The total units sold include reservations, contracts and units deeded. More than half, 25,242 units or 52.2%, of the units sold are under contract or reserved while 23,112 units have been deeded. The reserved and under contract units represent some danger to the market from the standpoint that some portion of them may not be closed on (deeded) at some future point.

Interestingly, 70.2% of the units sold in Broward County and 77.3% in Palm Beach County have been deeded while in Miami-Dade County only 28.9% have been deeded. Detailed analysis of the developments surveyed provides explanations for this disparity. Broward and Palm Beach Counties have a notably higher proportion of conversion developments than Miami-Dade County and, of course, all of the units in these developments are completed and, therefore, have a notably higher ratio of closings. In both Broward and Palm Beach Counties about 38% of the units offered in the condominium developments are in conversion projects compared to 12% in Miami-Dade County.

A second factor which has resulted in Miami-Dade County having a notably lower proportion of units deeded (closed on) than Broward and Palm Beach Counties is the significant number of highrise developments in the County. About 78% of the units planned in highrise developments in Southeast Florida are in Miami-Dade County. Most of the units in the highrise developments are still under construction and, therefore, cannot be deeded.

The 23,020 unsold units in Southeast Florida at the end of 2007 represented 11 to 12 months of supply at the pace of sales experienced from the start of their sales program. At the pace of sales experienced during the fourth quarter of 2007, however, the unsold inventory represents just over three years of supply. It should be noted that even a modest increase in the number of units being sold will notably impact the months of supply represented by the unsold inventory. An increase in the average number of units being sold by only two units over the fourth quarter average would reduce the inventory to 20 to 21 months of supply.

			Monthly Sales Pace	
County	**# Units Sold**	**# Units Unsold**	**From Start Of Sales**	**4th Qtr. 2007**
Miami-Dade	28,075	11,260	9.5	1.8
Broward	9,652	7,509	6.5	1.8
Palm Beach	10,627	4,251	6.6	3.8
Southeast Florida	48,354	23,020	7.8	2.3

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