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## Signs point to residential construction boom in downtown Fort Lauderdale

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The skyline of Fort Lauderdale, where developers are focusing on creating rental units catering to existing and future residents.

Downtown Fort Lauderdale is in the early stages of a residential construction boom not seen since the last South Florida real estate boom and subsequent crash began in 2007.

Unlike other areas of South Florida, where developers are proposing more than 50 new condo towers targeted primarily at out-of-town buyers, the downtown Fort Lauderdale construction boom is — at least, initially — focused on creating rental units catering to existing and future residents.

Developers are proposing to construct — or have recently completed — at least 10 projects with nearly 3,050 rental units for the Fort Lauderdale's central business district stretching from Sunrise Boulevard south to State Road 84, and the Intracoastal Waterway west to Northwest Seventh/Southwest Fourth avenues, according to filings with Fort Lauderdale's Development Review Committee.

The proposed rental developments range from a pair of competing projects — the 382-unit RD Flagler Village and the 327-unit Pearl at Flagler Village — across the street from each other at the intersection of Northeast 5th Street and North Federal Highway to the trio of announced projects — the 1,031-unit Marina Lofts, the 256-unit New River Yacht Club, and the 209-unit New River Village Phase III — proposed for the south bank of the New River in downtown Fort Lauderdale, according to filings.

It is unclear how many of the rental projects could eventually be constructed given the proposed residential inventory.

Still, developers have already completed one project — the 76-unit Progresso Point tower on North Andrews Avenue that was co-developed by North Carolina-based Reliance Housing Foundation and the Broward County Housing Authority — just north of Fort Lauderdale's central business district.

This new wave of proposed rental projects comes at a time when the downtown Fort Lauderdale condo and townhouse market is experiencing a slowdown in resales, triggered in part to rising prices and the well-documented financing challenges facing buyers.



In the first seven months of 2012, buyers purchased less than 335 condo and townhouse resales at a median price of about \$193 per square foot in downtown Fort Lauderdale compared to acquiring nearly 485 units at a median price of about \$171 per square foot during the same time period in 2011, according to the data from the Southeast Florida MLXchange.

As of Aug. 13, 2012, more than 250 condos and townhouses are available for resale at a median asking price of more than \$255 per square foot in downtown Fort Lauderdale, according to the data.

An additional 125 units are under contract at a median asking price of less than \$175 per square foot waiting to transact, according to the data.

Renting is the most viable option for individuals who want to live in the downtown Fort Lauderdale area but cannot obtain mortgages or remained skeptical that the South Florida real estate market is at a bottom.

In the first seven months of 2012, renters in downtown Fort Lauderdale leased an average of nearly 95 properties per month at a median price of about \$1.32 per square foot monthly just as they did during the same January through July period in 2011, according to data.

Currently, more than 210 properties are for rent at a median asking price of less than \$1.30 per square foot monthly in the downtown Fort Lauderdale area. An additional 150 properties are under contract at a median asking price of about \$1.33 per square foot monthly and waiting for the leases to be completed, according to the data.

During the last South Florida construction boom, developers created nearly 5,250 condo units in the downtown Fort Lauderdale and beach areas. As of June 30, 2012, more than 96 percent of the developers' units have been sold, according to a review of Broward County records.

The developer sales rate was higher before the W Fort Lauderdale beach project — completed in 2010 but not formally registered as a 171-unit condo-hotel until the first half of 2011 — launched sales.

Another project that could add units to the downtown Fort Lauderdale and beach market is the mostly completed but still vacant former Trump International Hotel and Tower with nearly 300 units on North Fort Lauderdale Beach Boulevard.

Unlike other parts of South Florida, only two condo towers — the 170-unit Orion condo and the 22-unit Grand Birch — have been proposed for the downtown Fort Lauderdale and beach market as of Aug. 22, 2012.

Going forward, downtown Fort Lauderdale's coming wave of new rental towers — which stand a better chance of obtaining construction financing from lenders — are likely to remain apartments up until buyer demand and bank financing for condo purchases returns to South Florida.