

Brickell Condo Report

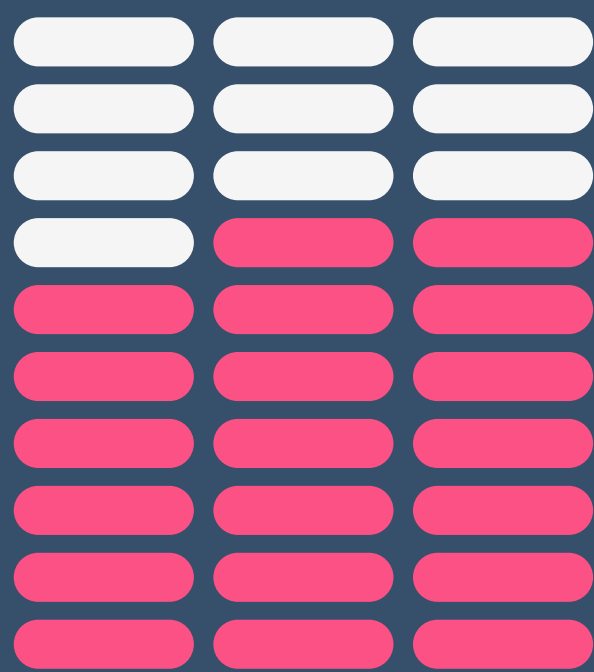
Summer 2020 (Q2 and Q3).



Brickell - Macro Analysis - Numbers driving the market & Q2 vs Q3 Comparison

Active Inventory

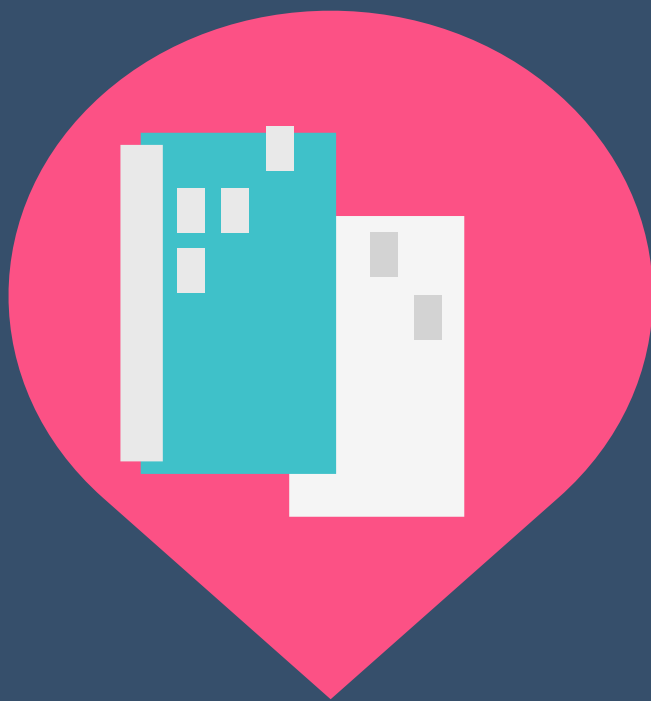
1250



↑5%

Days on Market

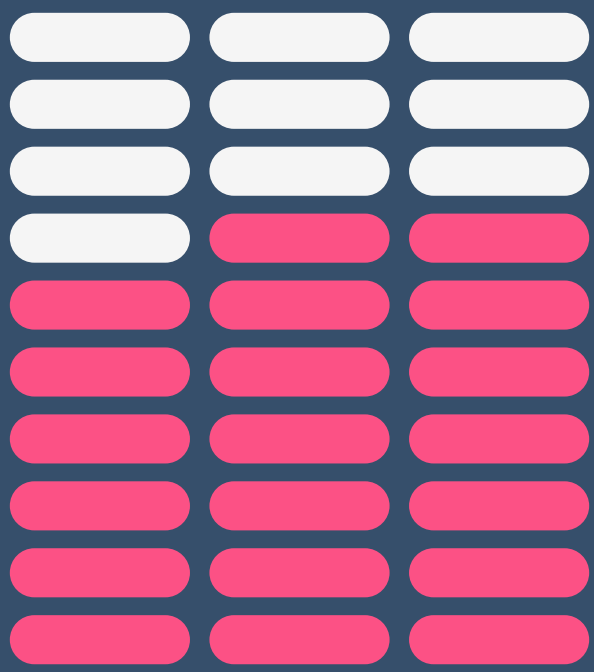
343



↑3%

Months of Inventory

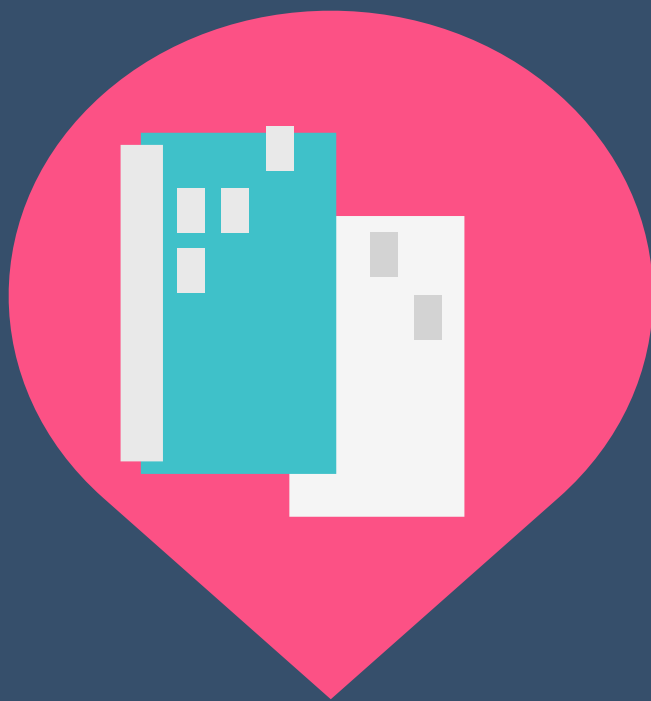
32



↓4%

Average Close Price

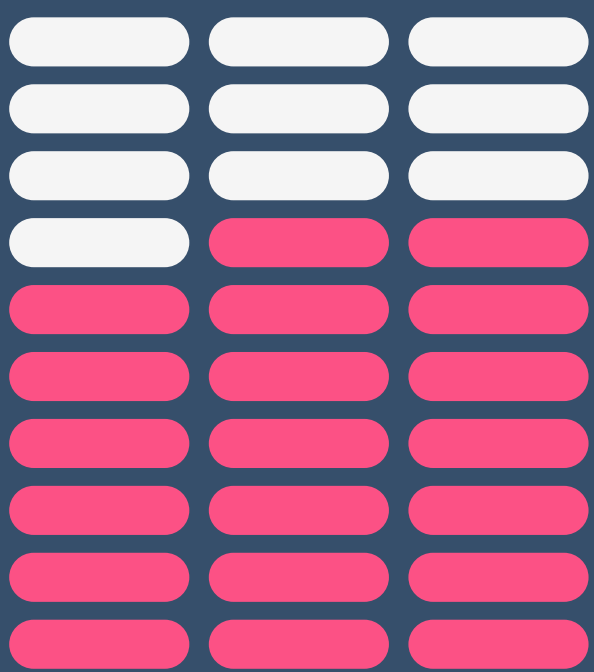
\$422



↑4%

Discount on Sales

6%



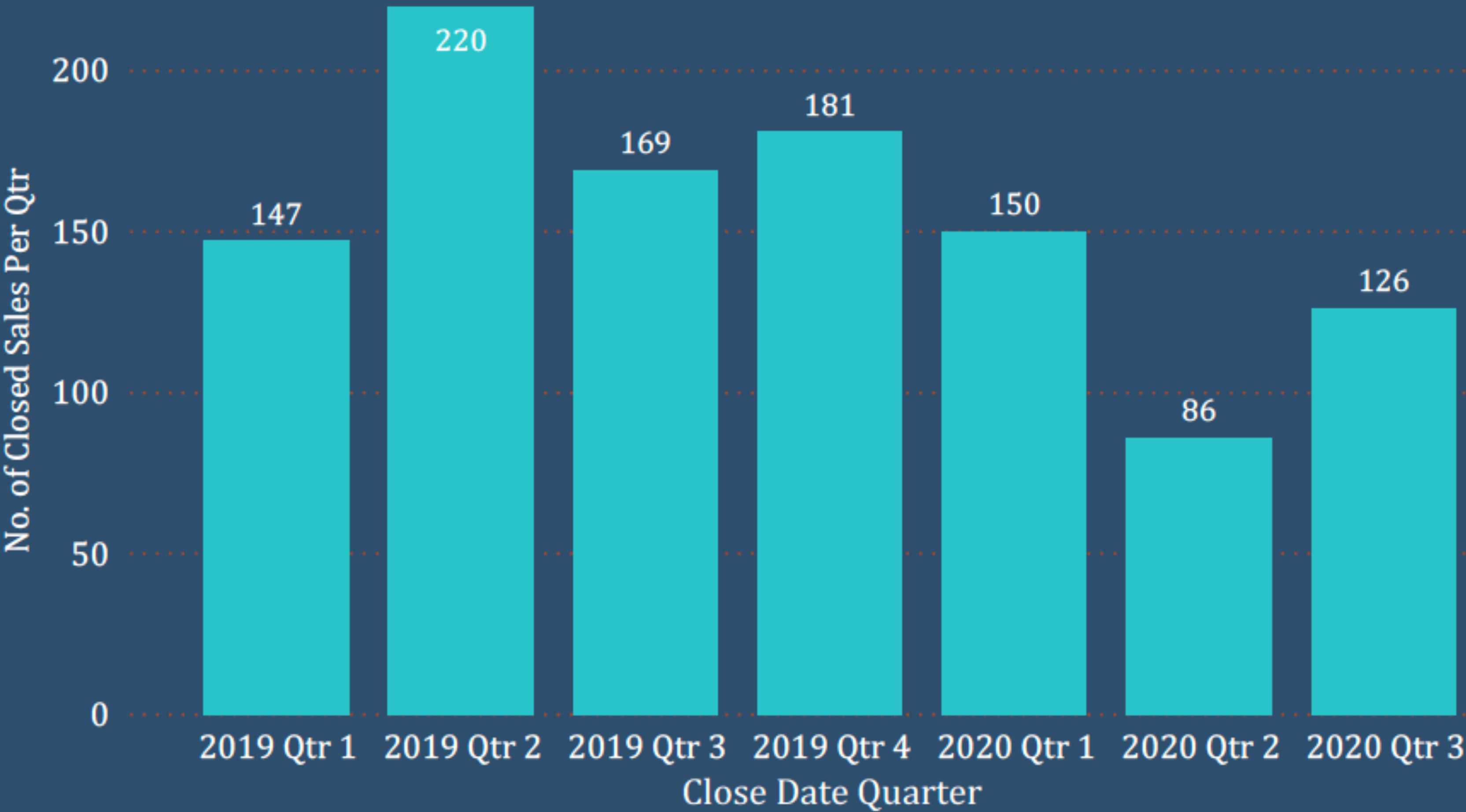
↓1%

Overall there seems to be an increasing inventory in the market, with units staying longer on the market. This is a Buyer's Market

Brickell - Macro Analysis - No. of Closed Sales Trend (2019 & 2020)

Transactions across the Brickell Condo market have been in decline since 2017, but the last 18 months show a clearer drop.

No. of Closed Sales Per Qtr by Year and Quarter

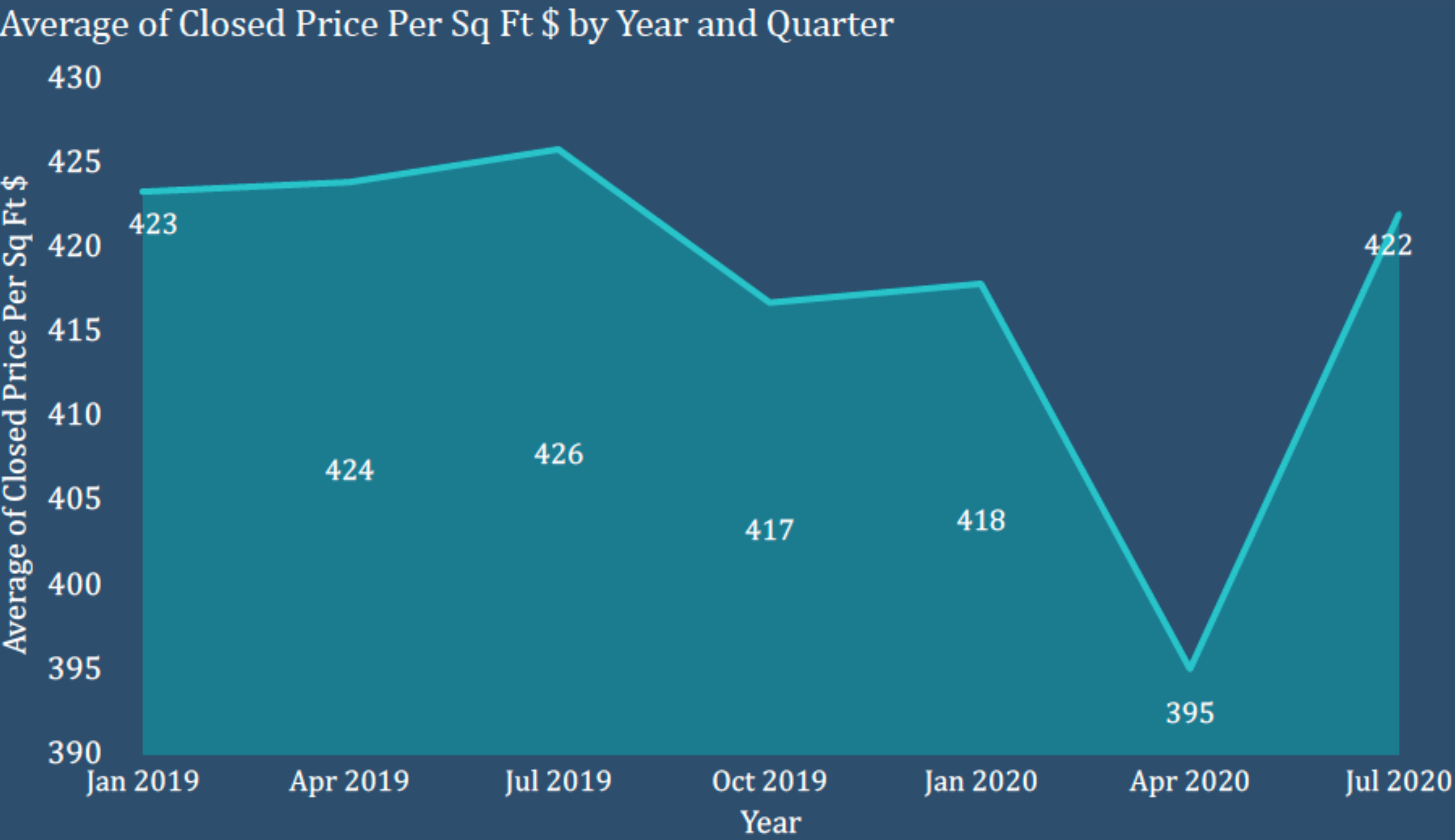


Q2 of 2020 was the beginning of Covid and universally this has been the greatest period of both 'shutdown' and uncertainty. Q3 figures recovered but this is definitely not a sign of a recovering Brickell economy but more an accumulation of missed transactions in Q2.

Its important to recognize where the majority of transactions have occurred. The 5th table in this report shows where those transactions took place.

Conclusions: Truly the most important piece of information to partake from this page is that the number of sales per Quarter regardless is a small amount relative to the enormous amount of inventory (1800 current listings exist across the Brickell Market currently). **FOR BUYERS** This will allow for significant negotiations and definitive opportunity to buy at a discount. **FOR SELLERS** Be realistic, with such huge inventory any seller not willing to come inline with the true market figures can expect to have to hold their unit for several years considering the inventory levels.

Brickell - Macro Analysis - Closed Price by Sq Ft (2019 & 2020)

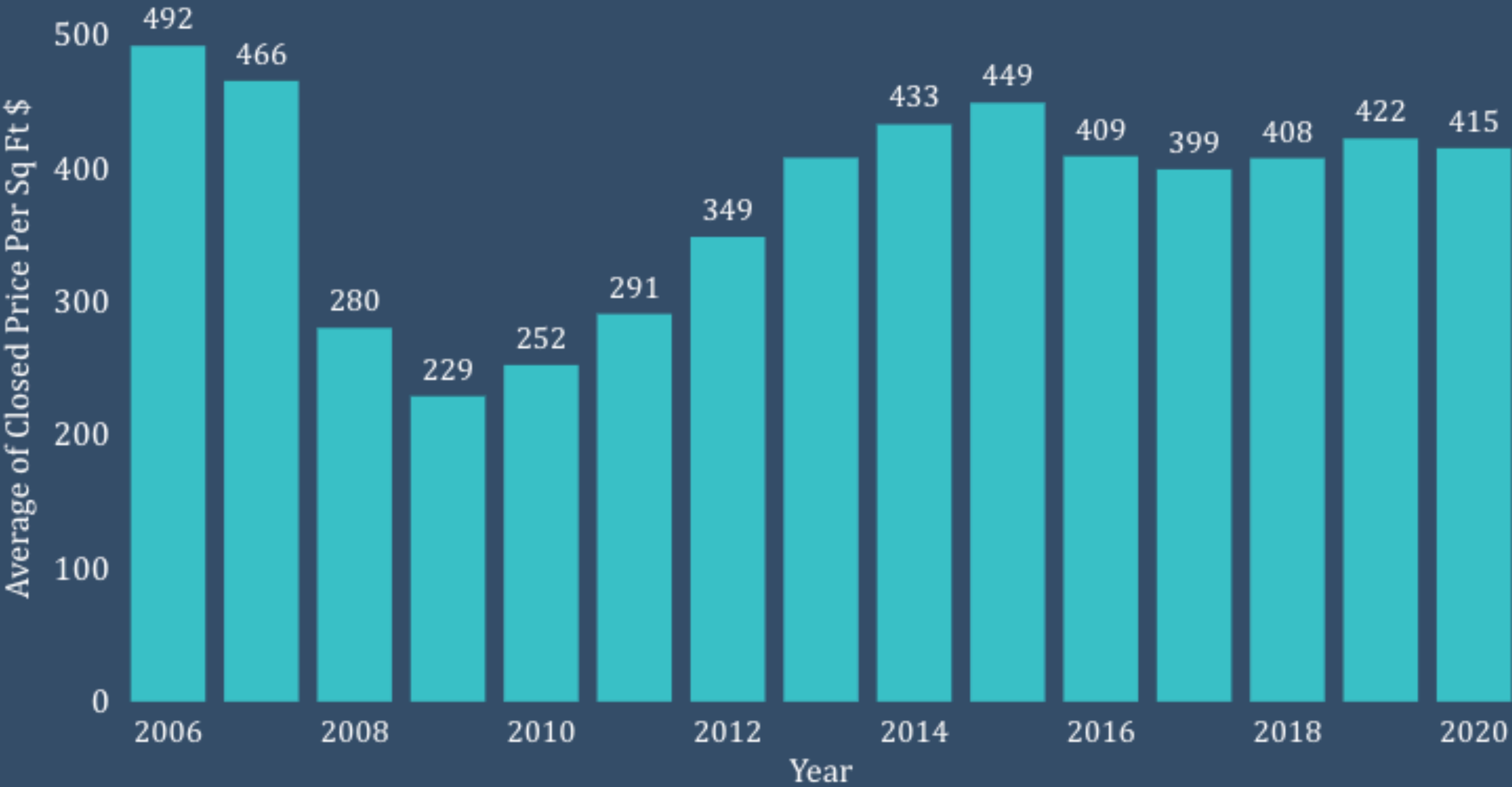


Unsurprising to see the sudden drop in \$ per soft in Q2 to them recover in Q3. Q2 was what we refer to as a ‘self induced economic coma’, when everything was totally shutdown. Regardless the current average \$ per sqft of 415 average for Brickell in 2020 is still by far the cheapest compared to other neighborhoods like South Beach or neighboring Coconut Grove which average double what Brickell currently runs at.

The Question we now have is whether we will see further drops. In many buildings asking prices are still well above the average \$ per sqft sold. This number is much more of a guide and the discussion of value remains not just building by building but line by line. Please look at the specific building numbers to get a sense, or better yet call me and we can share our live analytics screens through zoom!

Brickell - Macro Analysis - Close Price Per Ft (2006-2020)

Average of Closed Price Per Sq Ft \$ by Year

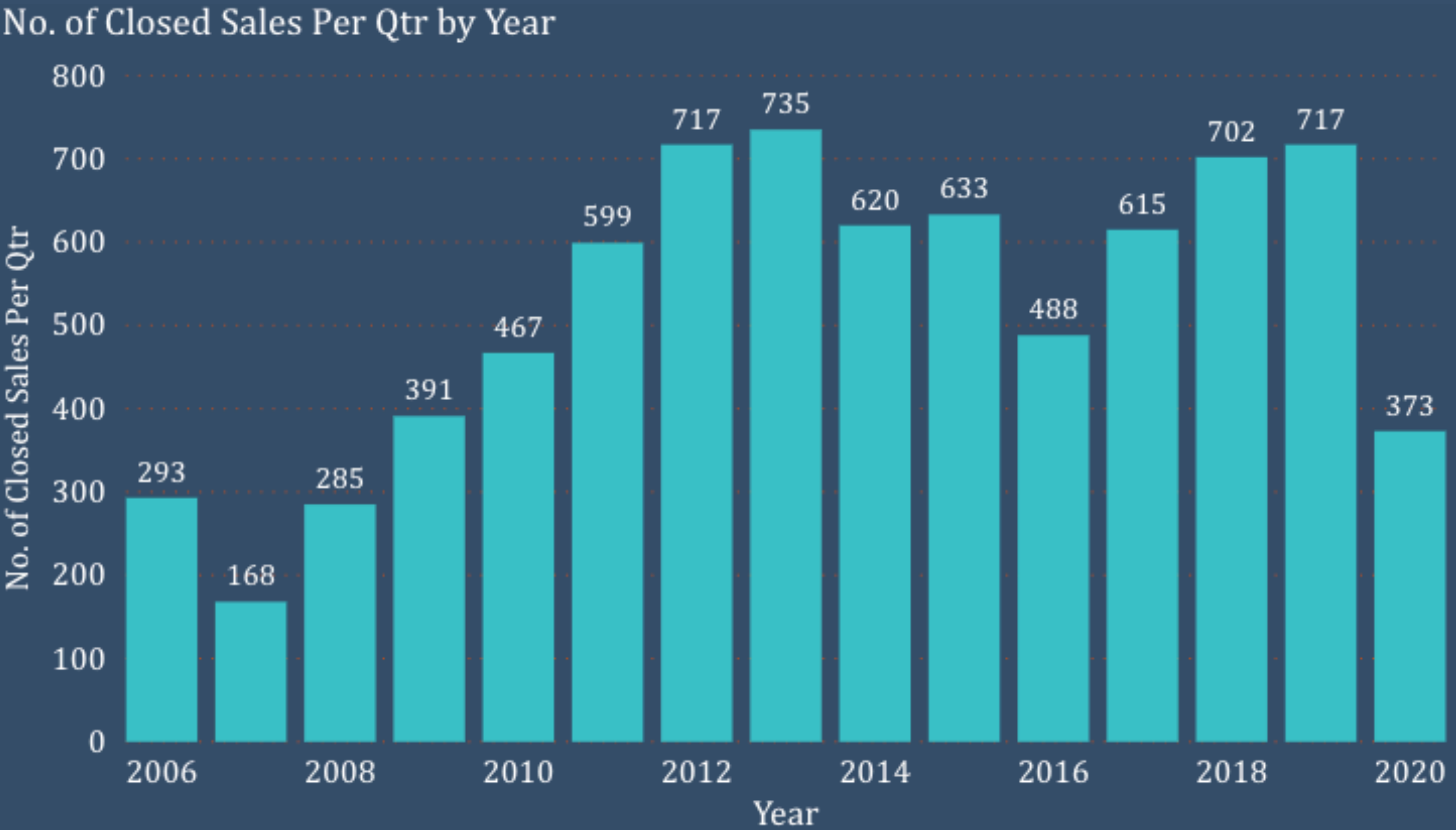


Brickell market was at peak during the years 2006 & 2007; followed by recession; where prices went down by almost 50% in 2008-2011. Since 2012 market recovered and was at its peak in 2015; followed by another cycle of reduction in prices.

Today we blend out at 415 although there are a number of buildings that trade much higher. It is helpful to match this data with the months of inventory as that determines if the market will continue to fall further or will either a) stabilize or b) start to rise again. Given that we currently track the bottom of the Condo market to somewhere around 2012-2013 figures it suggests we could see further drops in \$ per sqft. This is supported by the high levels of inventory.

As always remember that we say Condo analysis is not a neighborhood by neighborhood process or even a building by building. It is far more granular and becomes a 'line by line conversation.

Brickell - Macro Analysis - No. of Closed Sales Trend (2006-2020)



Peak year for number of units sold was 2013; there was a new construction cycle from 2013-2019, which led to increase in units sold. Without a doubt 2020 has been a much slower year for Condos due to Covid. Covid is as we say an ‘economic accelator’ of trends and not a creator of them. Brickell tends to be driven by investors and second home owners. This is of course far more of a discretionary purchase.

One thing definitely moving the needle is the strength or lack of the Condo rental market. If lower income tenants do not pay rents then this can have a severe effect on the rental income and thus the market as a whole. We have not seen such low sales since 2009, which does not bear well for future prices as the supply / demand balance shifts with slow sales.

As always, its important to recognize the buildings and price points that do move, as not all price points and product behave the same.

Brickell - Building Level Analysis - Q3-No of Closed Sales & Avg Close Price Per Ft

Number of Sales & Avg Closed Price Per Sq Ft \$

Echo Brickell	5	776
Brickell Flatiron	2	654
Jade at Brickell Bay	3	649
Santa Maria	1	615
Rise Brickell City Centre	3	560
Four Seasons Residences	1	534
Icon Brickell I	4	529
SLS Brickell	4	527
Reach Brickell City Centre	3	525
Brickell House	3	513
Brickell Heights West	2	496
1010 Brickell	5	494
The Bond on Brickell	4	480
Icon Brickell III	4	456

In Q3-2020, Echo Brickell outperformed rest of the buildings in the area. Relatively newer buildings like Brickell Flatiron, Brickell House, Reach, Rise and Bond are selling at over \$450 per foot, but they are still selling at discount their pre-construction prices.

We cannot conclude that any one building is doing particularly well and those that are moving are coming in at trades well below what the developer previously sold for. Echo for example was previously trading from the developer over \$1100 per soft and Flatiron at \$800 per sqft.

When looking at the \$ per sqft it is important to appreciate that analysis of this nature is a line by line conversation. IF YOU WANT TO DRILL DEEPER INTO THE CONDO MARKET THEN CALL ME. WE CAN CONDUCT A ZOOM CHAT TO SHOW YOUR OUR CONDO GEEKS SCREENS AND YOU CAN SEE THE PERFORMANCE OF ANY ONE CONDO OVER ITS ENTIRE ECONOMIC LIFE.

Brickell - Building Level Analysis - Q3-Highest No. of Closed Sales

Building Name	No of Closed Sales ▼
The Club at Brickell Bay	12
Icon Brickell II	6
1010 Brickell	5
500 Brickell East	5
500 Brickell West	5
Brickell Heights East	5
Brickell on the River South	5
Echo Brickell	5
Infinity at Brickell	5
MyBrickell	5
Nine at Mary Brickell Village	5
Skyline on Brickell	5
Icon Brickell I	4
Icon Brickell III	4
SLS Brickell	4
The Bond on Brickell	4
1060 Brickell - 1050	3
Axis on Brickell South	3

in Q3, 2020 Club at Brickell Bay had the highest number of sales, followed by Icon Brickell - Tower 2.

This will mean nothing to the untrained eye and its not until you drill down into the specific buildings using Condo Geeks software will it put everything into perspective.

Take for example 1010 Brickell. When we look at how many resales we had in 2018 and 2019 and we find that in 2020 we actually had much more. This is counter to what we might expect, but its actually true, and I would propose that this is because the prices have dropped so substantially yet the building is a good one relative to the others. This is not the case in all buildings but it helps us identify the diamonds in the rough.

Most of the buildings in Brickell have seen a significant drop in the number of sales between 2019 to 2020 and the 2nd and 3rd quarter of 2020 due to Covid shutdown and the nervousness of buyers getting into a Condo where amenities can not be used has of course more negatively affected the market than we would have otherwise seen.

So far in 2020 we have seen 415 closed sales across the whole of Brickell (up to the end of September). Factoring in Q4 predictions to be inline with the rest of the year would bring us to 553. Compared to 2019's total of 725 sales, this is nearly a 25% drop in sales!

Brickell - Building Level Analysis- Current Months of Inventory and No. of Active Listings

Inventory is now doubt high in Brickell. Unsurprisingly as Brickell is the most densely populated park of the city with the most amount of Condo product, the choice is significant.

Inventory levels are useful as it gives you the buyer a better sense of your negotiation power when buying. Very high inventory means you have plenty to choose from and as we often say to our client; ‘you have to sometimes throw a number of low ball offers out there, but given the options you only need one to stick!’. At the same token it’s important to know when there are not a lot of options. The Brickell Report does not include Brickell Key (although if you wish to see Brickell Keys numbers please contact me). Some of those buildings do not have a lot of choice.

Inventory calculations are based on absorption rates. (how many units are selling per month and its important to recognize that slow sales - as seen in the previous slide, can massively spike months of inventory almost overnight).

A balanced market is going to be around 12 months, and without exception we have more inventory than we can absorb given the current rates. With that said as always, true Condo analysis is a line by line conversation. You may find certain lines in buildings have only 1 or 2 options and if these lines are the ones almost everyone wants then you will find negotiations tougher.

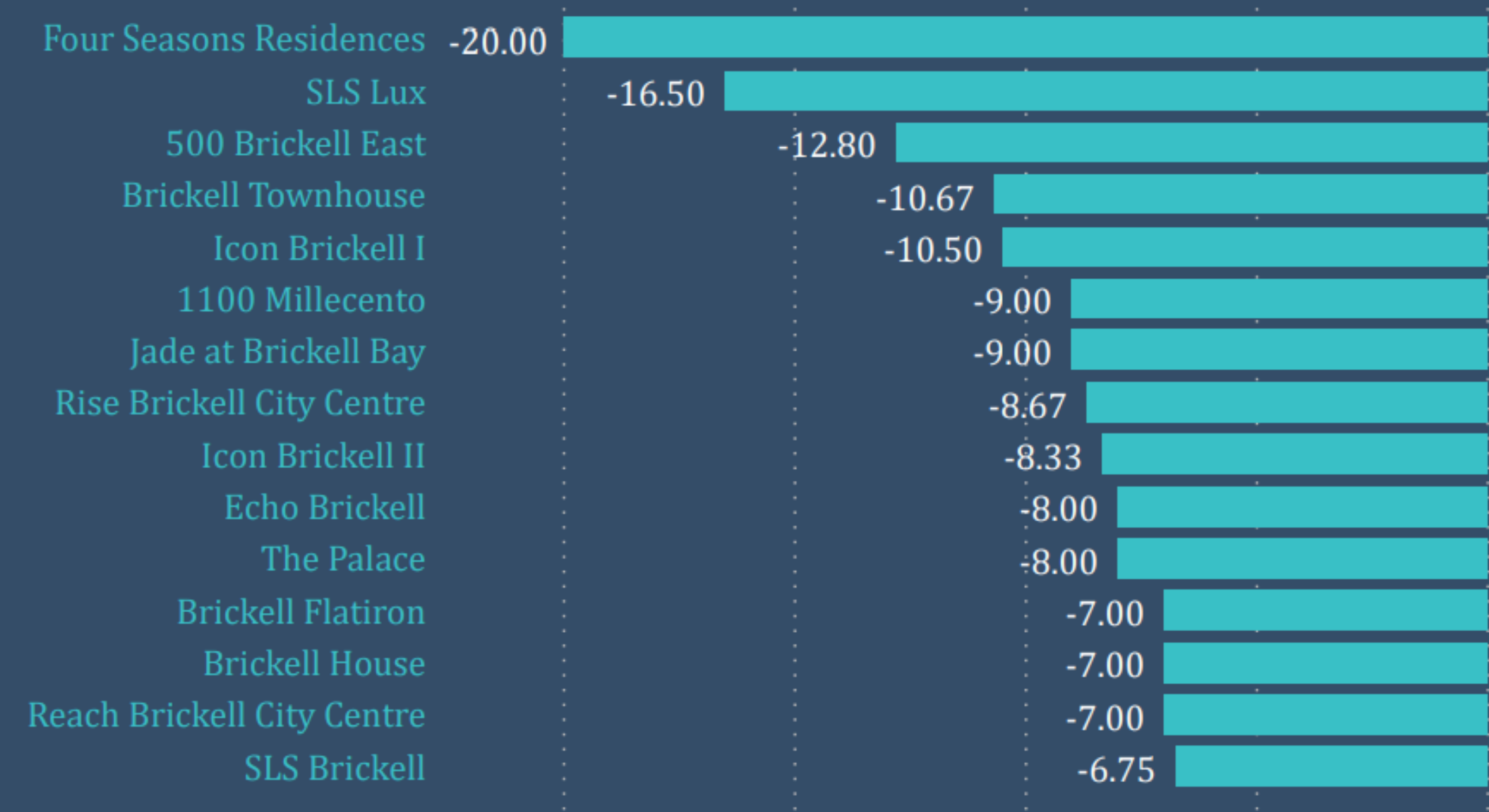
Finally its worth mentioning, that although Penthouse units and high level corner units in short supply cannot live and die by the rest of the building, the softness and over supply of product in the building is a direct reflection of the Condos health, and could suggest future financial issues which the building might face if: rentals stop being paid and /or distressed owners stop paying dues.

Months of Inventory and Active Listings by Building

1100 Millecento	269	45
SLS Lux	148	74
Brickell Heights West	102	34
Reach Brickell City Centre	96	48
Santa Maria	90	15
Brickell House	84	42
The Palace	84	14
Four Seasons Residences	78	26
The Sail	66	11
Brickell Flatiron	59	49
Icon Brickell III	55	37
Rise Brickell City Centre	54	27
The Mark on Brickell	54	27
SLS Brickell	49	49

Brickell - Building Level Analysis - Q3 - Discount % on List Price

Average of Discount on List Price % by Building Name



Discounts are a fair reflection of how overpriced or over supplied (see previous slide) a building is.

The four seasons sees the biggest discounts, but this may also be due to the fact that this is by far the most expensive (yet bet considered best Condo in Brickell). It sells at a much higher dollar per sqft than the rest. Four Seasons typically trades between \$700-\$800 per sqft for the better high floor units, but the price point often comes in over \$2m.

If you want to see the \$ per sqft performance of any Condo in Brickell, please call me and we can share with you the Condo Geeks Screen which reveals the historical performance, as well as the prices.

SLS Lux shows big discounts and with 148 months of inventory and 74 units on the market it comes as little surprise (see the previous screen).

As we typically go down the discounts run in parallel with the inventory levels. As always we are here to help you negotiate but when you combine this information with our other reports you can see the markets which are prime for grabbing a deal. Or at the same token it will help sellers understand the expectations of the buyers and know how to price accordingly.

THE AUTHOR: DAVID SIDDONS

Self-professed frustrated economist and real estate marketing tech junkie, David Siddons is a senior director at Douglas Elliman real estate, founding member of CondoGeeks and was instrumental in creating the software that drives this system. As author of over 1700 Miami real estate Articles, 75 Reports and over 500 educational videos he is recognition as one of Miami's top 20 agents and a leading voice in the Miami Real Estate Market. His team have already sold over \$100 million of real estate in 2020 and expect to surpass \$125M by the end of Q4.

Since the inception of his career over a decade ago, David is driven by a singular vision; **“help his clients make a better decisions and to do what they can’t themselves”**.

Widely regarded for his all-encompassing market knowledge and excellence in the digital marketing sphere, David's long list of successful initiatives and industry-leading analysis and reports has catapulted David to one of the most successful and sought-after Realtors® in South Florida and beyond. His website continues to garner accolades for its impressive reach, ranking as one of Miami's most dominating sites for home searches: www.LuxlifeMiamiblog.com. In addition, David has authored many of Miami's most influential real estate reports and forecasts and has been interviewed and quoted by Bloomberg, CNBC, BBC World, the Miami Herald, The Real Deal and Curbed Miami to name a few. As a testament to his impeccable reputation and extraordinary track record of success, David holds the distinction as the only Miami agent to have been hired as a private consultant and advisor to a number of top Miami developers.

Originally from the U.K., David makes his home in Coral Gables with his wife and two daughters.

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Please note the following:

- ❖ Report is for illustrative purposes
- ❖ Report is powered by using smartgeek analytics software
- ❖ This report only includes Condominiums
- ❖ Using smartgeek you can generate reports for different neighborhoods in Miami i.e. Edgewater, Miami Beach, Bal Harbour, Surfside.
- ❖ You can customize the reports and compare different time periods eg. Q2 2020 vs Q2 2019 etc.
- ❖ The Brickell report only includes 51 most popular buildings in Brickell. It does not include Brickell Key (this is a separate report).

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