



Pandemic could spur more moves to South Florida

April 14, 2020 by [Kevin Gale](#)

The COVID-19 pandemic will accelerate the ongoing trend of wealthy northeasterners moving to South Florida, some developers and brokers are predicting.

David Siddons, an executive director with **Douglas Elliman**, said at the beginning of April that daily inquiries from out-of-state prospective buyers had jumped from 10 to 15 per day to about 85 per day.



David Siddons

“The coronavirus pandemic is creating an existential awakening for many out-of-state investors, which is redefining South Florida real estate,” he said. “As coronavirus continues to elevate awareness of the fragility of human life and the importance of ‘seizing the day,’ trends that have been emerging the past decade are gaining newfound momentum.”

Adding to the weather, lifestyle, pricing and tax advantages to South Florida: Those working from home during the pandemic are realizing that technology, such as Zoom, could make them productive working in South Florida. Transplants also may feel more comfortable in a less dense urban area, he said.

He offered one recent example of the economics: A client sold his Manhattan apartment for \$6 million, purchased another Manhattan apartment for \$4 million, freeing up \$2 million to purchase and finish a \$5 million waterfront home in Miami. With the annual tax savings of \$200,000 and 3 percent interest rates on his mortgage, his monthly out-of-pocket costs to own both properties in Miami and New York is the same as when he owned the \$6 million apartment alone, Siddons said.

New York developer **Shahab Karmely** of **KAR Properties**, said, “People who can, and who are fortunately able to, will leave New York City.”

The top destination for New Yorkers will be the Hamptons on Long Island, which is where Karmely was when he was interviewed via telephone. He says the No. 2 spot will be South Florida, in particular, the Miami area, Wellington, Palm Beach and Boca Raton.

“I am willing to bet this will be Miami’s busiest July and August in the past 30 years, Karmely says. “The shutdown will make people realize that quality of life, climate and open space are important elements of life. Miami compares very, very well to other wealth centers of the United States in offering that quality of life and urban area outdoor lifestyle.”



Masoud Shojaee

One of Karmely's projects is **2000 Ocean** in Hallandale Beach, which is offering a dizzying array of amenities for \$1,000 a square foot. In New York City, developers sometimes have to pay \$1,000 a square foot just for air rights, he notes. Hallandale Beach is also a bargain compared with Miami Beach where prices of \$2,000 a square foot are common.

Karmely expected to top off his project by the end of April. Half-floor, built out units with marble floors at start at \$2.8 million and go to more than \$4. Five full-floor penthouses go for \$10 million to \$12 million.

Karmely brings the perspective of an Iranian Jew who had to flee his homeland during the Islamic revolution. He says the United States is a wealthy, safe country with a great democracy and will continue to attract international buyers. "The inflow will be coming in very quickly with people saying, 'The next time there is trouble, where do I want to be?'"

Lenders were still issuing construction loans amid the pandemic.

Lennar Corp. received a \$44.88 million loan for its 11-story, 189-unit Wynwood Green apartment complex in Miami. Shoma Group closed on a \$17.6 million construction loan for the 43-unit Ten30 South Beach condominiums.

"We are very proud to secure construction financing with ACRES Capital for Ten30 South Beach as we step closer to delivering this compelling project to Miami Beach," said Masoud Shojaee, CEO of Shoma Group. "Especially in today's current climate, this closing is an endorsement of the market appeal of Ten30 as we continue our forward momentum bringing this attractive proposition to the Miami Beach market."



Other projects continued construction into April.

Ocean Delray was recently working on its first-floor slab and expects delivery in the first half of 2021. The 19-unit project has units priced from \$5.7 million to \$10 million.

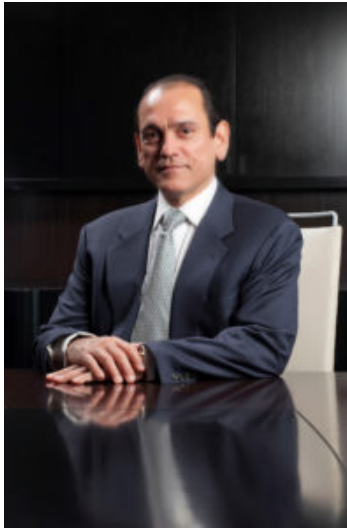
John Farina, president and CEO of **U.S. Construction**, which is developing **Ocean Delray** with **National Realty Investment Advisors**, said he's also seeing Northeasterners think about their long-term plans.

"Should something like this coronavirus pandemic happen again, it seems like they would rather be in a place like Delray Beach, in a large and very comfortable residence overlooking the ocean versus over-crowded Manhattan," he says.

Buyers may also pay more attention to wellness aspects of their property.

Villa Valencia, a recently launched 39-unit residential development in Coral Gables is the first U.S. condominium project to partner with **Delos' Darwin**, a pioneering intelligence network that delivers clean, fresh air, energizing light and pollutant-reduced water. The system is accessed at home through a touchscreen panel and remotely on a mobile app. Villa Valencia has 39 units costing up to \$10.5 million.

Loans for buyers at low rates could be a challenge for some, says **Henry Torres**, president and CEO of **The Astor Cos.** in Coral Gables, which developed **Merrick Manor** in that city.



Henry Torres

“Borrowers are certainly responding to the historically low interest rates and looking to lock in low rates for new purchases or refinancings, but it’s not automatic,” he says. “For banks, the risk level is much higher. They are only giving low rates if the borrower’s credit score is very high and the relationship with the individual banker is strong. The banking system is largely focused on putting out fires right now and is not so much interested in lending.

They will get more active when they see a light at the end of the tunnel.” ♦

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