

THE
CITY BEAUTIFUL

THE COMPLETE GUIDE TO DOING BUSINESS IN CORAL GABLES & CHAMBER OF COMMERCE DIRECTORY



A Seller's Market

HOUSING PRICES ARE RISING AS SUPPLY REMAINS TIGHT
IN THE CITY WHERE EVERYONE WANTS TO LIVE

BY DOREEN HEMLOCK



VILLA VALENCIA, A 13-STORY LUXURY CONDO BUILDING BY LOCATION VENTURES

If you're looking to live in Coral Gables these days, be prepared to search for housing. Inventory is so scarce for single-family homes, condos, and even rental apartments that prices are at record highs, with seekers sometimes paying above the asking price – even as interest rates rise and the stock market dips.

Ask Carole Smith, vice president of Compass Real Estate, who's long specialized in residential sales in the City Beautiful. "We have the least inventory I've seen in 27 years," she said in spring 2022. "We have one month's supply of single-family homes. A healthy market should have at least six months' supply, and I've seen times in the Gables when we've had a 12- to 18-month supply."

Little wonder that when Gables houses come on the market, lines often form to see them. In 2021, Smith recalls 120 cars pulling up for an open house at a luxury home. "We were so stacked up, you couldn't find parking," she says. Even in spring 2022, as the stock market dipped, she had 70 people filing through a house on Majorca Ave. The home ended up selling for \$350,000 more than the original asking price.

Specialists cite many reasons for the housing scarcity: more people moving from higher-tax states to South Florida for lower taxes and warm weather, little undeveloped land in the area, limits on building height in the city a permitting process considered slower and more deliberate than in other cities, plus resistance by some Gables

residents to tall multi-family buildings in their neighborhoods.

That means low inventory is likely to remain an issue at least for several more years – until a spate of new projects can be approved and built, real estate leaders say. Here's a look at some of the trends in the Gables housing market.

BUYERS REMODELING OR TEARING DOWN OLDER HOUSES

With inventory scarce, buyers often can't find the exact single-family house they seek. One solution: buy what's available and then either remodel or tear down the house and build anew.

Tere Shelton-Bernace, a principal at Shelton and Stewart Realtors estate, says she sold a waterfront property in Gables Estates last year for some \$14 million to a couple from California, who's tearing down the existing house and investing at least \$7 million to build the South Florida home of their dreams. "I don't even think we ever went inside the house on the lot," says Shelton-Bernace. "It was all about the land and location."

Indeed, so many people are renovating older houses that the improvements are boosting home prices. Some residents add extra bedrooms, new kitchens, spa bathrooms, or even pools and extra patios. "Of course, buyers will pay a premium for those homes remodeled or rebuilt," says Shelton-Bernace.



LUXURY CONDOS RISING IN THE URBAN CORE

With land limited for single-family houses, condos are becoming a popular choice in recent years, especially luxury ones for empty-nesters, retirees, and second-home owners. Buyers like the convenience of locking up their residence while they travel and no longer needing to tend to lawns and pools.

Debuting this year: Villa Valencia, a 13-story luxury condo building. Units have sold for prices starting around \$1.8 million, or more than \$1,100 per square foot, says Rishi Kapoor, CEO of Coral Gables-based developer Location Ventures.

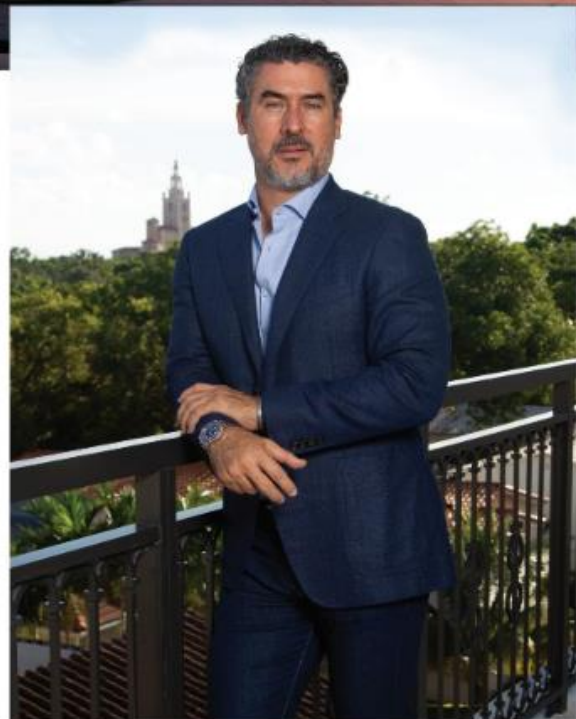
As of June, more than 90 percent of Villa Valencia's units were sold, about three-quarters to locals and the rest to out-of-towners moving from high-tax states, including New York. "Many are paying cash. They're coming from larger homes and more expensive markets," says Kapoor.

DEVELOPERS BUYING OLDER HOUSING TO BUILD NEW

Some developers are offering luxury condos by buying up groups of older apartment buildings, tearing them down, and creating new complexes, with larger units and more modern amenities.

That's the case with MG Developer's Gables Village, a 48-unit, low-rise community rising on 17 lots bordered by Malaga Ave., Santander Ave., Segovia St., and Hernando streets. The luxury project includes townhomes, villas, and condos, plus a wellness center. Prices will likely start around \$2 million and top \$3.5 million per unit, with the house-like villas to feature their own private swimming pools and lots of green space, says Alirio Torrealba, CEO of Coral Gables-based MG Developer.

Torrealba took inspiration for the complex from Gables' founder George Merrick, who built unique villages in the city in styles from French to Japanese. "Our village is authentically Gables, not imitating any other nationality," he adds. He estimates sales of all 48 units will reap some \$120 million.



"Our village is authentically Gables, not imitating any other nationality."

ALIRIO TORREALBA, CEO OF MG DEVELOPER ON GABLES VILLAGE (ABOVE) COMPRISING LUXURY TOWNHOMES, VILLAS, AND CONDOS

"Redevelopment is not easy," says Torrealba. "There are not a lot of property owners who want to sell. It takes time. For Gables Village, it took us three years to assemble all the adjacent properties."

TALLER APARTMENT BUILDINGS NEAR MASS TRANSIT

Perhaps hardest to find these days in and around Coral Gables are rental apartments affordable for teachers, police officers and other professionals on limited incomes. Part of the problem is resistance from neighbors who don't want lots of cars in their area. One neighborhood group blocked plans for a 12-story apartment complex near the University of Miami, prompting the developer to instead propose a smaller number of luxury condos there.

Location Ventures' Kapoor aims to address the shortage by bringing his URBIN concept to Coral Gables. He plans to offer furnished apartments for extended-stay travelers and long-term rentals, plus a wellness center and retail below. Kapoor's first URBIN live-work-wellness project is underway in Coconut Grove with 54 units. The second is set for Miami Beach, with 69 units. He expects the Gables version "to be three times the size," though details have yet to be finalized.

"You need people to live and work at all price points to have a healthy community," says Kapoor. "You can't have only luxury condos." Prices for the URBIN in Coral Gables are not yet set, but in Coconut Grove, URBIN's one-bedroom units will start at \$1,500 per month. Pushing up prices: rising costs for building materials and for salaries since the covid pandemic began, he says.

MG Developer, unable to find sufficient land for high-rise apartments inside Coral Gables, is looking to build on the city's edge instead - near the Shops of Merrick Park, but on the Miami side. "Miami has incentives for high-density buildings near mass transit," says MG Developer's CEO Torrealba.

Torrealba is proposing a \$204 million project called Merrick Parc with two 20-floor towers offering 440 units spanning studios, one-bedroom, and two-bedroom apartments, plus parking, retail, and dining. It's a joint venture with The Baron Property Group of New York, which has ample experience in high-rise rentals. Tenants at the proposed 3191 SW 39th Ave. complex likely will include professionals working from downtown Miami to the Gables "because of the ease of transport by Metrorail," he says.

Prices for the Merrick Parc apartments are not yet set, but probably will top \$3 per square foot per month, or \$3,000-plus monthly for a 1,000 square-foot unit, says Torrealba. "We'll be competitive with the local market." He hopes to start construction as soon as 2023 and finish in 2025.

APPROVALS OFTEN SLOWER THAN IN OTHER CITIES

Also limiting supply: the time it takes for developers to get approvals and build in Coral Gables, especially for taller structures. Approvals and permits for multi-family buildings sometimes take twice as long as in other cities, developers say. That's partly because of stricter building codes that limit building height to 190 feet - and that only with the addition of "Mediterranean" bonuses of 30 feet - and because of resistance by some residents to apartment towers.

Kapoor figures a larger, multi-family project in Coral Gables typically takes two years for pre-development and two to four years to build these days. "There's are not a lot of projects in the works now and not enough under construction to meet demand" for housing in Coral Gables, says Kapoor. "For the foreseeable future, we'll see low inventory." ■

CORAL GABLES SINGLE FAMILY HOUSE SALES

YEAR	SALES VOLUME	MEDIAN PRICE
2017	\$520 MILLION	\$829,115
2018	\$498 MILLION	\$950,000
2019	\$482 MILLION	\$915,000
2020	\$619 MILLION	\$1.04 MILLION
2021	\$831 MILLION	\$1.40 MILLION
THRU APRIL '22	\$190 MILLION	\$1.83 MILLION

CORAL GABLES CONDOMINIUMS

YEAR	SALES VOLUME	MEDIAN PRICE
2017	\$261 MILLION	\$355,000
2018	\$299 MILLION	\$375,000
2019	\$293 MILLION	\$340,000
2020	\$265 MILLION	\$362,500
2021	\$474 MILLION	\$405,000
THRU APRIL '22	\$169 MILLION	\$520,000

Source: Analytics Miami, led by Ana Bozovic, using MLS data. Sales at all price levels.

