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# Miami Residential Market Update

In 2011, the Miami residential market was the bright spot in U.S. real estate. Miami, which draws the most international buyers in Florida, set a new sales all-time record last year and again outperformed the nation. Foreign buyers and investors have fueled market strengthening in Miami and South Florida unlike anywhere else in the nation. Miami was even ranked the "Top Turnaround Town" by Realtor.com because its residential market is leading the U.S. towards a general recovery and stability of the housing sector.

Strong demand for local real estate fueled by foreign buyers and investors coupled with population growth, improved consumer confidence, and declining unemployment is expected long into the future due to Miami's firm status as a major global metropolis.

## Rising Sales

Miami residential sales set a new record in 2011, exceeding transaction levels during the height of the boom in 2005. Total 2011 sales, including both condominiums and single-family homes, in Miami-Dade County were 24,929, up 4% from 24,025 in 2005 and 46% from 17,068 in 2010.

## Miami Record Sales Yield Rising Prices

In January the median price of Miami condominiums increased for the fifth consecutive month, 36% to \$122,500 compared to a year earlier. The median sales price of single-family homes increased 13 % to \$170,000.

Average sales prices in Miami have consistently risen for more than year. In January, the average sales price for single-family homes in Miami-Dade County increased from \$238,527 in 2011 compared to \$334,952. The average sales price for condominiums jumped 45.2 %, from \$171,077 to \$248,443.

## Year-over-Year Average Price Comparison

The average sales price for total single-family homes increased 4%, from \$296,431 in 2010 to \$306,864 in 2011. The median sales price decreased 9% from \$189,400 in 2010 to \$172,700 in 2011. The average sales price for condominiums increased 5%, from \$218,862 to \$229,287. The median sales price for condominiums dropped 3% from \$117,000 to \$113,800.

## Inventory Declines 37% in One Year

The inventory of residential listings in Miami-Dade County dropped 37% from 24,507 at the end of 2010 to 13,610 at the end of 2011. Month-over-month, total inventory of homes dropped 3.4% from December 2011 to January 2012. Since August 2008, when sales began rising, housing inventory in Miami has sharply declined by 65%, so there are now less homes on the market.

## Miami Properties Available for Sale

In Miami, there are currently 13,199 properties listed for sale. The median list price for active inventory is \$310,000, \$221 per square feet or 1.802 Euros per square meter. More than 24% of active inventory is priced at \$149,999 or less.

Price Range	Quantity
\$149,999 or under	3,150
\$150,000 - \$199,999	1,256
\$200,000 - \$249,999	1,012
\$250,000 - \$299,999	1,087
\$300,000 - \$349,999	692
\$350,000 - \$399,999	774
\$400,000 - \$449,999	484
\$450,000 - \$499,999	572
\$500,000 - \$549,999	290
\$550,000 - \$599,999	365
\$600,000 - \$699,999	517
\$700,000 - \$799,999	395
\$800,000 - \$899,999	280
\$900,000 - \$999,999	257
\$1,000,000 or over	2,068
<b>Total</b>	<b>13,199</b>

In 2011, the South Florida real estate market exceeded even the most optimistic expectations, outperforming the nation and recovering faster and stronger than any other market in the U.S. Heightened demand from both domestic and international buyers and investors fueled record sales that resulted in rapid absorption of excess housing inventory and rising home prices.

## International Impact

Florida and Miami are the top markets for international buyers in the U.S. Foreign buyers, who represent approximately 60% of all local sales, from worldwide markets have played a major role in the strengthening of the South Florida real estate market and continue to take advantage of the current market opportunities, favorable currency exchange rates, strong rental returns and the most affordable world-class, coastal real estate in the world.

## National Home Sales Comparison

	U.S.	Miami
2009	+5%	+51%
2010	-5%	+26%
2011	+2%	+50%

## Sales Surge

Miami home sales set a new record in 2011, exceeding transaction levels during the height of the real estate boom in 2005. Year-end closed sales of condominiums surged 54%, from 9,760 in 2010 to 15,009 in 2011. Total single-family home sales increased 36% from 7,308 in 2010 to 9,920 in 2011.

## Rising Median Sales Prices

Following a record sales year, Miami single-family home and condominium median prices posted strong gains both in December and January, much sooner than most experts predicted. Limited housing inventory is driving price appreciation. Condominium prices have risen every month since September 2011.

## Distressed Properties

In January 2012, 56% of all closed residential sales in Miami-Dade County were distressed, including REOs (bank-owned properties) and short sales, compared to 70% in January 2011 and 54% the previous month. Contrary to a year ago, there are now more short sales being transacted than REOs.

## Great Time to Buy

While Miami has felt the effects of changing economic times over the last few years, some of the things that have not changed are the local natural attributes and amenities that have consistently attracted migrating U.S. residents, vacation and second home buyers, immigrants, and investors for over a century:

- Strategic location between Latin America and Europe
- International culture and a multilingual network of services and environment not seen anywhere else in the U.S
- Envious world-class lifestyle, including beautiful beaches, entertainment, shopping, restaurants, and corporate headquarters
- Perfect year-around weather for outdoor sports and relaxation

## Something for Everyone

Miami offers real estate for all types of buyers – whether new residents, vacation/second home buyers, international buyers, or investors. All price points, locations, and property types are covered!

## Number of Miami-Dade Sales – Last 2 Years Compared to Market Peak in 2005

	2005	2010	2011	% Change 2011 vs. 2005	% Change 2011 vs. 2010
Single-Family	11,016	7,308	9,920	-10%	+35%
Condos	13,009	9,348	15,009	+15%	+60%
Total	24,025	16,656	24,929	+ 4%	+50%

# Distressed Properties in the Miami Market

Despite significant market strengthening, Miami offers properties at some of the best prices seen in years. Distressed properties – short sales and REOs – represent on average two-thirds of closed Miami sales and provide buyers the opportunity to purchase properties at heavily discounted prices.

The same property that sold for \$500,000 in 2006 may now be selling for 35% less at an asking price \$325,000. European buyers obtain an even greater discount due to currency exchange rates. European buyers could purchase the same property for about 250.000 Euros or £208,000 British Pound.

Bank owned foreclosure listings, REOs (real estate owned) are often offered well below current market values, thus generating multiple offers and being bought up quickly. Heightened demand for bank-owned (REO) properties and improved processing of short sales has resulted in rapid absorption of distressed listings. The percentage of REO sales has drastically declined over the last year, and, contrary to a year ago, there are more short sales being transacted than REOs.

## Miami-Dade County Distressed Properties on the Market:

	Single-Family	Condos	Total	% Change from 2011
Total Listings	5,175	8,028	13,203	-39%
REO	277	329	606	-65%
Short Sales	1,433	1,242	2,675	-38%

Go to [MIAMIMLSOnline.com](http://MIAMIMLSOnline.com) to search for distressed property listings in 19 languages.

## What Is an REO?

Real Estate Owned (REO) property is a real estate asset owned by the lender that is taken back during the foreclosure process. Foreclosure is the legal process by which a defaulting borrower is deprived of their ownership in the property.

## What Determines the Discounted Price?

Like regular properties for sale, the price for REOs is mainly determined by: Condition of the Property, Location, and Comparable Sales and Values.

## Pros and Cons of REOs

Typically buyers of REO properties have to be less concerned with clouds on the title, back taxes, or other last minute, closing surprises, as the lender almost always takes care of them before closing. By the same token, REO properties are traditionally sold “as is”, meaning the lender who owns the property does not or will not repair damages or correct code violations that may exist. Still in today’s real estate

environment where lenders want to dispose of properties as quickly as possible, some lenders are willing to compromise on the “as is” purchase of an REO. You can always have your agent ask for these concessions as part of your offer.

## Pros and Cons of Short Sales

A short sale is a difficult process for both sellers and buyers. Most people are not aware of all of the details the process entails. Buyers should make sure to consult professionals who have a history of success with short sales. Lenders are notorious for taking a long time to approve short sales. If a property has liens, second mortgages or a home equity line of credit, each applicable party has to be consulted for approval, which can take up a considerable amount of time further prolonging the process. The successful transaction also depends on a good offer from a qualified buyer.



# Buying, Selling, Maintenance Fees and Renting

## BUYING

### Closing Costs

Normally closing costs range from 1.2 to 3.5 percent of the total sales price. Closing costs can include but are not limited to: title insurance, title search, attorney's fees, escrow fees, notary fees, wire fees, courier fees, home inspection, recording fees, document preparation, appraisal fees, endorsement fees, transfer fees, property tax, and flood insurance and home owners insurance (as required).

### Financing

In the current market, most U.S. lenders typically require a 50 - 60 percent down payment for foreign buyers to obtain a mortgage loan. At 50 percent down, mortgage rates become more attractive and terms may be better (i.e. reduced documentation, reduced costs and easier underwriting).

### Property Taxes

In Miami-Dade County total property taxes usually range from 1.8 to 2.7 percent of the property's assessed value, but this varies by municipality and other factors.

### Currency Exchange & International Payment of Mortgage

Trading and transfer fees can be quite high when using a bank or mortgage lender. Use of a foreign exchange and international payment specialist will ensure you receive the best rates possible and that your payments arrive when and where you need them.

## SELLING

### Capital Gains Taxes for Sellers

Capital Gains Taxes only apply when you sell and are covered by FIRPTA (Foreign Investment in Real Property Tax Act), which authorizes the U.S. government/Internal Revenue Service (IRS) to apply a withholding income tax on nonresident aliens and foreign corporations that sell US real property interests. When a person or corporation purchases

a U.S. real property interest from non-resident aliens or a foreign corporation, they are required to withhold 10 percent of the amount realized, but there are some exceptions, such as a property used as a personal residence with a purchase price that does not exceed \$300,000 USD. Sellers are required to file IRS Form 8288, which a tax advisor can file, prior to putting the property on the market. Tax specialists speaking a variety of languages and possessing vast experience and expertise are readily available.

## OWNING

### Condo or Homeowner Association (HOA) Maintenance Fees

When considering maintenance fees, it is important to remember that U.S. condominiums and HOAs typically offer many more services than those in other countries. South Florida properties offer many more amenities than in most other U.S. locations, including pools, exercise rooms, tennis courts, parking garages, security and more. These amenities all become assets as well as benefits during ownership and at sales time. Condominium or HOA fees can include many or all of the following and vary depending on the amenities offered, age of the property, and number of owners sharing the costs: insurance, common area electricity, water sewer, trash removal, pool service, gym maintenance/equipment, repairs/maintenance – building, plumbing, grounds, and pool, pest control, parking and/or valet services, package services, room service, concierge, room service availability, bellman service, onsite restaurants, and shops.

### Special Assessments

If funds are not available for large maintenance items (i.e. roof, air conditioning) or for updating and improving the property, then cost may be assessed in addition to the regular condominium and HOA fees, to all owners based on their percentage of ownership.

# South Florida Again Top Market for Foreign Buyers

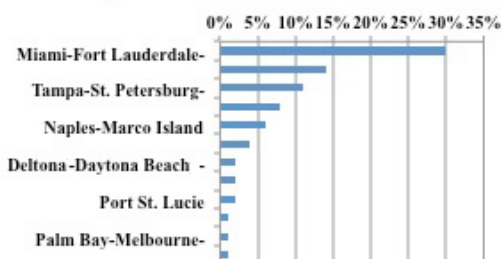
International Sales Fuel Record Year for Local Real Estate

International buyers in the U.S. are increasingly attracted to Florida, the top state in the nation for foreign buying activity. Over the last year, Florida's market share of international sales in the U.S. increased a significant 9%. And now Florida accounts for 31% of U.S. international sales. California is a distant second, representing only 12% of international sales, followed by Texas with 8%.

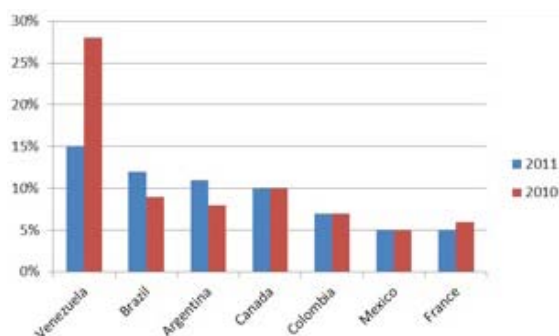
Miami and South Florida consistently attract the majority of foreign buyers in Florida. Nearly one-third (30%) of all international sales in Florida take place in the Miami area. The Tampa-St. Petersburg market is second with only 13% of sales. Locally, foreign buyers and investors have fueled strengthening unlike anywhere else in the nation and were instrumental in the new sales record set in Miami last year.

The latest Miami International Market Report, recently released by the MIAMI Association of Realtors, reveals the local landscape of foreign buyers is changing as buyers from a great number of emerging markets purchase real estate. The top countries of origin in Miami 2011 were: Venezuela (15%), Brazil (12%), Argentina (11%), Canada (10%), Colombia (8%), Mexico (5%), and France (5%). Foreign buyers, who have fueled the local market recovery, purchase more expensive real estate than domestic buyers and largely prefer condominiums to single-family homes.

**Top International Markets in Florida**



**Top Markets** Figure 1 - Top Countries of Origin in Miami



## Higher Median Sales Price

The median sales price for international purchases was \$222,500. The October median sales price for all purchases in the Miami Metropolitan Statistical Area was \$177,900 for single-family homes and \$117,900 for condominiums.

## Preference for Condos in South Florida

The majority (71%) of international buyers prefer condominiums to other property types. In comparison, 15% purchased single-family residences, 9% purchased townhouses and 5% purchased commercial property.

Access all Global Market Reports

<http://www.miamire.com/international/international-resources>

Despite a somewhat slow but expanding economy, commercial real estate in Miami is now making a comeback. A variety of factors have helped the market improve, and in particular, the multifamily and industrial sectors are performing above average. For multi-family, rising rents, excellent cash flow and new renters have helped generate a healthy increase in investment sales. Industrial has seen growth due to a sharp decline in new construction, a strengthening manufacturing segment and the emergence of large investors, including real estate investment trusts (REITS) and pension funds that are scooping up larger properties.

According to the Real Estate Resource Corporation, the multi-family sector is experiencing strength on a national level with a dropping vacancy rate, which is just above 5%. But Miami's vacancy rate was even lower at 4.8% in the fourth quarter of 2011, according to the National Association of

REALTORS® (NAR)/REIS, Inc. Also particularly impressive is the prediction that Miami will have a 7.6% industrial rate, which is more than four points below the national average of 11.7%. Only Orange County and Los Angeles are predicted to be lower in the more than 70 markets tracked by NAR.

Both multi-family and industrial serve as excellent examples of increased demand for owner-users and institutional investors in South Florida. The resurgence of the South Florida commercial industry coupled with the remarkable performance of the residential market reflects the improving economy and vitality of the local area, a reality boosted by the presence of global buyers and investors. Factors impacting the expanding commercial market are expected to further strengthen the local economy, job market, and foreign investment in Miami.

## Commercial Property Management Resources

Access useful information on Commercial Property Management, including:

- Leases
- Safety & Security
- Marketing
- Maintenance
- Green Property Management
- Full-text articles, and book suggestions from the NAR library

### Field Guide to Commercial Property Management

<http://www.realtor.org/library/library/fg412>

### Field Guide to Green Property Management

<http://www.realtor.org/library/library/fg126>

### Investors Success Series: Property Management (program for purchase -- login required)

<http://www.realtor.org/prodser.nsf/products/141-308?opendocument>

### Institute of Real Estate Management

<http://www.irem.org/>





# Top 20 Reasons to Visit & Buy in Miami

1. **Affordable Real Estate** – The local market offers record affordability, amenities, & seller incentives; 50% more affordable in the last five years; weak U.S. dollar gives greater discounts for foreign buyers
2. **Top Market for Int'l Buyers** – Florida is the top state in the U.S. & Miami is the top market for int'l buyers; & is expected to outperform other U.S. markets long into the future
3. **Enviably Weather** – The only major "subtropical" city in continental U.S.; average temperature 75 °F / 23 °C
4. **Beautiful Beaches** – Greater Miami has 84 miles of Atlantic Ocean coastline & 67 square miles of inland waterways & more than 15 miles of world-famous beaches
5. **Water Sports & Activities** – Enjoy snorkeling, sailing, boating, kayaking, swimming, diving & other water sports all year around
6. **Exciting Lifestyle for All** – young adults, families, baby boomers, retirees, celebrities, & visitors - museums, performing arts venues, art galleries, professional sports, & amazing places to shop
7. **Fabulous Nightlife** – Ocean Drive & more - top restaurants, night clubs, bars, world famous hotspots
8. **Restaurants** – In Miami you can savor worldwide cuisine unlike in any other city in the U.S.
9. **Entertainment Industry** – Major fashion center, top modeling agencies in the world, Fashion Week & more than 2,400 motion picture & video businesses
10. **Commercial & Investment Real Estate** – Vacancy rates for all commercial sectors in Miami are below the national average; retail & multi-family are outperforming most major markets in the U.S.
11. **"Gateway to the Americas"** – Strategic location between Latin America & Europe; "Capital of the Americas" - perfect for business or pleasure
12. **The Most Int'l City in the U. S.** – nearly 50% of population is foreign born & speak over 100 languages
13. **Global Business Center** – for business, finance, commerce, media, entertainment, arts & international trade; no state income tax; home to nearly 1,200 multinational companies from 56 nations; more than 100 international consulates, trade offices & bi-national chambers of commerce
14. **Hotels** – ranks fifth in US in occupancy after New York, Oahu Island, San Francisco, & Boston
15. **Top Tourist Destination** – 12.6 million overnight guests – with 6 million of them int'l visitors
16. **World Aviation Hub** – 3rd in the U.S. with 33.5 million passengers a year; Over 80 airlines to 120 destinations – top freight airport in the U.S. with 1.8 million tons - \$19 billion in business revenue/year
17. **Port of Miami** – "Cruise Capital of the World" with more than 4 million passengers a year; Also serves 240 seaports; 9 million tons of sea cargo; top markets: China, Italy, Hong Kong, Honduras & Brazil
18. **Educational Institutions** – 4th largest U. S. school district; 5 colleges & universities; 3 law schools
19. **Hospitals** – 33 hospitals; Jackson Memorial is one of the top 25 hospitals in the U. S. & Miami Children's Hospital is rated the top pediatric hospital in the country
20. **Top Rankings**
  - Miami has the largest concentration of international banks in the U.S.
  - Miami's skyline ranks third in the U.S. behind New York City & Chicago & 18th in the world (Almanac of Architecture & Design.)
  - Miami is the only major city in the United States bordered by two national parks, Everglades National Park on the West, & Biscayne National Park on the East.

**It's great to live, work & play in Miami!**

**miamire.com**





# Resources for International Buyers

Go to [http://www.miamire.com/international\\_buyers](http://www.miamire.com/international_buyers)

## Global Listing Exchange and 19-Language Property Search

This landmark service gives consumers easy access to property listings in 19 languages for all MIAMI members and to the listings of all the agents in their entire global network on the members' webpages. Consumers worldwide can search for properties, for South Florida and other global markets - Go to [MIAMIMLSOnline.com](http://MIAMIMLSOnline.com).

## International Market Research

Enhance your knowledge of market trends and information with national, state, and local studies on international buyers. MIAMI cooperated with the National Association of Realtors (NAR) to produce a NEW international study on the South Florida area to provide powerful statistics for the top area in the U.S. for foreign buying real estate activity. Go to <http://www.miamire.com/international/international-resources> to download all three studies - national, Florida, MIAMI/South Florida.

## Investing in South Florida

Enterprise Florida provides information on the advantages and incentives in relocating or investing in the State of Florida, including 10 Reasons to Relocate or Expand to Florida, International Business Facts about Florida, Florida Innovations, Incentives for Investment in Florida, Florida Tax Advantages and Targeted Sector Strategy.

## Why Miami

The Beacon Council provides Miami facts and figures as they relate to business investment and promotion in Miami and the local area including: Miami's Top Rankings, Targeted Industries, Success Stories, Site Selection, Permitting Assistance, Incentives and Financing.

## Miami: See it like a Native

The Greater Miami Convention and Visitors Bureau Offers valuable information for Miami residents and visitors alike. Access a local Calendar of Events, Determine Where To Stay and What To Do, Find Restaurants and Make Reservations, and See Miami Live & Alive. Go to <http://www.miamiandbeaches.com/Index.asp>.

## Buy MIAMI's "Foreign Investors Guide"

This powerful resource features articles by attorneys on immigration and visas for real estate investors, forms of ownership, financing, distressed properties and starting a business in the U.S. Articles are available in English, Spanish, French, Russian, Portuguese, Italian, and German. Purchase the entire Guide in all seven languages or purchase and download sections in specific languages - go to <http://www.miamire.com/products/63/foreign-investors-guide>.

**And more...**

# Rentals

## How do I buy a property... and rent it out all or part of the time?

1. Find a MIAMI REALTOR®
2. Using a MIAMI Realtor costs you nothing to find your property - sales commissions are paid by the sellers as a part of the closing statement.
3. Hire a MIAMI member company to rent your property - and even to manage it beyond the rental. MIAMI has many firms that specialize in property management - and offer services such as: Marketing your property for rent or lease; Finding, screening and selecting tenants; Collecting all deposits and first and last month's rents. Property Management services can also include services such as collecting rents, Arranging and overseeing maintenance, Getting bids, scheduling and overseeing property improvements, Dealing with renters on behalf of owner, Maximizing occupancy, Maximizing rental income, Positioning your property in the local market, Responding to property issues and emergencies

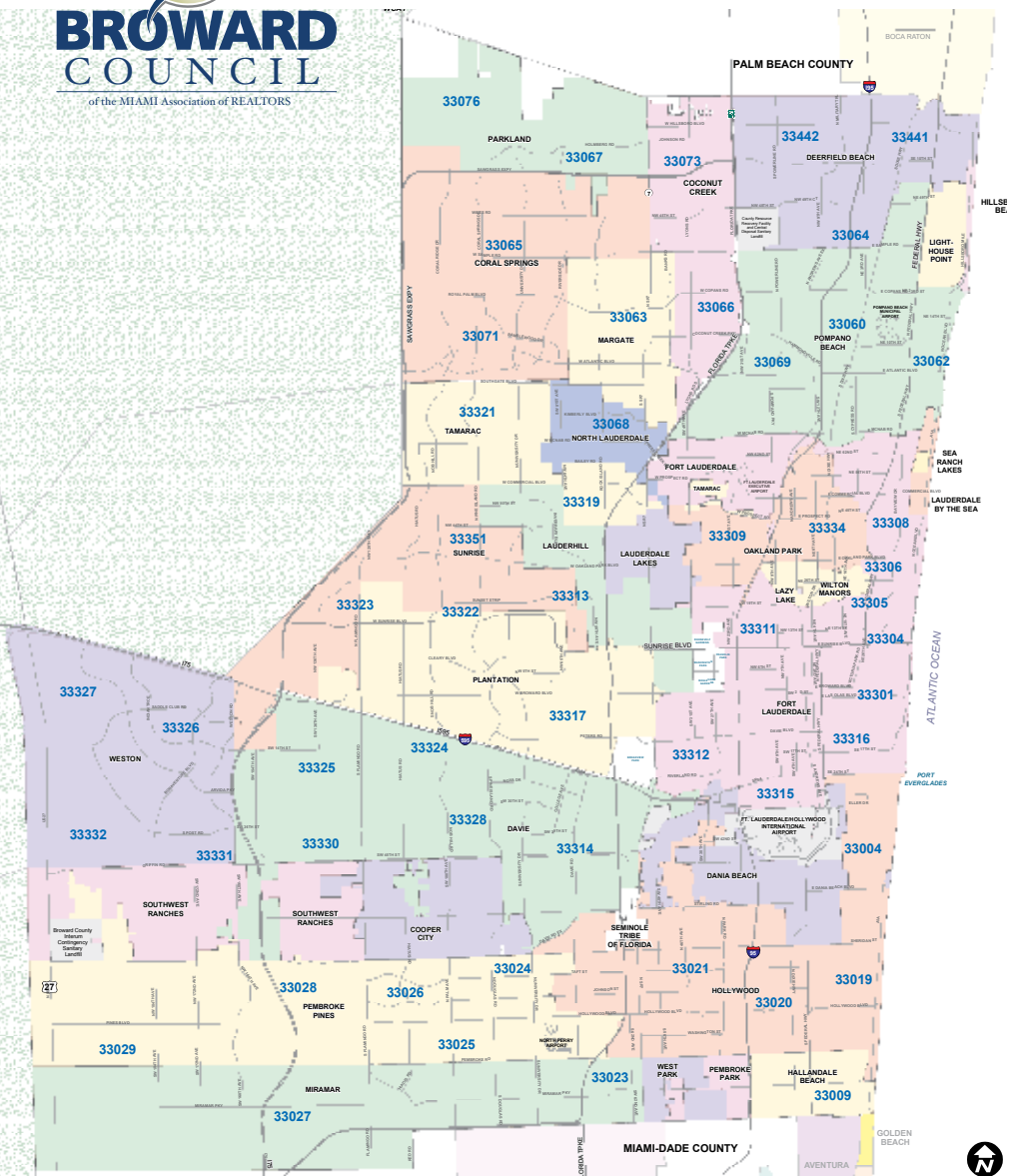
*Note: Rental Agents and Property Managers may be paid by any of the following: a percentage of rental payments, flat service fees or on a menu of options and services for fees.*

# Broward County Map



**BROWARD  
COUNCIL**

of the MIAMI Association of REALTORS



# Top 20 Reasons to Visit & Buy in Broward County

1. **Record Affordability** – The local market offers record affordability, amenities and seller incentives; 50% more affordable in the last five years; favorable currency exchange offers greater discounts for foreign buyers.
2. **Top Market for International Buyers** – While Florida is the top state, Broward County is one of the top markets for international buyers.
3. **Enviably Weather** – A tropical paradise with an average yearly temperature of 76°F/25°C & an average winter temperature of 66°F/19°C. Don't forget the over 3,000 hours of sunshine each year.
4. **Beautiful Beaches** – Broward County has 23 miles of Atlantic Ocean coastline and 300 miles of navigable waterways, earning it the nickname: "The Venice of America".
5. **Water Sports and Activities** – Enjoy top-rated fishing, snorkeling, sailing, boating, kayaking, swimming, SCUBA diving and other water sports all year around.
6. **All Things Boating** – Home to over 42,000 pleasure crafts, Broward County is also known as the "Yachting Capital of the World".
7. **Lifestyle** – There's a lifestyle for everyone; museums, performing arts venues, art galleries, professional sports, amazing places to shop and limitless beaches.
8. **Fabulous Nightlife** – Las Olas, Beach Place, Riverwalk, the Hollywood Broadwalk and so much more – the selection of top restaurants, nightclubs, bars and hotspots is endless.
9. **Restaurants** – With more than 4,000 restaurants ranging from intimate cafes to al fresco waterfront dining spots to quaint bistros, ethnic eateries and world-renowned steakhouses, your palette is your only limit.
10. **World-Class Shopping** – From the chic boutiques of Las Olas to South Florida's largest flea market, the Swap Shop, and the new luxury Shops at Gulfstream Park to the world's largest discount mall, Sawgrass Mills, your shopping options extend countywide.
11. **Casinos and Gaming** – Place a wager at one of the area casinos including Seminole Hard Rock Hotel & Casino, the Seminole Casino Coconut Creek, Gulfstream Park Racing & Casino and the Isle Casino & Racing.
12. **Commercial & Investment Real Estate** – Vacancy rates for all commercial sectors in Broward County are below the national average; retail and multi-family are outperforming most major markets in the U.S.
13. **International Events** – Don't miss top international events including the Fort Lauderdale International Boat Show, the Fort Lauderdale International Film Festival, the Air & Sea Show and the Winterfest Boat Parade.
14. **Cultural Diversity** – Over 30% of Broward County's 1.7 million residents are foreign born and speak over 100 distinct languages.
15. **Dynamic Business Center** – Once known strictly as a tourism-based economy, Fort Lauderdale now supports a diverse range of industries, including marine, manufacturing, finance, insurance, real estate, high technology and avionics/aerospace. In fact, over 150 companies have corporate, division or regional headquarters in Broward County.
16. **Hotels** – Whether you want a luxury resort overlooking the Atlantic Ocean or a modest place to store your bags while you explore the city, you'll find the perfect place to stay in Broward County.
17. **World Travel Hub** – One of the most active travel hubs in the nation with over 23 million airline passengers a year via 40 airlines with service to 60 U.S. and 40 international destinations.
18. **Cruising the Waters** – With over 3.7 passengers yearly, the new Allure and Oasis cruise ships are expected to help Fort Lauderdale surpass Miami as the world's busiest cruise port by 2013, becoming the "Cruise Capital of the World".
19. **Educational Institutions** – 6th largest U.S. public school district with over 280 public schools as well as numerous public and private colleges and universities.
20. **A Top Place to Live & Work** – Numerous cities in Broward County have repeatedly been ranked among the top places to live, work and play in the U.S.

**It's great to live, work & play in Broward!**

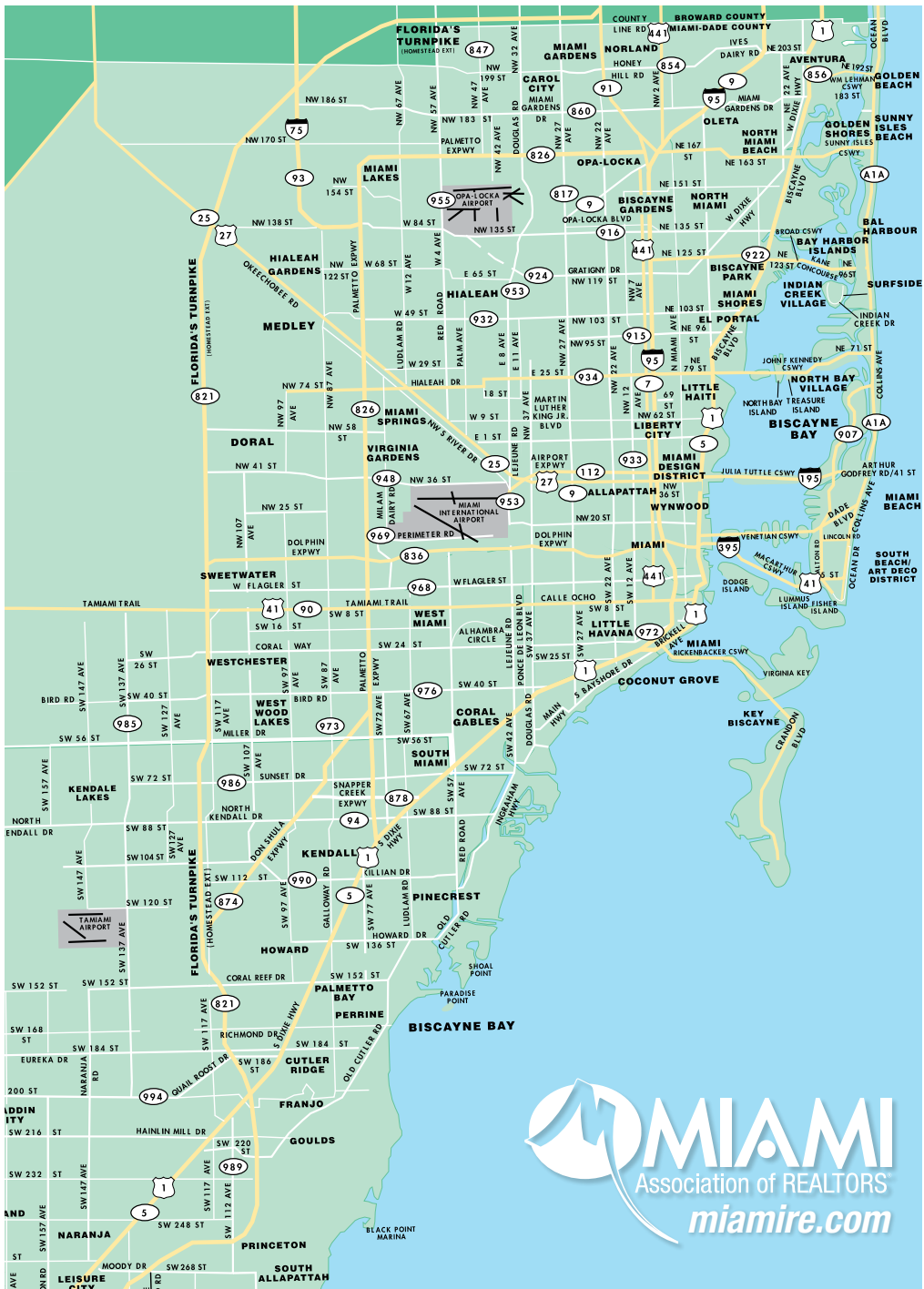
**BrowardCouncil.com**



**BROWARD  
COUNCIL**  
of the MIAMI Association of REALTORS®



# Miami-Dade County Map



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