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Foreign Buyers Move From Miami Condo Scene To CRE

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MIAMI—Marcus & Millichap's Alex Zylbergait says that foreign investors are ditching Miami's condo scene because prices have gotten too high.

MIAMI—Foreign investors are moving away from buying Miami condos because prices have gotten too high, says Alex Zylbergait, senior vice president of investments with Marcus & Millichap in Miami.

Yet, foreign capital is still flowing into the region's real estate market.

GlobeSt.com sister publication, ALM's *The Daily Business Review*, recently spoke with Zylbergait about why. Below is a snippet of the interview, which has been edited for length and clarity.

You've noticed a trend shaping Miami's real estate landscape over the past couple of years: When condo sales to foreign investors begin to decline, commercial real estate sales to foreign buyers go up. Why is that?

For decades, foreign buyers came to the U.S. to buy condos. But a strong dollar and skyrocketing condo prices has been shifting foreign investors' appetite in Miami real estate from residential to commercial.

We really began to see this in early 2015, when commercial real estate deals in Miami involving foreign capital jumped to \$2.3 billion from \$468 million in 2014, according to data from Real Capital Analytics.

In 2016, deals involving foreign capital in Miami-Dade totaled roughly \$1.72 billion. While this number is down from last year, it remains extremely high compared to 2014, 2013 and 2012.

The volume of international investment is down this year compared with 2015. Why is that?

While the absolute numbers are down, they're still very strong. Part of it relates to the fact that the dollar has strengthened against foreign currencies. That has caused somewhat of a pause or slowdown.

Nevertheless, the numbers are still healthy. The fact that financing has been available to international buyers more so than in the past has fueled strong foreign investment activity, as buyers are able to leverage their equity and increase their purchase power.

<http://www.globest.com/sites/nataliedolce/2016/12/06/foreign-buyers-move-from-miami-condo-scene-to-cre/?kw=Foreign%20Buyers%20Move%20From%20Miami%20Condo%20Scene%20to%20CRE&et=editorial&bu=REM&cn=20161207&src=EMC-Email&pt=Florida>