




Macro view of big picture trends affecting the Miami-Dade housing market.

2018 CONDOS
SPECIAL REPORT: Q2 2018
MIAMI BEACH
POPULATION: 91,917
2016 census

HIGH END INVENTORY CLEARING AS PRICES ADJUST, MIDDLE LANGUISHING

 <p>\$3M Condo Price Range Record level of transactions in Q2 2018. Sellers are meeting buyers. Avg discount from original list price for top 10 sale: 29%</p>	 <p>\$500K - \$999K Condo Price Range Transaction volume drop continues, now well below 2011. The “missing middle” phenomenon continues in Miami Beach.</p>	 <p>Building average prices Oceanfront and bayfront luxury condos are selling below 2013 price / sq ft levels, sales volume picking up as prices reset.</p>
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REPORT HIGHLIGHTS

1. Sales volume rose 9.8% from Q2 2017

Q2 2018 was the first quarter since 2013 to buck the trend of year-over-year transaction volume declines. *p.2*

2. Volume increase due to boost in \$3M+ and sub \$500K sales

The decline in mid-range condos continues. Sales in the range of \$500K - \$999K dropped 10.6%, volume now well below 2011 levels. *p.3 & 4*

3. Record number of \$3M+ condo sales

A records 32 condos over \$3M sold in Q2. The sellers are finally meeting the buyers as oceanfront condos sell well off highs. *p.4*

4. Top 10 condo sales, discount from original list price: 29%

Miami Beach’s top 10 condo sales through Q2 2018 sold for an average of 29% off their original asking price. *p.1*

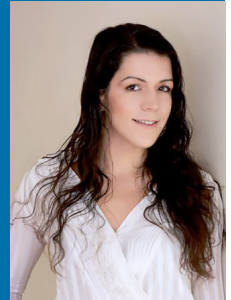
5. Top waterfront condo buildings trading at 2013 prices

Price discovery is underway, and premiere buildings are starting to see an increase in sales as they go below 2013 prices. *p.6*

“Liquidity is coming back to the high end, \$3M+, Miami Beach condo market. Q2 2018 saw the highest ever transaction volume past \$3M.

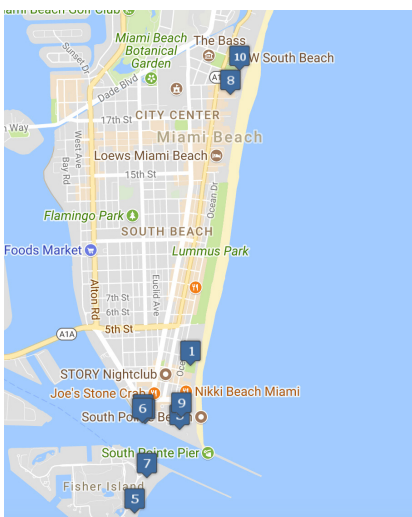
The waterfront market is starting to clear at 2013 prices. This is something we are not seeing in more commoditized, far-from-the-water locations in Miami. Simply put, oceanfront has intrinsic value.”

Report by Ana Bozovic
Acquisition & Development
Sky Five Properties
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Miami Beach Top 10 Condo Sales, Q1 & Q2 2018: High-End Freeze is Thawing as Sellers Meet Buyers

Avg discount from original list price: 29.1% | Average days on market: 503 | All figures are resale data from the Miami MLS. Volume chart for \$3m+ on page 3.



Property	First Listed	Sale Date	Total DOM	Original \$	Sale \$	Discount
321 Ocean PH	1/28/2016	5/11/2018	747	\$53M	\$26M	-50.9%
Apogee #2104	8/17/2015	3/1/2018	907	\$19.975M	\$14.8M	-25.9%
Continuum S #3803	3/17/2017	1/6/2018	266	\$16.95M	\$13.75M	-18.9%
Apogee #1604	1/31/2018	5/1/2018	22	\$14.5M	\$13.5M	-6.9%
7882 Fisher Island	6/7/2017	6/29/2018	377	\$16.6M	\$12M	-27.7%
Apogee #1004	8/1/2015	2/28/2018	414	\$16.5M	\$12M	-27.3%
7192 Fisher Island	8/20/2015	4/13/2018	917	\$22M	\$10.26M	-53.4%
Setai PH-VC	5/18/2017	5/25/2018	341	\$12.15M	\$9.525M	-21.6%
Continuum N #3501	12/30/2015	4/27/2018	273	\$12.9M	\$9.3M	-27.9%
W Hotel UPH2	7/14/2015	1/17/2018	760	\$12.5M	\$8.7M	-30.4%
Averages:			503	\$19.7M	\$12.9M	-29.1%



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\$3M Condo Price Range

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\$500K - \$999K Condo Price Range

Transaction volume drop continues, now well below 2011. The "missing middle" phenomenon continues in Miami Beach.



Building average prices

Oceanfront and bayfront luxury condos are selling below 2013 price / sq ft levels, sales volume picking up as prices reset.

Miami Beach sales totals, Q1 & Q2 2018 - price per square foot

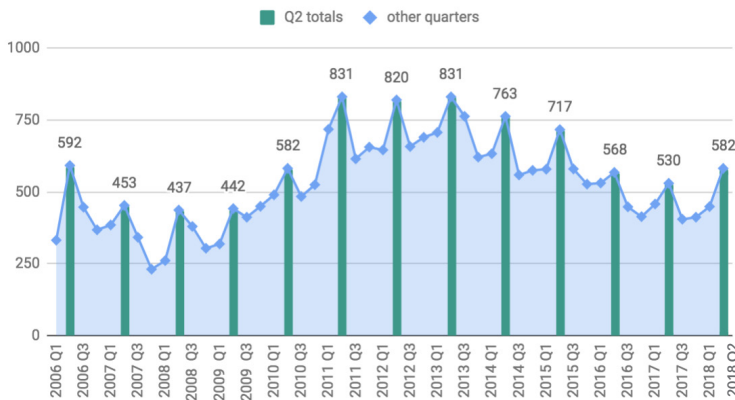
\$3,000 +	1	\$2,500 - \$2,999	4	\$2,000 - \$2,499	7
\$1,500 - \$1,999	27	\$750 - \$999	63	\$1,000 - \$1,499	54
\$500 - \$749	197	\$250 - \$499	508	\$0 - \$249	111

Miami Beach sales totals, Q1 & Q2 2018

\$10M +	7	\$5 - \$9.9M	22	\$2.5M - \$4.99M	30
\$1M - \$2.49M	104	\$500K - \$999K	184	\$250K - \$499K	368
\$0 - \$299K	316				

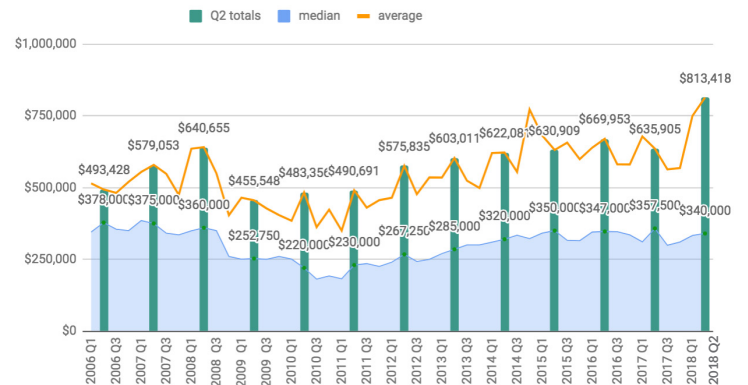
Miami Beach Condo Sales Volume by Quarter | labels show Q2 totals

- * First break in transaction volume decline since 2013.
- * Gains due to sales uptick in the \$250K-\$499K and \$3M+ price ranges.
- * Q2 2018 transaction volume is equivalent to Q2 2010.



Miami Beach Condos Average and Median Prices by Quarter | labels show Q2

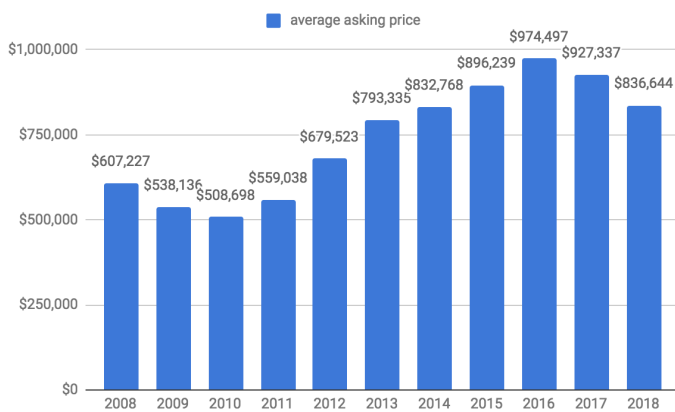
- * Median prices are trending down, are now well below 2007 highs.
- * Average price spiked up do to record volume in the \$3M+ price range.
- * Average prices are boosted by new construction, many existing buildings are trading below 2013 prices.



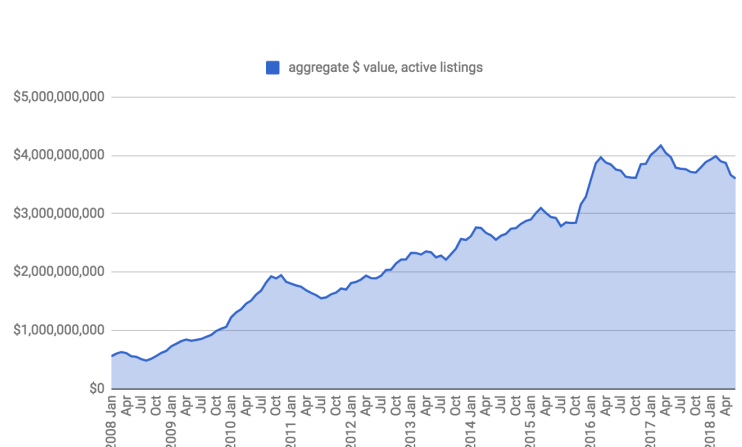
The Average Asking Price For A Miami Beach Condo Drops To 2014 Levels As High-End Condos Sell At Steep Discounts

The aggregate value of all actively listed properties dropped, indicating that high-end inventory is finding buyers as prices drop to pre 2014 levels.

Miami Beach Condos Average Asking Price | labels show Q2 totals



Miami Beach Condos Aggregate Value Of All Listings | monthly through June 30, 2018





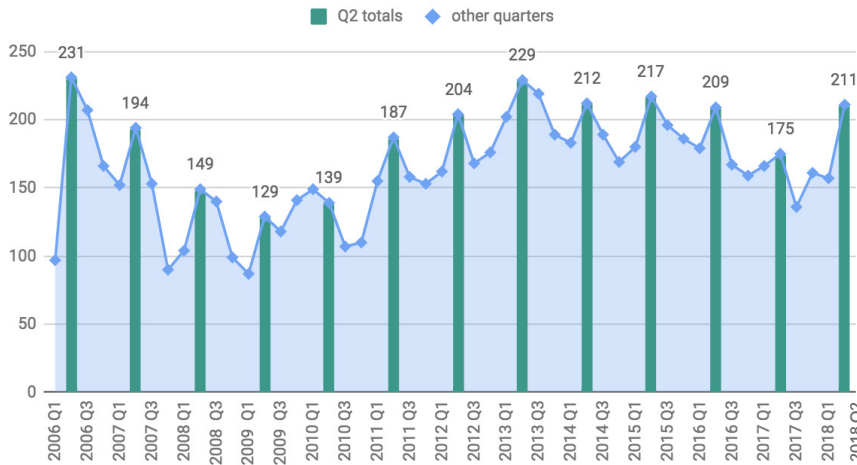
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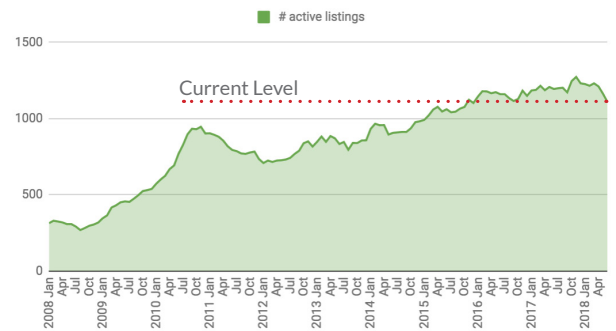
3. \$250,000 - \$499,999

Miami Beach Condos: \$250,000 - \$499,999: Sales Volume by Quarter | labels are for Q2



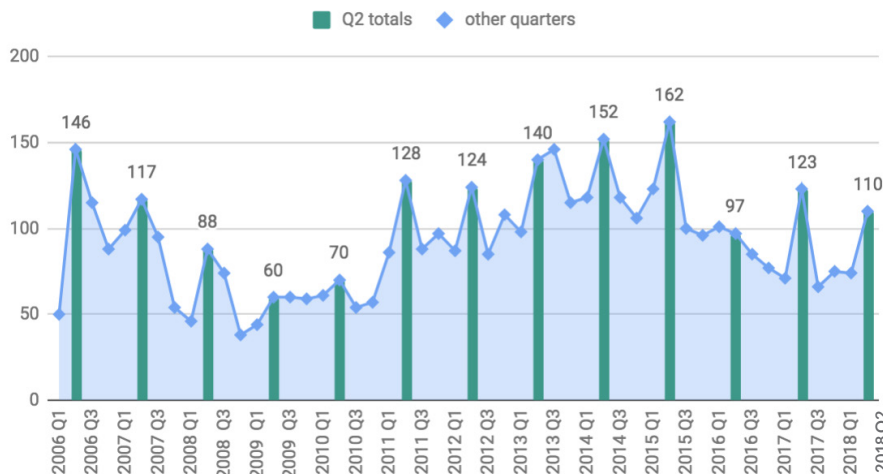
Year-over-year: **21% increase in transaction volume.**
 Months of inventory, as of June 30, 2018: 17.7
 Months of inventory, June 30th, 2017: 20.5

Miami-Beach Condos \$250,000 - \$499,999 Total Active Listings



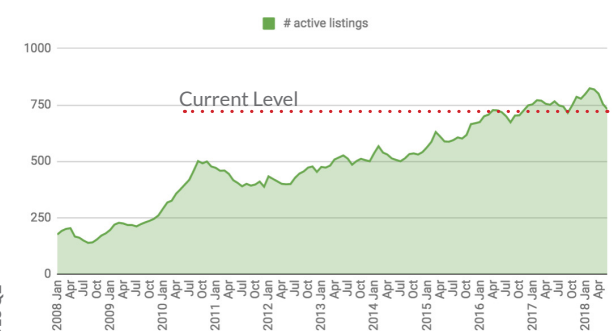
4. \$500K - \$999K

Miami Beach Condos: \$500,000 - \$999,999: Sales Volume by Quarter | labels are for Q2



Year-over-year: **10.6% decrease in transaction volume.**
 Months of inventory, as of June 30, 2018: 23.9
 Months of inventory, June 30th, 2017: 23.7

Miami-Beach Condos \$500,000 - \$999,999 Total Active Listings





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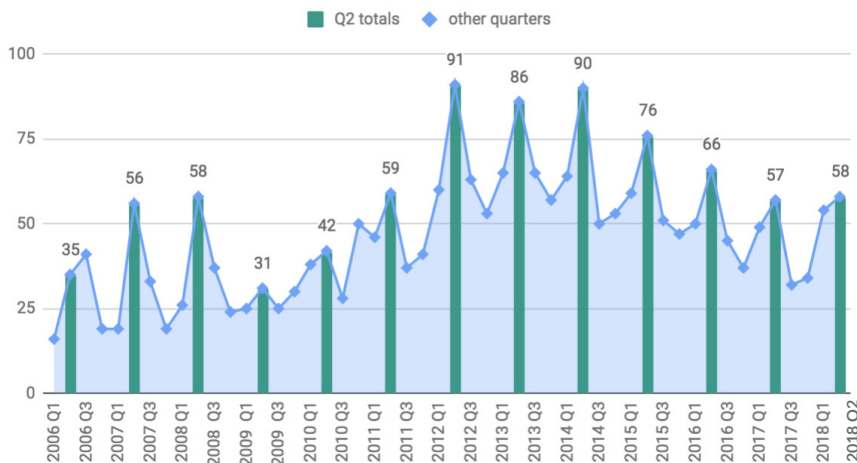


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5. \$1M - \$2.99M

Miami Beach Condos: \$500,000 - \$999,999: Sales Volume by Quarter | labels are for Q2

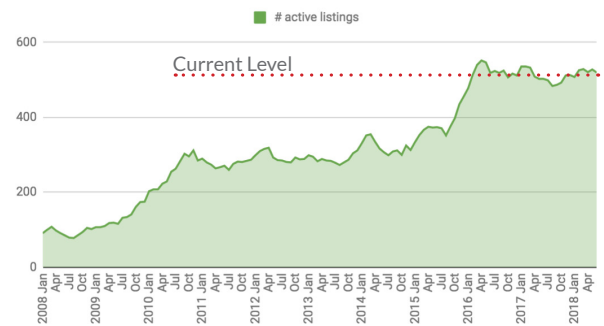


Year-over-year: 2% increase in transaction volume.

Months of inventory, as of June 30, 2018: 27.8

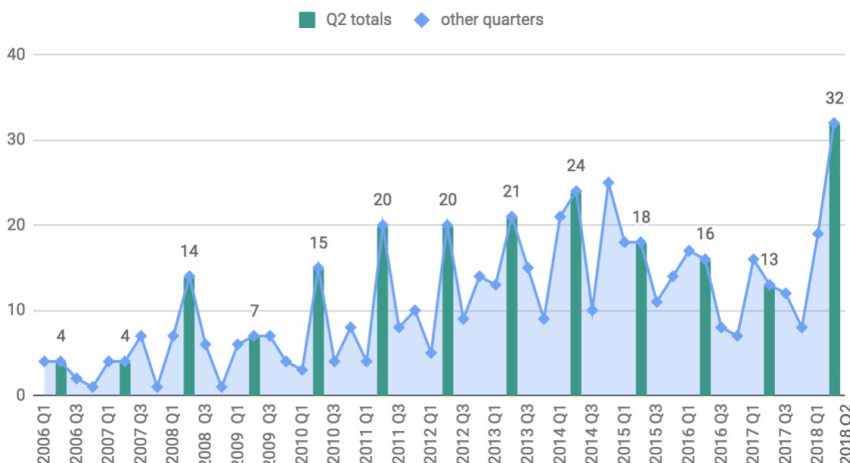
Months of inventory, June 30th, 2017: 28.5

Miami-Dade Condos \$1M - \$2.99M Total Active Listings



6. \$3M+

Miami-Dade Condos \$3M+: Sales Volume by Quarter | labels are for Q2

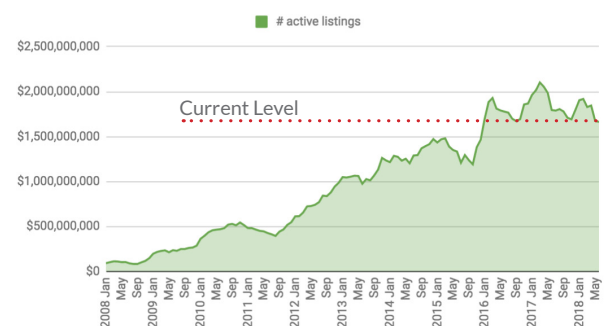


Year-over-year: 246% increase in transaction volume.

Months of inventory, as of June 30, 2018: 31.7

Months of inventory, June 30th, 2017: 56.3

Miami-Dade Condos \$3M+ Aggregate Value of Active Listings





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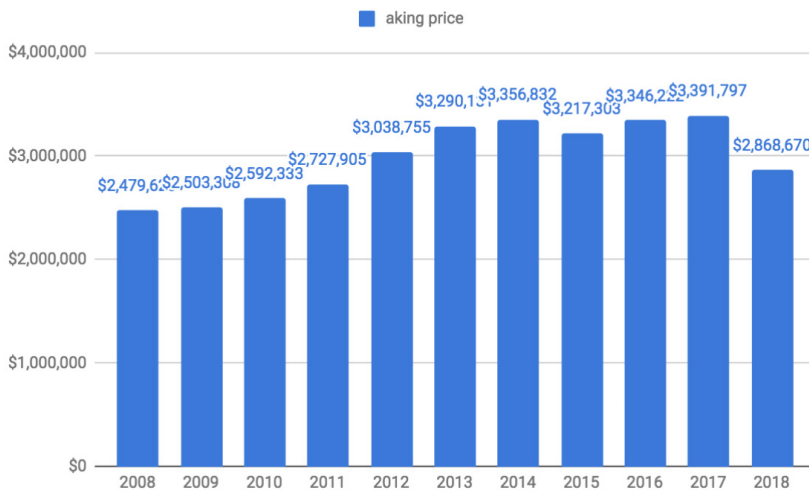
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7. Trend Watch: average list price, \$1M+ condos

The high-end Miami Beach condo market is starting to clear as prices adjust back to pre 2013 levels.

Miami Beach Condos \$1M+ : average listing price



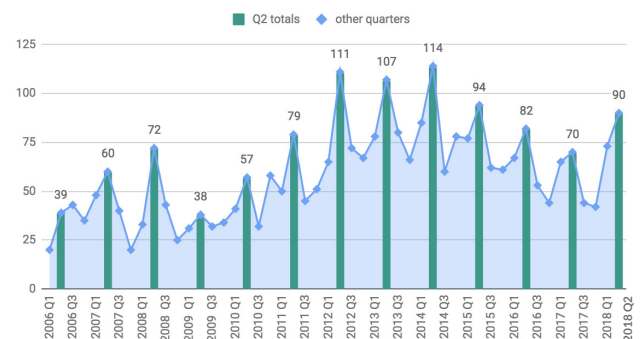
Average listing price 2018, through June 30: \$2,868,780
Average listing price 2017: \$3,391,797

Asking price decrease: -15.4%

Year-over-year transaction volume increase: 129%

Increases in sales volume due to activity in the \$3M+ range, where the top 10 highest sales closed at an average of 29% off of their original asking prices.

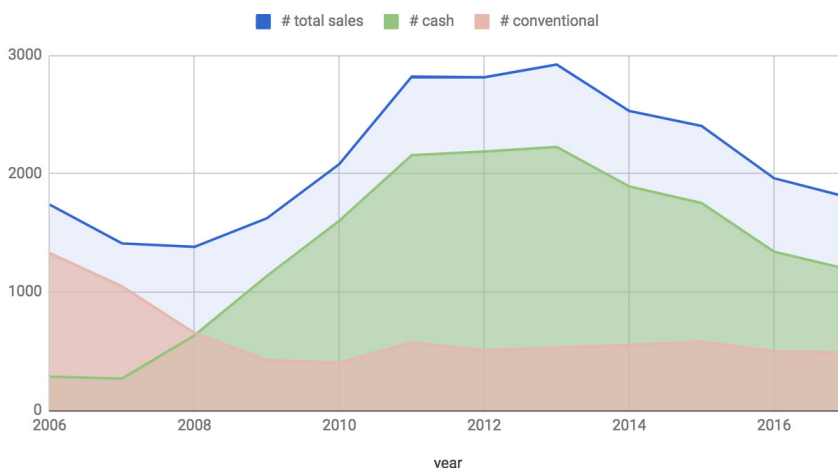
Miami Beach Condos \$1M+ : sales volume



8. Trend Watch: disappearance of cash buyers

The current condo cycle was fueled by cash buyers, while the previous cycle was fueled by debt (and liar loans).

Miami Beach Condo Sales Volume: Total Sales, Cash Buyers & Conventional Financing



2013 Cash Buyer Total: 76.2%

2018 YTD Cash Buyer Total: 65.6%

2013 - 2017, total loss of cash transactions: 1,145
91.4% of the transaction volume drop was due to the loss of the cash buyer.



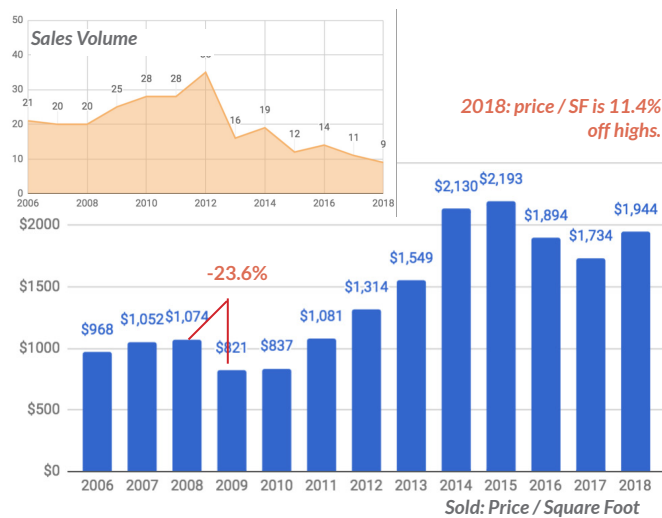
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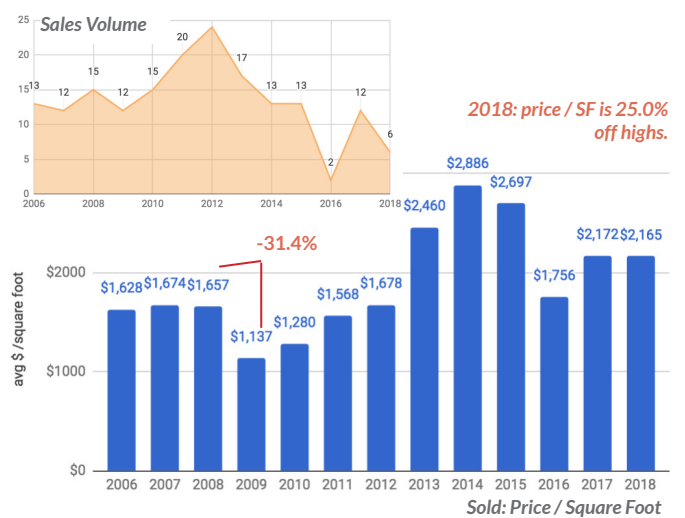
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Case Study: Luxury Oceanfront Condo Buildings - uptick in sales as units sell at pre 2014 and pre 2013 prices.

Continuum South Tower, 100 South Pointe Drive, Miami Beach
Average unit price 2018, through Q2: \$4,843,056

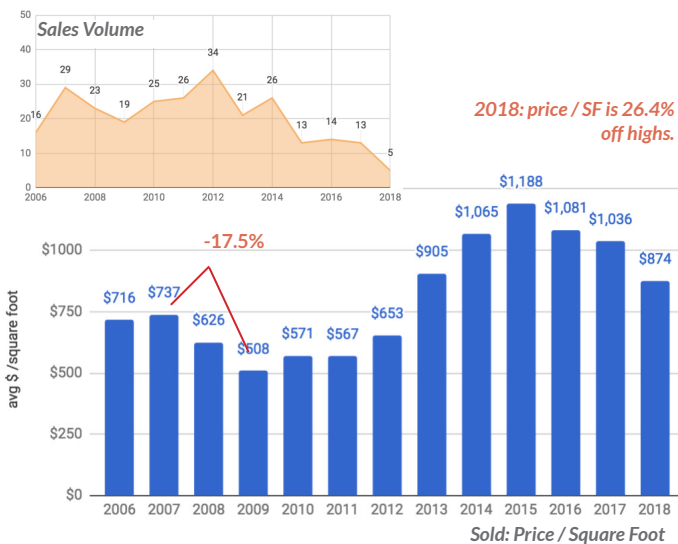


Setai Residences, 101 20th Street, Miami Beach
Average unit price 2018, through Q2: \$3,666,667

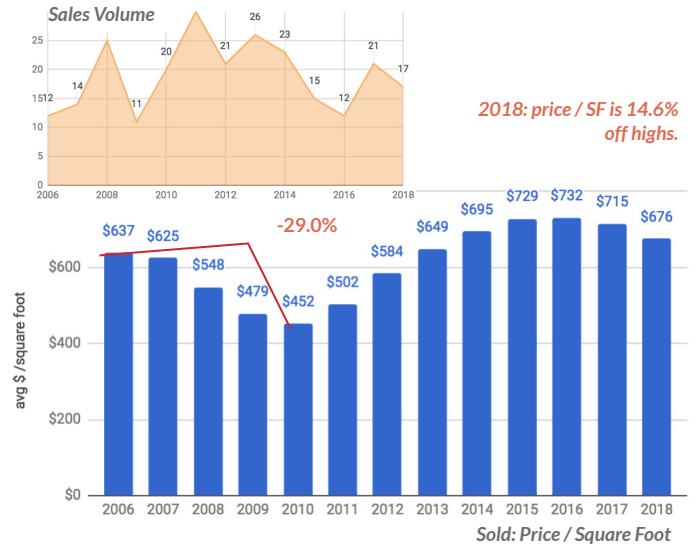


Case Study: Luxury Bayfront Condo Buildings - in some cases, priced have dropped by a higher % than during the last crash.

Murano Grande, 400 Alton Road, Miami Beach
Average unit price 2018, through Q2: \$1,977,000



Yacht Club, 90 Alton Road, Miami Beach
Average unit price 2018, through Q2: \$655,588





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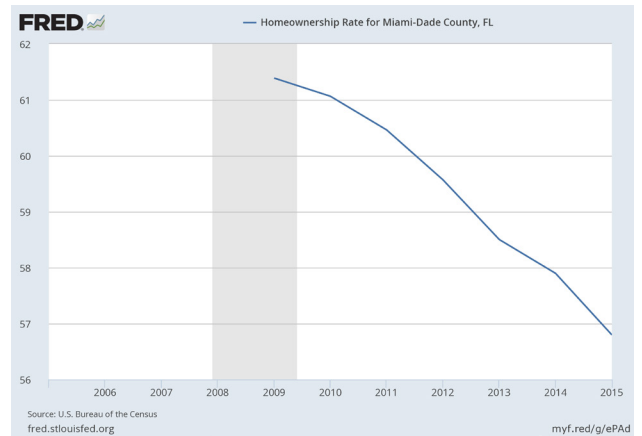
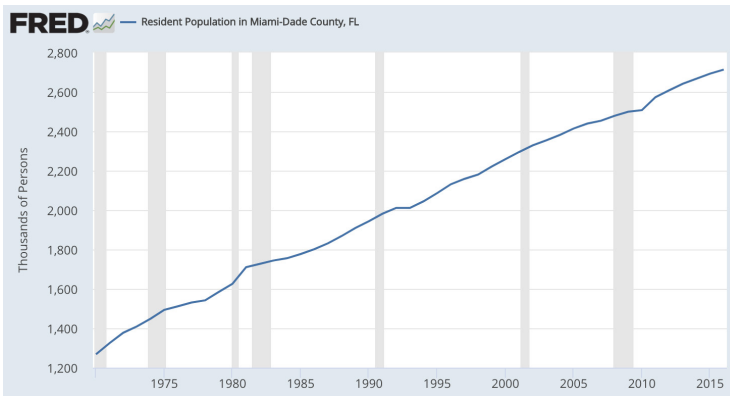
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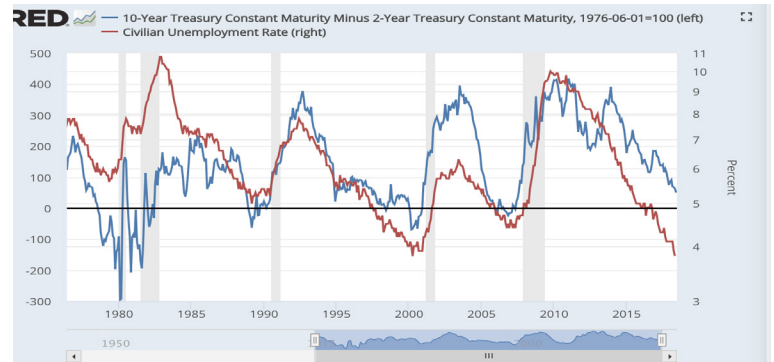
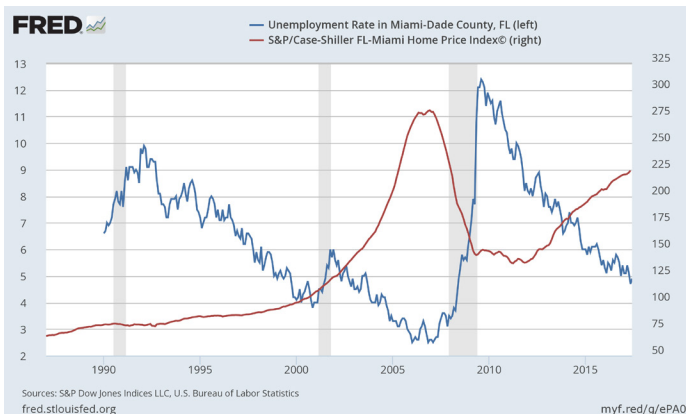
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CONTINUOUS POPULATION GROWTH | STEADY DROP IN HOME OWNERSHIP RATE



POSITIVE EMPLOYMENT TREND IN MIAMI: DECREASE IN UNEMPLOYMENT | TO WATCH: YIELD CURVE IS FLATTENING



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