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Notebook: South FL Markets Not All Doom

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MIAMI-Finding a silver lining might have been difficult amid the doom and gloom relayed during Incisive Media's third-annual RealShare South Florida conference Wednesday at the Hyatt Regency. Yet that didn't prevent a few panelists from trying to present some upside to a downtrodden commercial real estate market.

Keynote speaker Mark Vitner, managing director and senior economist for Wachovia Corp., pointed out that Lee County may be among the nation's worst housing markets because it had zero growth in single-family home construction starts this past spring. On the other hand, Vitner said, "You can't have negative housing growth."

Christian Lee, vice chairman of CB Richard Ellis in Miami, made the point in a later panel discussion that investment sales velocity in South Florida has slowed substantially in recent years, while cap rates have fallen back a few full percentage points. However, he predicts 2009 will be a better year because "the market will deteriorate more slowly."

Loretta Cockrum, chairman and CEO of Miami-based Foram Group, made an important point about the prospect of two million sf of new Downtown office space set to open over the next two years, creating absorption concerns. "It's not going to come online all at once," she said, "so that's good news."

O CANADA! AND IRELAND, AND GERMANY...: While American commercial real estate investors are either going to the sidelines or demanding deep discounts lately, offshore funds are scouting opportunities throughout South Florida. Besides the advantage of stronger currency than the US dollar, experts say they have more patience for a turnaround.

"Europeans and Canadians have longer time horizons to make things work," observed Jack McCabe, CEO and managing partner of McCabe Research & Consulting LLC in Deerfield Beach. He says foreign investors are currently targeting Florida, Nevada and California for potential property buys.

In a later panel discussion, Howard Taft, managing director of Miami-based Cohen Financial, said his firm is dealing lately with banks from Ireland, Italy and Germany, in addition to Canada. "There are a lot of foreign banks coming in to fill the void," Taft said, noting that sponsorship has supplanted location as the primary factor in commercial deals.

DIGGING FOR DIRT IN DADE: Industrial developers challenged the perception that projects are moving northward to Broward and Palm Beach Counties because there is no more land availability in Miami-Dade County. Jose Juncadella, principal of Coral Gables-based Fairchild Partners, identified at least 200 acres now going through concurrency, mostly near Interstate 75 and Florida's Parkway.

Malcolm Butters, president of Butters Construction & Development of Coconut Creek, added that numerous land positions rezoned over the past several years are now changing again. "Every time you think there's no more land, somebody takes something that wasn't industrial and makes it industrial," he says.

NANNIES ON WALL STREET: Charles Foschini, vice chairman of South Florida markets with CBRE/Melody, presented an interesting analogy during a panel discussion on debt and equity markets, paralleling Wall Street brokerages with adolescents in the wake of this week's Lehman Bros. collapse. He contended that government supervision of financial markets is needed much the same as nannies are required to get children to behave.

"We live in a great country with a free-market society," Foschini told the audience in the day's final session. "It's when we don't have regulation that things get silly."