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**South Florida 'Cautiously Optimistic' About 2008**

By Natalie Keith

CORAL GABLES, FL-In a market that is experiencing positive job growth, population growth and strength in most sectors of commercial real estate, there is room for optimism. But in a market that is also experiencing an oversupply of condominiums and housing prices that have become unaffordable to some, there is also room for caution. That was among themes of the Second Annual RealShare South Florida conference Tuesday at the Biltmore Hotel. About 300 professionals attended the half-day event sponsored by Real Estate Media.

So is the glass half full or is it half empty? That depends on who you ask. "These are the best of times and the worst of times," said Flagler Real Estate Services Inc. managing director Jack Lowell. "It's the best of times if you're a landlord and it's the worst of times if you're a tenant or tenant representative."

McCabe Research & Consulting LLC CEO and managing partner Jack McCabe, one of the participants in the "Pardon the Interruption" session that kicked off the event, is among those that see the glass half empty. According to research figures, there is a five-and-a-half to six-year supply of condominiums currently on the market in Miami-Dade County. "A healthy supply would be eight months," said McCabe, who estimates that the oversupply will not be absorbed until at least 2010. "We've built an artificial market on artificial demand."

Integra Realty Resources-Miami managing director Michael Cannon, the other "Pardon the Interruption" participant, dissented, citing the 83,511 closings that have taken place in South Florida. "There may be a rolling back, but we're not in a recession," Cannon said.

Several participants pointed out that one aspect of South Florida that bodes well for the future is its geographic constraints. "The South Florida market is like an island," said Fairchild Partners principal Jose Juncadella. "There are only 16 miles between the Atlantic Ocean and the Everglades. There is very little land available for development."

Participants also pointed out that, although much has been made of the credit crunch facing the industry earlier in the year due to the fallout of the subprime market, there is still debt and equity in the marketplace. Lenders, however, have made adjustments in their assessments of risk and reward. "South Florida is still viewed favorably around the country and the world," said Marcus & Millichap senior vice president/managing director Gene Berman. "There is plenty of debt, plenty of equity particularly for office, retail and industrial deals."

In general, participants did not see a recession looming for 2008, just a rollback from the activity from previous year and a return to the fundamentals of commercial real estate market. "There is greater caution, greater emphasis on risk and reward and greater discipline," said Wachovia senior vice president/market manager, real estate financial services David Warne. "The economy is still growing; we are not in a recession. It's just slower than it's been in the past four to five years."

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