



Harry's Take

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A Sure Sign of Real Estate Bubble Top: Last Chance to Sell!

Every time there is a major real estate top, some group manages to be building a grand super condo/hotel building somewhere prominent in the world. Just recently, I saw the opening for marketing of the over-the-top Waldorf Astoria Hotel and Residences Miami.

Let's start with a rendering of this super-modern, high-end "stack of cubes."



Image: Rendering, Waldorf Astoria Miami

This building will be the tallest residential/hotel structure in the U.S. outside of Manhattan and the tallest building in Miami by far. It will be 100 stories high and have 360 condos and 205 hotel rooms/suites. The middle three cubes will be the hotel. The top three cubes will be the residences.

Beginning in the third cube from the top will be “modest” studios starting at \$656,000 for 516 sq. ft., or \$1,271 per sq. ft. The next cube up will have residences with one to three bedrooms each. The 1-bedrooms start at \$997,000 for 1,140 sq. ft., or \$1,143 per sq. ft. The 2-bedrooms start at \$1.7 million for 1,491 sq. ft., or \$1,140 per sq. ft. The 3-bedrooms are \$4.111 million for 2,659 sq. ft., or \$1,546 per sq. ft.

The top and most exclusive cube will contain 4-bedroom residences, which start at a cool \$4.987 million for 3.256 sq. ft., or \$1,532 per sq. ft.

Sales are launching now, in March, but construction won't start until the end of this year or early next year. Completion is set for sometime in 2024. The value of the condo property once all units are sold is estimated to be right at \$1 billion!

The truth is, the Waldorf doesn't even have the highest-cost condos in Miami. Those are more in South Beach where I used to live, in properties like The Setai, which runs \$2,000 to \$3,600 per sq. ft. Ditto for the Murano at Portofino and the Continuum II, each at around \$2,500 per sq. ft.

This is a total repeat of the last great Miami condo bubble into 2006–2007. Back then, builders were putting up high-end condos fast and offering them at low down payments of 5% to 10%. The condos were sold mostly into the top of the bubble, and then the crash came from 2008 into 2011, even as building continued. More and more buyers then cancelled, losing their deposits and driving prices down rapidly.

The only difference this time is that sellers are tending to ask for 20% deposits. That still won't be enough when these condos crash by 70% or more... as they do in the ultimate real estate "bubble city" of Miami.

Hell, at \$500 per sq. ft. or so, I may be interested in a few years. That's what I am paying now in San Juan, Puerto Rico, for a high-end, beachfront property.

This pattern is one of the classic signs of a major, long-term real estate bubble top—and this bubble is once again global, as it was at the 2006–2007 bubble top, when Dubai got the most stupendous new residential towers.

Do you still want to buy a high-end condo or house now?

Harry

Got a question or comment? You can reach us at info@hsdent.com.