

SOUTH FLORIDA CONDOS A GLOBAL COMMODITY



Peggy Olin, president and CEO of OneWorld Properties, at the Paramount condominium, part of the Miami Worldcenter development.

December 13, 2019

It's no secret that foreign buyers have been a major source for condo sales in South Florida, but what's rarely discussed is how these purchasers are brought to our shores.

Reaching out to potential condo buyers who live thousands of miles away isn't easy. That's mainly because international politics and economic conditions, such as the fluctuating value of currencies, can negatively impact sales. However, forming trusted relationships with brokers in other countries and employing savvy marketing techniques can bring foreign buyers to the closing table.

In some cases, brokers are going beyond South Florida's bread-and-butter international markets in South America to find new buyers in countries such as China.

International deals are crucial to South Florida's condo market, and they're a big reason for the last condo construction boom in Miami.

Foreign buyers accounted for 19% of Florida home sales by dollar volume for the 12 months ended July 2018, according to a study by Florida Realtors and the National

Association of Realtors. Condos were the largest property type acquired by foreign buyers, with South Florida accounting for 54% of the state's foreign buyer purchases.

Case in point: OneWorld Properties CEO Peggy Olin said her brokerage sold units at Paramount Miami Worldcenter to buyers of 62 nationalities.

"My marketing trips are everywhere," Olin said. "You can't go one time and expect results. It's constant messaging."

Frequent flyers

Alicia Cervera Lamadrid, managing principal of Cervera Real Estate, said her team files to other countries more than 50 times a year to promote South Florida condos. Her brokerage has brought foreign buyers to Miami for decades.

"When I used to travel to South America, I had to explain what Miami was. Not anymore," she said. "Miami has become quite the brand."

Cervera brings foreign brokers and potential buyers to Miami for special events, such as Art Basel, to impress them with the Miami lifestyle.

This cultural exchange shouldn't be a one-way street, she said. U.S.-based brokers should take time to learn about a buyer's native country, including restaurants, museums and shops, so the broker can relate to them. For this reason, it helps to employ brokers from buyers' home countries.

Fernando de Nuñez y Lugones, executive VP of One Sotheby's International Realty (OSIR), said 65% of its associates in Miami were born elsewhere. It can also rely on referrals from its affiliated Sotheby's brokerage, which has agents in 72 countries.

"If they don't care about Miami, they will not care about the project," de Nuñez said. "You need to sell the macro before you sell the micro."

Fortune International Group's long-standing relationships with brokerages in foreign countries has resulted in multiple sales to one buyer or referrals to their friends, CEO Edgardo Defortuna said. The company pays foreign brokers commissions of 5% to 6% in U.S. dollars, compared to the 1% to 2% commissions they typically receive in their local currencies, which are often less valuable than the U.S. dollar, he added.

"I know brokers who have worked for 15 or 20 years in Argentina, and when they discover Miami, they become fully dedicated to Miami and don't touch local properties," Defortuna said. "Their income is so much better and more stable."

Fortune International supports foreign brokers with marketing and transactional work, like signing contracts and obtaining titles. Many South Florida brokerages also manage properties on behalf of foreign owners, helping to rent them out.

Building trust

Condo buyers in South America view brokers as more than people who help them close deals; they are trusted advisors, said Craig Studnicky, principal of Aventura-based ISG World.

But it's challenging for a U.S. brokerage to reach foreign buyers without working through a brokerage in their country.

That's why Studnicky frequently travels to Central and South America for "road shows." First, he establishes relationships with brokerages there. Then, ISG World and the foreign brokerage schedule a series of back-to-back meetings with clients to pitch them condos in Miami.

"Most people travel to Miami and kick the tires before buying, but it begins with the road show," Studnicky said.

OSIR signs reseller agreements with international agencies, even those that aren't part of its Sotheby's brand, de Nuñez said. It spends a considerable amount of money working with them, including conducting sales seminars, educating them on the Miami market, and bringing in immigration attorneys to discuss how their clients could come to the U.S.

Picking the right countries

Before entering a foreign market, brokers should determine whether it's a good fit for a particular project, de Nuñez said. That includes:

- Reviewing flight patterns to see if many people from that country visit the area.
- Ascertaining if the market's economic or political climate would be a positive or negative for buying a condo. For example, a crisis could encourage flight capital, and a dip in currency values make the prices of U.S. properties costlier.
- Checking purchase trends among buyers from certain countries. For example, Mexicans and Russians have an affinity for Sunny Isles Beach, and Canadians love Fort Lauderdale, de Nuñez added.

OSIR targets its digital media and social media advertising campaigns toward markets with likely buyers, de Nuñez said. Defortuna said Fortune International partners with American Airlines to coordinate marketing campaigns as the airline establishes flights

in new South American markets. Europe also has many strong travel and condo buying markets for Miami, including Spain and Italy, he added.

“If a customer buys property in Miami, their travel increases,” Defortuna said.

China and beyond

When issues in South America cause condo sales to slow, it’s great to have alternative countries to lean on to keep the deals rolling in. OneWorld’s Olin is among the pioneers in establishing a presence in China to sell Miami condos.

For the past six years, Olin has visited China several times a year. Chinese buyers were the second-largest market for YotelPad in Miami, and ranked in the Top 5 for Paramount Miami Worldcenter, she said. But getting there wasn’t easy.

“We spent a lot of time telling people why Miami is a good play and how you compare it to other markets,” Olin said. “We saw buyers who came to our presentation, but didn’t do anything until a year later. It takes time to build trust and relationships.”

While he’s been to East Asia seven times, de Nuñez said the results were a little disappointing. He believes Miami has a bright future on the continent, but the first direct flight to South Florida must be established to unlock that potential.

Not willing to wait, OneWorld Properties opened offices in Shanghai and Beijing. It uses them for both sales and seminars, including advice on taxes, immigration and establishing a company in the U.S. to own a condo. While it took Olin nine months to open her first office in China, it was worth it because it showed clients they were in the market to stay and assist them.

“We are almost like a private banker for real estate,” Olin said. “We advise you. I don’t want people to feel that I just want to sell them something. I want them to know they can come and talk and get information.”

T H S I S S

South Florida Condominium Developers by Closings

Ranked by 2018 S. Fla. closings

Rank	Company	2018 S. Fla. Closings
1	The Related Group	1,105
2	Melo Group	472
3	NR Investments	410

[View This List](#)

South Florida Business Journal

Published in three regional editions covering Miami-Dade, Palm Beach and Broward. Editorial content focuses on aiding business executives of South Florida in better planning and developing their enterprises. Examines finance, real estate, manufacturing, tourism, international trade and government actions affecting the business community.

UVPM: 4,158,089

https://www.bizjournals.com/southflorida/news/2019/12/13/south-florida-condos-are-a-global-commodity.html?iana=hpmvp_sflo_news_headline%3Fana%3De_sflo_bn_editorschoice&fbclid=IwAR10c00432Tsl1ZAK-7cQbaJ_JMrAMrNBpJqrGvN63ZC_9AazEzo_5NI6s



KREPS DEMARIA