

## Where are all the people?

What an amazing place we live in, condominium construction on every corner, real estate prices increasing almost daily and everyone asking “where is the real estate market going”?.

There are several things you can be assured will happen: all of the condominiums, rental apartments and houses now under construction will be completed, finished and occupied at some point in the future. The only thing that cannot be predicted is when or at what price.

The facts are that each year approximately 15,000 new residential electrical connections in Miami-Dade County. This corresponds to the census data which shows a population increase of approximately 30,000 persons per year, based on average household of 2.5 persons. This has been true in the past and is expected to continue into the future. If 1/3 are single family homes, 1/3 are condominiums and 1/3 rental apartments this represents a demand for 5,000 housing units of each type per year, assuming every family could afford to purchase or rent these units.

The current estimate of new housing units under construction in Miami-Dade County is between 15,000 and 25,000 units. With as many as 10,000 to 15,000 of these being condominiums priced above \$150,000. Many more condominium units are proposed, but may not be built in this development cycle.

A review of the latest census data shows that 35% of the families in Miami-Dade have incomes above \$50,000 per year.

Therefore, in theory only 7,000 families can afford to purchase a dwelling with a price above \$150,000. This will leave a lot of condominiums that must be purchased by wealthy non-residents.

And now for the good news. If a large percentage of the new condominiums are purchased by non-permanent owners they will provide government revenues in the form of real estate taxes while not creating a need for schools, health care, roads or transportation. They will provide revenues without the expenses, great for us permanent residents.

There will additional benefits to our economy because typically visitors tend to eat out more often, seek more local entertainment, travel more frequently by air and when they use the roads it is during off-peak times.

So although some of us may not be able to afford to purchase these expensive condominiums, if the buyers are non-permanent residents we will enjoy the benefits of the revenues they bring to this area.