

Don Peebles: Miami market is leveling off

Developer sees 50 percent pre-construction deposit requirement ending

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By Ina Cordle



Don Peebles (Credit: STUDIO SCRIVO)

Developer Don Peebles sees the Miami market as leveling off, and predicts an end to the 50 percent deposit requirement on pre-construction condos.

"This market is in for a leveling off, where it will get quiet," said Peebles, founder, chairman and CEO of [the Peebles Corp.](#) "Projects under construction will be built," but then there will be a slowdown. "There is not a significant amount of demand because there is not job growth."

Peebles spoke Thursday at the National Association of Real Estate Editors' 49th Annual Real Estate Journalism Conference. He was keynote speaker at a session "Challenges in America Cities: Development Insights," at the InterContinental Miami.

Peebles highlighted issues facing several gateway cities, including New York, Miami, Washington, D.C., and Boston, where his firm holds investments. He criticized the high income tax and other tax burdens in New York, saying "at some point, people will just leave."

Yet, while he said he would expect New Yorkers to head in droves for Miami, he said "friends with hedge funds and private equity firms say they can't find the talent here, because the talent is in New York."

As the surge in new condominium development buoyed by Latin American and other flight capital, abates in Miami, Peebles predicts an end to the 50 percent deposit requirement that has been the norm in this cycle.

While Venezuelan or Brazilian buyers have not scoffed at 50 percent deposits on pre-construction condos — because it's common in their countries due to credit constraints — U.S. buyers will not abide by such requirements, he said after his speech.

"It doesn't make sense," Peebles said. "Nowhere else in America can you do that."

In South Florida, Peebles' recent developments include the [Bath Club Estates in Miami Beach](#), where he required a 20 percent deposit.

Signs of a loosening of deposits have already begun. In April, [Swire Properties announced it was lowering down payments for its Rise tower at Brickell City Centre residential towers](#), to 35 percent, and Property Markets Group began offering some foreign buyers deals that allow them to pay 50 percent deposits in installments prior to closing for units at Echo Brickell, Echo Aventura, Muse in Sunny Isles Beach, and Sage Beach in Hollywood.

Peebles told *The Real Deal* that sophisticated domestic buyers won't tie up their funds (for a 50 percent deposit), with no interest, while they wait for their vacation condos to be built. They can buy an existing unit with just 20 percent down and finance the rest. "And that's why the sales have been coming to a halt," he told *TRD*.

Meanwhile, newly built condos will not appreciate significantly and flipping is over, he told *TRD*. Peebles expects only highly customized projects to be announced in the future.

"This market is going to level off," he said.

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