

Experts forecast the state of Miami's real estate market in 2017: panels

Alicia Cervera Lamadrid: "We will have a solid, steady season. It just won't be a runaway season"

November 17, 2016 02:15PM

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Rodrigo Azpúrua, Alicia Cervera Lamadrid, Alex Zylberglait and Carlos Rosso

From the rising tide of foreign investment in commercial real estate and the future of the popular EB-5 visa program to how long the residential slowdown will last, some of South Florida's top real estate players offered their take on what the market can expect in the next 12 months.

"I am cautiously optimistic that the fundamentals of the economy is on solid ground," said Alex Zylberglait, Marcus & Millichap's senior vice president for investment sales. "We will continue to see foreign money coming in. We will continue to see real estate as an iron clad investment."

Zylberglait participated in one of the panels for the BISNOW Capital Markets and Foreign Investment Conference, held Thursday in a meeting room inside the downtown Miami Macy's at 2 West Flagler Street. Joining Zylberglait on the foreign investment panel were Alicia Cervera Lamadrid, managing partner for Cervera Real Estate; Carlos Rosso, president of the Related Group; and Rodrigo Azpúrua, CEO of Riviera Point Development Group. Arthur "AJ" Meyer, vice president of ANF Group, moderated the discussion.

Zylberglait noted that foreign investment in U.S. commercial real estate hit \$2.3 billion in 2015, a significant jump from the prior year. "Foreign investors on the commercial side were introduced to Miami on the residential side," he said. "They are now looking at commercial because the fundamentals are strong."

In particular, Marcus & Millichap has seen an increase in foreign investors from Latin America aggressively look to do retail, office and industrial deals, he said. "They especially want to get into acquiring assets involving single-tenant leases like a Walgreens or CVS pharmacy," Zylbergait explained. "Financing has also become more accessible to them. That has really made [commercial real estate] an attractive proposition for foreign buyers."

Cervera Lamadrid said the strong dollar will continue to affect luxury condo sales, but that the election of Donald Trump as president did not have a significantly negative impact on Latin American currencies. "The big fear was Trump winning and all these economies would crash even more," she said. "The reality is they didn't. The Mexican peso held. Every day that goes by and we don't see that drop is a good day."

Overall, she said, Miami's residential market is not headed for a crash. "We will have a solid, steady season," Cervera Lamadrid said. "It just won't be a runaway season."

Rosso said [the luxury condo market](#) will pick up steam again by early 2018. "This cycle and the next is not just going to be about condos," he said. "You are seeing more fundamentals for different uses in neighborhoods where condominiums were the first step."

Azpúrua, whose company has been [involved in projects that have EB-5 investors](#), said it appears more than likely that Congress will extend the controversial immigration program that grants permanent residency to foreign investors who back developments that create jobs until September 2017. Congressional leaders have been working on a bill that overhauls the EB-5 program, including raising the minimum amount of money foreign investors must put into a project. The bill is supposed to be voted on December 9, but it doesn't appear Congress will meet that deadline, Azpúrua said.

"Congress doesn't seem to get its act together," he said. "The big changes include a lot of compliance that is very positive. It will clean up the industry from the shadow of bad actors."

During the panel on capital markets, panelist Christian Lee, vice chairman of CBRE's capital market investment group, said deals involving office and industrial buildings remain the most attractive for lenders and investors.

"We are really in a good spot," Lee said. "We have a wide spread between cap rates and interest rates, probably the widest in my career."

Joining Lee on the panel were moderator Jay Massirman, principal of Rivergate KW Residential Eden Multifamily; Jason Shapiro, managing director for Aztec Group; Aaron Kurlansky, principal of FM Capital; Scott Primeau, senior vice president for Wells Fargo CRE; and David Duckworth, principal of Capital Markets for Avison Young.

Kurlansky said the profit spreads in South Florida are attracting more high net worth investors from the northeastern U.S. "We are seeing a lot of guys exiting properties in New York to double down and plant roots here," he said. "These people are longer term investors who want to manage their wealth. They are seeing that they can own 200 units here for the same price of 100 units there."

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