



MIAMI TODAY

WEEK OF THURSDAY, MARCH 4, 2010

TODAY'S NEWS

MIAMI TODAY 3

First month free? Rental properties stretch to retain tenants

Units upgraded, moving paid to fill out rent rolls

BY YUDISLAIDY FERNANDEZ

At a time home prices are the lowest they've been in years, rental properties are going the extra mile to retain tenants and attract new ones.

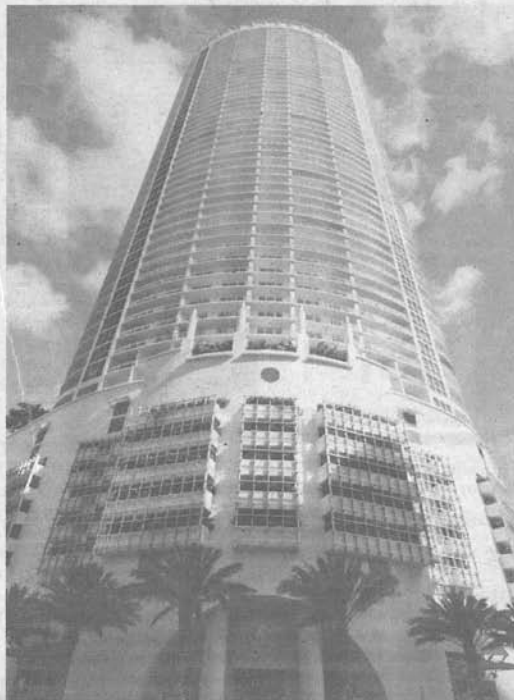
From making unit upgrades to covering moving costs and enhancing amenities, local landlords are offering incentives to keep apartments occupied.

Tomas Cabrerizo, chief executive officer of realty development and management firm CFH Group, which operates rental communities in Kendall, South Miami and Hialeah, says in the past 15 months he hasn't been increasing rent for renewals.

He also holds biweekly meetings with property managers to ensure tenants are receiving adequate service and is directing managers to ensure service calls are handled promptly, he said.

He says he can't afford to offer concessions in the current economic climate, but Mr. Cabrerizo is investing in apartment upgrades. He's improving vacant units to make them more appealing to prospective tenants, including putting in new tile floors and replacing lighting fixtures.

With the higher unemployment and economic troubles affecting the entire state, Mr. Cabrerizo is more concerned with some of his other properties in Central Florida and the Gulf Coast. He says the group's Miami-Dade properties are still performing far better than the rental communities it owns and operates in other parts of the state.



635-unit Opera Tower is adding all-day restaurant with room service.



Tibor Hollo says Opera Tower is offering for \$300 moving expense.

In Miami-Dade, CFH Group manages rental properties such as Palm Place in Kendall, Mayan

Tower & Villas in South Miami, Waterside in Pinecrest and Villas of Hialeah.

Encouraging tenants to renew their leases is crucial in the uncertain economy, Mr. Cabrerizo says, because it's much harder now to replace a tenant. Add to that the cost of preparing a unit for leasing again, which can range from \$500 to about \$3,000, he said, because the apartments generally require a fresh coat of paint, new carpeting and, if the previous tenant lived there a long time, even replacing appliances.

Rental condos in downtown Miami and Miami Beach have also stepped up their leasing ef-

In past 15 months, CFH group has not been increasing rent for renewals.

Tomas Cabrerizo



orts and are counting on newer, more desirable amenities than in older apartment buildings to stand out from the rest.

Tibor Hollo, chairman and founder of Florida East Coast Realty, says amenities at his luxury Opera Tower – from the spa and sauna to the heated pool – are keeping tenants anchored to the 635-unit bayfront condominium.

A new restaurant to open in two to three months at the Opera Tower at 1750 N Bayshore Drive, Mr. Hollo said, is to serve breakfast, lunch and dinner and offer room service.

About nine condos are currently available for leasing at the tower. Available units for lease include studios starting at \$950 a month, one-bedroom units at \$1,375 and two-bedroom units at \$1,750, according to the property's Web site.

As an added incentive for potential tenants, Mr. Hollo says the building is offering \$300 off the first month's rent to cover moving expenses for those taking over unfurnished units.

The developer has also tapped into the condo's proximity to the Adrienne Arsht Center for the Performing Arts. Last June, Mr. Hollo allowed 22 performers of the theatrical show Fuerza Bruta, which was performing in the venue, to call his 60-story luxury condo home during their

stay in Miami. In exchange, all residents and tenants of his properties, including the Opera Tower, got ticket discounts for the show.

At Flamingo South Beach, a rental property at 1504 Bay Road in Miami Beach, the leasing team was offering up to one month of free rent on selected apartments as part of a President's Day special, the property's Web site shows.

The bayfront condominium has studios and one- to three-bedroom apartments and townhomes for rent. Calls to the leasing office were not returned.

Economic instability and more competition for fewer renters are likely to continue affecting the rental apartment sector this year, a market report indicates.

The vacancy rate for rental apartments in metro Miami has risen steadily in the past four years, from 3.8% in 2006 to 5.8% in 2009, according to a report from Reis Inc., which tracks vacancies and rents in the nation's top 79 markets.

The local rental market is likely to endure at least another quarter or two of distress, says a Reis Apartment First Glance report from the fourth quarter, before leasing activity perks up and vacancies begin declining.