

July 13, 2010

Rentals, Reset, and Urban Revitalization

JUL 13 2010, 1:57 PM ET | [Comment](#)

[Recommend](#)

A key aspect of resetting the U.S. economy is a shift from homeownership to rental. The U.S. homeownership rate is already coming down on its own, and metro regions with about 40-45 percent renters and 55-60 percent owners appear to have [greater flexibility](#) in dealing with economic transitions and higher levels of human capital and higher incomes as well. But rentals can also play a role in urban revitalization. It used to be that rental units were converted into condos. But now, in downtown Miami, high-end condos are being converted into rentals. And it's bringing lots of young people, empty-nesters, and even some families back downtown, according to this [Bloomberg report](#):

The 7,000 unsold condos in Miami's core - a symbol of a building boom that collapsed and dragged the city into recession - are filling up and giving life to neighborhoods that previously closed after dark. New, year-round residents are cramming into restaurants, nightclubs, and bars that didn't exist a few years ago, and enjoying a lifestyle made possible in part by developers and banks seeking to recoup losses by renting luxury dwellings until the market recovers...

The unsold condos represent almost a third of the 22,079 units in 75 buildings, mostly opened after 2004, tracked in a study released in March by the Miami Downtown Development Authority... Occupancy rates in the new buildings, including owner-occupants and tenants, increased to 74 percent in February from 62 percent in May 2009, the study shows.

The development authority estimates that the population of Miami's urban core jumped to about 70,000 from 40,000 since the 2000 census, said authority spokesman Robert Geitner.

"For us, it doesn't matter whether they rent or buy," said Miami Mayor Tomás P. Regalado. "The more people, the more business, the more safety, the more progress"...

Miami is turning into something that Florida has never had: a densely populated city where professionals live and work, said Alan Ojeda, whose Rilea Group recently finished 1450 Brickell Avenue, one of three new office towers in the city's urban core.