

OVERSEAS

## Follow the money trail to Florida

President Trump is making the Sunshine State his primary residence — and he's not alone, thanks to the low-tax, high-luxe lifestyle. By Hugh Graham



Sunny Isles Beach FELIX MIZIOZNIKOV/SHUTTERSTOCK

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Donald Trump announced at the end of last month — on Twitter, of course — that he was relocating his primary residence from New York to Florida for tax purposes. Good riddance, said many a headline. He's not alone: 400 people a day are moving to the greater Miami area, which includes Palm Beach, where his house is — many of them wealthy Manhattanites fed up with its high local taxes. And developers are pulling out all the stops to woo them, with a decadence that is downright, well, Trumpian. Branded residences are *de rigueur* (Fendi, Armani, Missoni, Porsche, Aston Martin), as are starchitect-designed towers (Zaha Hadid, Renzo Piano, Rem Koolhaas, Norman Foster). Seemingly every second tower now has a wave-shaped balcony.

As I toured the air-conditioned showrooms of Miami's most extravagant new skyscrapers, slickly coiffed agents tried to sell me on their lavish (and unusual) USPs. The biggest must-have for a building is multiple pools for different times of day: in Sunny Isles, known as Moscow on Sea, a wall of skyscrapers puts the beach in the shade each afternoon. Eighty Seven Park, by Renzo Piano, where penthouses start at \$21m (£16m), has sunrise and sunset pools, as well as an in-house botanist to tend to the orchids, brain fitness classes and 1,700 sq ft balconies, each with

an outdoor kitchen. Jade Signature, an angular beauty by Herzog & de Meuron, has a \$29.5m penthouse and offers what must be the world's only communal "sensory room" (soft play room) for babies that's clad in Hermès wallpaper, a "therapeutic water terrace" with three spa baths and massage beds on a terrace, and private lifts — billionaires don't like sharing corridors.

At the Ritz-Carlton Residences in Miami Beach, where condo prices range from \$1.8m to \$20m, there's a simulated baseball room, an "eco food forest" (to you, me and Jeremy Corbyn, that's an allotment), an arts and crafts room and a celebrity medical concierge — Arthur Agatston, the heart surgeon who devised the South Beach Diet.



It gets his vote: Donald and Melania Trump are relocating their main home to FloridaCHIP SOMODEVILLA/GETTY

“Donald Trump has done wonders for South Florida,” says Jay Parker, CEO of the local Douglas Elliman Real Estate brokerage, referring to 2018 reforms that affected New Yorkers by capping the amount of state and property taxes they could deduct against federal income tax. “There’s been a significant transfer of wealth from high-tax states to Florida, which has no income tax. It’s a 12% to 14% saving a year. In New York, \$10m gets you a 3,000 sq ft condo. Here, it gets you 7,000 sq ft. Those walk-up apartments that catered to lower-income retirees and postal workers are being replaced with expensive products.”

That may not end well. A decade after the Miami property bubble famously burst, there are once again reports of a glut of condos and hefty price drops. Latin American buyers, who drove the recent building boom, are now in decline or selling up to take advantage of the strong US dollar.



“Argentina and Brazil were big markets, but their economies have been destroyed and they have restrictions on getting cash out,” says Carina Bendeck, a buying agent for Quintessentially Estates, who is directing her high-end clients to less densely developed neighbourhoods such as Coconut Grove and nearby Coral Gables. “Miami is up to the same level of available stock of condos that it had before the crash in 2008, so that’s a warning signal.”

There is a 45-month supply of condos, according to Berkshire Hathaway Home Services EWM Realty — anything more than 18 months is not considered healthy. The median price for luxury condos (the \$1m-plus bracket) fell to \$1.57m in the third quarter of 2019, with properties typically fetching 81% of their asking price; in the same period last year, those figures were \$1.59m and 87%.



Street art in WynwoodALAMY

Miami’s “condo king”, Jorge Perez, chief executive of the luxury developer Related, said in May that “now is not the time” to launch luxury schemes. He slashed the price of his own penthouse at One Ocean, on South Beach, from \$20m to \$10.95m, a 45% drop since it was put on the market in 2016.

Yet there won’t be a 2008-style crash, insists Mirabel Goldar, international division director for the Fortune International Group. “That was a crazy time. Developers only required 10% to 20% deposits from a buyer. Banks were financing developers for 100% of the cost of buildings, so you had middle-class cleaning ladies buying five properties. When prices crashed, people walked away from their deposits and banks took over buildings. Things are different now. The banks

won't lend to developers unless 70% of the building is pre-sold. Developers can't break ground until 70% of pre-sales are accomplished. They are asking buyers for 50% deposits."

The market in Miami is resilient, says Andrea Heuson, academic director of real estate at Miami Business School. "During the financial crisis, everyone said it would take five years to soak up the excess supply, but it only took two. Related has said that it's not putting capital into luxury condos until this oversupply is absorbed. It is also recognizing that the lifestyle requires blue-collar service workers to support it, but they can't afford to live here. So there's a big push into affordable housing and rentals."

Developers are also going inland, away from the often shaded beach. The biggest change in Miami in the past decade is the booming Downtown area, with its improved public transport (including a station for Brightline, a new Virgin train line for commuters from West Palm Beach and Fort Lauderdale). Young finance and tech professionals are working and living in Brickell, a Fritz Lang-style metropolis on the bay that has been dubbed "Wall Street South", where skyscraper condos start at \$500,000. Knight Frank estate agency predicts an influx of 34,000 high-net-worthers to the city by 2023.



Ocean Drive POLA DAMONTE/GETTY

For creatives, cool Miami has also shifted away from the sea and South Beach, which has gone a bit Vegas. In Wynwood, a gritty garment district, former factories are now adorned with flamboyant street art and are being converted into galleries, bars and restaurants: Kyu is the

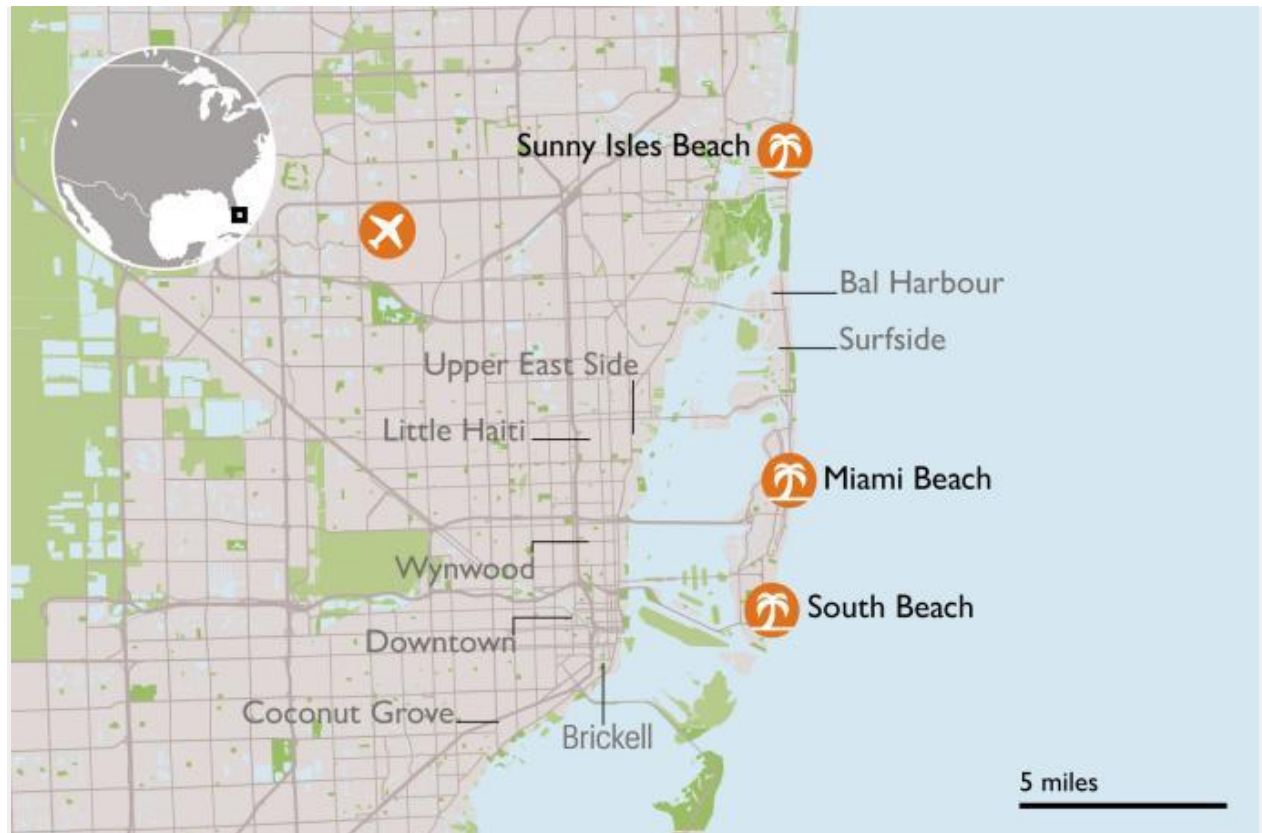


hottest table in town. Related has launched a rental building there, Wynwood 25, where 550 sq ft studios start at \$1,700 a month.

One of Miami's cool tenants is a Brit. The chef Andy Bates, 42, lived in Hackney, east London, until 2016. He had hosted a TV show on Food Network, and met his Cuban-American wife, Frenchy, while on assignment in Miami. The couple rent a two-bedroom flat in the edgy Upper East Side, where one-bedders start at \$1,200 a month. It's a bit industrial — there's a sewing-machine repair shop — and a bit scruffy. But the faded motels are being transformed from seedy no-go zones into hipster haunts with diners and tiki bars.

“South Beach is like Piccadilly Circus, but it's different here,” says Bates, who runs a catering business, the The Avenue Miami. “I have a gang of friends — we're quite bohemian. None of us work for the Man. We're freelancers. My friends have a farm around the corner where they raise pigs and goats. I cycle to the Haitian supermarkets to buy fresh herbs and dragon fruit.”

The residents of nearby Little Haiti are trying to resist gentrification, but developers are circling, not least because it's on higher ground and therefore safer from rising sea levels. Robin Hill, another British expat, is worried about climate change: according to some reports, parts of Miami could be underwater by 2050. Hill, a photographer of architecture and design who hails from Nottingham, arrived in Miami in 1988. He and his wife have now sold their home and are renting an apartment in Bal Harbour. “I need to be light on my feet and have an escape plan,” he explains.



He doesn't want to leave. "I love Miami — it's got electricity. I gave a talk at CreativeMornings, which is like TED talks, and there were all these young professionals in their twenties and thirties. I was blown away. They were all living in Brickell, earning good money in finance, architecture. They've come from all over the world. You're in line for cappuccino and people are speaking Spanish, Portuguese, Russian. It's a melting pot."

Yet the couple have bought a farm in upstate New York where they can go if a climate catastrophe unfolds. The Brits are trying to help. Nicolette Brent, the British consul general in Miami, who has a four-year posting and lives in trendy Coconut Grove, is working with state officials to find solutions: they're even taking a group to the UK to see the Thames Barrier and flood defences in Manchester. At one workshop, Brent proposed introducing water taxis to turn Miami into a 21st-century Venice.

Just don't mention climate change to estate agents. "Nobody has said to me, 'I'm not buying a house on the water,'" Jay Parker says. "Eighty Seven Park has been built to withstand almost any natural disaster that can come its way. And Monad Terrace, a new condo in Miami Beach, is being built in a bathtub-type structure, so the entire building is not permeable."

A building in a bathtub — that has to be the most luxurious Miami perk of all.

*Virgin Atlantic has direct flights to Miami from London from £280 return; 0344 874 7747, [virginatlantic.com](http://virginatlantic.com). For expat advice, try the British Bureau of Florida; [britishflorida.com](http://britishflorida.com)*

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Eighty Seven Park, designed by Renzo Piano, is set in 35 acres of park in Surfside. It has a juice bar, private lifts to all condos and a library full of Taschen books. 020 7861 1199, [knightfrank.com](http://knightfrank.com); [eightysevenpark.com](http://eightysevenpark.com)

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One Thousand Museum, in Downtown, is Zaha Hadid's only residential building in the US. There's a helipad on the roof and the lobby, above, is like something out of Star Trek.  
00 1 786 253 6562, [sothebysrealty.com](http://sothebysrealty.com); [1000museum.com](http://1000museum.com)