

All-Cash Deals, Few Contingencies: Lawyer Braces for Miami's Real Estate Boom

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By [Jasmine Floyd](#) | June 08, 2021 at 05:01 PM



Construction litigator [Stevan Pardo](#) just witnessed South Florida's rapid cycle from COVID-19-related anxiety to real estate boom.

The Pardo Jackson Gainsburg Miami partner and specialist in corporate hospitality law has spent about three decades representing developers, contractors, owners, insurers and other businesses on suits related to construction delays and defects.

Now, he discusses the surge in South Florida real estate, along with the

challenges and opportunities this presents for the local market.

Pardo's responses have been edited for news style.

DBR: Real estate has become so hot that it seems almost impossible to buy properties. How has this impacted your practice? And what are you seeing happening in real estate deals that's different from the past?

Stevan J. Pardo: Real Estate transactions during the initial days of the pandemic was in a state of uncertainty. Whether deals would close were as unpredictable as the spread of the virus itself. Miami then became the place to buy, and as COVID-19 has been controlled in South Florida, real estate is booming with deals closing, all cash.

What's your biggest challenge taking on business cases this last year?

Pardo: The biggest challenge facing our litigation group this past year was adapting to the pandemic in terms of taking on a new cases and bringing it to a successful conclusion when the court system was in a state of initial gridlock, and a rush of traffic jams as everyone adapted to different ways of preparing a case for trial, with remote discovery, remote mediation and trial postponement.

COVID-19 created an unexpected disincentive for defendants to settle without the pressure of an impending trial date. Clients had to readjust expectations and timing for settlement and conclusion of litigation.

These challenges continue even today as cases are still proceeding under the same remote litigation procedures that were in place at the inception of the pandemic.

The pandemic has caused global supply chain disruptions that skyrocketed the price of construction materials and slowed down shipments. Generally speaking, how does this impact the practice of delay and defect claims in construction projects?

Pardo: Force majeure clauses and other provisions in construction contracts may be tested as delay claims and material cost increase claims are asserted by construction parties. Contract extensions and increased general conditions are likely to be requested by the construction trade as well as price adjustments for construction material and labor that are experiencing unusually higher pricing. While the pandemic may partly explain construction delays and price increases, natural market environment of supply and demand may also explain these conditions. The impact to the construction projects is higher costs of construction and unforeseeable delays in delivery of projects to the market.

The impact on construction litigation is multi-faceted. First, litigation is more likely to occur due to these delays and project costs increase as parties seek to shift responsibility to other parties. Second, litigation involving these types of post pandemic claims will bring additional complexity and costs to litigate delay and defect construction claims.

In what way might business attorneys give themselves a competitive advantage going forward in 2021?

Pardo: Current and prospective clients are anxious to return to some sense of normality. So a return to office meetings, social gatherings and networking with clients and other professionals is key to competing for business for the next year.

Attorneys who do not adapt to the new normal and return to a post pandemic practice will be left behind by those who do adapt.

On which areas of opportunities might they focus?

Pardo: Development is booming and therefore land use real estate and construction will continue to provide opportunities for attorneys.

In addition, and due to pent up demand, hospitality and entertainment will continue to experience a rebound and that will create more legal business opportunities.

When buying and selling properties, what strategy and tactics do you use to negotiate for your clients?

Pardo: With real estate booming, this is a seller's market and terms for real estate transactions reflect this market bias.

All-cash deals are preferred and little, if any sale contingencies, are favored by sellers. Buyers are looking for distressed assets, but they also are hard to identify and most buyer opportunities require careful price evaluation given the higher seller pricing. Patience and flexibility are the key to getting deals done in a hot market like South Florida.

What advice could you give an upcoming attorney who wants to build a legal practice in the construction and corporate hospitality industries?

Pardo: As the world opens up for business again, so must the marketing efforts of attorneys. Building a legal practice in hospitality and construction requires reaching out to local relationships in each industry, cross marketing with fellow colleagues and looking for creative ways to bring value to the industry through lecturing and other ways to engage industry leaders.