

BUSINESS INSIDER

Wealthy Russians have parked their money in 'ghost condos' all over a Miami neighborhood



Condos and luxury resorts in Sunny Isles Beach, Florida.

- **Sunny Isles Beach, Florida, is home to many "ghost condos" owned by overseas buyers, including wealthy Russians.**
 - **The apartments typically go unused, instead acting as an investment vehicle to hold onto money.**
 - **They're often held through a trust or shell company to hide the identity of the true owner.**
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In a small city in South Florida called Sunny Isles Beach, luxury condos tower over the Atlantic Ocean. But high above the busy streets, not all of the city's multi-million dollar apartments light up at night.

"These condos are owned and never used and always dark," said Daniel Gielchinsky, attorney at DGIM Law, PLLC in nearby Aventura, Florida, who handles many real estate litigation and bankruptcy cases in the area. "You will see lots and lots of dark windows in these beautiful buildings."

With its sunshine and palm trees, Sunny Isles Beach has long been a magnet for wealthy foreign investors. Several real estate agents in the area told Insider they've worked with many buyers from Europe and Latin America, particularly Germany and Brazil. But the city, nicknamed "Little Moscow," has also seen a lot of Russian money flow through its economy. In recent years, Florida saw the most Russian property purchases in the US. They could become targets for sanctions as the US looks to target powerful Russians who support Putin's war in Ukraine, and many in the area are anxiously awaiting more information on how their wealth will be affected.

As Gielchinsky explained to Insider, these properties are often owned by shell or holding companies, a method that helps wealthy buyers shield true ownership of a property. He said he's been inside unfurnished apartments in these condos, which have no tenants.

"They're called ghost condos because no one ever lives there," he said. "They're purchased, and a few years later they're sold. And in the period in between, no one even goes and puts in a new light bulb."

A ghost condo is a way to hold and hide money

You might know a ghost condo by another name — a pied-à-terre, a French phrase used to refer to an apartment that's a secondary (or tertiary) residence. There are multiple reasons buyers might be interested in a part-time residence like this, such as empty nesters who want to split time in the city or suburban dwellers who work a few days a week in the city.

But pied-à-terres are also a favored choice among international buyers looking for a place to safeguard their money. Some may use these second residences two months out of the year, while others may never occupy them.

The main purpose of buying a ghost condo is to avoid paying taxes, Gielchinsky said. Regardless of one's primary residence, any money earned in the US is supposed to be taxed. To skirt this, Gielchinsky said, buyers can put their money in an account held by an attorney. The attorney can then use it to buy real estate through a trust or shell company, if the client so wishes.

"The apartment has a value," Gielchinsky said. "Your money's safe there. It's parked there."

When a buyer needs the money, he said, they sell the apartment and the money goes back into an attorney trust account to be used in a number of ways, including cash.

Gielchinsky added that buying a ghost condo is an investment because the value is likely to appreciate. But he said it's also a way to shelter income without having a traditional traceable money trail.

As Gielchinsky put it, "Even if the IRS were to go looking, there's no way to know who was the owner of that company."