

# SOUTH FLORIDA SunSentinel

## Will the housing market ever slow down in South Florida? It might take longer than you think

By AMBER RANDALL

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Houses are flying off the market in South Florida. (Amy Beth Bennett / Sun Sentinel)

After almost a year and a half of intense demand for houses, the real estate market in South Florida shows no signs easing up.

Most experts believe the market will continue to boil for at least another year, either well into 2022 or even 2023. Some believe that with [the “perfect storm”](#) of low interest rates, [continued migration to Florida](#) and the lack of homes for sale, the demand could continue even longer.

The National Association of Realtors believes that home prices will rise by about 9% through 2021, but at a slightly slower pace heading into 2022, growing by 3% due to more houses heading onto the market, according to Nadia Evangelou, senior economist and director of forecasting at the association.

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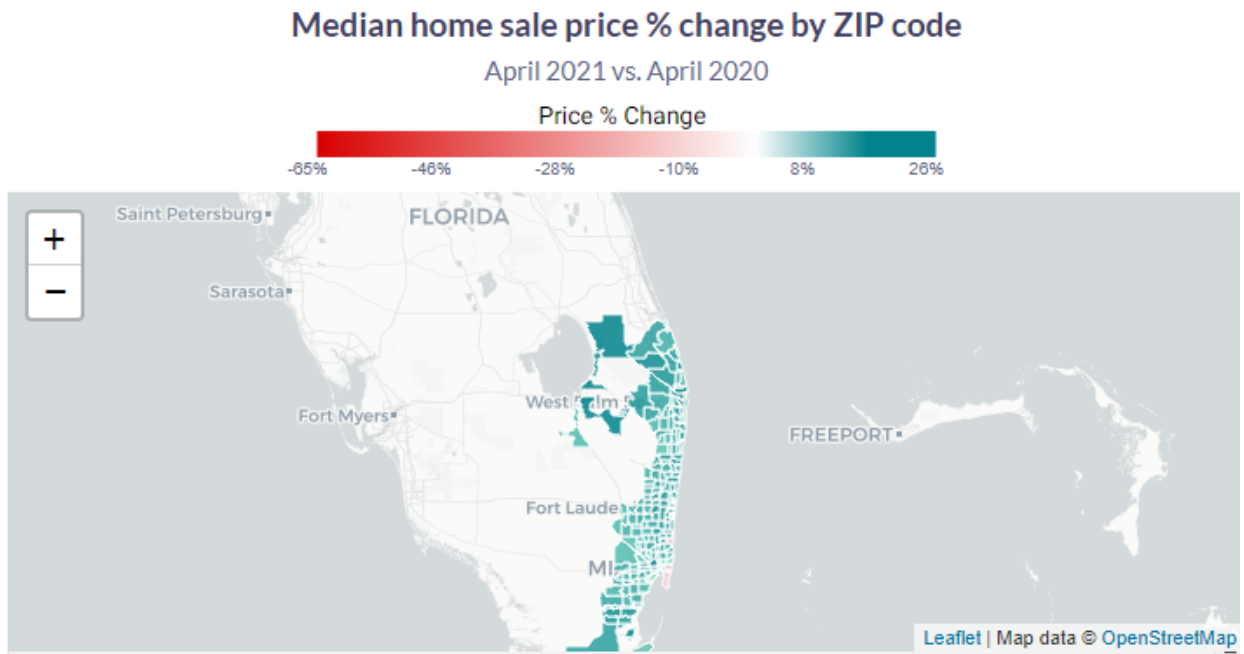
The South Florida Sun Sentinel reached out to real estate lawyers, agents, mortgage lenders, developers, builders, economists and appraisers to answer the No. 1 question on everyone’s mind: Is this the right time to buy or sell, or should I wait?

## When will the South Florida market start to slow down?

**Ron Pietkewicz, Bank of America area lending manager for Palm Beach & The Treasure Coast:** With the out-of-state migration expected to continue to South Florida, demand will continue to challenge supply — regardless of interest rates nudging higher. While we may see some cooling off in certain areas, I do believe the South Florida market will remain heated well into 2022.

**Karen Johnson, president of Broward Palm Beaches and St. Lucie Realtors:** A stable inventory market is considered 5.5 months. We have 1.4 months of supply as of April 2021. Based on demand, we don't anticipate a slowdown in the next year or 18 months based on the shortage of supply that we have. We don't see any slowdown coming soon.

**Bonnie Heatzig, executive director of luxury sales at the Douglas Elliman real estate company:** It doesn't appear that there will be a slowdown anytime soon. All of our markers have our housing market trending upwards in the foreseeable future. I think now with the successful rollout of the vaccinations and lockdown barriers easing up, buyers are making their way to South Florida with confidence.



## When will prices start to decline?

**Ken H Johnson, real estate economist at Florida Atlantic University:** We will see a rise in the 30-year (mortgage) rate in six to 12 months, at which time we should see housing prices begin to moderate. Price appreciation should slow down, maybe decline slightly, in the coming real estate slowdown. But, we should not see a decline on the order of magnitude seen after the last crash, due in great part to the local housing inventory shortage.

**Eli Beracha, real estate professor at Florida International University:** I don't expect housing prices to appreciate at the same rate it has over the past year. The good thing is that this is something that is coming gradually and levels off. I do think it depends on what part of the market you are looking at: Broward is different than Miami Dade, and the condo market is different than single-family homes.

**Dan Mackler, real property practice co-chair at Gunster law firm:** If interest rates increase significantly, which would probably be driven by high inflation, or if the number of people relocating to Florida significantly decreases, then I would expect the housing market to cool down. Right now, with interest rates running so low, buyers can afford to buy to homes that they otherwise couldn't before. I also don't think that there will be a major decline in relocations to Florida. So, I would not expect prices to meaningfully decrease until the end of next year or the beginning of 2023. Will newly built homes ease pressure on the market?

**Jeff Grant, REMAX Real Estate:** Prices could start to level off in the next six months or so. I think that homebuilders will have some more inventory because right now, they are really limited to that they can do due to shortages and supplies.

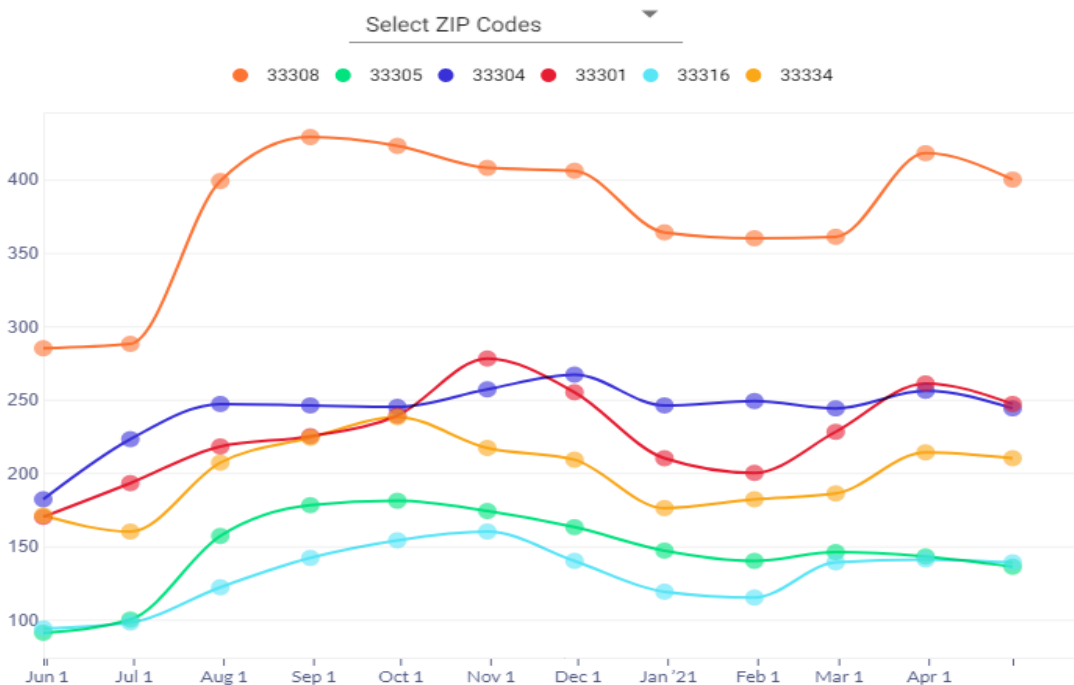
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**Michael Wohl, principal of Coral Rock Development Group:** There's plenty of inventory in the high-end rental market, but in the for-sale market there's no inventory and I think that will continue until builders can catch up. Right now, there are labor and delivery issues, so it's not easy for for-sale housing developers to keep up with the demand. The market will correct itself when it becomes no longer affordable. In South Florida, affordability is a major concern and major issue.

**Jerome Hollo, executive vice president of Florida East Coast Realty:** Inventory will play a significant role in pricing. Generally, compared to other markets, there is limited opportunity for new single-family product, which should cushion any drop in pricing. You are starting to see a lot more inventory growth in the condominium sector. Additional inventory should create some downward pricing. However, this may not be the case in all submarkets.

### New home listings over time by ZIP code

Last 12 months



Source: Redfin • Note: Data for each month represents a rolling window of the previous 90 days • Powered by HiGeorge

## **When the federal eviction moratorium ends, will the market cool down?**

**Joseph Hughes, real estate attorney:** I think that the eviction moratorium will play a role in cooling down the market. Many landlords who could not previously evict their tenants will learn for the first time that they will be unable to collect all of the past-due rent owed to them by their tenants. This will probably motivate many of them to decide to stop renting and take advantage of the market by simply selling their properties, thereby increasing the supply. On the flip side, rental values will likely increase significantly due to the increased demand, which will not only cause many landlords to decide to hold onto their properties, but also likely prompt many tenants to consider buying homes instead of renting elsewhere.

**Dan Mackler:** I am not sure that there are enough people living rent free (by not paying their rent) to make a difference. Based on conversations I have had with our multifamily clients, they have not experienced a tremendous amount of tenant defaults.

### **South Florida Sun Sentinel:**

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