

MIAMI TODAY

January 27, 2021

Residential realty: 'prediction is this will be a record year'

By KYLEA HENSELER

Miami-Dade's residential real estate market rose from the ashes of a catastrophic second quarter last year to a roaring recovery buoyed by low mortgage rates and an influx of northerners, and local experts say the market will stay hot in 2021.

Despite a shutdown-induced lull in April, Miami Today reported, Miami-Dade total home sales jumped 20.8% from 2019 to 2020. Mike Pappas, president and CEO of The Keyes Co., said they may keep climbing, noting that realtors may close 3% to 5% more sales in 2021 than last year.

"The prediction is that this will be a record year," he said. Low interest rates and an abundance of millennials searching for homes, he said, are two major factors fueling the market. He noted that 15 million members of this generation will turn 33, the average age of a first-time homebuyer, in the next three years.

The Federal Reserve has indicated that interest rates will remain low throughout the year, said Charlotte Seidel, managing broker at Coldwell Banker's Coral Gables office, while market prices will probably continue to climb.

The first half of the year in particular, Mr. Pappas said, might pick up where 2020 left off, while the sizzle could cool slightly in the second half as vaccines become available and more sellers become comfortable

listing their homes. Interest rates, he said, might also increase slightly.

Pricing, Mr. Pappas said, boils down to supply and demand – and right now, supply is relatively low. At the end of the year, he said, there were three months' supply of single-family homes in all of Miami-Dade, down from 7.4 months in December 2019. Last month, there were 45% fewer single-family homes on the market than in December 2019.

The median price of single-family homes has therefore jumped, he said, from \$380,000 in December 2019 to \$455,000 at the end of last month.

"It's definitely a seller's market right now," said Tom Ringel, a real estate attorney and founding partner at Markowitz Ringel Trusty and Hartog. "If a house is priced right there could be several offers on the first day." To increase their chances of inking a deal, he said, buyers are turning to cash offers and contracts that aren't contingent on qualification for financing.

Low interest rates, he said, play a huge role in buyers' confidence that they will receive a mortgage. And while rates might not get much lower than they are at the moment, with Freddie Mac reporting the average rate for a 30-year fixed-rate mortgage at 2.77%, any increase will probably be insignificant.

The luxury market in particular, said Nancy Klock Corey, regional vice president

of Coldwell Banker's Southeast Florida division, is going strong. Two homes in the \$10 million-plus range sold last February, she said, but in December this total jumped to 12. Eight, she said, have already sold in January, and the month is yet to conclude. As of December, she said, 110 such homes were on the market.

The Coral Gables single-family \$1 million-plus market, Mr. Pappas said, has a 5.4 months' supply, down from 19 months a year ago.

Buyers of these homes, Ms. Corey said, are attracted to South Florida for its favorable tax and weather conditions and they look for walkable neighborhoods as well as proximity to retail and entertainment options.

In general, Ms. Corey said, space is a top priority for many buyers who may look to set up home offices or gyms. Backyards, she said, are also a plus, as are balconies in the condominium market.

"We redefined 'home' after the shutdown," Mr. Pappas said.

"As remote working is a fact now," said Ms. Seidel, "buyers can move further from the workplace and will for the selection of housing, schools, parks and shopping."

With teleworking becoming more popular, Mr. Ringel said, suburban areas like Pincrest and Coral Gables are poised to grow in popularity. And if Miami continues to grow as a tech and finance hub as com-

panies flee high-tax states and cities, Mr. Pappas said, development could continue to spread in coming years to communities like Homestead or North Miami. Geographically, he said, South Florida is not very large, and as it becomes a top-tier city worldwide it may start to run out of room, driving development in areas farther from city centers and causing prices to rise.

Buyers, Ms. Seidel said, are mostly from the Northeast and California, as international travel still lags. While there is some activity in this area, she said, it doesn't compare to Miami's international market pre-covid.

"There is still not much international purchasing," she said, "unless it is virtual, which is happening slightly and from Mexico and South America. Not like the past, though."

While the county's condo market had been oversaturated in the past and took a greater pause during the shutdown than the single-family home market, Mr. Pappas said supply is trending down and prices heating up into 2021.

The total condominium market in Miami-Dade, he said, has an eight-month supply, down from a 15.5-month supply in December 2019. The median price, he said, has increased from \$245,000 in December 2019 to \$275,000 at the end of last month. Condos over \$1 million, he continued, sit at a 13 months' supply, down from 41 months in December 2019.