

# Briefing Document: South Florida Real Estate Market – February 16th, 2025

The South Florida real estate market in February 2025 is characterised by a complex interplay of factors: a surge in luxury property sales, particularly in Palm Beach; ambitious development projects across the region catering to diverse clients; and a general housing market facing challenges with "stale" inventory due to overpricing and elevated mortgage rates. Political and economic factors, including Trump's return to office and Ken Griffin's significant investments, are also heavily impacting the market dynamics. Overall, the market is demonstrating growth, albeit with specific pockets of concern regarding affordability and unsold properties in certain segments.

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# Key Themes & Findings: Stale Housing Inventory & Potential Price Corrections

A significant accumulation of unsold ("stale") inventory in the broader US housing market, particularly in areas like Texas and Florida. Miami, for example, reported that "63.8% of its home listings remained unsold for over 60 days." Austin reported 62.4% in the same category.

This is driven by:

- **Overpricing:** Sellers are still pricing based on the boom of 2021-2022. "Many sellers set listing prices based on the housing boom of 2021-2022, leading to a mismatch between asking prices and current market realities."
- **Elevated Mortgage Rates:** Approaching 7%, reducing buyer purchasing power. "With mortgage rates approaching 7%, buyer purchasing power has diminished."

Increased delistings indicate sellers are withdrawing rather than reducing prices. "In December 2024, nearly 73,000 homes were removed from the market after failing to attract buyers."

Implications: Potential downward pressure on prices and a shift towards a buyer's market.

# Luxury Market Boom

The luxury housing market in South Florida is surging, with a "60% increase since 2019" and "10% in the last year alone" on homes at or above \$2 million.

Driving Factors: A strong economy and the desirability of the region. "A strong economy has bolstered the purchasing power of affluent buyers, leading to increased investments in luxury real estate."

Examples of significant transactions include Sara Pollak Arbel's Miami Beach home selling for \$25.5 million and the trend of redeveloping older properties for modern luxury.

## Impact of Trump's Return on Palm Beach

Palm Beach has been transformed into a "bustling epicenter of political and social activity" following Trump's re-election.

Increased political and social activity with an influx of high-profile figures. "The post-election period has seen a surge of prominent individuals, including political figures, tech moguls like Elon Musk, Mark Zuckerberg, and Jeff Bezos, as well as foreign dignitaries, converging on Palm Beach."

The luxury real estate market has experienced unprecedented growth, with "record highs" in sales over \$50 million.

Properties near Mar-a-Lago are particularly desirable with prices rising in proximity. While the economic boost is welcome, it has also led to challenges such as increased traffic and security measures.

# Ken Griffin's Investment in South Florida

Citadel CEO Ken Griffin has invested heavily in South Florida real estate. "Since relocating Citadel and its sister firm, Citadel Securities, from Chicago to Miami in 2022, Griffin has invested over \$1 billion in both commercial and residential properties across the region."

Key projects include a Brickell headquarters (estimated at over \$1 billion) and significant residential acquisitions, like the \$107 million Coconut Grove estate and the \$157.5 million Star Island assemblage.

Griffin is known for his decisive approach and reliance on a strategic advisory group.

# Significant Development Projects Across South Florida

A wide array of new developments catering to different segments of the market.

## 1 Upland Park (West Miami-Dade County)

A \$1 billion mixed-use community by Terra integrating residential, commercial, and recreational spaces.

## 2 The Dunes at Juno (Juno Beach)

A luxury townhome community by PulteGroup's DiVosta, starting at \$1.5 million.

## 3 Armani/Casa Residences (Pompano Beach)

Twin 19-story condo towers, emphasizing luxury and integration with the coastal landscape.

## 4 Ombelle Fort Lauderdale (Flagler Village)

A pair of 43-story towers by Dependable Equities, offering a range of condo options starting at \$400,000.

These projects underscore South Florida's attractiveness to developers and investors.

# Miami's Positive Real Estate Outlook

Miami is positioned as having the second-best overall real estate prospects in the nation for 2025.

Market drivers include demand from international buyers and affluent individuals seeking favorable tax environments.

Challenges include climate-related risks, necessitating sustainable development.



# Shifting Market Trends & Local News

## 1 Luxury Condo Project in Pompano Beach

Canadian developer initiating "Ocean580", a luxury condo project starting at \$4.67 million, completion winter 2027.

## 3 Agent Movements

Highlighting agent movements across different firms.

## 5 Rental Market

Miami one of the most expensive cities for single-family rentals.

## 2 Sales Launching

ONE Sotheby's launching sales for "Lincoln Coconut Grove"

## 4 Housing Market Data

Increased home sales in Miami-Dade and Naples, decline in Broward and Palm Beach counties, increase in days on market and inventory across South Florida.

## 6 Home Prices

Rise in home prices across major metropolitan areas including Miami.

# Recommendations and Conclusion

## Recommendations (based on available information):

- **Sellers:** Be realistic with pricing in the general housing market. Consider property enhancements and be flexible in negotiations.
- **Developers:** Continue to focus on high-quality and innovative projects that cater to the diverse needs of the market. Address sustainability concerns given Miami's vulnerability to climate risks.
- **Investors:** Monitor market trends closely, particularly regarding interest rates and the potential for price corrections in certain segments. Luxury real estate remains a strong investment.

## Conclusion:

The South Florida real estate market is dynamic and evolving. While the luxury sector continues to thrive and new developments reshape the region, challenges remain in the broader housing market. The market's overall strength hinges on adapting to changing economic conditions, addressing sustainability concerns, and catering to the diverse needs of the region's residents and investors. The market remains sensitive to national political and economic trends.