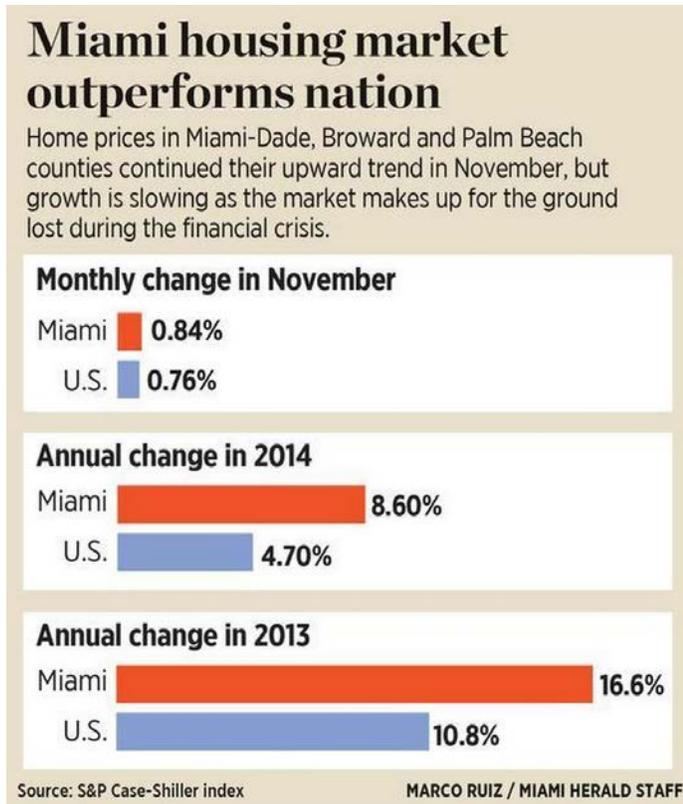


Growth slows in Miami housing market

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01/27/2015 6:49 PM



Miami's housing market continues to outperform the nation, but its growth still lags behind the faster pace of recent years.

"The party can't go on forever," said Kwame Donaldson, an economist at Moody's Analytics.

Single-family home prices in the Miami metro area — which includes Miami-Dade, Broward and Palm Beach counties — rose by 8.6 percent in November from a year earlier, compared with double-digit growth in 2013 and most of 2014. That was still the second-biggest gain among 20 big cities tracked by the S&P Case-Shiller index, the most closely watched barometer of residential values.

Developers and market analysts said the slowdown was expected, and healthy. The growth in prices began to lessen last spring, and home sales have also slowed in Miami-Dade recently as the number of units on the market returns to pre-recession levels.

Demand for houses over the past two years has largely been driven by investors with a nose for a deal and Latin American buyers looking to purchase second homes, according to Donaldson.

“But as prices go up, the bargains aren’t there like they used to be,” he said.

A Moody’s forecast expects Miami’s housing market to keep growing in 2015 but at an increasingly slower rate.

“We’ve been climbing out of this historically deep hole, so as we get closer and closer to the pre-recession peak, we’ll see growth moderate somewhat,” Donaldson said.

Still, Miami’s gains trailed only San Francisco, which is in the midst of a tech boom and posted year-over-year growth of 8.9 percent in November. And Miami came close to doubling the nationwide rate of 4.7 percent annual growth.

Local home prices have gone down only one time month-to-month since early 2011, according to Case-Shiller data. In Miami, they went up .84 percent from October to November.

“Overall, the numbers show very positively toward Miami,” said Daniel de la Vega, president of One Sotheby’s International Realty, a luxury broker.

More double-digit growth would have been “extremely concerning,” according to de la Vega. “At the end of the day, a little bit of a slowdown is healthy for the market,” he said.

Miami’s housing market reached its high point in 2007 after annual growth of nearly 30 percent, which proved unsustainable. The Case-Shiller index now values the Miami market at about 68 percent of its pre-recession peak.



Masoud Shojaee | Stephan Goettlicher / Shoma Group

Masoud Shojaee, who runs the South Florida developer Shoma Group, said he expects the slowdown to continue in 2015 and 2016 as a bevy of new buildings are completed in Brickell and downtown Miami and come to market, pushing down demand.

But he thinks single-family homes will remain a lucrative business. “There is always a demand for single-family, especially in areas like Doral, South Beach and Coral Gables,” Shojaee said. “Not

everyone likes high-rises.”

Shojaee said an influx of foreign buyers paying cash lifted the market in 2013 and 2014, and he expects that trend will continue to help developers.

“They put down a high deposit, and the risk is minimal,” he said.

<http://www.miamiherald.com/news/business/article8418528.html>