

South Florida's pandemic-fueled residential market poised for bull run in 2021

Brokers expect spillover into luxury condo market next year

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From left: Jim Cohen, Nancy Corey, Nathan Zeder, Alicia Cervera Lamadrid, Phil Gutman and Mike Pappas (iStock)

Around this time last December, residential brokers and developers expected sales to downshift as the market for single-family homes and condominiums cooled. And when the coronavirus spread quickly from the Northeast U.S. to the Sun Belt in early March, the local residential industry braced itself for a catastrophic fallout.

Then a wild trend began to take shape. High net worth individuals residing in New York and other states under stricter government lockdowns, including several prominent **A-list celebrities** and **power brokers**, began fleeing to the less restrictive confines of the Sunshine State. Since the early summer, the residential market has surged. In November, total home sales reached **nearly \$4.3 billion** across Miami-Dade, Broward and Palm Beach counties, according to the Miami Association of Realtors. Sales dollar volume of single-family homes led the way, spiking by more than 50 percent in each county in November compared to the same period in 2019 when real estate experts **predicted a slowdown**.

The momentum will propel the residential sales market in 2021 as the current cycle enters the expansion phase, according to more than half a dozen leading real estate brokers and developers. In interviews with *The Real Deal*, they laid out what to expect in the next 12 months:

Dora Puig, founder and principal of Luxe Living Realty:

"I expect momentum to continue throughout 2021. I haven't heard any chatter about new condo developments, but there is a lot of chatter about developers selling out existing condo projects. I think we are at 60 percent near the peak of a cycle. We have a ways to go in 2021. I see it peaking in the first or second quarter of 2022."

Mike Pappas, CEO and president of the Keyes Company:

"The luxury market has never been as robust as it is now. It is the strongest I have ever seen. The only submarket that is down are homes under \$500,000. The indicators show that we will sell more units in 2021 than what sold in 2020 and prices will continue to appreciate."

Nathan Zeder, a broker associate and principal at Coldwell Banker's The Jills Zeder Group:

"We have seen some pretty significant price increases and you cannot significantly increase prices forever. But it's hard to say there will be a slowdown. Covid-19 obviously hampered the condo market over the short term, but the market has been incredibly stable since 2016. If the single-family market does get too expensive, condos represent value."

Phil Gutman, president of Brown Harris Stevens Miami:

"We are in a new cycle. I think Florida has been trading sideways for quite some time, but we are about to get a new boom here. You will start seeing launches in fall 2021. A lot of the existing condo inventory that is available is being gobbled up. Now we are running low. I am keeping an eye on Brickell. It is yearning for a top-tier luxury building that you would typically see in Miami Beach or Sunny Isles Beach."

Ignacio Diaz, director of developer Group P6:

"In 2020, a lot of the focus was on single-family homes. I think 2021 we will see a transition to luxury condos and we will see a lot of new development. Covid-19 created a new playing field for the entire market and we are playing in entirely new conditions. So I don't see a bubble on the horizon. The price inflation we are seeing will continue."

Jim Cohen, president of residential for Fontainebleau Development:

"I think we had been climbing uphill for the last couple of years. There are a lot of better days ahead. The single-family housing market is on fire all the way up the Florida coast. It is starting to gravitate to the condo market. In the last two months, we experienced an accelerated pace of sales. However, new construction starts will be limited. Premier development sites are extremely difficult to obtain because the cost of land remains very expensive. And the cost of construction hasn't come down either."

Nancy Klock Corey, Southeast Florida regional vice president for Coldwell Banker:

"In general, I am not seeing a crazy market. It is stable with some acceleration, particularly on the high end. One might be tempted to say the luxury submarket is overvalued. But a **high-end buyer** is also looking at California, New York and Colorado. Compared to those, we are not overvalued. I am not feeling a peak at this point."

Alicia Cervera Lamadrid, principal and managing partner for Cervera Real Estate:

"If you view a cycle as a curve, I'd say we are halfway up the slope of the curve. I call it the love side. For us, Covid has been an accelerator for a host of reasons. Among them are Miami has remained relatively open and we have a robust hospital system. The single-family housing market has gone up much faster than the condo market. However, the condo market is on the rise and there is more room for greater growth in pricing. We have a long runway ahead of us. There is chatter about new projects, but no launch dates."

Rishi Kapoor, CEO of Location Ventures:

"We just started the early innings of a new cycle. You have extraordinary market tailwinds working in South Florida's favor. The pandemic and government policies in other states have turned South Florida into the hottest single-family home and condo market in the country. And then you have pent up demand from Europe and Latin America that will open up once the pandemic begins to subside."