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Housing in South Florida is more affordable relative to income, according to latest FIU Business and FAU index

MIAMI (Jan. 13, 2020) – The price of homes in Miami-Dade, Broward and Palm Beach counties continues to decline in terms of both property price relative to household income and mortgage payment as a percentage of income, according to the latest [BH&J Housing Affordability Index](#) from Florida International University’s [College of Business](#) (FIU Business) and Florida Atlantic University.

The report brings good news for homeowners in the tri-county area with strong indications of a more affordable housing environment in 2019 than in recent years.

For the third quarter of 2019, the average mortgage payment in Miami-Dade accounted for 27.4 percent of monthly income, down from 28.1 percent during the year’s previous quarter and 30.7 percent in the third quarter of 2018. The average property price traded at 6.17 times the average annual income for the county, which is down from 2018’s third quarter multiple of 6.21.

“While these scores are above their 20-year trends of 26.6 percent [of income] and 4.87 [property trading price], the overall trend is in the direction of more rather than less affordability,” said [William Hardin](#), associate dean and professor of real estate at FIU Business.

The news is better in Broward County where the average monthly payment is 19.9 percent of monthly income, down from 22.5 percent from the third quarter of 2018.

“The recent slowdown in housing appreciation in combination with a healthy income growth improved the affordability of housing in Broward county in recent quarters,” said [Eli Beracha](#), director of the [Hollo School of Real Estate](#) at FIU Business and co-creator of the index. “Also, mortgage rates at near all-time low allow the percentage of monthly income dedicated to housing payments to approach its 20-year average.”

Palm Beach County is the most affordable housing market, relative to income, of the three counties. The percentage of income dedicated to housing dropped to 15.2 percent in the third quarter of 2019, below the county’s 20-year average of 17.1 percent.

“This is so, especially in terms of the percent of income dedicated to monthly payments, which seems to be driven by a better aligned relationship between the county’s property prices and

average area income,” said Ken Johnson, a real estate economist, co-creator of the index and professor at Florida Atlantic University’s College of Business.

The report’s co-creators agree that the movement toward more affordable housing is driven by a combination of near record low mortgage rates, a robust local economy and slowing property appreciation rates across the three counties. They add that when taken in conjunction with the recently published [BH&J Buy vs Rent Index](#), the Affordability Index indicates that Miami-Dade, Broward and Palm Beach counties are nearing the top of their residential real estate cycles.

Still, Beracha, Hardin and Johnson caution that while each county’s property price multiple is above its long-term average, a change in economic conditions could quickly shift Southeast Florida back towards less property affordability.

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About FIU Business:

Florida International University’s [College of Business](#) plays a pivotal role in the development of global business leaders. With more than 10,000 undergraduate and graduate students, FIU Business is widely recognized for its expertise in international business, real estate, data analytics, entrepreneurship, healthcare management, and a broad range of financial services. Its faculty ranks among the Top 100 in the U.S. in UT Dallas’ survey of business research productivity. For more information about FIU Business, visit <http://business.fiu.edu>.

About FIU:

Florida International University is Miami’s public research university, focused on student success. According to U.S. News and World Report, FIU has 42 top-50 rankings in the nation among public universities. FIU is a top U.S. research university (R1), with more than \$200 million in annual expenditures. FIU ranks 15th in the nation among public universities for patent production, which drives innovation, and is one of the institutions that helps make Florida the top state for higher education. The [Next Horizon](#) fundraising campaign is furthering FIU’s commitment to providing students Worlds Ahead opportunities. Today, FIU has two campuses and multiple centers, and supports artistic and cultural engagement through its three museums: [Patricia & Phillip Frost Art Museum](#), the [Wolfsonian-FIU](#), and the [Jewish Museum of Florida-FIU](#). FIU is a member of [Conference USA](#), with more than 400 student-athletes participating in 18 sports. The university has awarded more than 330,000 degrees to many leaders in South Florida and beyond. For more information about FIU, visit www.fiu.edu.