

Price hikes slower but steady in South Florida real estate

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South Florida saw the biggest gain in a monthly measure of national home prices released Tuesday, reflecting a slower but continued momentum in the real estate market as other large metropolitan areas waver.

Palm Beach, Broward and Miami-Dade counties experienced an increase in single-family home prices in December of 0.09 percent from the previous month, according to the Standard & Poor's/Case-Shiller index.

While small, it's higher than the other 19 areas ranked by the report, and brings South Florida prices about equal to where they were in May 2004. Just six of the markets measured by the index showed gains in December from November.

"The deals are definitely gone here," said Ken Johnson, a professor in the Hollo School of Real Estate at Florida International University. "But I think we're seeing a slowdown in prices and that's not a bad thing at all because it means the market is getting back to where it should be."

Compared to December 2012, prices of single-family homes in South Florida jumped 16.5 percent, ranking the area seventh of the 20 markets when measured on an annual basis. Las Vegas saw the largest home price gain from 2012 at 25.5 percent, San Francisco was second at 22.6 percent, followed by Los Angeles' 20 percent.

Despite lower price escalations in the second half of last year, economists still marked 2013 as the best year since 2005 for rising prices.

Real estate appreciation before the housing bubble traditionally increased between three percent and five percent per year. In 2013, it was up 11.3 percent nationally, according to the index.

“Gains are slowing from month-to-month and the strongest part of the recovery in home values may be over,” said David Blitzer, chairman of the index committee at S&P Dow Jones Indices. “Higher home prices and mortgage rates are taking a toll on affordability.”

The 30-year fixed rate mortgage as reported Thursday by federal mortgage backer Freddie Mac was 4.33 percent, up from 3.56 percent during the same time last year.

The Case-Shiller index measures home sales compared with January 2000 when the index was set at 100. For each region reviewed, the index provides a three-month moving average price. It does not include condominium sales.

A shortage of housing inventory is a major contributor to South Florida’s price gains. In January, Palm Beach County had a five-and-a-half months’ supply of single-family homes for sale. Six months is considered a balanced market.

The median sales price for a Palm Beach County home last month was \$255,000, up 17 percent from the same time in January 2013, according to the Realtors Association of the Palm Beaches. The price was 4 percent below December’s.

“Even the ugly homes are selling,” said Palm Beach Gardens Realtor Jeff Lichtenstein, noting that a lack of new home construction during the recession is also pinching the market. “A buyer’s only option right now is resale.”

According to the index, South Florida’s prices in December were about 37 percent below the peak of the market in December 2006. That’s a recovery from the 51 percent they had dropped when they hit bottom in 2011.

Blitzer said Tuesday he expects prices nationally to rise in the mid-single digits this year. Economists at the Seattle-based Zillow agree.

Their market forecast has Palm Beach County prices rising 7 percent by the end of the year.

“We don’t want to see prices shooting up like last year just continually because we will go right back into another bubble,” Johnson said.