



Home values, housing starts increase

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Home values and construction activity increased in the third quarter, according to two reports that offer more evidence of South Florida's housing recovery.

Zillow.com's Home Value Index for Palm Beach, Broward and Miami-Dade counties hit \$149,700, an 8 percent increase from the same period a year ago. Values are projected to rise by 4 percent into next year, outpacing the 2 percent gain forecast nationally.

Meanwhile, housing starts rose sharply as builders respond to increasing demand, the Metrostudy research firm said Monday.

Palm Beach County had 505 single-family starts, a 61 percent jump from a year ago and the most since 2007. Broward, with much less available land, had 244 starts, a 5 percent increase from a year earlier.

Still, the pace of home construction remains a third of what it is normally, Metrostudy's Brad Hunter said.

Driven by a shortage of existing homes for sale, median prices rose in September across Broward and Palm Beach counties, local Realtor boards announced last week.

Zillow's index measures the values of all homes – not just those that sold during a given period. The Seattle-based real estate website said home prices here hit bottom in the fourth quarter of 2011.

Recent price increases have helped reduce the percentage of sellers taking a loss – 38 percent in September, compared with 43 percent a year ago, Zillow said. Stan Humphries, the firm's chief economist, said in a statement he expects a "slow and steady" recovery. Ken H. Johnson, an economist at Florida International University, agrees, saying that's best for the market in the long term.

With annual price spikes of 10 percent to 15 percent, "we'd almost certainly have another bust," Johnson said.