



South Florida housing market has hit bottom, Zillow says

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After six years of historic price declines, South Florida's housing market has hit bottom.

So says Zillow.com, a Seattle-based real estate website that reports home values aren't just stable but rising in Miami-Dade, Broward and Palm Beach counties. Prices in South Florida reached their low point at the end of 2011, according to Zillow.

The optimism extends beyond Zillow. The Sun Sentinel interviewed a dozen builders, buyers, analysts, real estate agents and other local housing observers, and 10 agreed that the region has reached a housing floor, despite concern that another wave of bank-owned homes will hit the market.

The median value for all homes in the three counties is \$141,300, up 1 percent from a year ago, Zillow says. While values still may dip in some areas from month to month, the website says overall prices are expected to climb about 6 percent in the next year, making it one of the nation's best-performing housing markets.

"For people who have been waiting to time their home purchase close to market bottom, it's time to start shopping," said Stan Humphries, Zillow's chief economist.

Most experts don't anticipate a quick turnaround, but neither do they predict prices will fall farther.

"There are a lot of good signs," said Ken H. Johnson, an economist and finance professor at Florida International University. "If the guy who buys today looks to sell in a few years, I don't think he will have made such a good decision. But if he buys and holds off selling for eight years or so, he'll think, 'Man, I made a good investment. That was really shrewd.'"

Some say the housing bust that began in 2006 rivaled the Great Depression. Demand from short-term investors and easy lending standards fueled a frenzy that ultimately collapsed, ushering in foreclosures and price declines.

Prices for existing single-family homes tumbled by more than 50 percent in Broward and Palm Beach counties. Condo values plummeted by more than 60 percent.

With prices back to levels last seen in 2002, demand is strong again, particularly from foreign investors and others willing to pay cash.

As a result, the South Florida market is heating up, real estate agents say.

Home values in 21 of 32 Broward cities, including Fort Lauderdale, Oakland Park and Deerfield Beach, have increased from a year ago, Zillow says. In Palm Beach County, Gulf Stream and Highland Beach are among 17 communities with higher values.

Bidding wars have returned as buyers compete for a shrinking supply of homes. Inventories of single-family homes in Palm Beach and Broward counties have fallen in the past year by 38 percent and 48 percent, respectively, local Realtor boards say.

Broward agent Marisa DiLenge said a client recently offered \$10,000 above the asking price. Another client, Sarah Brobst, said she and her husband placed an offer on a three-bedroom home in Plantation the first day it went on the market because they were worried they'd lose it to another buyer.

"I honestly am a little afraid," DiLenge said. "I think we're setting ourselves up for the craziness that we had before."

Some real estate observers are skeptical that prices have gone as low as possible.

While sales of existing homes and construction of new homes have likely reached their low points, overall home prices could still fall farther, said Greg McBride, senior financial analyst with Bankrate.com, a consumer website in North Palm Beach.

After a self-imposed moratorium to address possible paperwork errors in late 2010 and 2011, lenders have resumed filing foreclosures, and eventually those repossessed homes will hit the market and drag down prices, McBride said.

"I don't think prices are going to drop another 10 percent," he said. "But they still could soften some more."

At year-end 2011, Florida had 550,000 homes in or near foreclosure, representing about 30 percent of the U.S. total, according to a report last week from Florida Realtors. But banks aren't flooding the market with properties, and the state's so-called shadow inventory is declining, the report said.

While some worry about the impact of these bank-owned homes, others insist the properties will help the market, not hurt it.

"Anything that comes on the market is good," said Becky Walzak, a Deerfield Beach-based mortgage industry consultant. "We can use it."

Buyer Alexander Fischer isn't convinced that South Florida has reached a housing bottom. He thinks prices in some areas are headed down.

Still, Fischer, 27, isn't willing to bet on that. He decided to look for his first home now and found a great deal: a three-bedroom house for \$184,000 in a Plantation neighborhood where some prices top \$200,000.

He's redoing the floors and expects to move in this month.

"It's still a buyer's market," Fischer said. "But sellers are starting to raise their prices a little."

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