

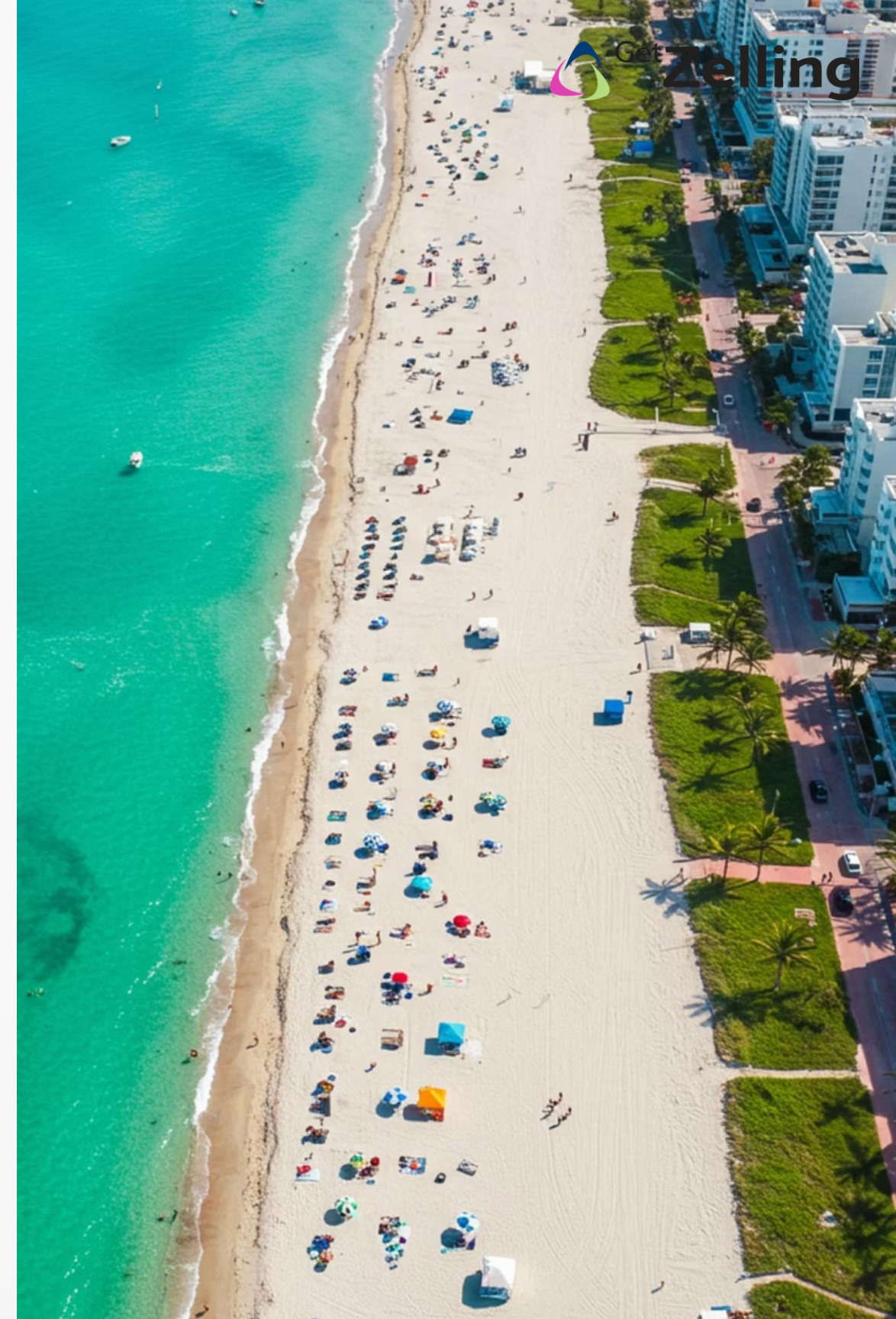
# South Florida Real Estate Market Transition

June 2nd, 2025 thru June 8th, 2025

The South Florida real estate market is undergoing a significant transition from a seller's market to a more balanced, increasingly buyer-friendly environment. While overall property value growth is slowing, luxury and land sales segments continue to show resilience, heavily supported by cash buyers and international investment.

Affordability concerns, rising insurance costs, and increased inventory are putting downward pressure on prices, particularly for entry-level and mid-tier properties. Meanwhile, developers are increasingly turning to private credit as traditional lending becomes more cautious in this evolving landscape.

 **by Jorge Muñoz Mendoza**



## Market Rebalancing and Slowing Growth

**5.3%**

### Property Value Growth

Miami-Dade's total taxable property value growth in 2025, down from 12.5% in 2024

**91%**

### Inventory Increase

Year-over-year increase in active listings in Miami

**47%**

### Longer Market Time

Homes in Miami are sitting longer on the market compared to 2023

**8%**

### Multiple Offers

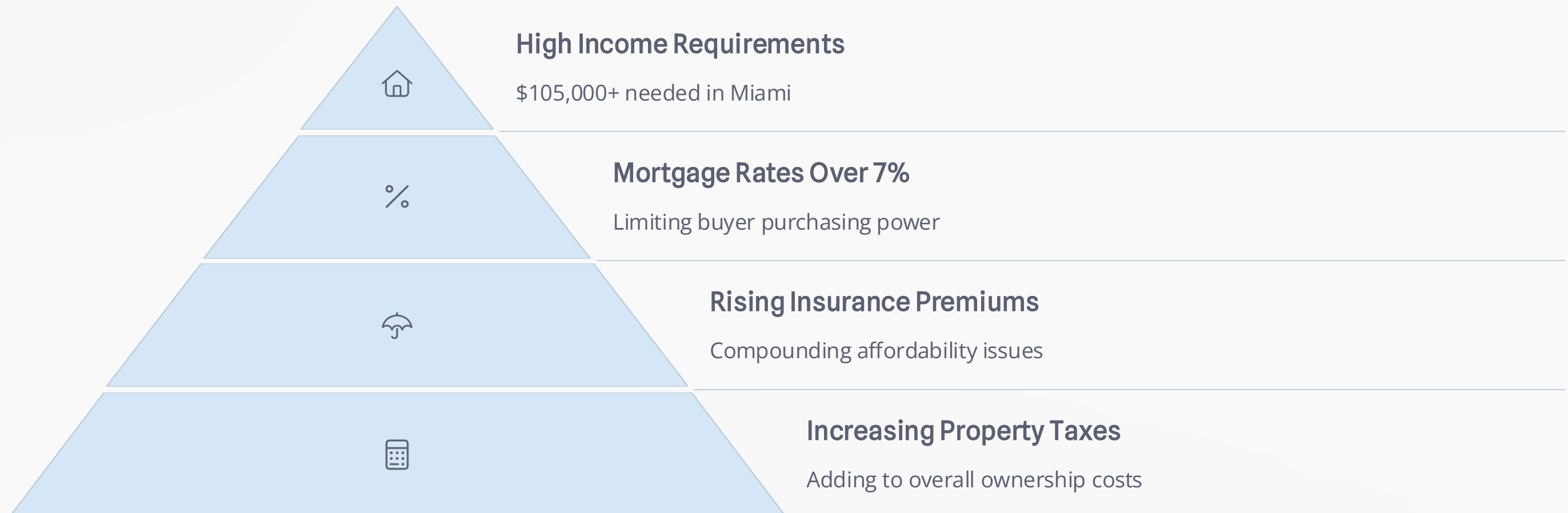
Percentage of Miami listings with multiple offers, compared to 22% nationally

The South Florida market is showing clear signs of stabilization rather than decline. Active listings have nearly doubled year-over-year, with Miami seeing a 91% increase and Fort Lauderdale 88%. Median listing prices have decreased by 5-7% across Miami-Dade, Broward, and Palm Beach counties, with nearly 1 in 4 listings experiencing price reductions.





# Persistent Affordability Challenges



Purchasing a starter home in Florida now requires a household income of at least \$86,000 for a typical \$295,000 home. In Miami, this threshold exceeds \$105,000, creating significant barriers for first-time buyers and middle-income families.

These affordability challenges are driving an exodus of existing homeowners who are offloading properties due to the combined burden of high property taxes, insurance premiums, and overall cost of living. Simultaneously, the once-robust out-of-state migration to South Florida is noticeably slowing.

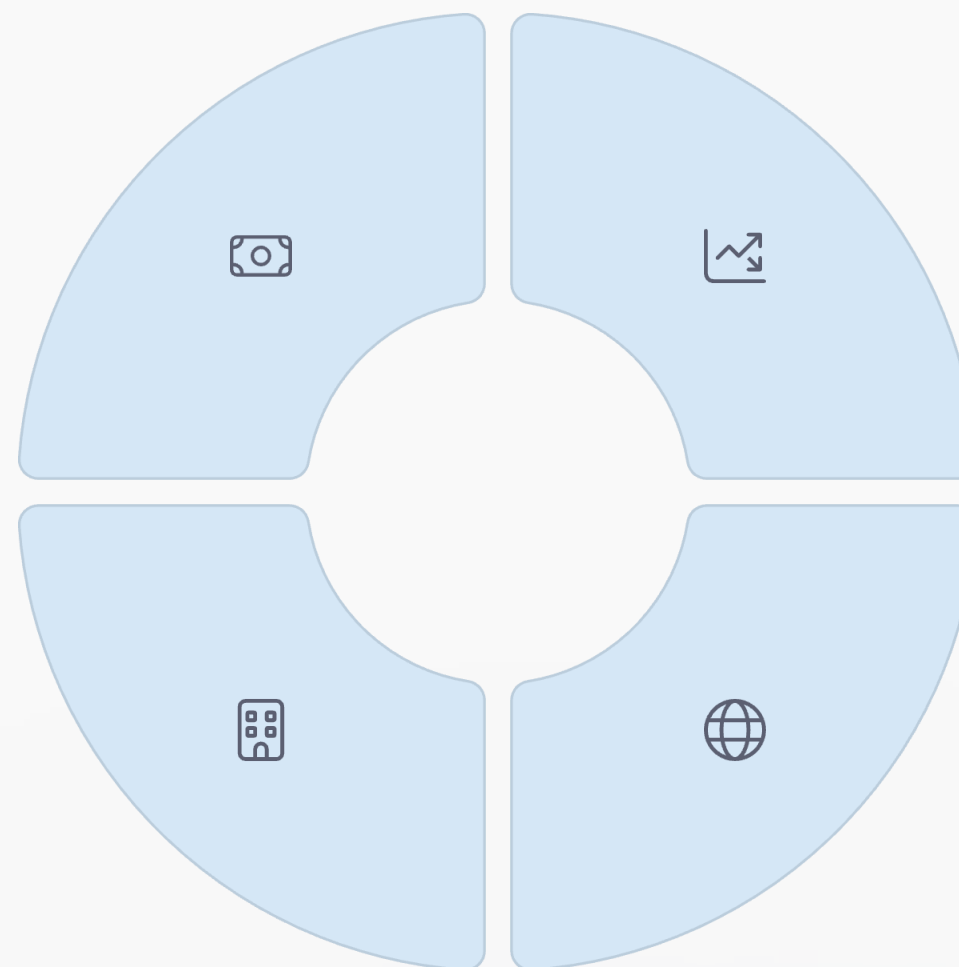
# Cash Buyer Dominance and Luxury Market Resilience

## Cash Transactions

51.3% of all condo and townhome sales in April 2025 were paid in cash

## Strong Condo Sales

Broward County saw condo sales rise to \$43 million in one week



## Luxury Appreciation

78% appreciation on a Sunny Isles Beach condo sold for \$17.9 million

## International Appeal

Top U.S. market for international buyers for 14 consecutive years

The luxury segment of South Florida's real estate market continues to thrive despite broader market adjustments. Cash transactions dominate, with 51.3% of all condo and townhome sales in April 2025 paid in cash—more than twice the national average of 25%. For properties priced over \$1 million, this figure jumps to an impressive 69.3%.

# International Buyer Influence

## Top International Source Markets

- Argentina
- Colombia
- Canada
- Venezuela

These buyers are particularly active in the South Florida market, drawn by global economic conditions and Miami's appeal.

## Key Driving Factors

- Global inflation concerns
- Currency instability in home countries
- Political unrest abroad
- Miami's stable legal and financial systems

## Market Leadership

Miami remains the most searched U.S. city by international homebuyers in Q1 2025, maintaining its position as the top U.S. market for international homebuyers for the 14th consecutive year.

# Shifting Financing Landscape for Development



## Traditional Bank Pullback

Less willing to lend, especially for multifamily and mixed-use projects



## Private Credit Emergence

Developers securing large-scale loans from private credit firms



## Project Financing

Example: \$114M loan from private credit for new construction



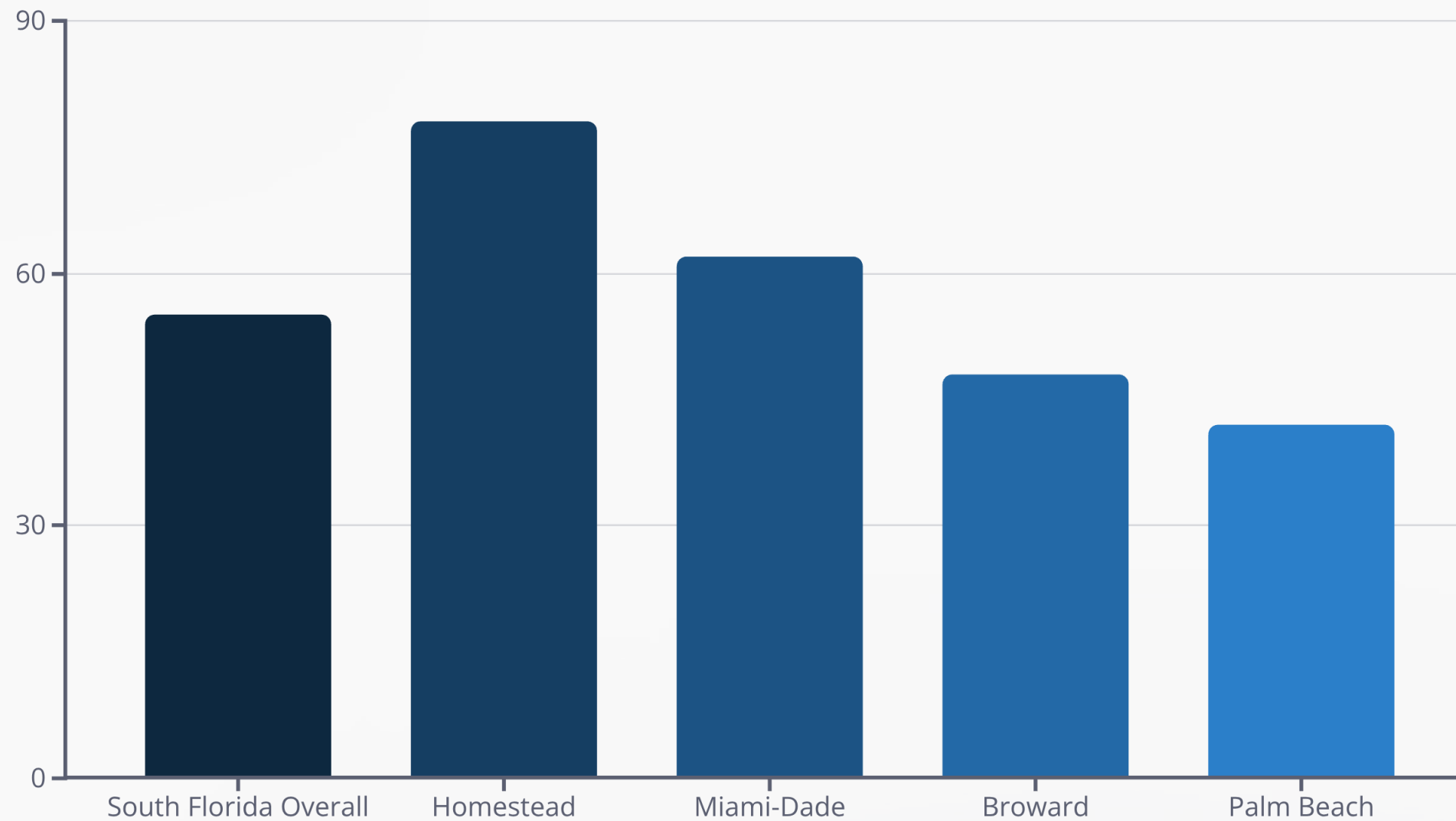
## Structural Shift

Long-term change in how developments are financed

As traditional banks become more cautious in their lending practices, developers in South Florida are increasingly turning to private credit lenders to finance new construction amid high interest rates. This shift is driven by high interest rates and election-year economic uncertainty, making traditional banks less willing to lend, especially for multifamily and mixed-use projects.

This transition may represent a long-term structural shift in how large-scale real estate development is financed in the region, with potential implications for the pace and nature of future construction projects.

# Continued Development and Land Sales



Land sales in South Florida surged 55% year-over-year in Q1 2025, totaling \$1.85 billion. This robust activity indicates strong ongoing developer interest and confidence in the region's long-term growth prospects, despite the current market adjustments.

The City of Homestead recorded the fastest-growing number of transactions, highlighting its emergence as a development hotspot. This surge in land acquisitions suggests a robust pipeline of future construction for both residential and commercial projects, potentially addressing some of the region's housing supply challenges in the coming years.

# Market Outlook and Mortgage Rate Relief

## Mortgage Rate Improvement

The average 30-year fixed mortgage rate fell to 6.89% from 7.02%, offering slight relief to prospective homebuyers. This dip could temporarily stimulate demand, especially among fence-sitters waiting for more favorable conditions.

## Market Normalization

The South Florida real estate market is normalizing from its post-pandemic frenzy rather than experiencing a widespread downturn. This adjustment creates a more balanced environment with opportunities for well-positioned buyers.

## Segmented Performance

While entry-level and mid-tier properties face affordability challenges, the luxury sector continues to thrive, bolstered by international and cash buyers. This bifurcation is likely to persist in the near term.

The South Florida real estate market is undergoing a complex adjustment with varying impacts across different segments. Despite overall moderation in growth and persistent affordability concerns, the market shows resilience in key areas. The increasing reliance on private credit for development finance signifies a structural shift in how large projects are capitalized.

This evolving environment presents both challenges for existing homeowners and opportunities for well-capitalized buyers who can navigate the changing landscape.