

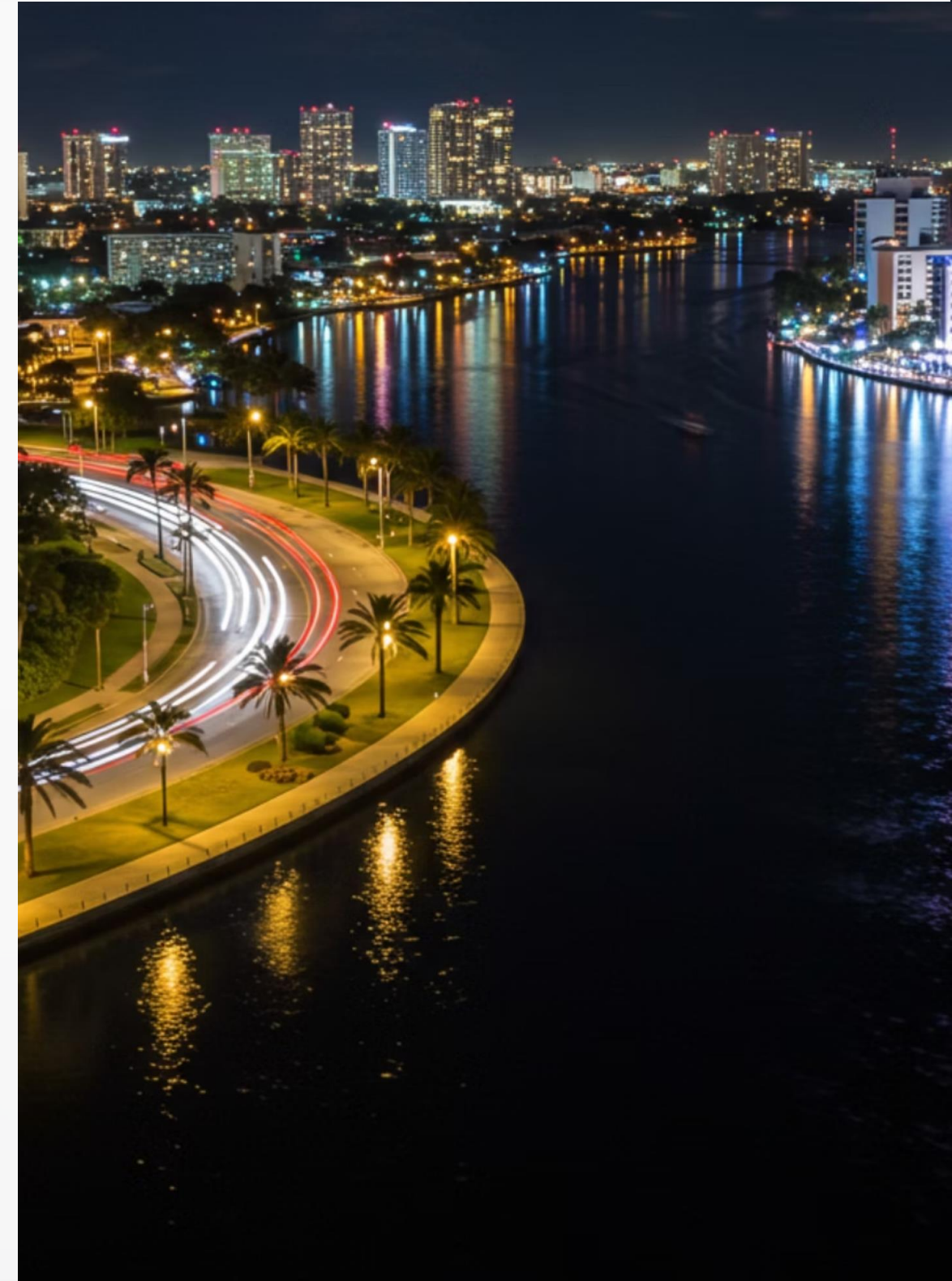
South Florida Real Estate Market Outlook: June 2024-2025

June 9th, 2025 thru June 15th, 2025

The South Florida real estate market presents a complex landscape characterized by stark contrasts. While ultra-luxury properties and single-family homes demonstrate robust demand and appreciation, the broader condominium market faces significant challenges from new legislation, rising insurance costs, and structural integrity concerns.

This market bifurcation occurs against a backdrop of increasing inventory, longer selling periods, and a more discerning buyer environment. Despite these challenges, overall property values continue to rise, and the insurance market shows early signs of recovery. Meanwhile, workforce housing initiatives are gaining momentum to address persistent affordability issues.

 **by Jorge Muñoz Mendoza**



Market Bifurcation: Single-Family Homes vs. Condominiums

Single-Family Strength

The MIAMI Association of Realtors® forecasts single-family home sales to increase by 7.8% in 2025, with median prices accelerating by 9.7%. This growth is driven by tight inventory and sustained demand from domestic and international buyers.

Condominium Challenges

In stark contrast, the condominium market is expected to remain flat in 2025, with a modest median price increase of only 2.5%. The implementation of the Florida Building Safety Act is identified as a key factor stalling demand in this sector.

Ultra-Luxury Exception

Despite broader condo market struggles, the ultra-luxury segment thrives independently. The Residences at Six Fisher Island secured a \$400 million construction loan with over \$500 million in pre-sales, with remaining units targeting prices exceeding \$4,000 per square foot.

Increasing Inventory and Price Normalization

258%

Inventory Increase

Fort Lauderdale saw housing inventory surge to 1,789 available homes, a staggering rise compared to the same month last year.

85

Days on Market

Properties are taking longer to sell, with the average days on market increasing from 66 days in the prior year in Fort Lauderdale.

\$575

Price Per Sq Ft

Miami-Dade condos saw average price per square foot slip from \$580, a subtle but potentially significant sign of market softening.

Even high-end properties are selling below initial asking prices after multiple reductions. Notable transactions included a Jupiter mansion selling for \$13.4 million (from \$16 million), a Miami Beach condo for \$12 million (from \$15.3 million), and a Boca Raton condo for \$7.7 million (from \$12.9 million).

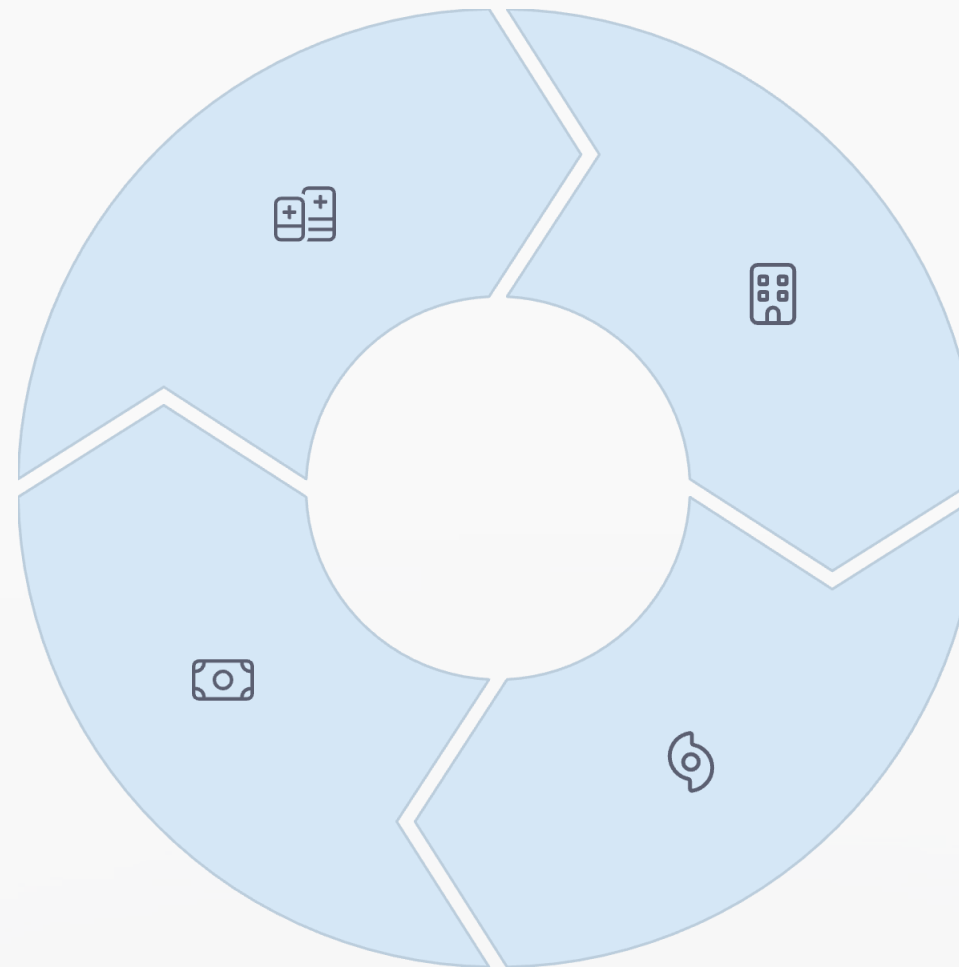
Property Insurance Crisis: Signs of Improvement

Market Recovery

Florida's property insurance market is showing signs of recovery and long-term stabilization, with some areas experiencing lower rates.

Premium Impacts

Severe weather events continue to justify premium hikes, illustrating the ongoing impact of climate events on insurance costs.



New Entrants

The entry of more insurers into the market is expected to improve buyer confidence and potentially moderate premium increases.

Climate Vulnerability

Recent widespread flooding from heavy rainfall in South Florida is explicitly linked to the insurance crisis, with insurers likely to cite these losses.

Structural Integrity & Legislative Impact on Condos



Florida Building Safety Act

The MIAMI Association of Realtors® explicitly identifies this Act as a key factor stalling demand in the condo market, imposing costly new requirements.



Milestone Inspections

New legislation requires thorough structural inspections and fully funded reserves, significantly impacting the 74% of condos in the tri-county area built before 1994.



"Punching Shear" Concerns

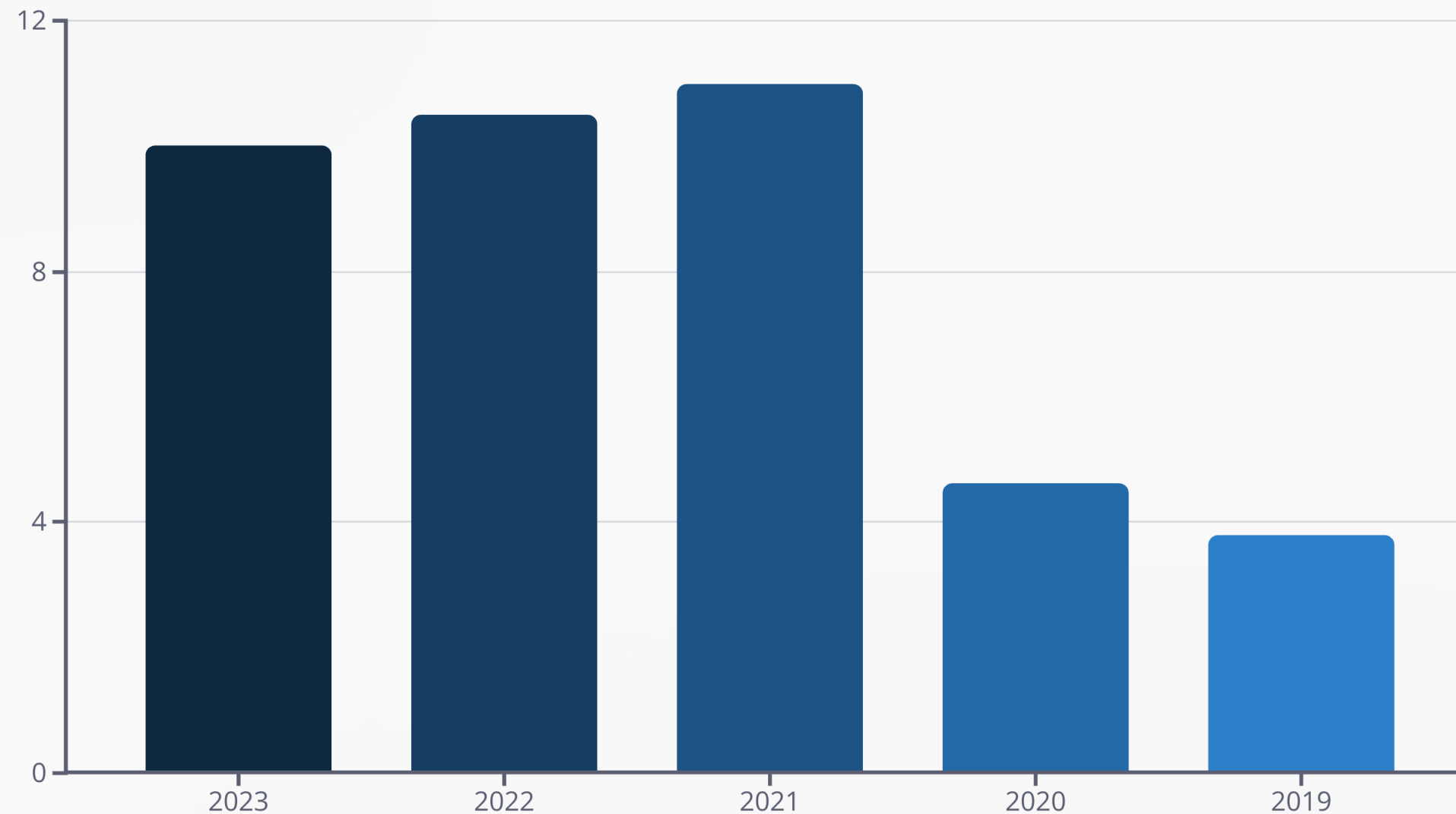
Public discourse is growing around the danger of "punching shear," a specific structural failure in concrete slabs, indicating that technical engineering concerns are entering public awareness.



Market Impact

These structural and legislative concerns significantly impact buyer sentiment, creating additional headwinds for the condominium market segment.

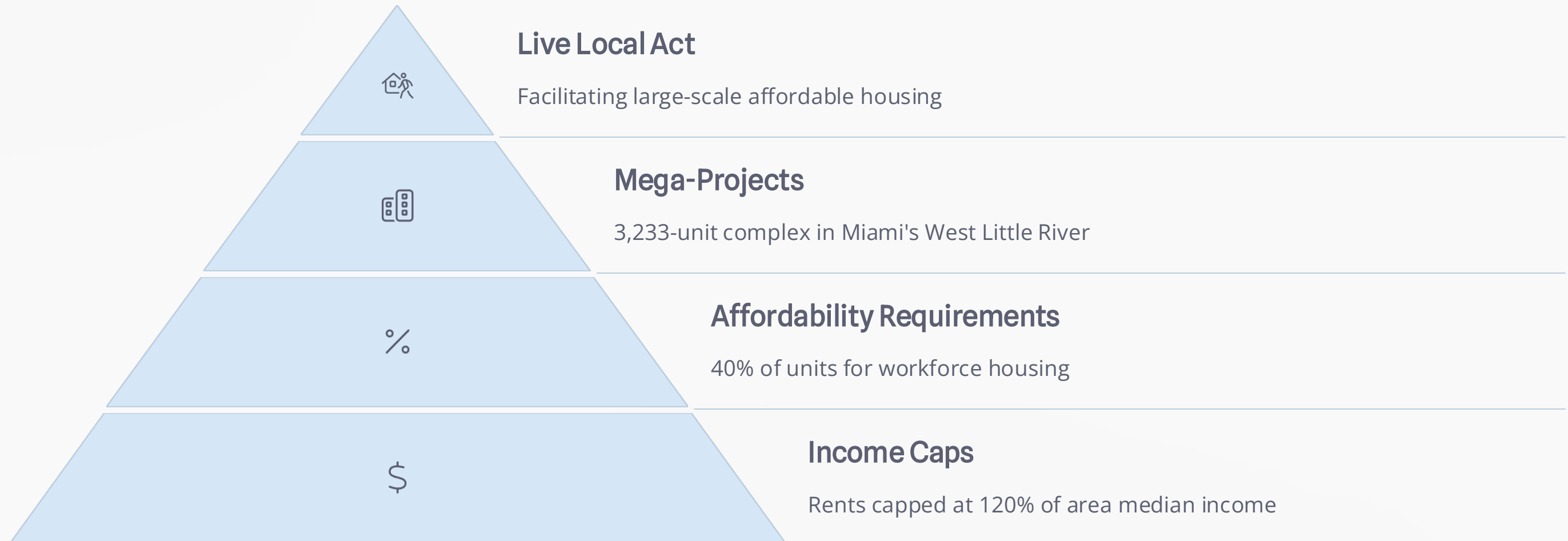
Underlying Market Strength & Economic Fundamentals



Miami-Dade County's taxable property values increased by approximately 10% in 2023, marking the third consecutive year of double-digit growth. This growth was widespread, with every one of the county's 34 municipalities recording an increase.

The overall market is supported by strong economic fundamentals, including a projected 2.4% employment growth in 2025 and sustained in-migration from other states and countries. Additionally, mortgage rates are projected to decline to 5.7% by the end of 2025, which is expected to improve affordability.

Workforce Housing Initiatives Gaining Momentum



Florida's Live Local Act is enabling significant affordable housing developments across South Florida. A textbook example is the planned mega-project in Miami's West Little River area, which will dedicate 40% of its units to workforce housing with controlled rent caps.

Investment in South Florida's multifamily property market remains strong, as evidenced by a \$165 million purchase of a new apartment tower in Downtown Fort Lauderdale, demonstrating continued confidence in the rental sector.

Market Outlook: A Complex Landscape of Contrasts

Single-Family & Luxury Strength

Single-family homes and ultra-luxury developments continue to thrive, fueled by strong demand, economic growth, and projected declining mortgage rates. This segment shows resilience despite broader market challenges.

Condominium Challenges

The broader condominium market faces substantial hurdles from the Florida Building Safety Act, increasing insurance premiums exacerbated by severe weather, and growing public awareness of structural risks in older buildings.

Long-Term Resilience

Despite these contrasts, underlying demand, population growth, and a recovering insurance market suggest a resilient, albeit more discerning, environment for buyers and a complex landscape for sellers, particularly in the condo sector.

The South Florida real estate market in mid-2025 presents significant contrasts between thriving and challenged segments. While certain headwinds exist, particularly for condominiums, the market's underlying fundamentals remain strong. The focus on large-scale workforce housing initiatives signals a proactive approach to addressing the region's long-standing affordability concerns.