

Study: Election and high unemployment add to fears for real estate

November 1 2010, by Cathy Keen

Uncertainty persists in Florida's real estate markets, aggravated by the state's high jobless rate and fears about the upcoming election, a new University of Florida survey finds.

“While investment in [real estate](#) continues to flow into Florida, there is a tremendous amount of apprehension in the market due to government and economic forces,” said Timothy Becker, director of UF's Bergstrom Center for Real Estate Studies, which issued its quarterly survey this week.

The survey is the most extensive of Florida professional real estate analysts and investors conducted on an ongoing basis. The total number of participants in the current survey is 266, who represent 13 urban regions of the state and up to 15 property types.

The state's high [unemployment](#) continues to limit real estate growth, Becker said. The joblessness rate reached 11.9 percent in September, compared with 9.6 percent for the nation, he said.

Most of respondents' concerns about the midterm election relate to the economy, Becker said. “The results will affect Congress' decision whether to extend the Bush-era tax cuts or let them expire, government spending and a host of other issues that currently prevent companies from hiring and expanding,” he said.

On a state level, respondents are extremely worried about the outcome of

the vote on Amendment 4, a proposed constitutional amendment that would require a referendum for all changes to local government comprehensive land-use plans, Becker said. They believe it would have a profound effect on the industry, adding to an already extended time frame to develop property, placing Florida at a greater competitive disadvantage to other states in attracting businesses and jobs, he said.

“I think almost everybody in the real estate industry believes that passage of Amendment 4, to use their terms, would be kind of a stake in the heart of the real estate industry,” he said. “They’re already fighting for their livelihood going through the recession, and this would just be one more thing that they would view as a bad deal for the state and a bad deal for the economy.”

Survey respondents indicated they believe industry conditions will improve once the [election](#) is over and people have a better idea of what to expect from their political leaders, Becker said. An extensive amount of money from real estate investment trusts, pension funds and insurance companies is competing for the few quality properties that are on the market, most of which are apartments, he said.

“The apartment sector is the stellar performer in Florida’s real estate market,” he said. “That’s a direct result of what’s happening on the residential side with foreclosures; people are moving from being owners to being renters.”

Apartment occupancies are up, which is driving up rents to levels some respondents haven’t seen in a long time, he said.

In contrast, single-family construction is suffering because of restrictions on bank financing and the expiration of federal housing tax credits, Becker said. “That, coupled with the tremendous housing inventory that is still left over from foreclosures going through the market, make it

very difficult for builders to be able to see new houses,” he said.

Condo development is even worse off, largely because of the unavailability of financing, Becker said.

While the housing market is struggling, conditions continue to improve slightly for the commercial sector, Becker said. “We’re starting to see stabilization across property types in occupancy, with respondents saying they feel a little better about what rents are going to look like in the near future.”

Respondents in the retail field report that national retailers are expressing interest in opening more stores in Florida, Becker said. “They want quality spaces in great locations, and they see themselves getting there with relatively inexpensive rent in the current environment,” he said.

Some parts of the state fare better than others, such as Miami, as a result of Latin American investors pouring money into parts of the city, Becker said.

Provided by University of Florida

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