

UF survey: Florida real estate market slips once again

December 2 2011

Florida real estate experts and investors were pessimistic for a second consecutive quarter, despite encouraging signs in the rise of occupancy rates and prices in the rental apartment market, a new University of Florida survey finds.

The Survey of [Emerging Market](#) Conditions, conducted quarterly by the Kelley A. Bergstrom Center for Real Estate Studies at UF's Warrington College of Business Administration, indicates the main reason for the third-quarter malaise was the falling market for single-family houses, condominiums and most types of land.

Uncertainty over unsettling economic news at the international, national and state levels provides the backdrop for the declining perspective, said Timothy S. Becker, director of the Bergstrom Center. The Commercial Real Estate Sentiment Index declined in the third quarter marking the second consecutive decline of the year.

The survey takers anticipate a sluggish recovery for the real estate market in the coming years. A large inventory of home foreclosures partly explains their gloomy expectation. Respondents also worry about employment. Since January, 70,000 new jobs have been created in Florida, but they were offset by 63,000 lost positions, keeping the unemployment rate at 10.6 percent since April.

Respondents also believe that a weak economy continues to discourage the private sector from adding new hires. Companies instead are likely to

squeeze more productivity from workers and store profits to sustain them through future tough economic times. Concern over stock market turmoil, ongoing gridlock in Washington and the upcoming presidential election added to the overall pessimistic outlook.

The UF survey also reveals worry that securities-backed mortgages on commercial properties became harder to get during the third quarter. There was also wariness over the newly enacted Dobbs-Frank Act, which expands federal regulation of banks.

“The problem is that individuals involved in banking don’t yet know what the rules are under the new law, and whenever there’s uncertainty people tend to drop from the investment horizon,” Becker said. “What we’re hearing from the respondents is that because of this uncertainty, there’s a freezing up of capital that should otherwise be going to construction projects.”

That lack of capital, however, is good news for the rental apartment market, which, according to the survey, is real estate’s “best performing asset.” Becker said widespread home foreclosures have forced displaced homeowners to rent apartments. In addition, he said, many young job seekers who want flexibility in housing in urban areas are seeking rental units. That trend helps to drive up occupancy, allowing owners to charge more rent.

The survey also identified bright spots in Florida’s economy. Condo projects are under way in Miami, which is also enjoying an influx of investment from South America. Respondents are also somewhat cheered by prospects for Florida ports as the Panama Canal expansion project continues.

Still, the overall perception of Florida’s real estate market is glum.

“Where we go from here depends on macro-economic forces, ranging from the debt crisis in Europe to the many we have here at home,” Becker said.

A total of 231 Florida professional [real estate](#) analysts and investors, representing 13 urban regions of the state and up to 15 property types, participated in the [survey](#).

Provided by University of Florida

Citation: UF survey: Florida real estate market slips once again (2011, December 2) retrieved 17 July 2024 from <https://phys.org/news/2011-12-uf-survey-florida-real-estate.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.