

# South Florida housing market slow down pricing before winter season



By **AMBER RANDALL**

SOUTH FLORIDA SUN SENTINEL | OCT 27, 2021 AT 4:59 PM

Homes in South Florida are growing more overvalued, suggesting that the housing market may not be slowing down anytime soon.

A housing index released this week by researchers with Florida Atlantic University and Florida International University indicates that homes in the region were 16% overvalued compared to their long-term pricing trends in September, an uptick from 14.29% in August.

“These results are contrary to the reports that housing markets are slowing down across the country,” said Ken H. Johnson, a real estate economist with Florida Atlantic University. “Nearly every metro in the study saw an increase in its premium currently being paid.”

While there have been some indications that the South Florida market is cooling, such as a decline in closed sales, the fact that home price

appreciation surged in September is a sign that the market may not be close to slowing down, said Johnson.

Whether it is a temporary surge remains to be seen.

Realtors attribute the decline of closed sales to low inventory, giving buyers fewer options. According to Craig Studnicky with RelatedISG Realty, there are only 6,000 homes available for purchase in the tri-county MLS.

Out of 100 metropolitan areas, South Florida ranked 68th in the country in **terms of overpricing**. Areas such as Boise City, Idaho, and Austin, Texas, were the most overpriced, with homes in those areas 81.28% and 56.55% overpriced, respectively.

Tampa was 35.88% overpriced compared to its long-term pricing trends, while Fort Myers was 31.14% overpriced.

Researchers with FIU and FAU believe this trend is due to the slight increase in mortgage rates combined with low inventory, prompting buyers to try to lock in a home now, rather than risk losing out on low rates.

Real estate agents say they have seen an increase in buyers wanting to purchase a home as soon as possible, a trend that may only grow as the winter season starts.

Some buyers are following the rise in prices and are hoping to procure a home before the winter seasons start to pick up, said **Bonnie Heatzig, executive director of luxury sales at Douglas Elliman in Boca Raton.**

Researchers warned that committing now may not be the best choice for buyers, because they could spend a number of years trying to earn a significant return from their purchase. It's still too early to tell when the housing market will peak, experts say.

"It might be wise for many people to consider renting and reinvesting the money they would otherwise have spent on ownership in the nation's most overpriced markets," said Eli Beracha, professor of real estate at Florida International University.

Renting however, comes with its own set of risks, said Mike Pappas, president of the Keyes Company, a real estate company. Rents are rising in

the area, and with many rental homes being sold, it adds a level of instability for many families.