

# NEWS BREAK

## Inflation is hitting the housing market, forcing South Florida buyers and sellers to change course



As inflation rises across the country, some buyers and sellers in South Florida are adjusting their home process to compensate.

With the market in the region already red hot, real estate agents say they have been dealing with sellers who want to bump up their sell date, to take

advantage of higher prices in case inflation slows the market while some buyers are also accelerating their buying process to take advantage of interest rates before they climb.

“Mostly for me, I am seeing a change or acceleration with my sellers,” Dawn Forgione with Lang Realty in Boca Raton said.

One of her clients, a couple that lives in a 55-and-over community, had been planning to sell their home in a year, to move back up north. However, now they are planning to sell immediately, concerned about how inflation will affect the real estate market.

“They see with inflation the market turning a little bit, and they don’t feel that they will ever get as much as they could possibly as at this time,” she said.

They are not alone. According to a survey from RedFin profiling 1,500 buyers and sellers who are planning to buy or sell a home in the next 12 months, 10% said they had moved up their home-selling plans due to inflation. Seven percent said they had delayed their home selling plans because of it.

How people interpret inflation and how it may affect them financially can vary from person to person.

“Some people may delay buying because they’re worried that with prices rising on everything from food to fuel, now is not the right time to make a

huge purchase,” said Redfin Chief Economist Daryl Fairweather. “But others might move faster to find a house because they’re worried home prices and rent prices will increase even more, and they want to lock in a fixed payment.”

Inflation rose to 6.8% in November, a level not seen in almost 40 years, the survey noted.

For buyers, some have been accelerating their plans so they can take advantage of the lower mortgage interest rates while they still can, noted **Bonnie Heatzig, executive director of luxury sales at Douglas Elliman in Boca Raton.**

“With inflation spiking, it is anticipated that mortgage rates will rise and the money they’re borrowing to buy a home will buy them less,” **Heatzig** explained.

Other buyers are eager to move up their plans as rent prices soar and become more unaffordable, said Forgione. One of her clients decided to jump into the housing market when her two-bedroom apartment shot up in rent from \$2,700 to \$3,500 a month.

According to the RedFin survey, 24% of homebuyers had moved up their homebuying plans due to inflation. Meanwhile, 29% had decided to put their home buying process on pause due to inflation.

**Heatzig** also noted that some of her buyers are factoring in how inflation may add to the cost of a big renovation — a house that doesn't need much work is more appealing when the cost of building materials is through the roof.

Some builders are also considering the rising cost of materials when they make their contracts for new homes, said Jeffrey Lichtenstein of Echo Fine Properties in Palm Beach Gardens.

But for others, it's not affecting their decision to buy or sell at all: 27% of respondents said it didn't influence their decision either way.

Jeff Grant with ReMAX Properties in Palm Beach Gardens said concerns about inflation haven't really come up with his buyers recently, since many of them are cash buyers looking at properties that are priced between \$800,000 to \$2 million.