

JTHS-MIAMI, a Division of the MIAMI Association of REALTORS®

# South Florida Real Estate: The Best Hedge Against Inflation

American homeowners with fixed long-term low debt cost (such as a 30-year fixed mortgage) versus rising wages are in the best position as this country faces rising inflation.

Homeowners undergo strict restrictions to receive 30-year fixed loans. There are no exotic loan debt structures post 2010. The cash flow of homeowners is so much better vs pre-2010. Look at the New York Fed Consumer Credit Panel/Equifax report for mortgage originations by credit score. Of all home mortgages originated in first quarter of 2021, 73 percent went to borrowers with a credit score above 760. This was a record high for the period since 2003.

## The power of owning a home

## with rising inflation

With inflation rising nationally, it's important to remember that housing is a great asset and hedge against inflation. Home values traditionally keep up with inflation. If you can secure a fixed mortgage rate for 30 years, the amount you pay for your home may not increase although the value of it might.

When you buy real estate, you make a down payment of perhaps 20 percent. The home price rises by the rate of inflation times the cost of the house, not by the cost of your down payment. So, if inflation doubles the value of the house, it may have quadrupled the value of your down payment. It's even better if you took out a fixed rate mortgage because you made a payment that

dropped in inflation-adjusted dollars.

Renting is different as inflation could lead to higher rental prices. If the cost of appliances, carpets, paint, etc. go up that means the cost of maintaining rental homes is up and landlords can raise rents. Like with buying a home, supply and demand play a significant role in rental prices. High demand and low inventory mean prices will go up.

## More investment in vacation homes, commercial real estate

Rising inflation could also lead to more buyers purchasing vacation homes in places like South Florida. Buyers want that second property, a tangible asset, as a hedge against inflation.

Commercial real estate is another

good hedge against inflation because it generates cash flow. Landlords can raise rents along with rising inflation. Some leases have automatic consumer price index adjustments built in. Higher revenues also correlate to higher property values.

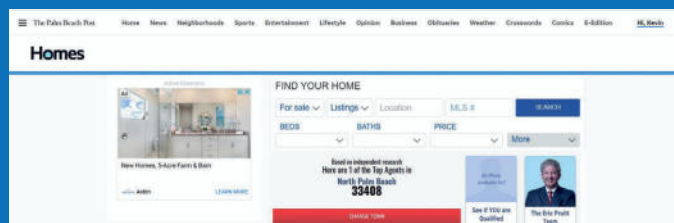
## JTHS-MIAMI, a Division of the MIAMI Association of REALTORS®

2151 S Alt A1A, Suite 1100, Jupiter, FL 33477  
561-746-2707  
jthsmiami.com  
Office hours: 9 a.m.-5 p.m.



Brad Westover

**President:** Brad Westover,  
2022 JTHS-MIAMI President  
MIAMI Association of REALTORS®  
Avanti Way Realty LLC  
jthsmiami.com  
561-644-1109  
bpwestover@gmail.com



**Search for homes online:** [palmbeachpost.com/homes](http://palmbeachpost.com/homes)

In addition to the homes listed inside Residences, you can search listings in local neighborhoods and see what's for sale.

PUT THE POWER OF THE TELCHIN GROUP BEHIND THE SALE OF YOUR HOME

NUMBER  
*One*  
IN IBIS

THE  
TELCHIN  
GROUP  
L L C

NUMBER  
*One*  
IN 33412

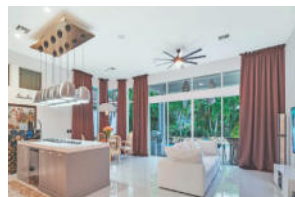
107 IBIS SALES  
IN 2021!

BROKER, ERIC TELCHIN  
561.301.0249 [www.thetelchingroup.com](http://www.thetelchingroup.com)



THE CLUB AT IBIS  
7490 MONTE VERDE  
\$1,100,000  
3BR/3BA+DEN

Elegant and timeless, this 3100 SF home is located on the fairway of Tradition #3, and boasts sweeping golf course views, east. Enjoy incredible outdoor living from the large, fully screened pool and patio area. Built by RJS Builders, a custom estate-level builder, luxurious marble flooring, coffered ceilings, rounded corner walls, French doors, and more quality touches elevate this home. The 'Sofia' floor plan is versatile and boasts spacious rooms, soaring ceilings and incredible bones.



THE CLUB AT IBIS  
10254 SAND CAY LANE  
\$1,500,000  
3BR/4BA+DEN+LOFT

This 3500 SF Parucker-built home has been completely reimaged! Offering privacy and a bright southern exposure, this home features a spacious, upgraded pool and rock waterfall spa, with golf course views in the back. Beginning at the porch, dramatic 24x24 white tile is featured throughout the main living areas downstairs, providing a sleek and contemporary canvas. Cutting edge remodeled kitchen with upgraded appliances, and a remodeled master bath.

Local  
breaking news.

Know what's really  
going on.

Now more than ever, the source matters.  
Support real, local journalism with real local impact.

The Palm Beach Post

Start or renew your subscription today at [www.PalmBeachPost.com/subscribe](http://www.PalmBeachPost.com/subscribe)