



2024

Southeast Florida Housing Outlook

Rising Sales and Sustained Home Price Appreciation in 2024



December 2023

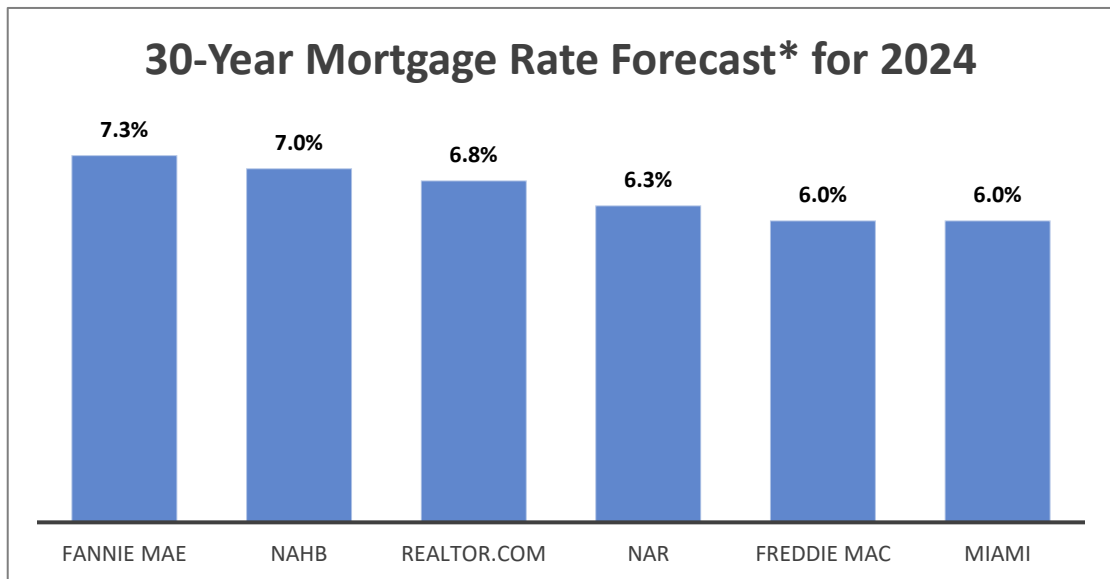
December 2023

1. Mortgage rates will continue to trend downwards in 2024 and could hit 5.25% by year-end.

With inflation slowing, mortgage rates are likely to keep trending down as inflation slows and with the Federal Open Market Committee’s latest assessment of a 0.75% cumulative rate cut in 2024. The 30-year fixed mortgage rate could hit 5.25% by 2024 Q4, with a full-year average of 6%, from 6.8% in 2023.

At its December 12-13 meeting, the median federal funds rate target deemed appropriate by the Federal Open Market Committee participants to achieve the 2% inflation target decreased to 4.6%, indicating three rate cuts in 2024 or a cumulative 0.75% rate reduction from the current federal funds rate range of 5.25% to 5.5%. As of November 2023, inflation was down to 3.1% from a peak of 9.1% in June 2022.

As of December 14, the 10-year Treasury Note rate, a benchmark for the 30-year rate, fell to 3.9% from 4.2% the day prior, indicating that the bond market priced in at least one rate reduction. With the additional two rate reductions of 0.5%, the 10-year Treasury Note could further fall to 3.4%. Given the historical spread of 1.7% between the 30-year fixed mortgage rate and the 10-year Note from 2018-2019, the 30-year fixed mortgage rate could fall to 5.25% by the end of 2024, for a full-year average of 6%.



[Fannie Mae November 2023 forecast, Housing Forecast - November 2023 \(fanniemae.com\)](#)

[Freddie Mac November 2023 forecast, Freddie Mac, Economic, Housing and Mortgage Market Outlook – November 2023 - Freddie Mac](#) .

[NAHB November 2023 forecast, https://www.nahb.org/news-and-economics/housing-economics/macro-economic-outlook](https://www.nahb.org/news-and-economics/housing-economics/macro-economic-outlook)

[NAR October Outlook, October 2023 Outlook.xls \(nar.realtor\)](#)

[Realtor.com 2024 Housing Market Predictions and Forecast - Realtor.com](#)

* Note: the mortgage rate forecasts of Fannie Mae, NAHB, Realtor.com, NAR, and Freddie Mac are forecasts prior to the Fed’s December 12-13 meeting.

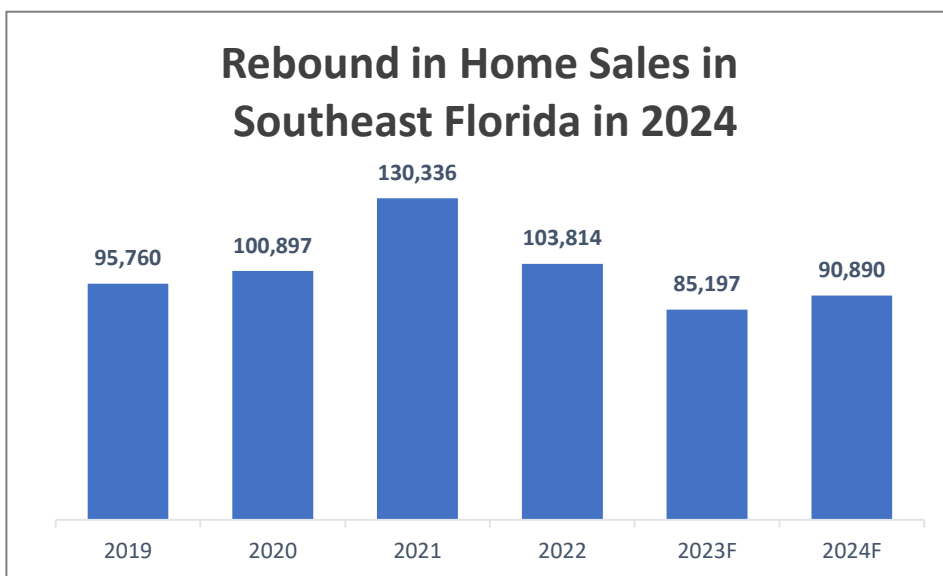
2. Existing home sales will rebound, with projected growth of 7%.

The decline in mortgage rates will lead to a turnaround in the housing market, with Southeast Florida’s existing home sales projected to expand by 6.7%.

Over the period 2012-2023, a one percentage point decrease in the 30-year fixed mortgage rate has been associated with a 9% increase in existing home sales. Based on this relationship, the 0.8 percentage point reduction in mortgage rates (from average of 6.81% in 2023 to 6.0% average in 2024) could increase home sales by 7%.

Single-family sales were more resilient to rising mortgage rates than condominium sales. As of October 2023, single-family home sales were down 13% year-over-year while condominium sales fell 23%. As of October 2023, single-family home sales were down in Miami-Dade (-15.8%), Broward (-16.2%), Palm Beach (-9.2%), Martin (-1.3%) and St. Lucie (-14.7%). Sales of condominiums/townhomes fell more sharply than single-family sales in Miami-Dade (-32.3%), Broward (-22.4%), Palm Beach (-14.8%), and Martin (-7.9%), but less sharply than in St. Lucie (-8.8%).

The stronger growth in the single-family homes market in 2023 is likely to persist in 2024, with single-family home sales projected to expand 8% and condominium sales to increase 5%. The rising preference for single-family homes could be associated with the rise of a hybrid work that has increased the attractiveness of living in the suburbs due to less commuting time during the week.



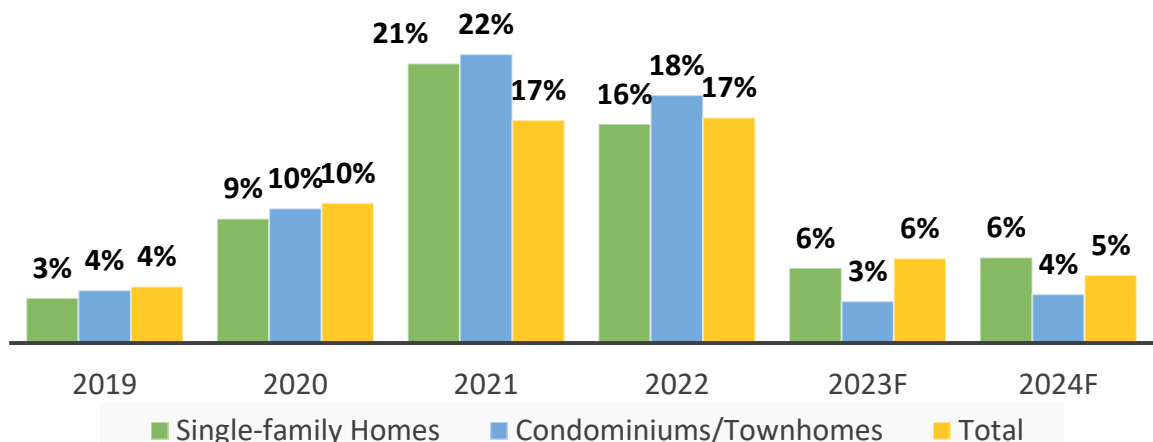
3. Existing home sales prices will continue to increase at a single-digit pace, with projected price growth of 5%.

With higher demand from lower mortgage rates, the median existing home sales price in Southeast Florida is projected to rise at a modest pace of 5%. Home sales prices are expected to increase at a modest single-digit pace following the robust price gains since 2019 of over 50%.

Tighter supply conditions in the single-family home market will support a stronger price growth of 6% while the buildup in the inventory of condominiums for sale will moderate the price growth to 4%. As of October 2023, the inventory of single-family homes on the market was at 3 to 4 months of sales, and in the condominium market, the inventory was at 4 to 6 months' supply.

Home prices are expected to broadly increase at a modest single-digit pace in 2024 in line with the modest appreciation in 2023 after a torrid pace in 2020-2022. As of October 2023, the median existing home sales price in Southeast Florida was up 7% year-over-year while the median existing condominium/townhome sales price rose at a slower pace of 3%. From October 2019 through October 2023, the median single-family home sales prices increased by over 50% across the five counties: Miami-Dade (69%), Broward (59%), Palm Beach (73%), Martin (51%), and St. Lucie (68%). In the condominium/townhome market, the median home sales prices rose by over 60%: Miami-Dade (64%), Broward (62%), Palm Beach (83%), Martin (84%), and St. Lucie (106%). Over this same period, the average weekly wage increased 21% in the Miami-Fort Lauderdale-West Palm Beach Metro area (\$25/hour to \$30/hour) and 17% in the Port St. Lucie Metro area (\$23/hour to \$27/hour).

Modest Home Price Appreciation in Southeast Florida in 2024



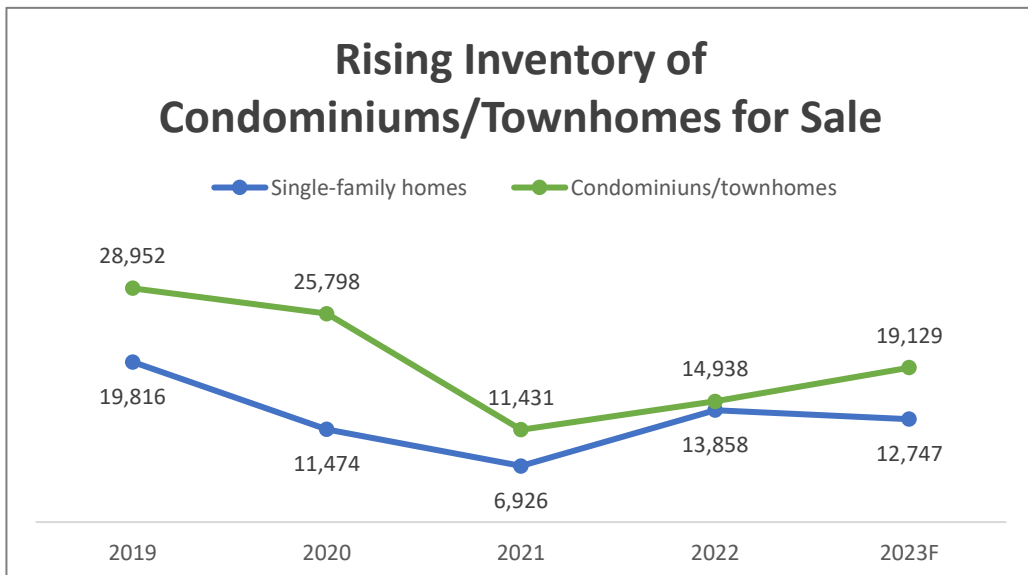
4. Supply will remain tight at below 6 months', with tighter market conditions for single-family homes than condominiums.

As of the end of October 2023, active listings of single-family homes were down 8% year-over-year overall: Miami-Dade (-14%), Broward (-9%), Palm Beach (-1%), Martin (+3%), and St. Lucie (-11%). Months' supply was at 4 months or lower: Miami-Dade (4.0), Broward (3.4), Palm Beach (3.6), Martin (3.3), and St. Lucie (3.3). The single-family homes market will remain a seller's market in 2024 with 3 to 4 months' supply as lower mortgage rates bolster demand while supply does not adjust as fast.

Inventory is likely to tighten in 2024 through mid-2025 with fewer new single-homes in the pipeline. Based on single-family home units authorized during January-October 2023, there will likely be an overall decrease of 959 single-family home permits in 2023 compared to the units authorized in 2022: Miami-Dade (-942), Broward (-247), Palm Beach (-317), Martin (+132) and St. Lucie (+417).

In the condominium/townhome market, active listings were up 23% overall: Miami-Dade (+9%), Broward (+45%), Palm Beach (+57%), Martin (+53%), and St. Lucie (+79%). Active listings hovered near 5 to 6 months: Miami-Dade (6.3), Broward (4.2), Palm Beach (4.2), Martin (4.4), and St. Lucie (5.4). The condominium/townhome market will likely remain as a seller's market with 5 to 6 month's supply.

Supply will continue to build up in 2024 through mid-2025 with a projected 3,609 more units authorized in 5-unit or more buildings in 2023 than in 2022: Miami-Dade (+4,324), Broward (+1,198), Palm Beach (-84), Martin (-379), and St. Lucie (-1,449).

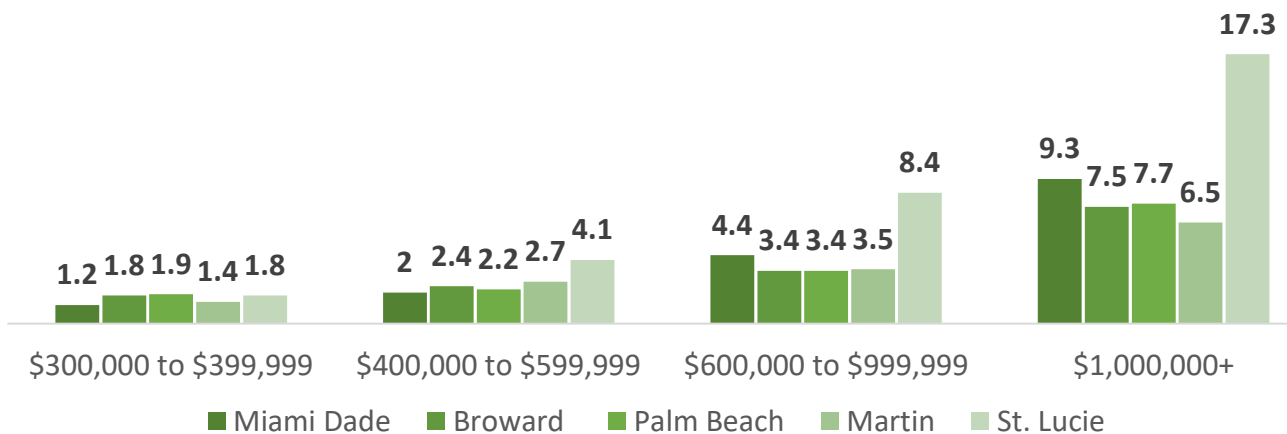


5. Competition will further intensify for homes below \$400,000, an affordable price for households earning \$100,000. Demand will remain robust for \$1M+ market with sustained demand from high-income and high net worth buyers.

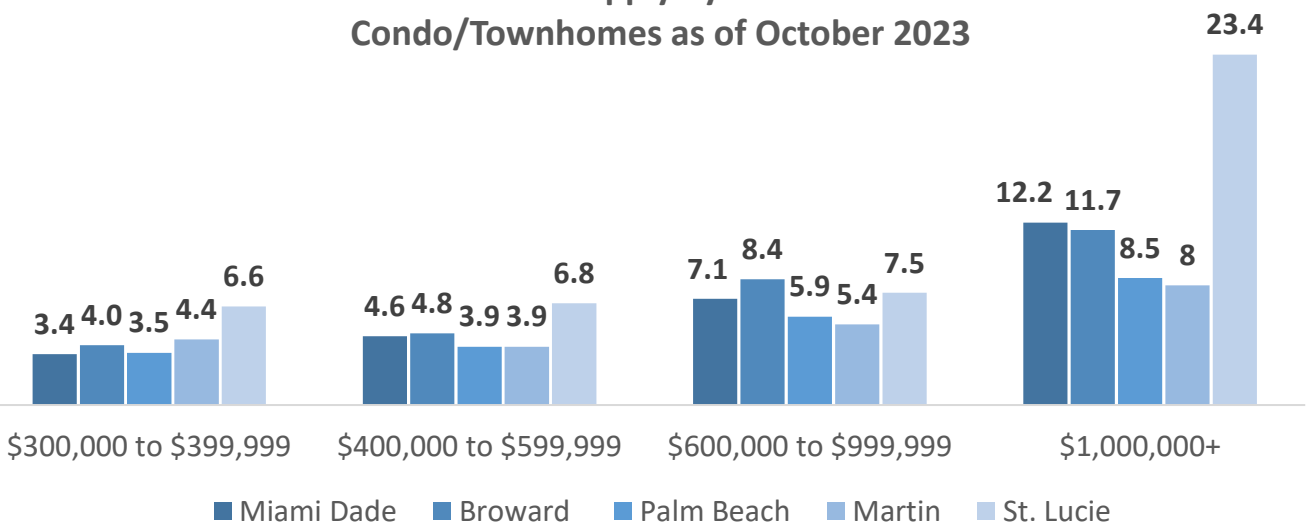
Competition will further intensify at the lower end of the market, especially for homes priced at below \$400,000 , an affordable price for households earning \$100,000 or below.

For homes priced at \$1 million or more, supply has built up, with months' supply at 18 to 24 months, at par with the pre-pandemic levels. Demand is likely to remain robust, with sustained demand from high income and high net worth buyers.

**Month's Supply by Price Tier:
Single-family Homes as of October 2023**



**Month's Supply by Price Tier:
Condo/Townhomes as of October 2023**



December 2023

6. Out-of-state and international migration will likely remain elevated above pre-pandemic levels due to the area's strong economy, low business taxes and no state income tax, and the continuing recovery of domestic and international tourism and travel.

Southeast Florida's housing market is underpinned by a resilient and dynamic economy. In 2022, all Southeast Florida counties posted higher GDP growth than nationally (1.9%): Miami-Dade (5.8%), Broward (4.6%), Palm Beach (3.4%), Martin (6.2%), and St. Lucie (3.4%). The Miami Metro area's job growth, at 2.7% as of October 2023, is outpacing the national rate, at 1.9%.

Florida's low tax environment is a major factor drawing businesses to the area, including relocations and expansions by tech, finance, and law firms like [Citadel](#), [Goldman Sachs](#), [Microsoft](#), [Indxx](#), [FundKite](#), [Thoma Bravo](#), [Kirkland & Ellis](#), [LeverX](#), and [Kaseya](#). The Miami-Dade Beacon Council reported that the expansion or relocation of 51 business in Miami-Dade directly created about 5,700 jobs in 2022-2023, with an average salary of \$98,000. The reduction of the sales tax rate levied on Florida businesses renting or leasing commercial property, also known as the business rent tax (BRT), from 5.5% to 4.5% on December 1, 2023, further improves the climate for doing business in Florida. Amid challenging economic conditions, [\\$4.7 billion commercial sales transactions closed in Miami-Dade County in the first quarter of 2023](#), according to MIAMI's analysis of county deed records.

In 2022, [Florida saw the largest level of net and gross migration since 2005, with gross movement of 738,969 people](#). Migration from other states remains elevated compared to pre-pandemic levels, based on driver license exchanges. [In 2023 Q1-Q3, there were roughly 55,200 driver license exchanges from out-of-state movers](#) in the counties of Miami-Dade, Broward, Palm Beach, and Martin, nearly 4,000 more than in 2019 Q1-Q3. The top feeder states are New York, California, and New Jersey. The announced moves of tech icons and superstars like [Ken Griffin](#), [Jeff Bezos](#), [Eric Schmidt](#), and [Lionel Messi](#) are expected to bring more business expansions or relocations in the area.

MIAMI's analysis of IRS tax data shows [that households who move into the area tend to have higher net household income](#) (adjusted gross income) than households who move out of the area. Based on 2021 tax returns data, the average adjusted gross income of households who moved into the area was over \$100,000 in Miami-Dade (\$229,300), Broward (\$102,600), Palm Beach (\$242,200), and Martin (\$167,800).

Florida remains as the top destination of foreign buyers across the United States, accounting for 23% of foreign buyer transactions. Within Florida, the Miami-Ft. Lauderdale-West Palm Beach metro area is the largest foreign buyer market, attracting 47% of Florida's foreign buyers during August 2022—July 2023. [Foreign buyers accounted for 18% of MIAMI member's dollar sales](#), compared to 6% in the state of Florida and 2% nationally.



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Teresa King Kinney is the association's Chief Executive Officer.

For information about this report, contact:

Gay Cororaton, Chief Economist
gay@miamire.com

Chris Umpierre, Vice-President of Communications
chris@miamire.com

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Miami Association of REALTORS® (MIAMI)
700 S. Royal Poinciana, Suite 400, Miami, Florida 33166
<https://www.miamirealtors.com/>