

## 2020 Predictions: What's ahead for Miami's market

by KERRIE KENNEDY | DECEMBER 2, 2019



In part I of our predictions story, Miami real estate industry leaders share their thoughts about what's ahead. Will sellers lower their prices to get inventory moving? Which neighborhoods will see growth? Will foreign buyers come back? And finally, in what ways will emerging technologies impact business? Without further ado, we'll leave it to the experts to tell the story.

### The Market

#### *Will 2020 be a buyer's market? Why or why not?*

**Michael Koval [ONE Sotheby's International Realty]:** Generally speaking, we're in a buyers' market as we're seeing pricing reduced in most areas. Northeast of Miami into Broward and into Palm Beach County, markets are moving faster and overall, we'll see better pricing with the continuation of large inventories.

**Anthony Askowitz [RE/MAX Advance Realty]:** In the Miami market, more so than many other areas of the country, the multitude of hyper-local markets determine who has the upper hand. Supply and demand will always determine whether we have a seller's or a buyer's market. If you are a seller of a single-family home in good condition in West Kendall, for a price of under \$350,000, you are in a seller's market, because more people can afford the lower-priced homes and there are not many available. If you are a seller of a \$5 million home in Pinecrest, you are in a buyer's market, as there are quite a few luxury homes available and not as many buyers looking specifically in that area. If you are selling a condo on Brickell, you are in a buyer's market due to the glut on the market and the tighter lending rules on condominiums.

**Nancy Klock Corey [Coldwell Banker Residential Real Estate]:** The buyer's needs, preferences, choices and motivation drive the pricing in any market. The market continues to be cyclical, and given what we've seen in similar markets, Miami buyers will continue to see more opportunities.

**Phil Gutman [Brown Harris Stevens]:** It's certainly fair to say 2020 is [going to be] a buyer's market but I think it's important to clarify that doesn't mean sellers are in trouble. Current market conditions and inventories equate to options for a lot of buyers but that doesn't mean sellers need to take a loss. Properties priced accurately will always

sell in a timely manner. That earns sellers the return they need on their property and saves them the long-term costs of carrying an overpriced property.

**Paul Ketchum [TSG Group]:** For an investor interested in purchasing one or two units in Miami, residential product is more exposed to fluctuations, because there's a lot of inventory in the market and prices are steady or going down. Alternative product types, like office condos, that are in an established central business district like Coral Gables can provide a higher yield and better opportunity.

**Christopher Zoller [Berkshire Hathaway EWM Realty]:** Sellers will get tired of not hearing any offers and will capitulate to the market.

**Mike Pappas [Keyes Company]:** With low interest rates and a shortage of inventory, prices will continue to rise.

**Michael Sadov [The Real Estate Club]:** I think 2020 is going to be a buyer's market for domestic buyers. Since the dollar is so high, the international buyer market has slowed down, giving domestic buyers a chance to score those deals.

#### ***Where will the hottest communities and neighborhoods be in 2020?***

**Nancy Klock Corey [Coldwell Banker Residential Real Estate]:** Walkability and eco-friendly areas appear to have the most appeal to buyers. Communities that merge nicely with nearby retail that attracts consumers with a good combination of local and national stores with an infusion of healthy alternatives such as exercise, health food options and gathering spots will be the most vibrant.

**Karen Elmir [The Elmir Group]:** Edgewater is one of the fastest growing neighborhoods in Miami with a rising level of luxury. The area is popular among investors from the Northeast and a growing market for full-time residents. With its unique location close to Miami Beach, Miami Design District and Brickell, Edgewater offers a haven for people who want to be close to it all, without dealing with the chaos of over-saturated areas.

**Eddie Garcia [TREO Group]:** As residents, tourists and businesses gravitate toward walkable districts and waterfront destinations, Coconut Grove is undergoing a massive resurgence, attracting architect-designed condos, stylish retailers, untapped waterfront programming, chef-driven restaurants and companies from around the world. After decades of being overshadowed by budding Miami communities, the once-coveted area is transforming into the desirable lifestyle and tourist destination reminiscent of the its past.

**Michael Sadov [The Real Estate Club]:** I believe Wynwood is going to stay hot. I think Aventura is going to be one of the top markets out there [as well as] Miami Beach and Sunny Isles.

**Phil Gutman [Brown Harris Stevens]:** Miami Beach and waterfront areas are always in top demand. Several areas in the Greater Miami market, including Coral Gables and Pinecrest, for example, are always in favor with families, thanks to great schools and large square footage. For families relocating from other states full-time, those are popular requests. The live-work-play factor is also increasingly important so areas near offices, restaurants and lifestyle amenities are highly desirable — not just for millennials but for a lot of people who want to spend less time in traffic.

**Ann Nortmann [Douglas Elliman]:** We're seeing a notable migration to the west side of Miami Beach resulting from the increased popularity of areas like Sunset Harbor, new shopping venues like Trader Joe's, and several new commercial buildings on Alton Road that will further enhance the neighborhood's amenities and overall aesthetic.

**Rishi Kapoor [Location Ventures]:** We are seeing tremendous growth in Coral Gables and Coconut Grove. Coconut Grove is establishing itself as a premier waterfront destination where visitors will not only be able to enjoy renowned retail and restaurant hotspots, but also live and work in a tropical setting. As for Coral Gables, it has been transformed into a thriving live-work-play mecca. Aiding in this evolution has been an influx of luxury real estate developers who are attracted to the locale for its strong community and rich history.

#### ***Will the slowdown in the foreign homebuyer market continue and if so, will it adversely impact Miami?***

**Nancy Klock Corey [Coldwell Banker Residential Real Estate]:** We have demographics on our side. With the rising millennial population and the baby boomer group located in the north, especially with an anticipated very cold winter, Miami is still an attractive destination. Add in the "no income tax" status and the preferential homestead here in Florida, we remain attractive to the Northeast, Midwest and even California. While foreign homebuyers are a nice addition, our local economy seems very stable due to the influx of domestic buyers.

**Phil Gutman [Brown Harris Stevens]:** While we know there's been less activity from international buyers recently, they're still out there and will always be interested in Miami. When activity from one market softens, that creates opportunities for players for other markets to come in. South Florida is one of the world's most desirable areas to live, and we're very well protected to withstand whatever is happening in other markets.

**Rishi Kapoor [Location Ventures]:** Miami will always be considered the gateway to Latin America. Even with lulls in the general cycle, Miami's unique position makes it a cornerstone for Latin American businesspeople looking to establish a presence in America. South Florida is culturally diverse and very international, which also attracts foreigners, and coupled with the weather and low taxes, there isn't a better place to be in this country.

**Paul Ketchum [TSG Group]:** Historically, Miami homebuyers came primarily from Latin America. With the current instability in that region from a political and economic standpoint, in addition to a weakening currency, we are anticipating a decrease in this buyer demographic. However, there will still be a steady percentage of high-net-worth individuals from Latin America and Europe who will look to invest in Miami's real estate market to protect their wealth. There's also a growing number of buyers relocating to Miami from high-paying tax cities in the U.S., like New York City and Los Angeles.

**Ann Nortmann [Douglas Elliman]:** There are too many political and economic variables, both domestically and internationally, to accurately forecast the market slowdown. Slowdown or not, Miami will always maintain its global appeal with its unique blend of vibrant lifestyle, weather and accessibility to Central and South America and Europe. In the meantime, tax laws and inclement weather in the Northeast and Midwest are driving domestic buyers to Miami. At the same time, Miami continues to develop as a desirable global destination with a robust arts and cultural scene, a bustling banking and finance sector, and world class architecture.

**Michael Sadov [The Real Estate Club]:** Yes, it will slow down temporarily as long as the dollar stays strong, and that will adversely affect Miami but that is also what will help a buyer's market, especially in the luxury condo market.

**Christopher Zoller [Berkshire Hathaway EWM Realty]:** Buyers from foreign countries will only return if their currencies recover. While the U.S. dollar remains strong, foreign currencies will not support purchases here just for safe harbor. If cap rates and inflation get off the bottom and start to show strength, many buyers will come here. Meanwhile, thankfully, South Florida is benefiting from the "foreigners" from New York, New Jersey, Connecticut, Illinois and California coming here for tax purposes.

## Technology

*What new technologies will your company be adopting over the next year?*

**Nancy Klock Corey [Coldwell Banker Residential Real Estate]:** We have introduced Listing Concierge, Design Concierge, RealVitalize and Desk, our award-winning application which integrates all the programs in one place for our associates. We have an entire product studio that is dedicated to innovation and meaningful technologies that support our associates in living exceptional lives.

**Michael Koval [ONE Sotheby's International Realty]:** ONE Sotheby's International Realty is investing in an entirely new agent platform, ONE VUE, to be released early in 2020. Engineered to mimic the way our luxury agents conduct their business, the platform has task-focused features help agents feel empowered by having access to all the relevant information they need to operate their business and service their clients.

**Mike Pappas [Keyes Company]:** Our 2020 new platforms are Curbio, Mooveguru and TransactionDesk. Curbio helps maximize the value for the sellers by doing home renovations prior to the sale while the payment for the repairs is deferred until the time of closing. Mooveguru is a concierge service for our buyers to help facilitate the post-closing services such as internet, cable, phone and security connections. Transaction desk is a contract-to-close online system for our associates.

**Michael Sadov [The Real Estate Club]:** We have a lot of exciting things in the works. Our company is in talks with an international platform to create an alliance that would allow us to immediately share listings to agents and buyers overseas. So the moment we put a new listing up on the MLS it will be shared to their broker and buyer database. This will be huge in helping get prime properties in front of international buyers in a timelier manner.

*What impact do you see iBuyers having on the Miami real estate market over the next year?*

**Anthony Askowitz [RE/MAX Advance Realty]:** The iBuyers concept is one of the latest shiny objects getting attention right now. The different iBuyer platforms compete with each other to capture a share of buyers who don't truly understand what a professional broker does to benefit them in the transaction. Offerpad is now claiming to allow buyers to choose upgrades which will be completed prior to closing and included in the negotiated purchase price. Although it sounds enticing, we will have to wait to see what the reality is after it has been around for a while. The buyers do not control the contractor chosen or the cost of the work. Will the properties appraise for the new price after upgrades? What happens if the contract falls through? In today's market, my opinion is that the majority of savvy buyers will continue to work with agents. They understand the value of having a trusted advisor who has experience and knowledge of the many hyper-local markets in Miami; someone who is a seasoned negotiator with the skills it takes to navigate the multitude of potential pitfalls that can occur in any real estate transaction.

**Nancy Klock Corey [Coldwell Banker Residential Real Estate]:** iBuyers can be a good option for consumers. Under our platform, RealSure Sell, the consumer has a solid 45 days to decide to take the offer, giving them time to shop and see what's out there. The option also incorporates our associates in the process and does not leave them out. Besides giving the consumer a time frame they can count on, it allows them to essentially be a cash buyer during those 45 days and then have an option to locate a home, have their home sold and move in a timeframe controlled by them. Everyone likes options.

**Mike Pappas [Keyes Company]:** They will be a factor. However we have a program for our associates that compares the discounted value of the iBuyer versus the retail value.

**Michael Sadov [The Real Estate Club]:** Honestly, I don't think this will have a big impact here for at least two or three years.

**Christopher Zoller [Berkshire Hathaway EWM Realty]:** Very little, as there is not much room for "flipping" houses in our market.

**Michael Koval [ONE Sotheby's International Realty]:** We don't anticipate much of an impact at this time because of the price point. The business model is still maturing in the mid-price bands, but at the upper levels, at or over one million, the models will have less impact for now. These programs still need to mature and price out in the luxury market. Inventories are still very high with sellers still holding on to 2016 pricing. Desperate sellers may acquiesce into lower prices and might opt for an iBuyer, but we don't see it having any major impact in 2020.

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