BERGER SINGERMAN
FLORIDA'S BUSINESS LAW FIRM

SOUTH FLORIDA REAL ESTATE BUBBLE WON'T BURST IN 2018 ACCORDING TO BERGER SINGERMAN SURVEY

January 16, 2018



After new administration's first year in office, South Florida real estate professionals are optimistic about 2018, but not as positive as last year

MIAMI, FL – Jan. 17, 2018 – With the national stock market reaching all-time highs in the past year, many real estate experts have indicated that the U.S. real estate market is bound for a bubble burst. That isn't the case in South Florida, however, according to a new survey released today by Berger Singerman, Florida's business law firm. Results from the firm's fourth annual South Florida real estate survey reveal that, thanks to e-commerce advancements, continued foreign investment and the newly signed tax bill, professionals expect

South Florida's real estate growth to continue in 2018.

The e-commerce boom is expected to make big waves in 2018 as 33 percent of survey respondents believe the **warehouse/industrial** sector will have the highest returns this year, and 48 percent believe that **retail** will have the lowest returns. "The expected industrial growth is consistent with the enormous activity we are currently seeing in the e-commerce marketplace," said Jeffrey R. Margolis, partner at Berger Singerman and co-manager of Berger Singerman's Business, Finance and Tax Team. "There is a greater need for warehouses to store products that people purchase online with expectations that they will be delivered in two days (or less)."

"In addition to companies needing warehouse space for storage, our real estate group has seen many businesses purchasing industrial space instead of leasing it, and converting the space into open offices, said Marc Stephen Shuster, partner and co-manager of Berger Singerman's Business, Finance and Tax Team. "We can expect to see areas that offer flex spaces like Weston, Aventura, Wynwood and Homestead prosper in 2018."

Results from the survey show that 31 percent of local real estate professionals expect 2018 will be even more successful than 2017. However, optimism was higher last year with more than half of respondents expecting 2017 to be more fruitful than 2016. Confidence in the market for 2018 was sparked by the improvements in the U.S. economy with 42 of respondents citing it as the primary reason.

"The new tax law is expected to be positive for the real estate market," said Barry D. Lapides, partner at Berger Singerman and member of the firm's Business, Finance and Tax Team. "Local developers are upbeat about the new law and its benefits for real estate developers, as well as the anticipation that it will bring back more funds to the U.S. and potentially bring new residents to the sunshine state."

While overall results reinforce confidence, the survey reveals there is still concern over the uncertainty of governmental policies and oversupply, as a noteworthy 62 percent reported those two matters as the most pressing issues facing the South Florida real estate market.

Other key findings include:

- 69 percent of respondents believe foreign investment in South Florida will remain at 2017 levels or increase, which is up from 63 percent last year despite the new administration's trade and immigration policies.
- 61 percent of respondents indicate that the biggest impact of hurricanes are increased building costs.
- 51 percent of respondents describe the 2018 South Florida real estate market as "competitive", while 34 percent would use the term "cautious."

The survey from Berger Singerman, conducted during November and December 2017, polled South Florida's real estate industry, including developers, investors, brokers, and executives from financial institutions and investment groups across all segments of the real estate industry.

With experience spanning residential, multi-family, retail, office, industrial and hotel transactions, Berger Singerman's real estate, environmental and land use attorneys offer clients strategic advice and representation, in-depth industry knowledge and an unparalleled commitment to providing the highest level of service. The team has worked on transactions throughout Florida and the United States, as well as in Latin America and other international jurisdictions.

The full survey can be accessed here.

Related Practices

Real Estate

Related Practice Teams

Business, Finance & Tax

Related Team Member(s)

Barry D. Lapides

Marc Stephen Shuster

Jeffrey R. Margolis