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FLORIDA'S BUSINESS LAW FIRM

LOOMING ELECTION WON'T TAKE SHINE OFF OF SOUTH FLORIDA'S REAL ESTATE MARKET ACCORDING TO BERGER SINGERMAN SURVEY

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A growing number of investment opportunities across the real estate industry, continued foreign investment in the South Florida market and sustained gains in the U.S. economy underline a sense of optimism among industry leaders looking toward 2016, according to a new survey released today by Berger Singerman, Florida's business law firm.

Results from the survey show that local real estate professionals expect 2016 will be as successful as 2015, if not better. The continued improvements in the U.S. economy will likely fuel gains in South Florida real estate in 2016, with 45 percent of respondents citing economic gains as their primary reason for optimism.

While overall results reinforce confidence in the market, the survey reveals there is still concern over global economic conditions and their potential to adversely impact the South Florida real estate market. An overwhelming 60 percent report this as their primary reason for pessimism.

"2016 is the story of confidence," said Marc Stephen Shuster, partner and co-manager of Berger Singerman's Business, Finance and Tax Team. "With the strong dollar and despite the concern for the uncertainty of economic conditions around the world, global investors still see South Florida as the best bet for investment."

While the multi-family sector has been a darling of the real estate industry since the recession, just 26 percent of respondents predict that multi-family real estate will continue to provide the greatest returns in 2016. Long standing multi-family investors are looking at other sectors to generate larger returns. Many are seeking opportunities in the hotel/hospitality (21 percent) and retail sectors (20 percent).

Most expect considerable gains in hotel and hospitality real estate, with a surprising 60 percent currently not concerned about competition from Airbnb and other non-traditional providers. The unexpected survey outcome implies that South Florida's hospitality industry has not yet felt the repercussions of Airbnb and similar companies, but that all segments will eventually and unavoidably be affected, including luxury hotels.

"Whether it is a small hotel or a large trophy property, the entire hotel sector is booming with hotel properties in high demand," said Jeff Margolis, partner at Berger Singerman and co-manager of Berger Singerman's Business, Finance and Tax Team. "And, many people in the hotel industry are starting to see the effects of companies like Airbnb and HomeAway, including the luxury hoteliers because luxury properties are now listed on Airbnb. However, to our surprise, the survey results indicate that although these companies may cause some competition, the majority do not anticipate them to have a significant impact on the South Florida market in the near future."

Another suggestion of confidence in the real estate market is that the survey results indicate that the outcome of the U.S. presidential election in November will not have huge implications on the industry.

Other key findings include:

- 56 percent believe foreign investment in South Florida will remain at 2015 levels or increase. This was likely impacted by the federal tax law adopted Dec. 18, 2015, which eases restrictions on foreign investment and is expected to further improve the investment climate.
- While respondents anticipate the most foreign investment in South Florida real estate will continue to come from Latin America, China and Brazil, the survey also revealed that investors are expected to come from Russia/Eastern Europe and the Middle East.
- 25 percent believe that uncertainty of governmental policy is the most pressing issue facing the real estate industry.

The survey from Berger Singerman, conducted in November and December 2015, polled South Florida's real estate community, including certain members of the Builder's Association of South Florida, developers, brokers, and executives from financial institutions and investment groups.

With experience spanning residential, multi-family, retail, office, industrial and hotel transactions, Berger Singerman's real estate 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 with real estate developers, investors and lenders on projects throughout Florida, in neighboring states and in other jurisdictions.

The full survey can be accessed here.

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