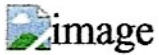


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The Great Florida Migration Unravels as Home Costs Spiral

BY DEBORAH ACOSTA

TAMPA, Fla.— Anthony Holmes was part of the great Florida migration. In 2021, he moved from Virginia to a gated suburban community in Tampa.

Now that he has had to leave, Holmes is another victim of a glutted housing market where buyers are increasingly hard to find.

He paid \$550,000 for his five-bedroom home and spent another \$50,000 on solar panels and interior improvements. When he had to move back to Virginia for work, Holmes expected to sell his house quickly. But since listing it in February, he has had no luck. He dropped the price five times to \$583,900 and would be happy simply to break even.

“I can’t unload the thing,” Holmes said. “In eight months, I’ve had zero offers. No one even showed up to the open houses. Nobody.”

Across much of Florida and especially along the western coast, a surplus of inventory and dwindling buyer interest are slowing sales and keeping homes on the market longer. That is cooling off what had been one of the U.S.’s biggest housing booms this decade. *

Tropical storms and hurricanes, increasingly hitting the state’s western coast, are making matters worse.

Now less than two weeks after Hurricane Helene hit, Tampa Bay is bracing for Hurricane Milton. It is intensifying in the Gulf of Mexico and is predicted to make landfall on Wednesday. Florida Gov.

Ron DeSantis, a Republican, said there is no doubt the storm will have a significant impact on the state and has told residents in its path to prepare to evacuate.

Florida’s population soared between 2021 and 2023, making it the fastest-growing state during much of that period. Remote work and other lifestyle changes that were spurred by the pandemic accelerated a migration trend to the Southeast and the Sunshine State in particular.

The warm climate, lack of state income tax and less business regulation than in many other states made Florida a hotbed for corporate relocations and new residents. For wealthier migrants from New York, Chicago and California, Florida homes seemed like a bargain.

But surging insurance costs, high mortgage rates and high home prices have more people reassessing the Florida dream. Those who must sell their homes right now because of life changes are finding a frosty reception as demand dwindles. *

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After doubling between 2017 and 2024, home prices in most of the state have been mostly flat since March 2023. But with homes valued at record highs in many locations, analysts worry that a price correction might be just around the corner.

"It's definitely been a sizable increase over the last couple of years in inventory, and that sets us apart from other states," said Brad O'Connor, chief economist at Florida Realtors. "We could see some price deterioration in some areas."

Worst of all are the spiraling home-insurance costs that are pricing many homeowners out of the market. Insurance premiums in Florida are up as much as 400% over the past five years in certain areas, one of the fastest increases in the country. * *

They are bound to become even steeper following this hurricane season. Hurricane Helene could result in more than \$15 billion in property damage, Moody's Analytics said.

"People are making different choices as a result of the rise in insurance costs," said Katherine Frattarola, who runs HUB Private Client. Her firm advises wealthy homeowners.

Many of her clients who were planning to move to a waterfront Florida property have reconsidered, she said. Some are moving further inland. Others are choosing a different state altogether.

Tampa, Orlando and much of the Space Coast are all experiencing this Florida housing reversal. Inventory for single-family homes and condominiums in these areas was up more than 50% in August from the same month last year. At the same time, demand has decreased 10% or more in these areas, according to Parcel Labs, a real-estate data and analytics firm.

About half of the homes listed for sale in Tampa experienced price reductions as of Sept. 9, the third-highest share of all U.S. major metropolitan areas. *

In certain portions of Florida's condo market, a correction is already here.

A law to fortify the condo stock after a Miami condo building partially collapsed and killed 98 people has upended the condo market, adding huge assessments sometimes in the hundreds-of-thousands of dollars for each unit.

For condo owners who haven't maintained their buildings, the bill is coming due. * *

Prices are plummeting at many older buildings. While units built 10 years ago or less are selling for about 9% more today than they did last year, units 30 years or older are going for 19% less than they did last year, according to brokerage ISG World. *

Many owners have to find all-cash buyers because mortgage lenders won't take the risk associated with these units. At the Cricket Club condominium in North Miami, for example, two-bedroom units with water views that had been selling for \$450,000 or more are now going for as little as \$200,000 after residents were hit with a \$134,000 assessment.

Another sign that the housing market is approaching an inflection point is that institutional investors—pinched by the same climbing insurance costs—are starting to sell.

Many are eager to cash in on the huge increase in prices that many of these homes have seen since 2010 and are now pruning their Florida housing exposure.

In Tampa, Orlando and Jacksonville, institutional portfolios of single-family homes account for nearly one in 20 listings over the past 60 days, according to an analysis by Parcel Labs.

In all three markets, institutional operators own between 2% and 4% of the single-family homes and have been net sellers in those markets over the past 90 days.

“When institutional investors exit a market, it can be very quick,” said Jason Lewris, co-founder of Parcel Labs. “If they start to ramp up dispositions, it could have a cascading effect on home prices.”

The picture is rosier in Miami. Inventory is up but not yet at the level it was before the pandemic began. New jobs, all-cash buyers and a continued stream of wealthier residents to the city have kept prices up, said Gay Cororaton, chief economist for Miami Realtors.

Yet those, such as Holmes, who have to sell properties farther north are finding it tough and are tangling with rising insurance premiums.

His insurance company dropped him a year ago after Hurricane Idalia scraped past, hitting just north of Tampa Bay. While the storm missed Tampa and his home was unaffected, he went from paying \$1,700 a year to more than double that.

“I have no doubt that a combination of high prices, high mortgage rates and high insurance has just totally collapsed the market,” he said.

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