



BRYAN CEREIJO FOR WSJ



Rob and Karen Dickson, above, sold their Punta Gorda condo after their ownership costs climbed. Right, Miami. ROBERT DICKSON

## Florida's Condo Owners Get Priced Out

**Insurance increases, special assessments, limited financing options add pressure**

BY DEBORAH ACOSTA

Florida is contending with a condo crisis, and the ballooning costs of ownership are a big reason why.

Retirees Rob and Karen Dickson moved from upstate New York to Punta Gorda, Fla., in 2021. They paid \$319,000 for a condo with a terrace on the third floor overlooking a golf course inside their gated community.

After nine holes, they would have lunch at the club and then go for a swim. "It was wildly affordable," Rob said.



But then their ownership costs began to rise. Two years on, their insurance rates doubled after a hurricane, and the unit was hit with a \$7,200 special assessment to pay for building upgrades, which they paid in four monthly installments after insurance covered \$2,000 of the cost. Their HOA fees soared by 25% to nearly \$800 a month. Now, these fees are up to \$1,000.

The couple listed the unit for sale last summer. They competed with 43 other condos for sale in the same community and accepted an offer for \$358,500, about \$20,000 below their asking price.

"Florida is actually paradise," Rob said. "It was superb, but things changed."

### Ballooning costs

The costs associated with owning a Florida condo have exploded. A combination of insurance increases, special assessments and limited financing options have elevated costs beyond what many are able to bear. That has sparked a wave of sales, flooding the market and straining prices.

South Florida condominiums enjoyed one of the biggest real estate booms in the country for years. Median condo prices in Miami-Dade County were up 8% in February from the same month last year and more companies are relocating to Miami, West Palm and other South Florida cities.

### Falling prices

But those areas are outliers. Condo prices in the state of Florida overall have fallen between 1% and 6% each month annually since July 2024, according to Florida Realtors. In February, prices were down 3%.

The selloff is particularly concentrated in older properties. Even in South Florida, prices for buildings 30 years or older have depreciated 22% in the past 24 months, according to ISG World, a South Florida real-estate firm. By contrast, condos less than 30 years old have appreciated an average of 12% over the past decade.

The collapse in the value of older buildings reflects new requirements for making sure they are structurally sound after the partial collapse of a Mi--ami building in 2021 killed 98 people.

The deadline to comply with the new regulations came at the end of last year, but fewer than one-quarter of the condominium associations in the state have indicated compliance, according to data from the Department of Business and Professional Regulation.

Florida is home to about 20% of all U.S. condominiums, according to the Census Bureau. As of 2022, more than half of them were at least 30 years old, the UF Bergstrom Center for Real Estate Studies said.

"If these buildings are subject to reserve requirements, buyers want to make sure they're getting into a situation where the condos have their act together," said Brad O'Connor, chief economist at Florida Realtors. "Whether it's the lenders or the buyers themselves, we've seen a slowdown in condo demands."

Lenders also are becoming more skittish about financing many Florida condominiums, especially if a property is undergoing any type of structural repair. "They won't want to finance anything until the repairs are done," said Anibal Torres, a mortgage lender with CMG Financial.

### The 'blacklist'

To make matters worse, more than 1,400 Florida condominiums are on Fannie Mae's "blacklist". The list includes condo associations that the mortgage finance giant thinks don't have adequate property insurance or need to make critical building repairs. Being on the list can make it harder for potential buyers to get a mortgage, and Florida has the most blacklisted condos out of any state.

Jake Harrington is president of the board of a 17-year-old condo building in Boynton Beach. The property began work on the facade with a cost of \$7 million, an average assessment of \$15,000 a unit.

But Harrington discovered they were on the blacklist because somebody filled out a form implying the building partly operated as a hotel—triggering a red flag—and sales were starting to fall through.



"This is going to be a beautiful property restored beyond its original state after we get off this project, except we're on the blacklist for a typo," said Harrington. "It's just frustrating."

Gov. Ron DeSantis wants to help bring some relief to condo owners. "We've got a problem with our condo market right now," he said this month at a community center in Miami. "We have a problem that was introduced by legislation that was passed in recent years."

The Florida legislature is trying to find a way to bring down costs. A state Senate bill would extend some deadlines and ensure that buildings aren't being hit with costs unrelated to their structural integrity.

Bob and Barbara Maistros are hoping the legislature brings some clarity to the volatile market. They were unable to sell their condo in Palm Beach County, which they purchased for \$75,000 in 2015. They spent an additional \$90,000 on renovations.

When costs began to escalate and the market flooded with units, they figured it was the perfect time to make an offer on a larger unit in a quieter part of the complex.

"We put a contract down presuming that we would have no trouble selling our other place at a significant premium," Bob said. "Well, we were wrong."

After months on the market, the unit received only one offer, at \$30,000 below their asking price. He and his wife pulled \$210,000 out of their retirement funds to pay for the new townhome and held on to the condo as a rental.

"It's turned out to be a financial disaster for us," Bob said. "The market cratered on us."

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