

# Florida Real Estate Market

***Yukong Zhao***

***February 2021***

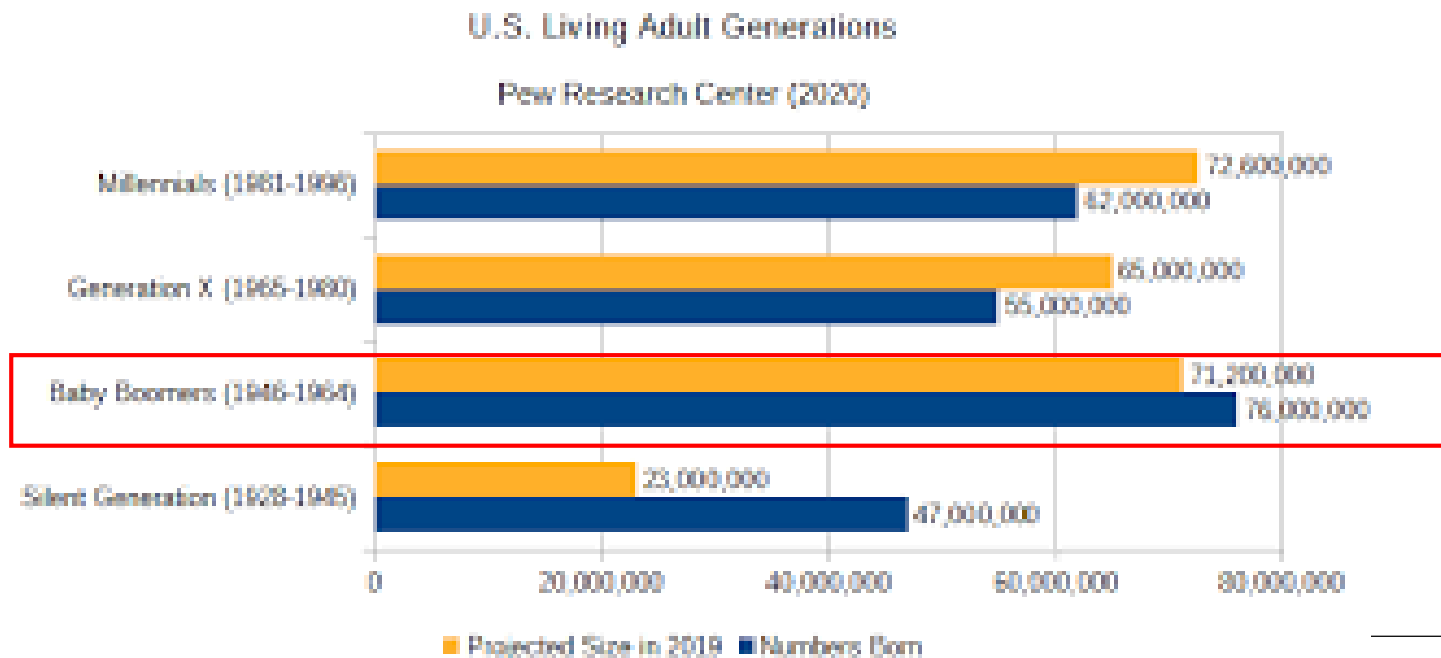
# Outline



- 
- **Market Drivers**
  - **Florida Overview: Economy & Population Growth**
  - **Florida by Regions: Economic Regions & Population Growth**
  - **Florida Real Estate Market Segments**
  - **Florida Residential Housing Market Trends**
  - **A Better Way to Invest in Florida Residential Market**

# Market Drivers: Why People Move Into Florida?

1. **Quality of Life**: Housing Costs, Weather, Beach & Nature.
2. **Baby Boomer Retirement**. (1946-1964) 71 million
3. **Money & Jobs**: No Personal Income Tax. Trump Tax Reform: \$10K limit on SALT deduction.  
Low corporate income taxes: 5.5% for corporation, none for other types of entities.
4. **Health**: COVID-19 Response, Work at home.
5. **Safety**: Police funding reduction, social unrest.



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# Florida Economy & Economic Growth

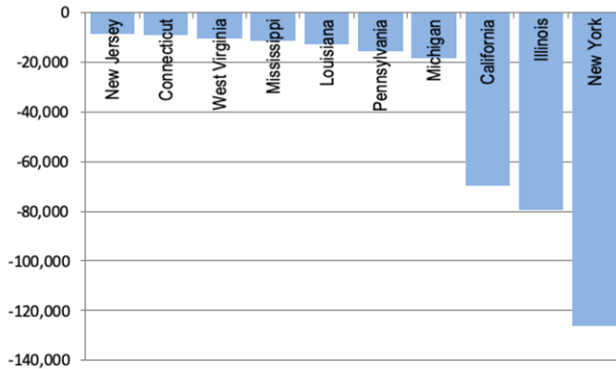


- **GDP of Florida** is more than \$1 trillion and has grown by nearly 40% over the past ten years.
- **Top Industries:**
  1. Tourism
  2. Aerospace and Aviation
  3. Life Sciences
  4. Manufacturing
  5. Security & Information Technology
  6. Agriculture
- **Companies Relocating to Florida:**
  - Johnson & Johnson & other tradition firms
  - ~30 financial firms to evaluate or open offices in South Florida, including
    - Elliot Management Corp. Headquarters
    - Goldman Sachs Asset Management
    - Blackstone
    - Hidden Lake Asset Management
    - Nucleas Research
- **Future Growth:** GDP will more than double by 2049, with average 3.1% annually.

Data Source: [Business Insider](#), [University of Central Florida](#), etc.

# Florida Population Growth

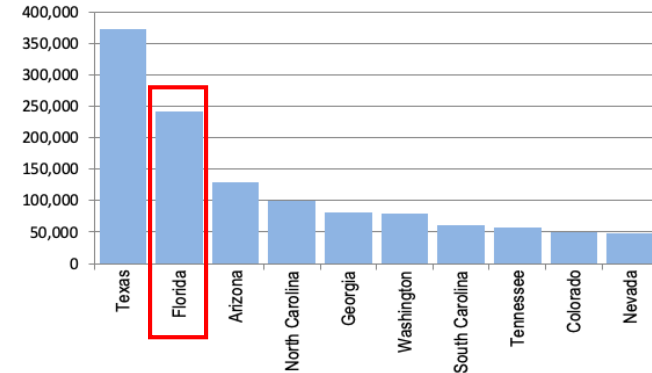
**10 Fastest Losing States: Numeric**  
2019-2020



Census Bureau Estimates.

**Figure 5**

**10 Fastest Growing States: Numeric**  
2019-2020

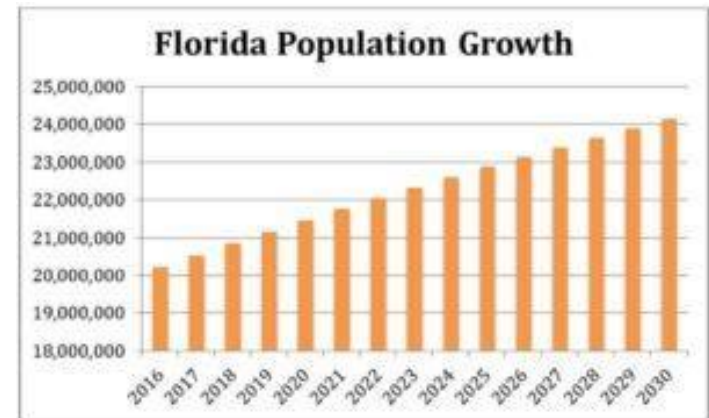


Census Bureau Estimates.

**Figure 3**

Year	Population
2016	20,627,237
2017	20,977,089
2018	21,254,926
2019	21,492,056
2020	21,733,312

Data Source: US Census.



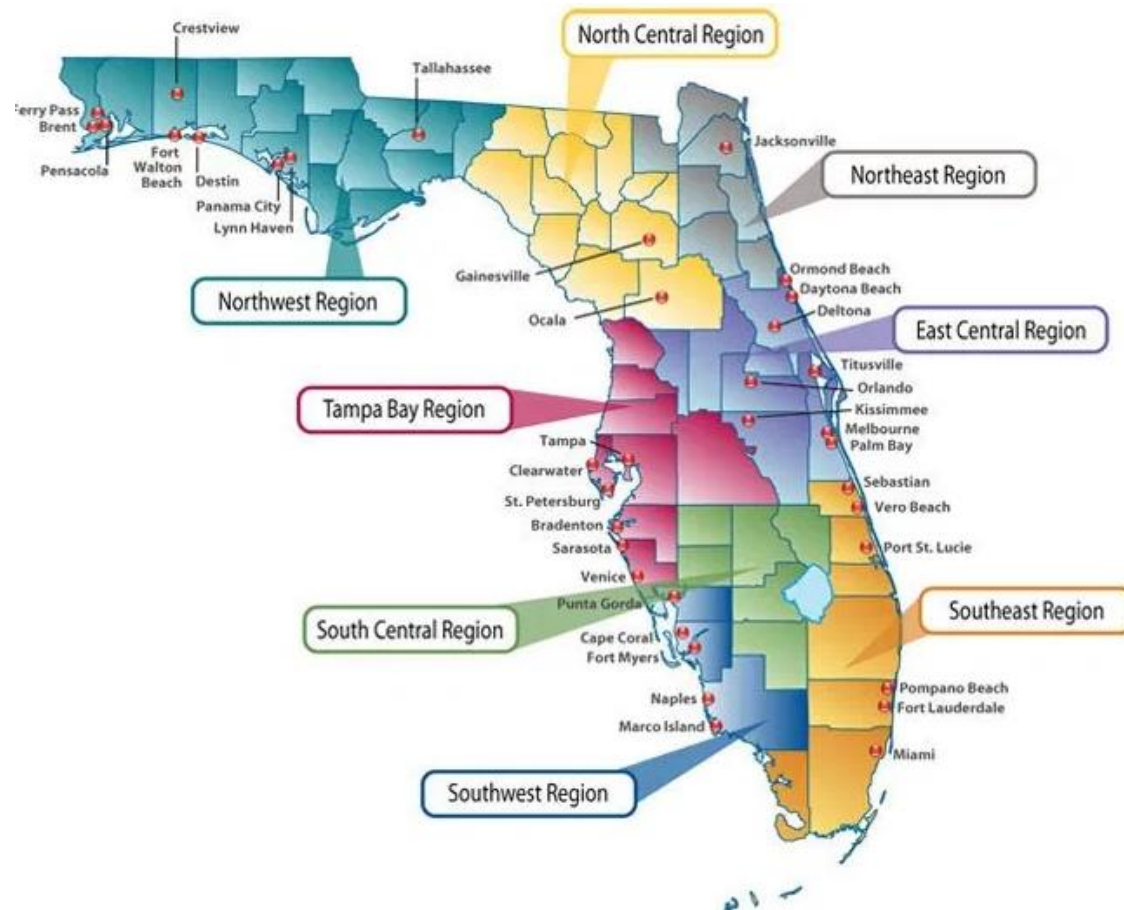
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# Florida Economic Regions

1. **North West Region (Panhandle):** highly educated 650,000 + workforce, 4 military bases, veteran and defense related firms, beautiful coastline.
2. **North Central Region (Gainesville etc):** University of Florida, R&D, high-tech, middle-class retiree destination.
3. **North East Region (Jacksonville, St. Augustine):** International trade, marine, tourism, Amazon warehouse, BMW, PGA headquarters.
4. **Tampa Bay Region:** One of the fastest growing regions with workforce of 2 million. Strong tourism, Johnson & Johnson Headquarter, John Hopkins All Children Hospital & many other medical facilities.
5. **East Central Region (Orlando, Space coast):** One of the fastest growing regions. The world capital of theme parks, space, simulation, cruise lines, manufacturing, IT, Defense and the Villages.
6. **South Central Region:** Agricultural, ecotourism, and some manufacturing, low population density.
7. **South West Region (Ft. Meyers, Naples):** One of the wealthiest. Gartner Inc. Technology & Tourism.
8. **South East Region (Miami, Ft. Lauderdale):** Largest metropolitan area in Florida. Tourism, defense, aviation, financial and business services, start-ups. America's gateway and bridge to Latin and South America.



Data Source: [Complete Guide to Florida Economic Development Regions](#)



# Florida Population Growth 2010-2019 By Urbanized Area

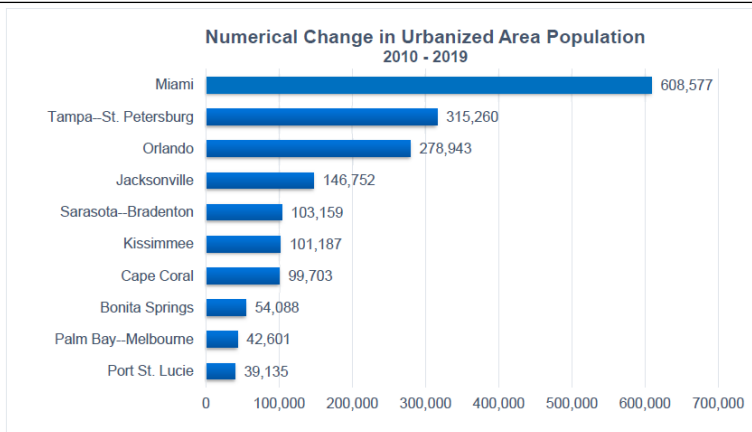


FIGURE 6 – URBANIZED AREAS WITH LARGEST NUMERICAL CHANGE IN POPULATION

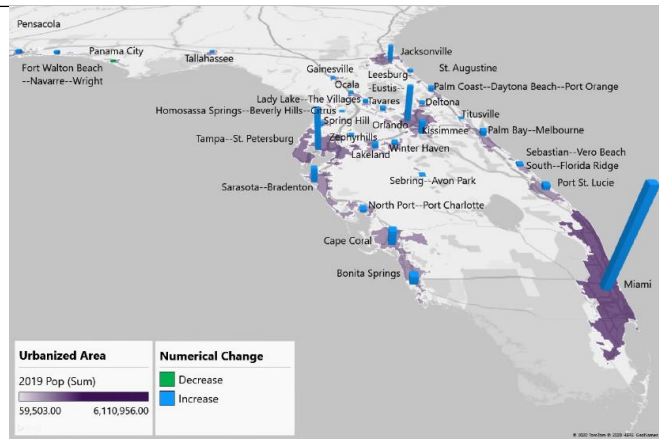


FIGURE 5 – NUMERICAL CHANGE IN URBANIZED AREA POPULATION

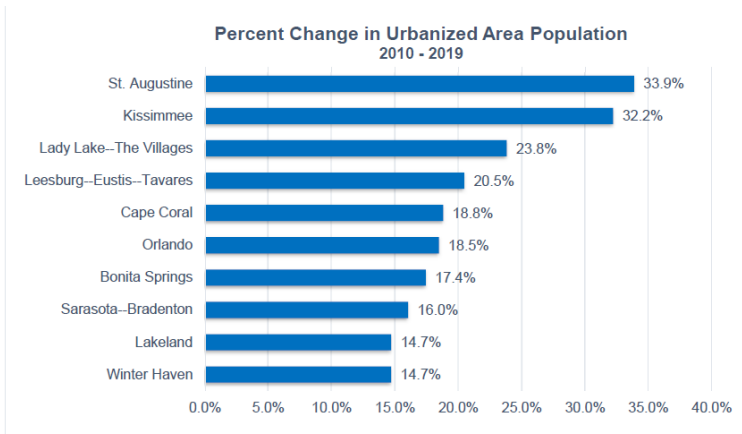


FIGURE 8 – URBANIZED AREAS WITH LARGEST PERCENT CHANGE IN POPULATION

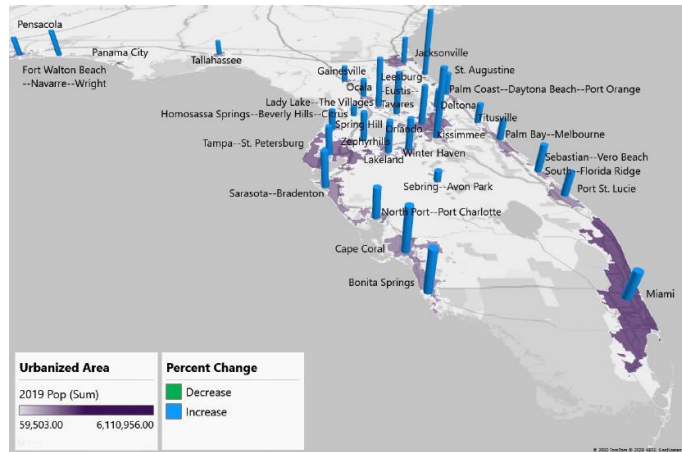


FIGURE 7 – PERCENT CHANGE IN URBANIZED AREA POPULATION

Data Source: "2019 Florida Population Growth," by FDOT

# Florida Population Growth 2010-2019 By MPO

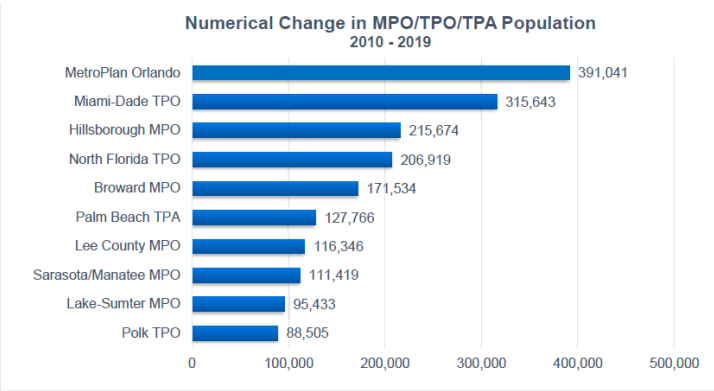


FIGURE 10 – MPOs WITH LARGEST NUMERICAL CHANGE IN POPULATION

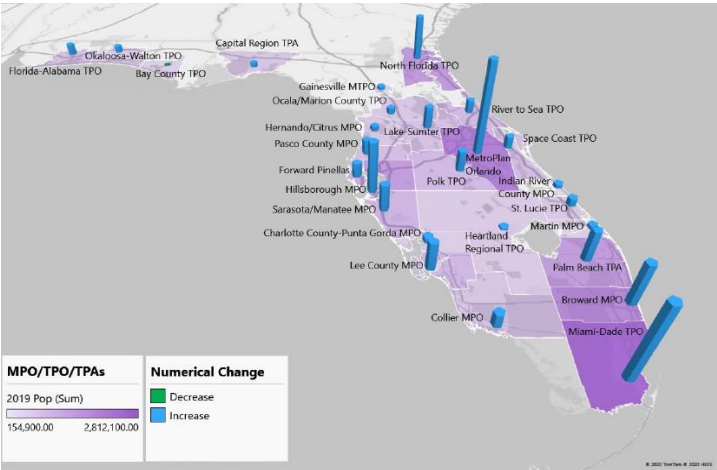


FIGURE 9 – NUMERICAL CHANGE IN MPO POPULATION

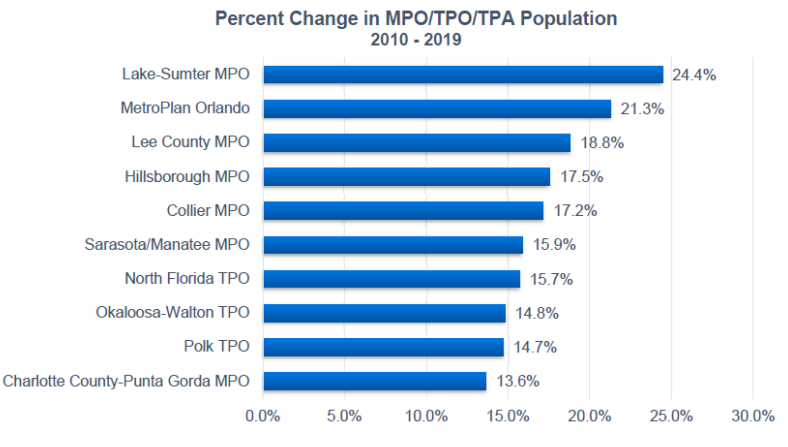


FIGURE 12 – MPOs WITH LARGEST PERCENT CHANGE IN POPULATION

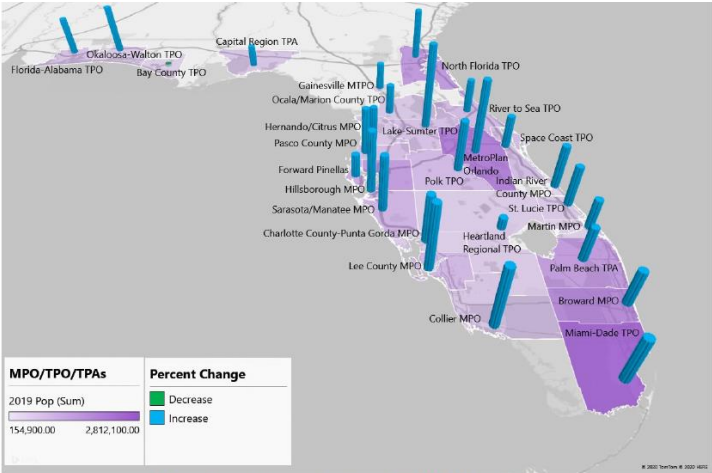


FIGURE 11 – PERCENT CHANGE IN MPO POPULATION

Data Source: "2019 Florida Population Growth," by FDOT

# Florida Population Growth 2018-2019 By County

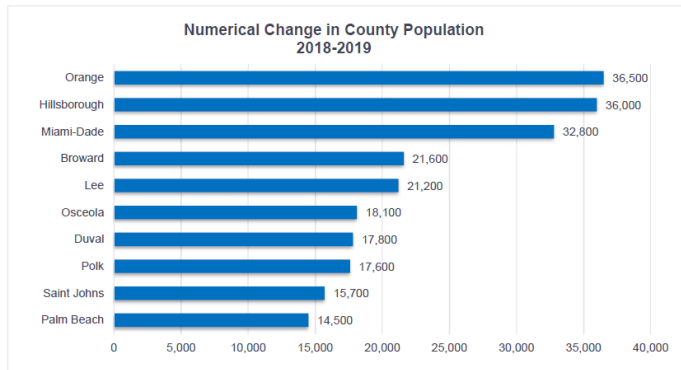


FIGURE 2 – FLORIDA COUNTIES WITH LARGEST NUMERICAL CHANGE IN POPULATION

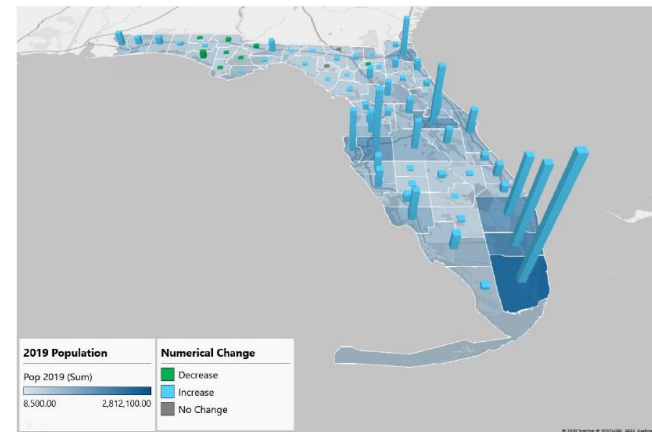


FIGURE 1 – NUMERICAL CHANGE IN COUNTY POPULATION

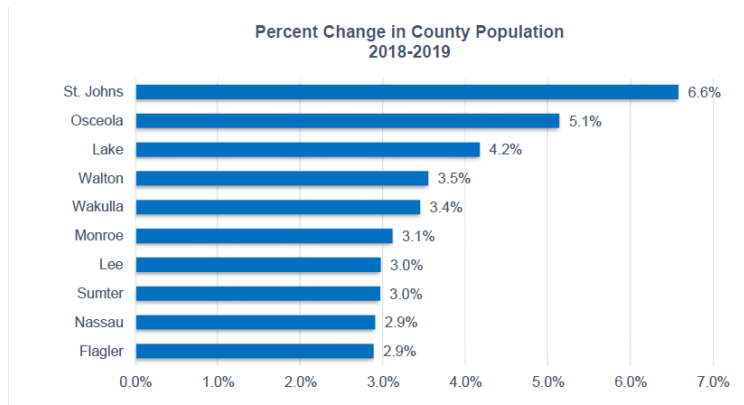


FIGURE 4 – FLORIDA COUNTIES WITH LARGEST PERCENT CHANGE IN POPULATION

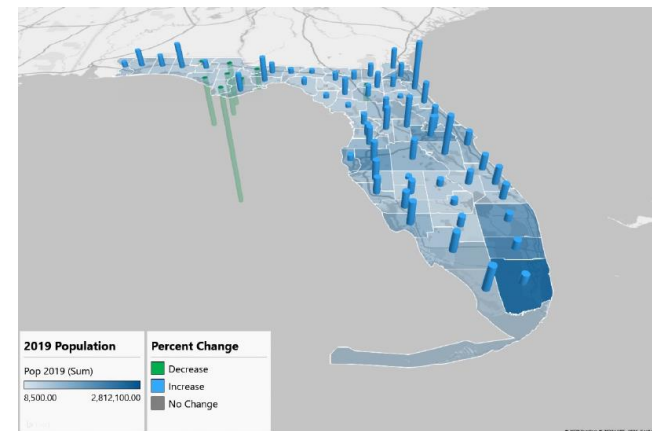


FIGURE 3 – PERCENT CHANGE IN COUNTY POPULATION

*Data Source: "2019 Florida Population Growth," by FDOT*

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## 1. Land

- No cash flow, but carrying costs. Lowest liquidity.
- First wave opportunity is gone. More opportunities to come.

## 2. Industrial

- Specialized requirements.
- Niche market.

## 3. Commercial: Non-residential

- Long-term risk: e-commerce.
- Near-term risk: COVID-19.

## 4. Commercial: Multifamily

- Pros: Growing demand, low risks.
- Cons: First wave opportunity gone. Increasingly competitive and margin erosion.

## 5. Residential-Single Family

- Continuing demand.
- Abundant supply of land.
- Highest liquidity.

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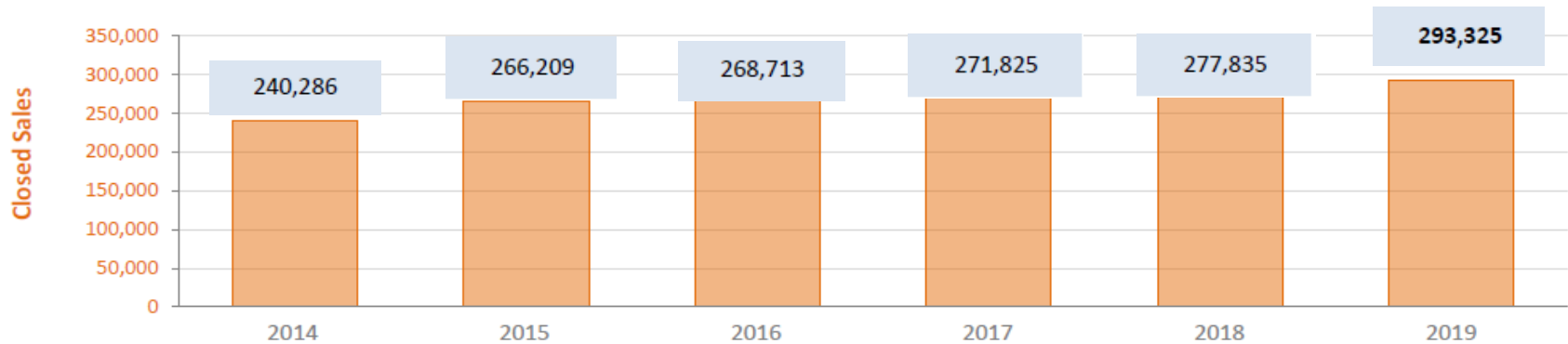


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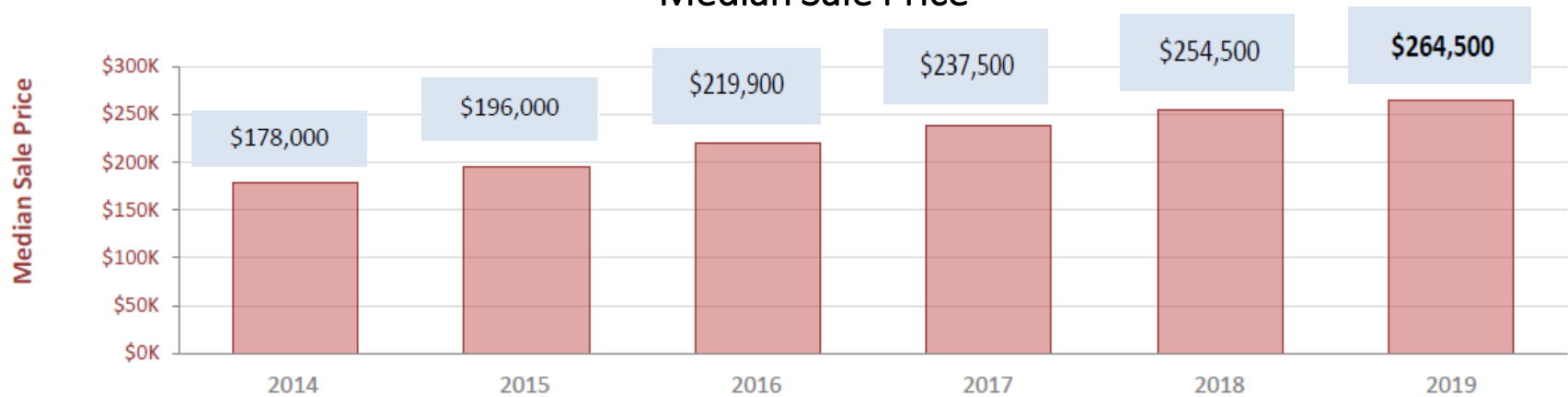
# Florida Residential Housing Trends: 2014-2019



## Closed Sales



## Median Sale Price



Data Source: "Yearly Market Detail -2019 Florida Single Family Homes," by FloridaRealtors

# Florida Housing Trends: 2016-2020 Q3

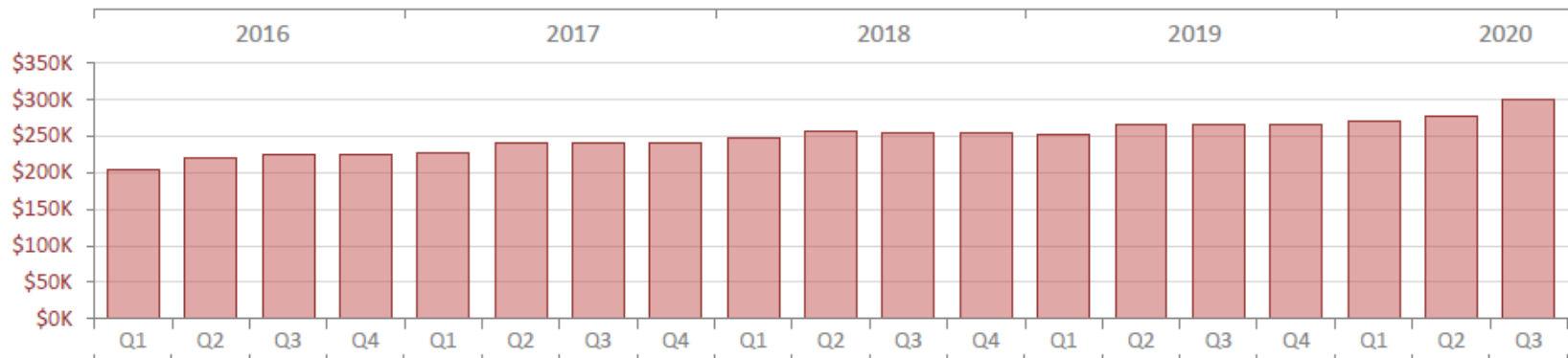


## Median Sale Price

The median sale price reported for the quarter (i.e. 50% of sales were above and 50% of sales were below)

**Economists' note :** Median Sale Price is our preferred summary statistic for price activity because, unlike Average Sale Price, Median Sale Price is not sensitive to high sale prices for small numbers of homes that may not be characteristic of the market area. Keep in mind that median price trends over time are not always solely caused by changes in the general value of local real estate. Median sale price only reflects the values of the homes that *sold* each quarter, and the mix of the types of homes that sell can change over time.

Quarter	Median Sale Price	Percent Change Year-over-Year
Year-to-Date	\$284,900	8.5%
Q3 2020	<b>\$299,900</b>	<b>13.2%</b>
Q2 2020	\$277,500	4.7%
Q1 2020	\$270,000	6.7%
Q4 2019	\$267,000	4.7%
Q3 2019	\$265,000	3.9%
Q2 2019	\$265,000	3.3%
Q1 2019	\$253,000	2.0%
Q4 2018	\$255,000	6.3%
Q3 2018	\$255,000	6.3%
Q2 2018	\$256,500	6.9%
Q1 2018	\$248,038	9.8%
Q4 2017	\$240,000	7.1%
Q3 2017	\$240,000	6.7%



Data Source: "Quarterly Market Detail -Q3 2020 Florida Single Family Homes," by FloridaRealtors



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# A Better Way To Invest in Residential Market



## Traditional Way: Hands-on Investment

- Personal involvement in Property Acquisition & Financing
- Self-Management, or
- Third Party Management
- Pros: maximize control
- Cons:
  - Learning curve
  - Higher risk
  - Time & Efforts, 11PM call
  - Risk of uncappable or untrustworthy managers
- Fit: Local market. Able individuals who have time.

## Better Way: Real Estate Funds

- Professional Property Acquisition Team
- Professional Property Management Team
- Funds structured to reward ROI
- Pros:
  - Minimal Time & Efforts
  - Aligned objectives
  - Diversify risk
  - Professional Teams
- Cons: Depend on funds GMT.
- Fit: Remote markets. Busy individuals who'd enjoy life.

Real Estate Investors Could Select Approaches that Fit to Personal Situation