

## Florida Homeownership Rate Falls to Lowest Level Since 1989

*Demand for Rentals Expected to Stay Strong*

By **Paul Owers**  
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The swimming pool and sundeck at The Quaye at Wellington apartments at 1090 Quaye Lake Cir. in West Palm Beach, Florida, are some of the many amenities drawing more renters.

Credit: Rigoberto Perdomo for CoStar Group Inc.

Florida's homeownership rate has dropped to the lowest level in at least three decades, signaling further strength for Miami's high-flying luxury apartment market.

In a recent presentation to Florida's Joint Legislative Budget Commission, Amy Baker, coordinator of the state Office of Economic and Demographic Research, said 64.1 percent of Floridians owned a home at the end of 2017.

That's below the lowest level previously recorded, 64.4 percent in 1989, according to Baker. State officials have been tracking homeownership rates for the past 34 years.

The report underscores the arguments of developers and housing analysts that demand for multifamily is likely to remain robust for the near future.

Thousands of apartments have been built in South Florida in recent years, and still more are under construction. Analysts and developers say strong job growth and a lack of multifamily construction during the Great Recession left the tri-county region with a shortage of units, despite the recent building boom.



Courtesy of Meyers Group.

Avery Dania Pointe, a 600-unit rental being built at the \$800 million Dania Pointe retail and entertainment center in Dania Beach, Florida.

Further fueling the rental market are tighter lending requirements, an increase in student loan debt and soaring land costs that make it difficult to build starter homes for first-time buyers, analysts say.

Ben Braley, a senior analyst with [CoStar Market Analytics](#), added that many young professionals can't afford to buy homes because they're paying luxury rents.

"That comes at a premium, preventing a lot of people from saving for down payments," he said.

Still, other analysts say the historically low homeownership rate may be a sign of a new normal as more people – particularly millennials – choose not to own.

In many cases, they want to remain mobile for job opportunities and don't want to be tied down to a home.

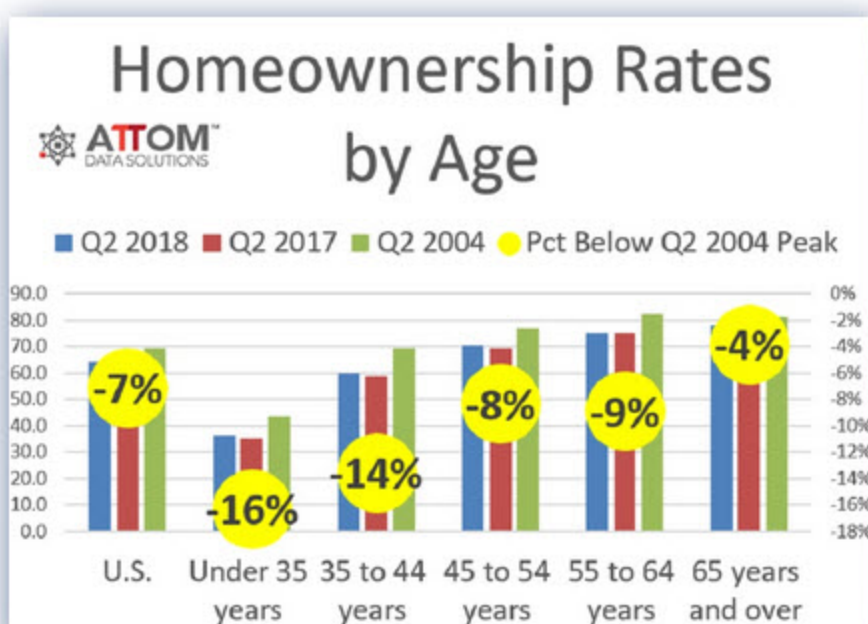
Tim Wheat, an executive with multifamily developer Pinnacle Housing Group in Miami, said affordability is the main culprit keeping Florida's homeownership rate down. But he acknowledges that a changing attitude about ownership also is a factor.

"The culture is shifting away from the idea that a man's home is his castle," Wheat said.

Florida was one of the nation's hardest-hit states during the previous decade's housing meltdown. Many residents lost homes to foreclosure, forcing them to rent because they couldn't immediately qualify for new mortgages.

"It's hard to know intent," said Daren Blomquist, a vice president of Attom Data Solutions, a research firm based in Irvine, California. "But there are surveys out there that show millennials aren't as enamored with homeownership, as a result of seeing their parents go through the trials of the Great Recession and the difficulty that had on many homeowners."

An Attom analysis of data by age from the U.S. Census Bureau shows homeownership rates nationwide are most below their 2004 peak for millennials, but Gen-X and baby boomers also are below their 2004 peaks.



In previous generations, renters drew criticism as being less stable financially than homeowners, but that stigma is disappearing, analysts say.

A quarterly report created by three South Florida real estate professors shows that renters across most of the country can build wealth faster than homeowners as long as they invest the money they would have spent on owning.

Despite the multifamily momentum, Blomquist cautions developers about building too much luxury multifamily housing.

While building high-end projects is profitable, the developers run the risk of saturating the market with too many units that typical wage earners can't afford, he said. That could lead to a surge in vacant units if a recession occurs in the next few years, as some economists expect.

Blomquist notes that the median price per square foot on multifamily investment sales in Florida during the second quarter was \$127.02, just 4 percent below the peak in the fourth quarter of 2006.

When investors pay more on a price-per-square-foot basis, they eventually will pass the higher costs onto the renters, Blomquist said.

Pinnacle is building an affordable rental for seniors 15 miles south of downtown Miami, but the project received tax-exempt bonds and tax credits. Without government subsidies, Wheat said, many builders can't justify apartments with modest rents for the middle class.

"That's a difficult market to serve," Wheat said.

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