

New homes keep coming in rush

South Florida home construction surged in 2004, much higher even than record national figures. Miami-Dade is enjoying a boom. Broward also saw growth, but construction is short of its heyday.

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The number of new single-family homes built in Miami-Dade County jumped nearly 40 percent in 2004, and Broward County home construction grew 27 percent, according to figures released Monday by housing market research firm Metrostudy.

Those strong statistics were released on the same day the U.S. Commerce Department announced that new-home sales across the country grew 8.9 percent to a record 1.18 million last year.

Neither the U.S. nor the South Florida numbers include condominiums, which are being built locally at unprecedented levels.

The Miami-Dade and Broward figures represent a roaring housing market where builders cannot keep up with buyers' appetite for new homes.

"It is a very, very strong market right now," said Stuart Miller, chief executive of Miami-based home-building giant Lennar Corp. "The only limiting factor is land availability."

That has set off a construction rush in South Miami-Dade and driven Broward County prices skyward.

More than 8,600 single-family homes were built in Miami-Dade in 2004. A year ago, about 6,000 new homes were built, and in the past 10 years the average number of new home starts hovered around 5,000 annually, said Bradley Hunter, director of Metrostudy's South Florida division.

The surge was attributed to massive new home construction in Homestead, the South Miami-Dade city that is one of the few remaining places in the county with large tracts of developable land. But Bradley said the fact Broward is largely built out has also forced builders to refocus on single-family development in Miami-Dade communities like Doral.

"Outside of Homestead, there has been surprising resilience and success on behalf of builders in finding sites in Miami-Dade," Hunter said. "When Broward ran out [of developable land], Dade has had to turn in on itself and get more creative in finding housing solutions."

Despite its land shortage, Broward County saw growth in new home construction in 2004 compared with a year ago. Hunter attributed the progress to town-house development in Broward but cautioned that the county's numbers are not a sign of significant growth because the once-thriving market there has slowed considerably.

"The Broward numbers were more of a bounce off the bottom than a sign that suddenly new frontiers of land are opening up," Hunter said.

In 2004, fewer than 5,000 new homes were built in Broward, but even fewer -- 3,911 -- were built in 2003, according to Metrostudy. Contrast that with six years ago, when some 11,000 homes were built.

Limited land supplies have led to soaring prices. More than one-half of the homes under construction in Broward will be priced at \$400,000 or higher, Hunter said. "Affordability is clearly going to become a more serious issue in Broward."

With shrinking land supplies in South Florida, residential developers have turned to condominiums. Thousands of condo units are now planned from Fort Lauderdale to Miami.

Economists credit strength in the nation's housing market over the past four years to the aggressive credit easing undertaken by the Federal Reserve in 2001.

But some market experts predict that the pace is about to slow down. Nationally, it already has: Sales rose a lower-than-expected 0.1 percent in December after having fallen by 13.1 percent in November.

Since June, the Fed has been gradually raising its benchmark federal funds rates, pushing it from a 46-year low of 1 percent to 2.25 percent currently, with another quarter-point increase expected from the Fed this Wednesday.

So far, the Fed's rate hikes have had little impact on mortgage rates. Thirty-year fixed-rate mortgages last week dropped to 5.66 percent, compared with 6.25 percent in late June when the Fed started boosting rates.

And some think that the Fed's actions have actually spurred buying in South Florida. "There is always a phenomenon with increasing rates that it is a call to action for people that have been waiting on the sidelines," said Alan Levan, chief executive and chairman of BankAtlantic Bancorp and builder Levitt Corp. "As rates continue to go up, more and more renters who are interested in buying a home will want to jump in before rates get away from them."