

# Inventory crunch easing up for buyers

## More new listings hitting market as prices increase

By Paul Owers Staff writer

Lilian Cruz, a house hunter since January, has been growing weary of the fierce competition and the lack of inventory. “The word ‘anxious’ comes to mind,” said Cruz, a human resources specialist looking for a four-bedroom home in Coral Springs. “There are multiple offers on everything. We’re being more aggressive, but it’s not meant to be just yet.”

Maybe “just yet” isn’t too far off.

The tight supply of homes that has defined South Florida’s housing market for more than a year — driving prices higher and giving sellers the upper hand in negotiations — may be starting to ease, according to analysts and local real estate agents. “It’s only up from here,” said Dean Ehrlich, broker-owner of RE/MAX Sun & Sea in Parkland. “Word is reaching more sellers that it’s not a depressed market anymore.” Investors and traditional buyers have battled for bargains since prices hit bottom in early 2012, pushing inventories near their lowest levels in almost a decade.

Broward County had 4,297 existing single-family homes for sale in July, down 10 percent from July 2012, according to the Greater Fort Lauderdale Realtors. Palm Beach County has 6,236 available homes, a 33 percent decline, according to the Realtors Association of the Palm Beaches.

If no more homes were to hit the market, it would take only 3.5 months to deplete Broward’s existing supply at the current sales pace. Palm Beach County has a 5.1-month supply of homes. A balanced market that doesn’t favor buyers or sellers has about six months of inventory. Although sellers still have the advantage, industry watchers say Cruz and other South Florida homebuyers have three reasons to be optimistic this fall: Listings are up. Since the beginning of the year, more sellers in Palm Beach and Broward counties have put their homes on the market.

Palm Beach County’s new single-family listings increased sharply in July, with 2,206 properties representing a 21 percent jump from a year ago. In Broward, new listings rose 17

percent, to 2,168 from 1,846 a year earlier. The overall supply of homes in the two counties still declined in July because the new listings were gobbled up quickly. But as prices continue to rise, sellers will feel increasingly confident about testing the waters, giving buyers more choices.

Stephen B. McWilliam, broker of Florida State Realty Group in Fort Lauderdale, said some owners tell his firm they're checking home values each month, waiting for the magic number that will allow them to sell.

Demand is cooling.

Large investment funds flocked to the area last year, looking to buy bargain-priced homes and rent them out. Many of these funds buy in bulk directly from lenders, keeping the homes out of the hands of traditional buyers. But the distressed housing market is becoming less attractive as values increase on an annual basis.

The July median sale price for Broward County homes in some stage of foreclosure was \$109,450, a 22 percent increase from a year earlier, according to the RealtyTrac listing firm. Palm Beach County's median for distressed homes increased 24 percent to \$112,000. Institutional investors made up 10 percent of sales across South Florida in July, down from 12 percent a year ago, RealtyTrac said. "With higher home prices, [investment firms'] bottom lines don't look as interesting as they used to," said John Tuccillo, chief economist for the Florida Realtors. Meanwhile, rising prices and mortgage rates also will quell interest from some traditional buyers. That will serve to provide a better balance between supply and demand.

New construction is coming. South Florida homebuilders went out of business or into hibernation during the housing bust. But the rebound has generated another wave of building. WCI Communities, Lennar Corp, Toll Brothers and Standard Pacific Corp. are planning 1,500 homes in Parkland during the next few years.

In Palm Beach County, GL Homes says it could sell out this year at The Bridges, a 691-home luxury community near Delray Beach. Sunrise-based GL also is building 823 homes at the 55-and-over Valencia Cove development near Boynton Beach this fall. Builders say they're getting plenty of foot traffic from buyers who are tired of touring run-down homes and getting outbid by investors. "One of the advantages of going with a developer is that you're not inheriting somebody else's problems," said Frank Fernandez, director of sales and marketing for Lennar.

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