BERGER SINGERMAN
FLORIDA'S BUSINESS LAW FIRM

GLOBEST INTERVIEWS KATHERINE AMADOR IN "CLIMATE CHANGE CONCERNS MAKE SURPRISE APPEARANCE IN FLORIDA SURVEY"

The decline in foreign investment was another concern revealed in the Berger Singerman survey.

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MIAMI—The optimism that has been the bedrock of the South Florida real estate market over the past few years is expected to continue in 2020, according to a new survey by Berger Singerman. Factors such as a growing population, tax-friendly environment, strong tourism industry, appealing weather and world-class development projects have been central to the positive real estate outlook.

However, the survey also revealed that issues like climate change and a decline in foreign investments are starting to put some pressure on the South Florida market.

“There are a lot of factors in 2020 that could impact the market, such as uncertainties with the presidential election and regulations, but because South Florida has more positives outweighing the negatives (at least in the short-term), I don’t expect we’ll see a correction in the market this year,” said Katherine Amador, a partner at Berger Singerman and co-manager of the firm’s Business, Finance and Tax Team.

While 35% of respondents think climate change is the most pressing issue facing the South Florida commercial real estate market in 2020, a majority of real estate professionals do not see it as an immediate threat, with 58% responding that climate change will have zero impact on how they plan to develop or invest in 2020. Still—while not a majority—there are some developers and investors who are concerned, with 23% responding that climate will significantly impact how they plan to develop or invest in 2020; 11% said climate change will have a minimal impact and 8% said a moderate impact.

Amador tells GlobeSt.com that the climate change response is the biggest surprise of the survey.
“The survey indicated that climate change is a concern, however, the survey results reflect that climate change is not directly impacting investors’ immediate investment or development strategies in 2020,” Amador says. “Many real estate investors find that mitigating and understanding climate risk can be both complex and challenging. We all need to work together with state officials and organizations to find solutions. Many cities in Florida have already taken active steps to address the issue.”

Another concern revealed in the survey is the decline in foreign investment. Over one-third responded that it is the most pressing issue for the South Florida commercial real estate market in 2020. By contrast, only 6% believe tariffs will be a pressing issue.

“The decline in foreign domestic investment is being seen on a national level,” Amador says. “Many of the factors that are associated with the decline—such as slow economic growth abroad and the strength of the US dollar—are influenced by the economy and need to play out. It’s not an issue affecting Florida only. Despite the decline in foreign investment in 2019, Florida still comes out on top in the nation as a top pick for both foreign investment and domestic movers.

South Florida has been a hotbed for development for several years, but the survey revealed investors and developers may be looking elsewhere throughout the Sunshine State in 2020. When asked which region they anticipate investing or developing in the most in 2020, almost half (49%) said areas outside of South Florida.

“It’s not surprising that many investors and developers are looking to the more northern parts of Florida,” Amador says. “The larger cities such as Tampa, Orlando and Jacksonville become even more attractive for investors with the ease of transportation expansion planned with the Brightline. The smaller cities around those areas will benefit from the growth. The expansion of businesses and entertainment in the northern parts of Florida, coupled with real estate pricing that is more affordable than pricing in South Florida, makes it an attractive investment for homebuyers who are looking for better values.”

The survey, conducted by Berger Singerman during October-November 2019, polled over 2,000 professionals in South Florida’s real estate industry.

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