

Has the South Florida Residential Real Estate Market Turned a Corner Yet? New Studies Give Conflicting Results.

By Rosa Schechter

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Last week, we discussed the latest analysis of the South Florida commercial property market and the good news that industry leaders believe that commercial real estate has turned the corner here in the Miami-Dade | South Florida area. (For details read our post entitled, "[Miami Commercial Real Estate Turns the Economic Corner According to New Report by CB Richard Ellis.](#)")

Today, we're seeing corresponding industry analysis being discussed and weighed as it regards the **South Florida residential real estate market** -- which is a big deal in the Miami marketplace what with the upsurge in foreign interest in our community's beachfront and waterfront condominiums. However, indicators do not appear to be as clear for residential real estate as commercial property here in South Florida.

Standard & Poor/Case-Shiller vs. Federal Housing Finance Agency Perspectives

Two new reports have been released regarding the local residential real estate market, and they are not jiving. First, [the Standard & Poor /Case-Shiller release was issued today](#). It is good news: according to Case-Shiller, things are looking up.

Meanwhile, the [Federal Housing Finance Agency](#) has also recently released its quarterly [housing index](#), and while the FHFA is said to follow the same steps as Case-Shiller, *i.e.*, creating an index through a comparison of past sales prices to present sales prices in the region, the federal agency numbers are not as optimistic.

What Case-Shiller's Index Reports About South Florida Residential Real Estate

The well-respected [Case-Shiller Index is published each month on the morning of the last Tuesday of the month](#), with the goal of recording and reporting single-family home prices in selected metropolitan areas across the country. The home prices are collected and then compared with prior data already on file for each community as well as the nation overall.

Analysis is given for the state of the home real estate market in each of the metro areas. Case-Shiller then [provides an overall, value-weighted average of the selected metropolitan areas' indices](#) for an overall index value (showing appreciation or depreciation in home prices as rated against a base value of 100 set in January 2000).

What FHFA's Index Reports About South Florida Residential Real Estate

The Federal Housing Finance Agency provides its HPI Index quarterly, not monthly, also providing a record and review of single-family home sales prices across the country. It takes its data from a similar batch of metropolitan areas ("metropolitan statistical areas") but also includes sales prices from the 9 divisions of the Census Bureau, and from each of the fifty states along with the District of Columbia.

The [FHFA's home price index](#) is also a weighted index, describing itself as a "...weighted, repeat-sales index, meaning that it measures average price changes in repeat sales or refinancings on the same properties." The FHFA includes in its calculations mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. [From the FHFA site:](#)

"The HPI serves as a timely, accurate indicator of house price trends at various geographic levels. Because of the breadth of the sample, it provides more information than is available in other house price indexes. It also provides housing economists with an improved analytical tool that is useful for estimating changes in the rates of mortgage defaults, prepayments and housing affordability in specific geographic areas."

What Can We Take From These Two Studies?

This morning's Case-Shiller index reports two months of increasing residential real estate values in our local area, while the FHFA index shows falling numbers. Today, the two indices do not paint parallel pictures.

As reported by Douglas Hanks of the *Miami Herald* in an article today, "[Searching for a bottom in housing prices in South Florida](#)," the media focuses upon Case-Shiller much more than the federal home price index and the Case-Shiller report is encouraging. We should expect to read about the Case-Shiller numbers more than the FHFA Index.

Still, neither home price index is painting a rosy picture for residential real estate in South Florida these days. While industry analysts may be forecasting a brighter future for commercial property in our area, the residential market is still fighting to turn its corner.