

Trump's election not a shakeup for South Florida's real estate market, experts say

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Skyline view of the American Airlines Arena in downtown Miami, Florida.

[Donald J. Trump](#)'s election as the next president of the United States could shakeup much of the political establishment, as the Republican as promised to "drain the swamp" in Washington, but it's not expected to cause a shakeup in South Florida's real estate market, experts say.

Some experts believe the billionaire real estate developer could be a positive for the local real estate economy over the long term.

The international market, especially buyers, renters and shoppers from South America, have a big impact on South Florida's real estate market. International migrants have been a significant contributor to the region's population growth. Just over half of Miami-Dade County residents are foreign born. In fact, Miami-Dade has had a net loss of domestic migration to other counties in recent years and its overall population growth came mostly from foreigners.

Trump promised on the campaign trail to deport illegal immigrants, build a wall on the Mexican border and make it harder to hire foreign workers. His comments about Mexican immigrants were not received well by many people in Latin America.

[Ken Krasnow](#), executive director of Colliers International South Florida, said this region has a very different migration situation than the Southwest U.S. and Texas, so he doesn't expect a reduction in migration here. The underlying fundamentals that make South Florida real estate an attractive investment for South American and Caribbean investors will continue.

The South American buyer in South Florida is very sophisticated, generally looking for a second home, and they generally aren't impacted by immigration policies, said [Edgardo Defortuna](#), president and CEO of residential brokerage and developer **Fortune International** Group. Many of them obtain investment visas if they intend to live here. If Trump lowers capital gains and income taxes, that could encourage more South Americans to move here, Defortuna added.

"If anything, Trump understands how the real estate market works and many of his supporters are major real estate developers and investors," Defortuna said. "All his economic policies are for growth and to create new jobs and to jump-start the economy depending on factories going back to work and real estate booming and I don't see how that could possibly be a negative impact."

[Craig Studnicky](#), principal of residential brokerage **ISG World**, said he knew many buyers waiting on the sidelines until after the election with the idea of closing if [Hillary Clinton](#) won. Before the election, his Brazilian wife, who works in the brokerage office, felt that South American buyers were offended by Trump and would shy away from the United States if he won.

On the day after the election, Studnicky said the phones in the condo brokerage office were ringing off the hook with interested buyers, especially Venezuelans. They associate Trump with glamor and high-end real estate and feel he's supportive of the real estate industry, so it must be a good investment, Studnicky said.

"I have a lot of investors from South America that say they would be very uncomfortable investing in an economy with Trump as president, but now that he is president what choice do these people have as international buyers?" Studnicky said. "U.S. real estate is one of the safest assets you can park your money in."

"Maybe despite all of the things Trump said in the campaign like building a wall and having Mexico pay for it and deporting 11 million illegal aliens — I'm not in favor of that — but maybe he is good for real estate because he has that reputation ... I think those were all campaign promises that politicians say to get elected."

Studnicky doubts Trump will deport all of the country's illegal immigrants, but if he does, it could worsen the labor shortage in the construction industry. It's well known that many migrants perform construction jobs that can be difficult to fill with American workers, he said.

Another wildcard is what happens with the value of foreign currencies against the U.S. dollar, Defortuna said. The strong U.S. dollar is a major reason international real estate purchasing has declined this year. The Mexican peso declined 9 percent on Nov. 9.

"Foreign investment has already faced challenges in 2016 due to the strong dollar and economic weakness in other countries," said [Jonathan Smoke](#), chief economist for **Realtor.com**. "If financial markets see more dollar appreciation against major sources of international demand in Miami, that could further dampen buying and even encourage selling because of the currency appreciation of existing foreign-owned real estate. Canada, Brazil, Colombia, Argentina and the United Kingdom are the top sources of international demand currently for listings in Miami on Realtor.com, so those are the places we should follow closely to see any movement in the dollar relative to their currencies."

Smoke noted that Trump's campaign rhetoric didn't focus on these important international markets for Miami. If the dollar doesn't appreciate more, foreign demand could get off to a strong start in Miami in 2017, he said.

In the multifamily rental market, job creation and rising demand from millennials as they come of age will be the driving factors for demand in South Florida, said Steve Witten, executive director of **Institutional Property Advisors** in South Florida. Regional vacancy rates are expected to increase about 50 basis points in 2017 due to the large pipeline of new construction. The election will have little short-term impact on the multifamily market, but a change to immigration policies could carry a long-term influence on the market, Witten said.

Marcus & Millichap Senior VP of Investments [Alex Zylberglait](#) said there could be a nominal pause in Latin American investment as they assess what will happen with U.S. policy, but he doesn't see a significant derailment of Latin American capital into South Florida commercial real estate.

"I do see capital from Latin American countries continuing to come here because it's a very strong market relative to other global markets," Zylberglait said. "Look at Venezuela, Brazil and Colombia, what other country will give you the safety with a regulatory framework that is very strong and secure?"

Latin American investors view South Florida real estate as a beacon of stability amid economic and political turmoil in their country, and the election won't change that, said [Calixto Garcia-Velez](#), regional executive and executive VP of **FirstBank Florida**. When making lending decisions, banks are more focused on the demand and supply for condos and the occupancy rate for office and retail space, and a possible interest rate hike than politics, Garcia-Velez.

In the short term, say into the first quarter of 2017, real estate investors might wait and see how Trump's policies will shape up, as they've been cautious the second half of this year awaiting the election results, Krasnow said. After that, he expects a positive effect on the market from a unified government led by a Republican president and Congress. Plus, Trump has a long history in Florida and he likes the state, he said.

"We may break out of the dysfunction [in government] and there is reason to believe we will unleash economic activity and that will bode

well for people with more disposable income, and that's great for hospitality and retail," Krasnow said.

Berger Singerman real estate and land use attorney [Jeff Margolis](#) said a loosening of financial regulators by Trump could make it easier to ink real estate transactions. He doesn't expect his developer clients to delay their projects because of the election.

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