

What To Watch In Florida Real Estate In 2025's Second Half

By [Nathan Hale](#) · 2025-08-20 17:53:31 -0400 · [Listen to article](#)

Florida real estate is less impervious to challenges confronting the industry and broader economy than in recent years, but local attorneys and real estate professionals say they expect the market will continue to attract people, business and investment in the second half of 2025 and beyond.



Tampa, Florida, is one of the state's major metro areas with the largest declines in median home values in the last year, as of July. (iStock.com/Ultima_Gaina)

While soft spots have emerged, they largely can be attributed to more general issues such as high interest rates and elevated costs and uncertainty caused by tariffs rather than market-specific weaknesses, and they have not reached a degree that warrants panic, these sources told Law360 Real Estate Authority.

"We continue to see cranes across Miami-Dade [County], whether for luxury or workforce housing developments, and not a lot of markets across the country can say the same," said Andrew Hellinger, co-principal of developer Urban-X Group. "The money's here and the interest is here — we're just waiting for the economic conditions to align."

"Just as Miami has done in the past, through the Great Recession and the pandemic, the market will weather the current economic uncertainty and emerge even stronger on the other side," he added.

Here's what to keep an eye on in Florida real estate in the near future.

Market Outlook

As housing has trended toward a more balanced market nationwide, Florida's once red-hot seller's market has seen inventory climbing and prices dropping in many areas. Tampa (-6.2%), Miami (-4.6%) and Orlando (-4.3%) ranked among the five major metro areas with the largest year-over-year declines in median home values in July, according to [Zillow](#). c

"I think the fun times of that post-COVID bump everyone was experiencing — that pricing appreciation or being able to get an off-market offer that's above asking price — has definitely gone," said Zack Simkins, managing director of Vaster, a Miami-based private lender.

The condo market has contributed more to this swing than single-family homes, with inventory topping a 14-month supply of units for sale statewide as older buildings face costly new state mandates for structural inspections and financial reserves.

But Miami Realtors has asserted that concerns over condos are overblown. Its research found existing unit median prices in the area increased 6% year-over-year in June, and units priced at \$1 million or more in buildings 30 years old and up are averaging less time on the market than newer ones: 62 days versus 79.

"There's a misconception that Miami condo buyers are hesitant to purchase in older buildings, but the data tells a different story," Miami Realtors Chairman Eddie Blanco said in a statement.

The organization also suggested that if mortgage rates, which are currently in the high 6% range, drop to near 6%, that should have a significant impact on home sales picking up, especially at the workforce level.

Urban-X's Hellinger described the Florida market as largely in a "wait-and-see mode" because of broader economic uncertainty, but he and others also pointed to the continued flow of money into Florida, and South Florida in particular.

Corporations are still moving in, which will sustain demand for both workforce and market-rate housing, he said. International customers, especially from Latin America and Europe, have continued to invest in South Florida real estate, as have high net worth individuals, with some of the world's richest people, including [Amazon's](#) Jeff Bezos, Citadel's Ken Griffin and Related Cos.' Stephen Ross, choosing to make the area their primary homes.

On the commercial side, the outlook is largely optimistic despite a tight financing environment that could produce more examples of distressed properties.

"I think overall sentiment is very positive across all disciplines and asset classes for the balance of the year," said Dustin Ballard, managing director and brokerage market leader

for Colliers in South Florida. "Macroeconomic factors aside, things are moving and deals are getting done in South Florida."

Ballard pointed to retail vacancies being under 5% in Miami-Dade, Broward and Palm Beach counties, and Ari Sasson, chief financial officer of Torose Equities, said he expects Florida's retail sector "to remain one of the most resilient in the country," with competition between national and regional tenants driving rent growth for high-traffic space in mixed-use neighborhoods.

Beyond Miami, fast-growing markets like St. Petersburg and Bonita Springs are also likely to attract major national retailers, he added.

The flight to quality continues for offices, Sasson said, noting that trophy and Class A buildings in urban cores are maintaining leasing momentum with demand from finance, tech and professional services firms, while Class B and C properties "face pressure to adapt or convert" to other uses.

The industrial sector recently bounced back from a year of negative net absorption in Miami-Dade, Ballard noted. And Gavin Loughlin, a real estate shareholder in [Greenberg Traurig LLP's Miami](#) office, said he expects this to be a strong sector, especially with Florida starting to gain traction in the current wave of data center development.

"Florida has become an increasingly attractive place for data center development and investment because of our business-friendly environment, abundant renewable energy resources, close ties to the Caribbean and South America, and robust fiber optic cable infrastructure," Loughlin said.

He said he expects to see a pickup in hyperscale projects with significant megawatt capacity, most likely in northern or central Florida, as well as smaller data center developments across the state in the coming months.

Highly selective financing has led banks to prioritize deals with lower leverage, more sponsor equity and existing client relationships, according to Eduardo Subervi, managing senior vice president and real estate banking director at [City National Bank](#) of Florida.

"For the rest of 2025, we expect more refinancing, recapitalizations and capital stack adjustments, and by 2026 transaction flow should improve if interest rates ease and

current economic fundamentals stay intact," he said.

But extended dislocation in lending markets has led Josh Rubens, a shareholder at [Kluger Kaplan Silverman Katzen & Levine PL](#), to expect more commercial real estate foreclosures in the next 12 months.

"We are seeing more complex distressed loans, including those securing hotels and condo projects, turn into foreclosures, given the inability of borrowers to obtain refinancing," he said.

Growth has also created pressure for local governments to address infrastructure and public service needs. With budgets constrained for various reasons, many cities and counties are looking to public-private partnerships, said Eric Singer, a partner at [Bilzin Sumberg Baena Price & Axelrod LLP](#).

"Florida is already home to several of the nation's largest and most innovative P3s — spanning transportation, government buildings, housing, and more — and I anticipate several more of these projects will be introduced in late 2025 and into 2026," he said.

Condo Compliance

With fears of widespread financial distress as deadlines arrived for condo associations to obtain milestone structural inspections and start funding certain reserves, the Florida Legislature this spring **refined** some requirements and allowed associations more time and financing flexibility. It seems to have helped, according to Danielle Blake, chief of residential and advocacy at Miami Realtors.

"We are not seeing the doom and gloom that people predicted, and if anything, what we are seeing is that buyers are more confident when they get these reports, because they now know that the building is being taken care of and maintained, and that funding is going into reserve accounts to continue to take care of this building," she said.

But compliance with the recent condo reforms, which also include ensuring adequate property insurance and enhanced recordkeeping and transparency, remains a major issue, noted Lisa Colon, a partner specializing in real estate and construction at [Saul Ewing LLP](#).

"Associations failing to comply risk delays in property closings, as title companies

scrutinize disclosures and assessments, and potential buyers must consider not only location but also the financial and structural health of the building," she said.

Blake also pointed out that many associations need to prepare in the coming months as a requirement to post building documents on password-protected websites expands to all buildings with at least 25 units in 2026.

And the revelation of costly structural deficiencies could still create financial holes for some associations that push owners to consider terminating the condo and selling to a developer. A [recent ruling](#) from the state's Third District appeals court complicated a common strategy that developers had been using to target such condos for redevelopment. The developer just appealed to the [Florida Supreme Court](#), drawing the support of the state attorney general.

Commercial Tax Relief

On Oct. 1, another piece of 2025 legislation will take effect that fully [eliminates](#) a state sales tax on commercial leases. Florida had been the only state to impose such a tax, to the frequent confusion and annoyance of tenants, according to local professionals. The tax applied not just to base rent but also on payments for pass-through charges such as common area maintenance, equipment rentals and even tenants' share of real estate taxes.

"It drives tenants crazy," said Marvin Kirsner, a tax shareholder at Greenberg Traurig.

The state had gradually reduced the tax since 2017 from 6% to 2%, but the impact of this last step could still be substantial for companies renting large spaces or multiple locations. Legislative staff analysis estimated the tax would have provided more than \$900 million in recurring revenue for the state in the 2025-26 fiscal year.

"I think it's a very positive impact because South Florida in general, and greater Miami in particular, have seen significant escalation in rents naturally over the last few years," said Jonathan Kingsley, a vice chair at Colliers in South Florida. He added that recent growth and return-to-office trends have increased already high demand "in an environment where there's been very little new development because of land constraints."

The legislation also could have a notable impact on local revenues, as it eliminates local

governments' previous ability to piggyback up to 1.5% surtax on the state's charge, noted Kirsner.

Kirsner pointed out that tenants and landlords need to be aware that the sales tax is still due on payments until October. He also said entities acquiring commercial properties should be sure to get a certificate of compliance to avoid being hit with successor liability for any unfulfilled sales tax obligation.

Macro Factors

Buoyed by a wave of domestic migration into the state since the pandemic, Florida real estate proved largely immune to the widespread economic headwinds of the past few years. But sources predicted that certain macroeconomic factors and federal policies could "ripple" through the market in the second half of 2025.

Daniel Diaz Leyva, chair of the Florida real estate practice at [Day Pitney LLP](#), noted that weak job reports and slowed economic activity could prompt the [Federal Reserve](#) to cut interest rates, which would lower borrowing costs and likely increase investment activity, but inflationary pressure from increased tariffs could also prompt the Fed to resist cutting rates, having the opposite effect.

Tariffs have pushed up the cost of building materials such as steel, aluminum, glass, electronics and fixtures. That could slow down new development or force higher prices, especially in multifamily and commercial projects, which already have tight margins, Leyva said.

Higher supply costs for construction and renovations also compound Florida's affordable housing challenges, according to Saul Ewing's Colon.

Colon also noted that Florida has seen construction labor shortages intensifying as a result of immigration enforcement actions in cities such as Miami and Tallahassee, and projects could see more delays and cost increases as a result.

"These factors together are reshaping the Florida real estate market in 2025, creating both challenges and opportunities for investors, developers and associations alike," she said.

Leyva suggested that the continued flow of population, businesses and international

capital, along with a "pivot" of capital into inflation-hedging sectors such as industrial, multifamily and transit-oriented mixed-use, will help keep the Florida market afloat.

"Tariffs may create friction, but Florida's fundamentals — demographics, tax environment and global appeal — mean the market will adapt, with investors becoming more selective and strategic in the projects they pursue."

FEMA Fears

Hurricane Erin, the first hurricane of the 2025 season, is currently churning in the Atlantic. While the storm appears likely to remain a safe distance from Florida's coast, it serves as a reminder of this annual threat and highlights questions about how the Trump administration's cuts to the Federal Emergency Management Administration will impact recovery efforts in the event of a major storm landfall.

Florida received more than \$1 billion in FEMA aid in response to Hurricanes Milton, Helene and Debby in 2024. But it [lost nearly \\$300 million](#) in funding that had been designated to the state for resiliency mitigation projects when FEMA eliminated the Building Resilient Infrastructure and Communities program in April. Attorneys general from 20 states, not including Florida, obtained a [preliminary injunction](#) earlier this month in a lawsuit challenging the move.

Rays Redo

Hurricane Milton contributed to the derailment of a major development project when it severely damaged the domed roof of St. Petersburg's Tropicana Field, home of [Major League Baseball's Tampa Bay Rays](#).

Subsequent delays by the Pinellas County Commission to pass bonding to fund already approved plans for a new \$1.3 billion domed stadium on the site as part of a larger mixed-use project ultimately led to the team [scuttling the deal](#) in early 2025.

That reopened the ball club's yearslong quest to build a new stadium. The process saw another twist when owner Stu Sternberg entered into an agreement to [sell the team](#) to Patrick Zalupski, CEO of Jacksonville-based Dream Finders Homes Inc.

Zalupski, who is awaiting approval from the other MLB owners, reportedly prefers to find a

site across Tampa Bay in Hillsborough County. That has prompted speculation over several sites, including Ybor Harbor, Hillsborough College, the former WestShore Plaza mall and the Florida State Fairgrounds.

Policy Previews

Real estate policy appears likely to remain in the spotlight across Florida. With the 2026 legislative session set to begin in January, state lawmakers will get started formulating bills in interim committee meetings this fall.

"We are continuing to see significant policymaking at both the state and local level in South Florida aimed at addressing the intersection of transportation, housing affordability and land use regulations," said Steve Wernick, a land use partner at Day Pitney.

He noted the city of Miami's recently approved new zoning around Transit Station Neighborhood Districts, which Wernick said is largely a response to zoning changes in the state's Live Local Act and the county's expanded Rapid Transit Zones program.

"The TSND legislation would give developers the ability to achieve significant increases in height and density in exchange for planned transit improvements, commitments to affordable housing, public art and other community benefits tailored to the surrounding neighborhood's needs," he said.

Miami Realtors' Blake said there are some further adjustments they would like to see in what would be a fifth round of condo reforms since the 2021 [Surfside building collapse](#), including possibly giving counties more discretion to expand the reach of the inspection and reserve requirements.

She also said property insurance is likely to be a focus, including questions around what constitutes adequate coverage, even though the state's troubled industry has seen some stabilization recently.

Property taxes could also be a big topic after Gov. Ron DeSantis [expressed](#) his desire this past session for potentially eliminating them.

--Editing by Marygrace Anderson.