

REAL ESTATE

Natural disasters pose imminent threat to Florida's luxury housing market

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Palm trees blow in the wind from Hurricane Ian on September 28, 2022, in Sarasota, Florida, one of the hottest housing markets in America. Image credit: Joe Raedle/Getty Images

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As climate change intensifies and hurricanes increase in frequency and severity, will Florida's luxury real estate market prove impossible to preserve?

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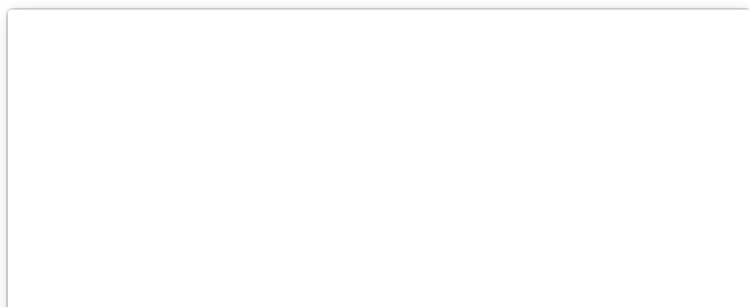
The death toll climbs in Florida and as many as 50 people are reportedly dead following Hurricane Ian. The devastation from the tropical storm extends past lives claimed, to rampant infrastructure issues; some experts are calling Hurricane Ian the costliest storm in the Sunshine State since 1992.

Floridian finance

Miami, a luxury mecca and infamous millionaire's playground, has become widely regarded as the Wall Street of the Southern United States. Also, the Tampa Bay area has flourished into a small financial hub where the average sale price of a home was \$428,000 as of Aug. 2022, per Redfin.

Given the clear social and weather advantages of being a Floridian, an estimated influx of 329,717 new residents moved to the Sunshine State between April 2020 and April 2021, according to a Florida Office of Economic and Demographic Research report. Florida was the number one destination for relocating Americans in 2020, per a Move.org report.

Also in 2021, over 547,000 people exchanged out-of-state driver's licenses for ones with Sunshine State addresses.



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A storm warning for Hurricane Ian

This mass migration that occurred during the pandemic attracted wealthy Americans to sunny areas like Orlando and consolidated wealth. In fact, Central Florida counties netted \$1.75 billion in income from new tax filers between 2019-2020, per the Orlando Business Journal.

The Florida exodus dramatically affected real estate prices and caused them to balloon. The median sale price on Palm Beach County single-family homes ended 2021 at almost \$500,000 dollars with the average price nearing seven figures.

Moreover, apartment rents in Miami rose exponentially by 57 percent as of March 2022 y-o-y.

The very same real estate that was spiraling to unforeseen amounts is at an incredibly high risk of destruction due to Hurricane Ian.

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A house being completely engulfed in water due to Hurricane Ian

Wind losses for residential and commercial properties in Florida are projected to cost between \$22 billion and \$32 billion, according to a report from CoreLogic. Insured storm surge losses in Florida are expected to be an additional \$6 billion to \$15 billion.

Now, residents forced to rebuild their lives from scratch will encounter a combination of inflated insurance premiums, construction costs and interest rates paired with the ghastly reality that many of the homes decimated by Hurricane Ian didn't even have flood insurance.

While many new residents emigrated to Florida to recline in the comfort of conservative politics and sunny weather, the threat of loss of limb, life, and property could be a strong enough deterrent for a mass migration out of Florida.

The outbound migration to Florida was made in large part by New Yorkers who desired better weather and income tax rates. In fact, over 33,500 New Yorkers have uprooted their lives and moved to Florida in the last 10 months, according to the Florida Department of Highway Safety and Motor Vehicles.

Should these evacuees decide to return home to the Big Apple, the New York housing market could see a resurgence in bidding wars and surging listing prices.

Hamptons as a hot spot

In July, the luxury housing market in Palm beach was thriving ([see story](#)) and price growth for single family homes rose to unforeseen amounts. That positive momentum also extended into the New York housing market for the first quarter of 2022 ([see story](#)).

Out east in the Hamptons, 32 super-prime sales were recorded up 11 percent y-o-y. The market's median price increased 9 percent to \$14.65 million and the average price jumped 33 percent to \$20.883 million ([see story](#)).

The Hamptons has been more than just a site of exuberant real estate growth, jewelry giants like Cartier ([see story](#)) have also opted to bring their own designer flair to the affluent seaside town and create curated wearable for UHNWIs.