

Brokers brace for Hurricane Irma's impact on South Florida real estate market

Firms concerned about trying to bind an insurance policy right before the storm

By [Amanda Rabines](#) | September 07, 2017 11:30AM

It's been more than a decade since the last major hurricane struck South Florida, and with Hurricane Irma looming, brokers are starting to feel its impact on their ability to close deals.

Brokers' primary concern has been over the likelihood of binding an insurance policy right before a storm.

"If there's a storm within a certain box, it's usually impossible to get insurance, and that's a problem," said Joseph Hernandez of Coral Gables-based law firm **Weiss Serota Helfman Cole & Bierman**.



More often than not, a loan from a bank will require that the property be insured, but amid Hurricane Irma's record-breaking wind speeds, insurance companies, which are also some of the biggest lenders for new construction projects, can delay lending or insuring as they measure risks.

"If your lender won't close, then you usually won't close the purchase," Hernandez said.

Hernandez said his law firm was recently involved in the \$2 million sale of a Miami Beach condominium, an example of a deal that hinged on timing.

"Had I closed [the deal] this week, instead of last, it wouldn't have happened," Hernandez said.

Firms such as the Miami-based residential brokerage Keyes Company said they are feeling the urgency to close deals before Irma hits. "Contracts perhaps closing after Irma are now trying to close before," Keyes Company CEO Mike Pappas said. He anticipates a slow turnaround after the storm.

"If you haven't closed yet, you will need a re-inspection, which will delay post-Irma deals," Pappas said. "If the damage is greater than percentage of value, sometimes it give buyers to ability to walk, so for the next months, the closings will be delayed and everything will be a little chaotic."

At the same time, offices are closing and roads are getting harder to maneuver as Floridians evacuate and prepare for the storm – more factors that can put a pause on the closing process. But because brokers get paid when a deal closes, a number of them are still willing to field calls.

Franklin Street's Hernando Perez, director of multifamily investment sales, said he was able to close a deal this week in northwest Miami-Dade County.

"We were okay until Sunday, then we realized [Hurricane Irma] was forming into a larger storm," Hernandez said.

The firm was able to quickly insure the property for the new ownership, because Franklin Street doubles as an insurance provider. "Insurance is the biggest component for a successful closing in light of a storm," Perez said.

Over the phone after landing in Atlanta, Jay Parker, CEO of Elliman Florida, said the firm is turning on its full "protect-our-agents mode," highlighting that many insurance policies have provisions that allow for closings to be extended.

"Movers, inspectors and banks are going to close unfortunately," Parker said. "Right now, we're relying on Florida provisions until things hopefully clear up."

Parker said he hopes that deals will continue on track through early next week — and that the storm will turn away from Florida. "It's a disaster," Parker said. "It's going to result in us having to delay many deals."

On the other hand, Pappas said there's a silver lining. "Historically [post hurricane periods] were the best real estate years," Pappas said. "Insurance money floods into the market place and allows people choices, which heightens decisions [to move]."