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Causes of the bust

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Florida's real estate boom, by any measure one of the biggest speculative investment bubbles in history, peaked in October 1925, and banks started failing in the summer of 1926. The bubble burst because of:

Bank fraud and insider abuse, aggravated by unsecured personal loans made to bank regulators, including state Comptroller Ernest Amos, who misled the public about the health of Florida's banks, according to historian Raymond Vickers.

National hostility against the "excesses" of Florida. This was orchestrated by northern bankers who were tired of seeing their deposits flow to Florida banks. To counteract bad publicity in the northern states, Gov. Martin and several developers held a press conference in New York City in early 1926 to tell "the truth about Florida." The press saw this as a sign that the boom was over.

Bad loans.

The public defection of Sen. T. Coleman du Pont from Mizner Development Corp.'s board, when he realized the company's marketing department was making guarantees to buyers that could not be kept. One advertisement for Addison Mizner's dream development, Boca Raton, promised grandeur and said: "Attach this advertisement to your contract for deed. It becomes a part thereof." Fearing personal liability, du Pont quit, and within a week, several other board members followed. This put Boca in a coma and the boom on life support.

Prices that soared beyond anyone's ability to pay. "We just ran out of suckers," said one developer.

A rail strike, in October 1925, which led to a rail embargo that kept needed building supplies out of the state when demand was the highest.

The January 1926 capsizing of the Prinz Valdemar, a four-masted ship that was to be used as a floating hotel, in the mouth of Miami's harbor. That blocked the import of building materials by ship for weeks.

Bad publicity following a hurricane in September 1926 that killed 400 people and left 50,000 homeless in Dade County.

Excessive optimism was replaced by excessive pessimism.

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