

Florida's existing housing market mirrors national trend at year-end 2007

ORLANDO, Fla. -- Jan. 24, 2008 -- Florida's housing market followed the national trend in 2007, as mortgage industry issues and a sluggish economy impacted sales and prices. By year's end, a total of 130,241 homes sold statewide for a 29 percent decrease compared to the 183,988 homes sold in 2006, according to the Florida Association of Realtors® (FAR). However, 2007 is expected to be the fifth highest sales year on record for existing-home sales, according to the National Association of Realtors® (NAR).

"What we experienced during the five-year boom cycle (2001-2005) was not a normal housing market," notes 2008 FAR President Chuck Bonfiglio. "It was a market like we have never seen before. Existing-home median prices went up statewide over the past five years by some 60 percent; prices only declined in 2007 from 2006 by 5 percent. People are still experiencing a sizable return on their investment if they have owned their home over the past six years. The outlook for 2008 is that the housing market should start to normalize, that we should see some gains by the end of the year. Continued efforts to resolve Florida's property insurance and property tax issues will also help revitalize our state's housing market."

The latest market outlook from NAR predicts that, as conditions for the mortgage industry continue to improve, existing-home sales should hold fairly steady over the next few months, rise later in the year and continue to improve in 2009. "A meaningful recovery in existing-home sales could occur as early as this spring, or it may be further delayed toward late 2008," says NAR Senior Economist Lawrence Yun. "Our consumer survey shows buyers today are in it for the long haul, planning to stay in their home for a median of 10 years. This is a wise approach to housing because the data shows the longer you own, the better your investment."

Florida's median sales price for existing single-family homes for year-end 2007 was \$233,600; a year ago, it was \$247,100 for a 5 percent decrease. The median is the midpoint; half the homes sold for more, half for less. At the end of 2002, the statewide median sales price for single-family homes was \$137,800, for an increase of 69.5 percent over the five-year-period, according to FAR records.

Sales of existing condominiums in Florida also decreased last year, with a total of 41,478 condos sold statewide compared to 56,877 in 2006 for a 27 percent decline, according to FAR. The statewide median sales price for condos at year-end was \$205,100, down 3 percent from the 2006 year-end condo median price of \$211,500. NAR reported the national median existing condo price was \$223,500 in October 2007.

Interest rates for a 30-year fixed-rate mortgage at the end of 2007 averaged 6.34 percent, according to Freddie Mac, down from the average rate of 6.41 percent at the end of 2006. FAR's sales figures reflect closings, which typically occur 30 to 90 days after sales contracts are written.

Among the state's larger markets, the West Palm Beach-Boca Raton Metropolitan Statistical Area (MSA) reported 6,971 existing homes sold last year compared to 8,640 homes sold in 2006 for a 19 percent decrease. The market's median sales price for homes was \$369,400; in 2006, it was \$384,700 for a 4 percent decrease. A total of 5,674 existing condos changed hands in the MSA last year, down 8 percent from the 6,139 condos sold in 2006. The existing condo median sales price in 2007 was \$198,000; in 2006, it was \$220,400 for a 10 percent decrease.

"It's absolutely critical now for people to work with a knowledgeable local Realtor who can help guide them through the process of buying or selling a home," says John Mike, president of the Realtors Association of the Palm Beaches and a Realtor-sales associate with Prudential Florida WCI Realty. "We're more than just a technological resource for a real estate transaction: A professional Realtor is a fountain of information and knowledge to have on your side when making one of the biggest financial investments most people will ever make. Just like in the military, you need the right intelligence to make the right decisions. When you go out to do battle in the real estate market, you ought to be armed with the best intelligence on the local housing market and community. That's what a local Realtor will provide."

Among the state's smaller markets, the Gainesville MSA reported a total of 2,644 homes sold in 2007 compared to 3,174 homes the previous year for a 17 percent decrease. The existing home median sales price was \$210,400; in 2006, it was \$213,200 for a 1 percent decline. A total of 939 existing condos sold in the MSA last year compared to 1,284 condos sold in 2006 for a 27 percent decrease. The market's existing condo median price was \$154,900; in 2006, it was \$153,400 for an increase of 1 percent.

J. Parrish, president of the Gainesville Alachua County Association of Realtors and president of Coldwell Banker M.M. Parrish, Realtors, says retirement trends for baby boomers likely will benefit the area. "You hear the research on how boomers are retiring earlier than their parents did, and that they want a more active lifestyle," he says. "Therefore, they're retiring to places where they can find the amenities of continued education, sports and cultural activities associated with university towns like Gainesville."