

## Florida's existing housing market: Median price up, sales down in 2006

Florida's housing market mirrored the national trend in 2006, with sales of existing single-family homes slowing to a more sustainable pace following a five-year run of record closings. By year's end, a total of 180,037 homes changed hands statewide for a 28 percent decrease compared to the 248,575 homes sold in 2005, according to the Florida Association of Realtors® (FAR). At the same time, 2006 sales figures made it into the record books for several markets around the state; 2006 also is expected to be the third highest sales year on record nationally, according to the National Association of Realtors® (NAR).

Statewide, the median existing home sales price rose 6 percent to reach \$248,300; in 2005, it was \$235,200. In 2001, Florida's median existing home sales price was \$127,700, which represents a gain of 94.4 percent over the five-year period, according to FAR records.

"The housing market transitioned to a more sustainable balance during 2006, coming off the record-setting sales pace and price gains of the previous five years," says 2007 FAR President Nancy Riley. "Changes in the marketplace mean it's more important than ever for consumers to turn to a Florida Realtor – someone they can rely on to help them understand the true history of homebuying and selling in their local areas.

"With mortgage rates continuing to remain historically low, stable home prices and at last, some inventory, now is the time to take advantage of the homeownership opportunities we have throughout the Sunshine State," she adds. "Along with the tangible benefits of owning a home, such as building household wealth and stability, there are so many other intangible assets. When you buy a home, you're not just creating an investment that makes dollars and cents; you're making an investment in your family and in your future – and that's priceless!"

NAR's latest housing market outlook anticipates modest quarterly gains for home sales in 2007, with the 30-year fixed-rate mortgage expected to rise to 6.7 percent by the fourth quarter of this year. "Home sales appear to have bottomed out, having reached a cyclical low in September of last year," notes NAR Chief Economist David Lereah, who predicts that 2007 will represent a year of stability for the housing sector.

Looking to Florida's existing condominium market, sales of existing condos also decreased in 2006, with a total of 55,594 condos sold statewide compared to 83,049 in 2005 for a 33 percent decrease, according to FAR. The statewide median sales price for condos in 2006 was \$211,300; a year ago, it was \$209,900 for a 1 percent increase.

In 2006, the rate for a 30-year, fixed-rate mortgage averaged 6.1 percent; in 2005, the average rate was 5.87 percent. FAR's sales figures reflect closings, which typically occur 30 to 90 days after sales contracts are written.

Among the state's larger metropolitan statistical areas (MSAs), Orlando reported a total of 27,212 existing homes sold last year, down 26 percent than the area's 2005 sales activity, when 36,727 homes changed hands. The existing-home median sales price rose 14

percent to \$262,900; the year before, it was \$231,400. A total of 4,933 existing condos sold in the Orlando market in 2006, a 2 percent increase over the 4,833 condos sold the year before. The existing condo median price for the area was \$166,100, a 3 percent decrease from the 2005 figure of \$171,100.

“The year 2006 was the second best year on record for the Orlando area housing market,” says Randy Martin, president of the Orlando Regional Realtor Association and broker-associate with RE/MAX 200 Realty Inc. in Winter Park. “A driving force behind the market this year is that builders have all this new inventory out there, so they’re offering these incredible incentives to clear and move their inventory of new homes. At the same time, they’re reducing plans to build new development. The anticipation is that builders will ‘burn’ their supply of available homes sometime in mid-2007. It’s why right now is an outstanding time to buy, plus the interest rates are still low. And looking to 2007, we anticipate another strong year, with opportunities for buyers and sellers.”

In the state's smaller markets, the Gainesville MSA reported 3,174 homes sold last year, a 21 percent decrease over the 3,993 homes sold the previous year. The existing-home median sales price rose 19 percent to \$213,200; the year before, it was \$179,200. The Gainesville market reported a total of 1,284 existing condos changed hands in 2006, up 10 percent from the 1,171 condos sold the previous year. The existing condo median price was \$153,400; in 2005, it was \$135,300 for a 13 percent increase.

“Gainesville is just a great place to live – being a university town, there’s so much going on whether your interests are the arts, music or sports,” says Sherry Patrick, president of the Gainesville Alachua County Association of Realtors and broker-associate with Coldwell Banker M.M. Parrish Realtors in Gainesville. “The university provides a stable economic base and attracts many other businesses and industry to our area. Our housing market has stayed pretty strong, and we anticipate another good year in 2007. It’s a great time to buy: interest rates are still low and homeownership opportunities are available.”