

Real Estate Market Update for St. George Island and Franklin County, Florida

2nd Quarter, 2008

By Harry Plumblee

The really good news for St. George Island and the rest of Franklin County is there are still buyers who are interested in this market and they are buying; certainly not like in the crazy period of 2001-04, but nevertheless houses are selling. However, the big question in almost all buyers' minds is, **"have we reached the bottom yet"**. Of course the answer to that question will not be known until sometime after the bottom is reached and the turn-around occurs. Certainly we are near the bottom if not actually there. I just read an editorial in the Summer 2008 issue of "Ideal Living" magazine, and I'll quote it in the following: *"Several months ago Warren Buffet was asked how to determine when the Real Estate market hits bottom. He suggested looking back after a year has passed, and added that he was buying now. In April 2008, American Express Publishing and the Harrison Group's Annual Survey of Affluence and Wealth in America revealed that 77% of the wealthiest people in the country believe real estate is a "real opportunity" now. Forty percent said they plan to buy this year."* While buyers may not come back in droves until next year, if you want to get into this area with a great buy, the time is now. Follow what the people quoted above plan to do. When things settle out after the election, prices will start to increase and you will be sorry you missed some of the greatest buys of this century.

In the following discussion, I'm going to display and analyze St. George Island house sales and then the rest of Franklin County for both the first quarter and the first half of this year and I will compare current sales with the same periods in 2006 and 2007. I have not included vacant lot sales, but suffice it to say they are slow, with prices having dropped by 50-75% from the peak values of 2004-05.

The first thing a seller wants to know is what can I list my house for. Well, based on the data in Table 1 for houses **that actually sold**, the average list price has decreased by about 13% since 2006. But that is not the most interesting

Table 1. St. George Island House Sales—2nd Quarter

Period	# Houses Sold	Avg Days On Market	Avg List \$	Avg Sold \$	% Sold/List
2 nd Quarter 2008	16	349	\$1,162,893	\$1,004,703	86.4%
2 nd Quarter 2007	10	408	\$1,362,628	\$1,232,490	90.5%
2 nd Quarter 2006	15	167	\$1,338,067	\$1,267,020	94.7%

piece of data in the table. The last column shows how seller's expectations have changed. In 2006, sellers were holding out for 95% of the list price. Now sellers are more realistic and are willing to take less than the already reduced asking price, and are

selling at 86% of list. By the way, currently there are 204 housing units listed for sale on St. George Island and the average list price of all of them is \$1,085,149.

Interestingly, in 2006 we thought the market was slow. However, **the houses that did sell** were only on the market for about half a year. In 2007, that jumped to nearly 14 months. This has dropped back to just under a year, but is still a very long wait. Also, you must recognize that these sales were for houses that were priced "right". Currently with 204 St. George houses on the market and a sale rate of 16 houses per quarter, we have more than a 3-year supply. Notably, 2nd quarter sales were at an all-time low in 2007, but have rebounded significantly from 10 up to 16 houses sold. For you sellers out there, clearly the message is to get the price right if you want to sell now.

Table 2. St. George Island House Sales—Jan-June

Period	# Houses Sold	Avg Days On Market	Avg List \$	Avg Sold \$	% Sold/List
1st Half 2008	27	339	\$1,141,049	\$1,029,188	90.2%
1st Half 2007	22	374	\$1,342,694	\$1,219,677	90.8%
1st Half 2006	18	193	\$1,390,056	\$1,316,961	94.7%

The picture changes somewhat if we look at the first half of the year as shown in Table 2, for this and the past two years. This data shows an ever increasing number of sales from 2006 to 2008, with the change being

50% more houses sold this year than in 2006. The average sold price has reduced by 22%, and the 2008 sold price referenced to the 2006 average list price for houses sold is down 26%. I believe the key point to be made here is that the number of sales is gradually increasing year over year, and when prices are set more realistically for this market, even more will be sold. By the way, I have not tried in this write-up to compare prices to those sold prices at the end of 2004. Had I referenced to those prices, the change would be more like 50% off.

Period	# Houses Sold	Avg Days On Market	Avg List \$	Avg Sold \$	% Sold/List
2 nd Quarter 2008	27	176	\$284,796	\$260,235	91.4%
2 nd Quarter 2007	20	196	\$249,100	\$222,383	89.3%
2 nd Quarter 2006	23	166	\$401,187	\$346,826	86.5%

Period	# Houses Sold	Avg Days On Market	Avg List \$	Avg Sold \$	% Sold/List
1 st Half 2008	42	210	\$262,395	\$238,339	90.8%
1 st Half 2007	31	179	\$233,687	\$204,585	87.6%
1 st Half 2006	43	157	\$351,307	\$295,286	84.0%

The story for the rest of the county is somewhat different as shown in Tables 3 & 4. First the average sold prices are about 1/4th that on St. George Island. Second, the sold to list price ratio is increasing each year. The sold price trend is similar, but more severe. In fact the average sold price in the 2nd quarter, and the first half as well, of 2008 is just 65% of the average list price in 2006. While Franklin County properties are selling faster, there is still about a 3 year supply on the

market at the current sell rate.

Clearly there are many factors affecting the housing market here. Many of them are national, such as the ability to obtain financing, cost of travel, loan defaults, short sales and foreclosures, overall fear of the economy and uneasiness over the upcoming elections. These factors are affecting the housing market throughout most of the US. But, there are local factors as well. Any of you who have been reading my newsletters or who have kept up with the real estate market in this area know that prices increased much too rapidly to unsustainable values. Prices are now tending downward to more palatable levels, and I believe that is one of the key reasons for the increase in sales. The other is that a majority of the nation wants to come to the beach and many dream of owning their piece of Paradise someday. If you don't believe that, check in with some of the companies that rent houses here. This desire to head to the shoreline will not change, and a couple of years from now I predict we will once again have a healthy and thriving real estate market both here and throughout this coastal region. If you are a potential buyer, come on down and sample what is available. We can help you get financing and an incredible deal.

If you are ready to list and you want to catch a rising market, call me for an evaluation of your property's value. I specialize in St. George Island Real Estate, but am also aggressively seeking listings in all areas of Franklin County. Let's discuss the value of your property if you are ready to sell.

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