

Real Estate Sales Update for 3rd Quarter, 2008 for St. George Island and the rest of Franklin county, FL

The state of our and the world's economy is the topic du jour. This encompasses not only the trouble with the real estate market, but all things surrounding and touching that market such as banking, construction, employment, bankruptcies and the Federal government's intervention with the "bailout" of major financial and insurance companies.

Our real estate market in Franklin County is certainly not immune to all of the above, and our problems started, beginning in late 2004, before most of the problems above were recognized. That's when we started seeing signs that things were going downhill in our real estate market. We did have lots of sales in the early part of 2005 at very high prices, but the number of sales had started to decline in the 4th quarter of 2004. Many of those early 2005 sales had actually gone under contract in late 2004. While we tend to correlate our market crash with the hurricanes of 2005, actually that is when the market downturn started in many parts of the country, even before the hurricanes named Dennis and Katrina graced our shores. A front page article in today's (10/9/08) Wall Street Journal discusses the fact that California is now in recession and that "*California was also at the leading edge of the nation's recent housing bubble, which is where its current problems started. Home prices in California rose higher and faster than in most of the U.S., and started weakening earlier, in 2005.*" All this is just to say that our situation is not unique.

I always try to find some good news when I write one of my updates. In today's WSJ from a report by the National Association of Realtors, their index for pending sales of previously owned homes rose 7.4% to 93.4 from 87 in July. This is especially surprising since analysts had predicted a decline of 1.5%. It was concluded that "*vulture investors buying foreclosed homes are likely the key driver of the rise.*" I suppose if that is the kind of buyer it takes, then send the vultures on!

If you're up for a bit more good news, I have some. Housing sales are up on St. George Island and in the rest of Franklin county year over year, as the following charts show. The most interesting number in this table is the

House Sales on St. George Island						
Year	# Sales	% Change	\$ Volume Of Sales	% Change	Average Sale \$	\$ Change
2008	35	29.6	32,151,163	7.4	918,605	-17.1
2007	27	-6.9	29,926,900	-32.5	1,108,404	-16.8
2006	29	-72.9	38,594,300	-69.0	1,330,838	14.6
2005	107	-34.4	124,199,450	-26.6	1,160,743	11.7
2004	163		169,297,550		1,038,635	

increase in house sales on SGI from 27 in the first 9 months of 2007, compared to 35 in the same period in 2008. This is equivalent to a 30% increase in number of housing units sold. This is still nearly 1 house sold per week. The other major piece of data is the average sale price. This has once again declined by 17% from last year. While

I am not analyzing the mix of house types and locations, I don't believe it is that dissimilar from last year, and the mix is dominated by waterfront properties. This year 16 of the 35 properties were waterfront while last year it was 14 out of 27. I guess these data substantiate the fact that if you are buying a house on an island, you want to get as close to the water as possible.

The data for the rest of Franklin County has some of the same trends, but certainly not all. It does show an increase in number of sales this year, but the average sale price has held up as well, with a small increase. This

House Sales in the Rest of Franklin county						
Year	# Sales	% Change	\$ Volume of Sales	% Change	Average Sale \$	% Change
2008	54	22.7	12,605,134	26.4	233,428	3.0
2007	44	-20.0	9,973,050	-39.1	226,660	-23.9
2006	55	-70.7	16,384,300	-25.0	297,896	-14.5
2005	188	-4.6	65,532,237	49.1	348,576	56.2
2004	197		43,956,985		223,132	

is all good news. I believe some of the sales trends in previous years are quite different from those on the island because of pre-construction contracts which went under contract in 2004 and didn't close until 2005-6. This was particularly true of the Carrabelle market, and it explains the big bump in sales in 2005, as well as the increase in average sale price..

The big question on everyone's minds is "have we reached the bottom yet?" As I said in one of my recent newsletters, we really will not know until at least a year after the event. Right now I believe people are staying on the sidelines to see how the election turns out and if Paulson's bailout plan will work. So, I expect sales to drop off for at least the next month or so and probably extend to the end of the year. This means that it is an exceptional time for a buyer to take advantage of some really incredible buys from sellers who need to move on, or to take advantage of some of the foreclosed and bank-owned properties available for sale.

Before I close, I would like to introduce you to two exceptional buys on St. George Island. They are described in the following two charts. Please give me a call to get more information on either or both of these houses.

MLS# 209553	\$1,790,000	St. George Island
	New Listing Plantation Beachfront Home	
<p>This is an exceptionally nice gulf front (beachfront) house, equipped with an elevator to all floors and electrically operated storm shutters. It has a large great room (containing the kitchen, dining room and living room) on the 2nd floor, as well as a den on the 1st (bedroom) floor. Views to the ocean are maximized because of the shape of the house on the beach side. Construction details include hard-coat stucco and a barrel tile roof. There is a private walkway to the beach.</p>		
	<p>Harry & Katrena Plumblee REALTORS 850 323 0969 (cell) harryp@AnchorFL.com</p>	
Anchor		

MLS# 208179	\$999,900	St. George Island
	Best Buy! Plantation Bay Front Home	
<p>Kingfisher Pointe is a very private bay front house with fabulous views of the marsh, Apalachicola Bay and the sunset. Built by one of our top builders, it boasts Hardy plank siding, standing seam metal roof, hardwood floors in the great room, granite countertops, hydraulic elevator and a boat dock and lift. It includes 3 bedrooms and 3 baths in 2550 sq. ft., with the owner's Master being upstairs overlooking the bay from its private balcony.</p>		
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Please contact me with any comments or questions about this newsletter. While the economy appears to be in freefall, with the Dow dropping another 678 points today, we truly have to believe things will improve in the next few months. Certainly people are going to hesitate before making any big financial moves, but some of you out there have converted to cash. With the real estate market on bottom here, what better place to put that cash to work.

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