

# St. George Island and Franklin County, FL 2008 Real Estate Review

By  
Harry Plumblee

I don't know about you, but I'll bet you are like me in saying "Wow, I'm glad 2008 is over". Maybe by the time 2010 rolls around, things will be much better. But it would also probably be a good idea to throw out the TV's, stop the newspaper subscriptions, and refrain from looking at your financial portfolio statements for a while. That way, in your cocoon you can believe what ever you wish about the economy.

All was not bad in 2008 in the coastal real estate market, particularly here in Franklin County Florida. We had a decent number of house sales on St. George Island, and not all were bank owned! In fact, 45 houses sold, with 10 being bank owned and another 5 were short sales (a situation where the bank accepted less than the mortgage amount). I include a table below to compare this year's data with that of the past few years.

Not all was good either. Lending institutions filed foreclosure notices on 17 St. George Island properties in the 4<sup>th</sup> quarter, and a total of 70 in all of 2008. According to the Franklin County Clerk's website, over 200 property owners received foreclosure notices last year. The upside of this for you buyers out there is that many of these properties will be sold by the new owners, the lenders, at prices that tend to be well below perceived market value. So, there are some very good buys lurking in the wings.

If you are still getting info from the media, then you know that we are inundated on the TV, newspapers and other media outlets with news of how badly the real estate market is and of how it is still declining due to the foreclosures. Well, maybe we have reached the bottom here and a turn-around is occurring. For instance, we had 33% more houses sold on St. George Island in 2008 than in 2007. Admittedly, the average price dropped by 25%, but the upside to that is a lot more potential buyers can now afford these properties. With 4 closings already in January and 15 houses currently under contract, I think this is the best indicator possible that we clearly have reached the bottom in sales activity. However, with all the foreclosures hanging out there, it is possible average prices could still decline in 2009, based on how many of those foreclosures come up for sale. I

also need to temper these remarks with the fact that my sales and listing data only reflect that recorded in our local MLS. There are many sales that never make it into the MLS.

The adjacent table gives a very interesting and telling picture of the market trends here over the past 9 years. It is interesting that the peak sales activity occurred in 2004, which we have noted before, but that the peak in average price occurred 2 years later when sales activity had dropped by 80%. (It is possible that those 2006 sales had a higher % of waterfront properties than in 2004, but I haven't analyzed that.) It is also evident that buyers are driving a harder bargain now than we saw in the 6

Year	# Sales	Avg Price	Avg DOM	% Sale /List
2008	45	\$817,870	264	89.80
2007	33	\$1,094,421	273	92.44
2006	38	\$1,259,524	188	91.25
2005	113	\$1,180,256	136	95.16
2004	189	\$1,100,544	138	96.68
2003	112	\$920,800	123	96.40
2002	122	\$646,355	117	95.95
2001	82	\$506,102	148	95.49
2000	109	\$403,198	164	96.51

years of the price run-up period, as the sold price has dropped to just under 90% of the list price, where it held to about 96% during the boom years. This is another indication that the buyer is in the driver's seat.

The rest of Franklin County (the areas of Apalachicola, Eastpoint and Carrabelle and adjacent areas presents a slightly different picture from St. George Island. That is to be expected, since with the exception of Dog Island and part of Carrabelle, these are more permanent residential areas whereas St. George Island it mostly tied to tourism. The main difference, looking at the adjacent table, is that the average sale price is about 24-30%

Year	# Sales	Avg Price	Avg DOM	% Sale /List
2008	63	\$239,916	227	89.74
2007	57	\$251,668	188	90.95
2006	64	\$291,583	159	85.53
2005	215	\$359,652	107	94.38
2004	252	\$226,129	124	94.11
2003	154	\$146,420	132	91.11
2002	149	\$148,739	109	94.14
2001	99	\$104,056	123	91.27
2000	83	\$98,730	184	85.06

of that on SGI. Also, while the number of sales increased in 2008 over 2007, the increase is within the margin of error and is not adequate to call a turn-around, but could be called a bottom. And, it does appear that the market has stabilized at this level of sales. Also, like the St. George area, the number of sales is about 25% of the number of sales at the peak of the market. Note that the average price has fallen by 1/3 from 2005's level. Interestingly, this is the same % decrease from the high average sold price experienced on SGI in 2006.

So, the conclusion for house sales is; it appears that the number of sales has not only hit a bottom, but has turned around. This is a clear trend on SGI and is also indicated in the rest of Franklin County. Prices have continued to decline and buyers clearly have the upper hand in negotiations, with sales going at 90% of list.

Vacant lot sales suffered even more than house sales on SGI. They once traded like a commodity as seen in the

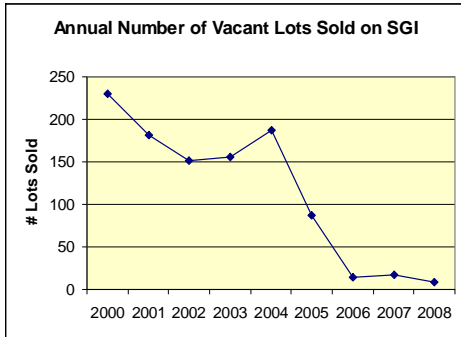
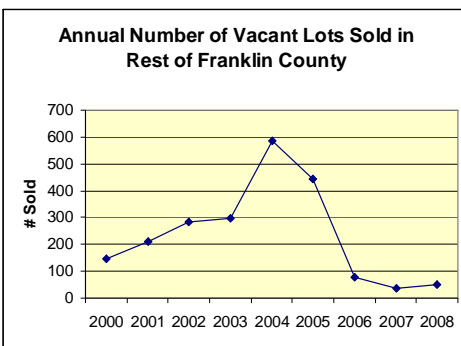


chart. As far back as our MLS data goes, lots were selling in the 100 to over 200 range all the way back to 2000. That trend completely stopped in 2006, and it appears that only end users are buying lots now. Only 9 lots were sold on SGI in 2008. 3 were in the Gulf Beaches—2 were interior and one was on a canal. 6 sold in the Plantation—3 were interior and 3 were gulf front. Prices for the 5 interior lots ranged from \$125K to \$240K (this for a 2<sup>nd</sup> tier 1-acre lot in the Plantation). The canal front lot sold for \$401K. The 3 Plantation Gulf front lots went for \$825K each for 2 - 50' wide lots and \$850K for a 100' wide lot.



Lots also traded like a commodity in the rest of the county. The number of sales peaked in 2004, mimicking that on SGI. There were numerous residential developments in Eastpoint and Carrabelle that sold out as fast as they could be developed. That also has stopped. There were 49 lots sold in 2008, with the range being from \$20,000 up to \$2,000,000 for a 94 acre tract on the Apalachicola River. The average sale was just under \$200,000 and the median was \$100,000. While the number of sales was far below 2004's peak, 49 sales show a modestly active market in vacant lots, with over 1/2 of them selling at or above \$100,000. So, the message here is to not look back at a year when nearly 600 vacant lots sold, but to

look forward when the trend is above 50 sales per year.

The bottom line is that the real estate market is in a slow recovery on St. George Island and the rest of Franklin County. While average sale price is still dropping, with the number of sales increasing the average price should trend upwards within 1 to 2 years. This will probably be dominated by the sale of bank owned and short sale properties. While I haven't discussed the short sale properties in any detail, my contention is that the banks will sooner or later decide that the short sale process is superior to foreclosure, and they will adapt their in-house structure to accommodate the short sale process. Right now, it is like pulling teeth to get a short sale through the banks, but if they determine that they are actually satisfying a larger chunk of the outstanding mortgage than through the REO sale process, I believe they will gradually transition to that as the preferred method of selling. In any event, there are some really great deals in houses and vacant lots here. It is a great time for would be owners here to become real owners.

Give us a call for the best deals. We are ready to work with you. Check us out at [www.plumblee.net](http://www.plumblee.net).

Harry & Katrena Plumlee  
850 323 0969