

# Florida Association of Realtors

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## Florida's Housing Market for 2Q 2006: Median Price Up, Sales Ease

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**ORLANDO, Fla., August 15, 2006** -- In second quarter 2006, Florida's housing sector followed the national trend, showing signs of a market adjusting to a better balance between buyers and sellers. Statewide sales of single-family existing homes totaled 53,161 during the three-month period, a decrease of 27 percent compared to 72,870 homes sold during the same time a year ago, according to the Florida Association of Realtors® (FAR).

"Sales of existing single-family homes in Florida behaved like much of the U.S. in the 2006 second quarter, with the declining strength of the domestic economy continuing to act like a stiff wind in the face of the existing real estate market," says Dr. David Scott, executive director of the Dr. Phillips Institute for the Study of American Business Activity and professor of finance at the University of Central Florida (UCF).

The statewide existing-home median sales price rose 9 percent to reach \$254,800 in the second quarter; a year ago, it was \$234,500. In 2001, the second-quarter statewide median sales price was \$127,400, which is an increase of about 100 percent over the five-year period. The median is a typical market price where half the homes sold for more, half for less.

This environment is likely to endure across the remaining months of 2006 owing to several factors, Scott says, including the declining rate of growth in the real gross domestic product (GPD); a tepid increase in the number of jobs being created over the past three months; rising conventional mortgage rates; and a rising inventory of homes for sale. He notes that the rising costs of gasoline and energy are starting to strain many household budgets while wages are just barely keeping up with the recent price inflation of about 3.6 percent a year.

Looking to Florida's existing condominium market, sales of existing condos also decreased during the quarter, with a total of 16,522 condos sold statewide compared to 24,599 in second quarter 2005 for a 33 percent decline, according to FAR. The statewide median sales price for condos rose 1 percent to \$219,100 for the three-month period; a year ago, it was \$217,900.

The latest economy outlook from the National Association of Realtors® (NAR) notes that the housing market is in the process of stabilizing with little change in overall sales volume expected over the balance of the year. Analysts report that the level of activity

remains high historically -- 2006 is expected to be the third best year for existing home sales. According to Freddie Mac, the national commitment rate for a 30-year conventional fixed-rate mortgage averaged 6.60 percent in first quarter 2006; last year, it was 6.24 percent.

Among the state's larger markets, the **Orlando** metropolitan statistical area (MSA) reported 8,189 existing homes sold for the quarter, a decrease of 23 percent compared to the 10,585 homes sold a year ago. The market's existing-home median sales price increased 18 percent to \$265,500; a year ago, it was \$224,500. A total of 1,456 existing condos sold in the market over the three-month period, up 24 percent from a year ago, while the existing-condo median price rose 1 percent to \$163,500.

The **Gainesville** MSA, one of the smaller markets in the state, reported that 992 homes changed hands in the second quarter, down 24 percent compared to 1,297 homes sold a year ago. Over the same period, the market's existing-home median home price rose 21 percent to \$214,300; a year ago, it was \$176,400. A total of 426 existing condos sold in the market during the second quarter, up 37 percent from a year ago, while the existing-condo median price rose 16 percent to \$146,600.

"The student population is a strong stabilizing factor for our condo market, and with prices rising, condos are a good product for many first-time buyers," says Deborah Minck, president of the Gainesville-Alachua County Association of Realtors and broker-vice president of Tioga Realty Inc. in Gainesville. "Conditions now are more balanced for buyers and sellers, and the key is working with someone who knows the local housing market. That's why it is so important for buyers and sellers to work with a Realtor -- someone who knows the ins and outs of the local real estate market and can help them with all of the complex details involved in buying or selling a home."