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HOME SALES EXPLOSION

Housing boom

Marion's real estate market reaches new high

OCALA - Marion County's real estate market continued to roar forward last month, with the average cost of a home reaching a historical high and sales remaining robust.

The median sales price for an existing, single-family home in the Ocala area reached a record \$148,900 in August, up 33 percent from the same time last year, according to statistics released by the Florida Association of Realtors on Monday. The figure is a healthy increase from June's median home price of \$137,500 (the latest comparison available) and represents a more than 100 percent jump in price from August 1999, when the average cost to buy a house here was \$72,000.

Home sales also remained strong last month, increasing 7 percent over the previous year. According to the FAR, 599 homes changed hands, compared with a total of 559 during August 2004.

While some may wonder just how long it can last, Realtors said the county's red-hot market continued to be fanned by an influx of retirees and investors motivated by still relatively low prices.

"It's called demand, demand, demand," said Gayle Lowry, president of Coldwell Banker Ellison and former president of the county's Realtor association. "It just seems like everybody's coming this way."

The national median price for an existing home in August reached \$220,000, up from \$190,000 a year ago. The median price is the point where half of the homes sold for more and half sold for less.

The turnover rate for homes across the country rose 2 percent, according to the National Association of Realtors.

Interest rates also remained low, with the 30-year, fixed rate mortgage averaging 5.82 percent compared with 5.87 percent a year ago.

The median sales price for a home in Florida last month jumped 31 percent, from \$188,700 to \$246,000. Resale of homes also improved 4 percent in August, after dipping the previous two months.

The market, however, showed signs of slowing, said [David Scott](#), executive director of the [Dr. Phillips Institute for the Study of American Business](#) at the [University of Central Florida](#). He noted that while home sales grew during the first eight months of this year by 2.48 percent, the figure does not stack up to the steady, double-digit growth experienced last year.

"That's a clear-cut sign that a slowdown in the real estate market has begun," [Scott](#) said.

He said that the median sales price would begin to level off as resales slow, inflation and interest rates rise and people's wages lagged further behind.

Lowry, of Coldwell Banker, said she expected higher building costs and home prices to cause real estate prices to level off to a "nice steady growth" rate as opposed to the frenzied pace of the past nine months.

"It's going to have to. You just can't keep going at this fast rate," she said.

Jim Simon, the city of Ocala's supervisor of housing and grants, said local agencies and non-profit groups whose purpose is to help lower income people afford housing were working together to provide more assistance. But he said the higher home costs were causing fewer residents to participate in state-subsidized housing programs.

"Sometimes when the job market gets tough, you see people drop out. We're seeing the same thing with the housing market," he said. "People are getting discouraged and deciding to remain renters until things hopefully cool off. It's just pricing a lot of people out of the market."

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