

State of Housing Update
Santa Rosa County, Florida
May 21, 2018

Produced by:

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Among the key findings that emerge from the research update are:

- Inventories of homes for sale, which were down by 53 percent in February 2017 relative to 2010, continued to decline through today. Inventories in April 2018 were down by 57 percent from their 2010 average.
- The Santa Rosa residential real estate market has seen rising prices driven by inventory shortages. Although the number of existing home sales in 2017 was 3.8 percent below 2016 levels, median sale prices for existing homes were up 14.9 percent over 2016 levels, at \$185,000. This higher price level remained unchanged in the first three months of 2018.
- New home sales hit their highest level since 2005, up 9 percent from 2016. Median sale price rose 7.6 percent from 2016 to 2017, and the first three months of 2018 saw a further 5.3 percent increase, to \$247,600.
- As with housing markets nationwide, affordability in Santa Rosa will be challenged by expectations of increases in mortgage interest rates, a scarcity of inventory and a financial regulatory environment not as conducive to real estate lending as it once was.

- Mortgage interest rates have risen since last year and are now at their highest point in the last five years, with the 30-year rate at 4.61 percent. The annual principal and interest payment per \$100,000 of loan value is now \$48 higher than in September 2017.
- Softwood lumber prices have increased strongly, with the NAHB reporting that framing lumber is up 33 percent over the last year. This price increase is projected to add \$7,000 to the price of the average new U.S. home.
- Increased input prices plus increased financing costs will contribute to the phenomenon known as “lock-in,” in which existing homeowners who had benefitted from the low home prices and low interest rates of the last half-decade do not seek to move and change homes because they could not match the amenities and payments they currently have.
- Policy makers must work to avoid additional cost burdens on home builders whose margins are already under pressure with higher lumber, labor, and interest rates in order to keep homes affordable and Santa Rosa’s advantage undiminished.

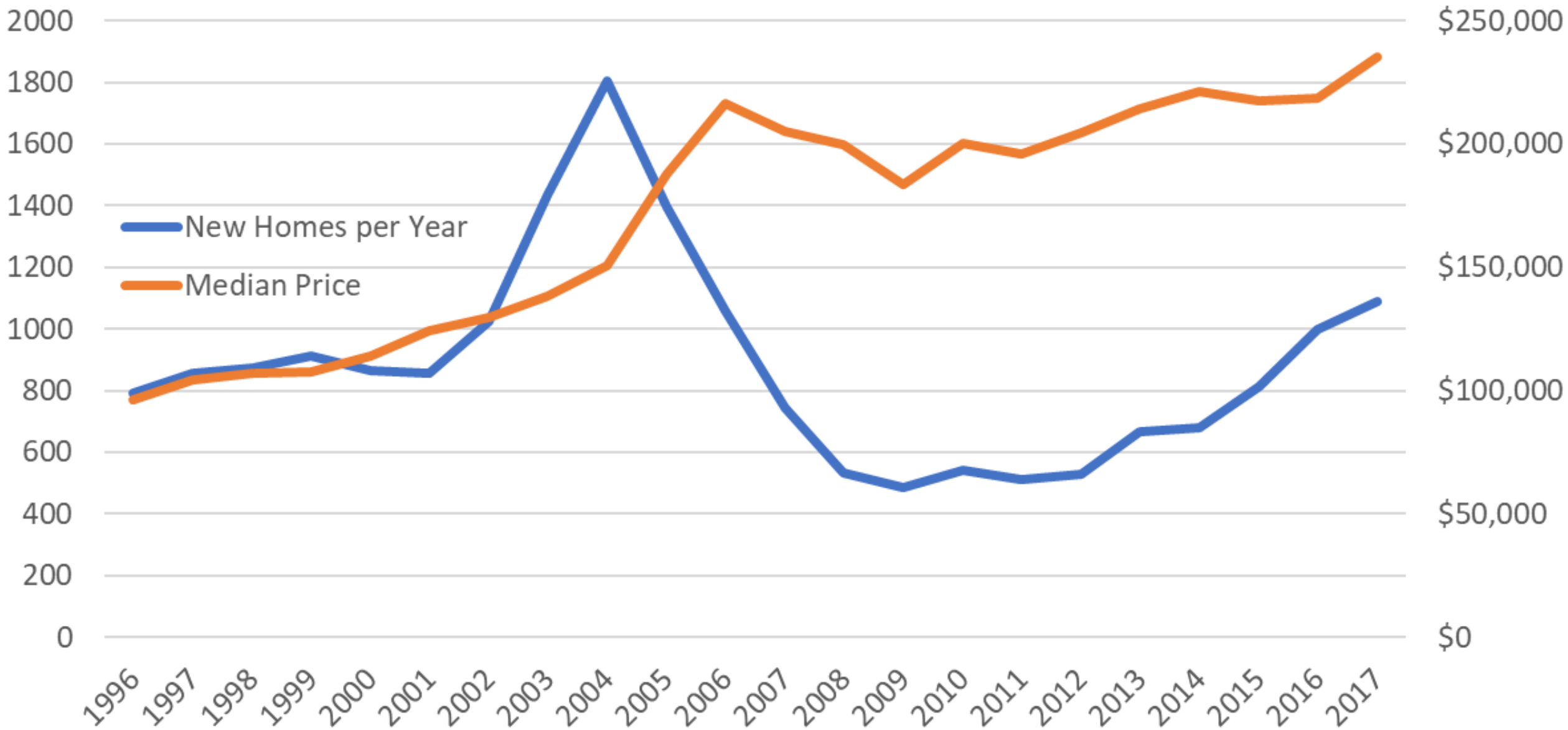
U.S. 30-Year Mortgage Average Rate, May13 - May18



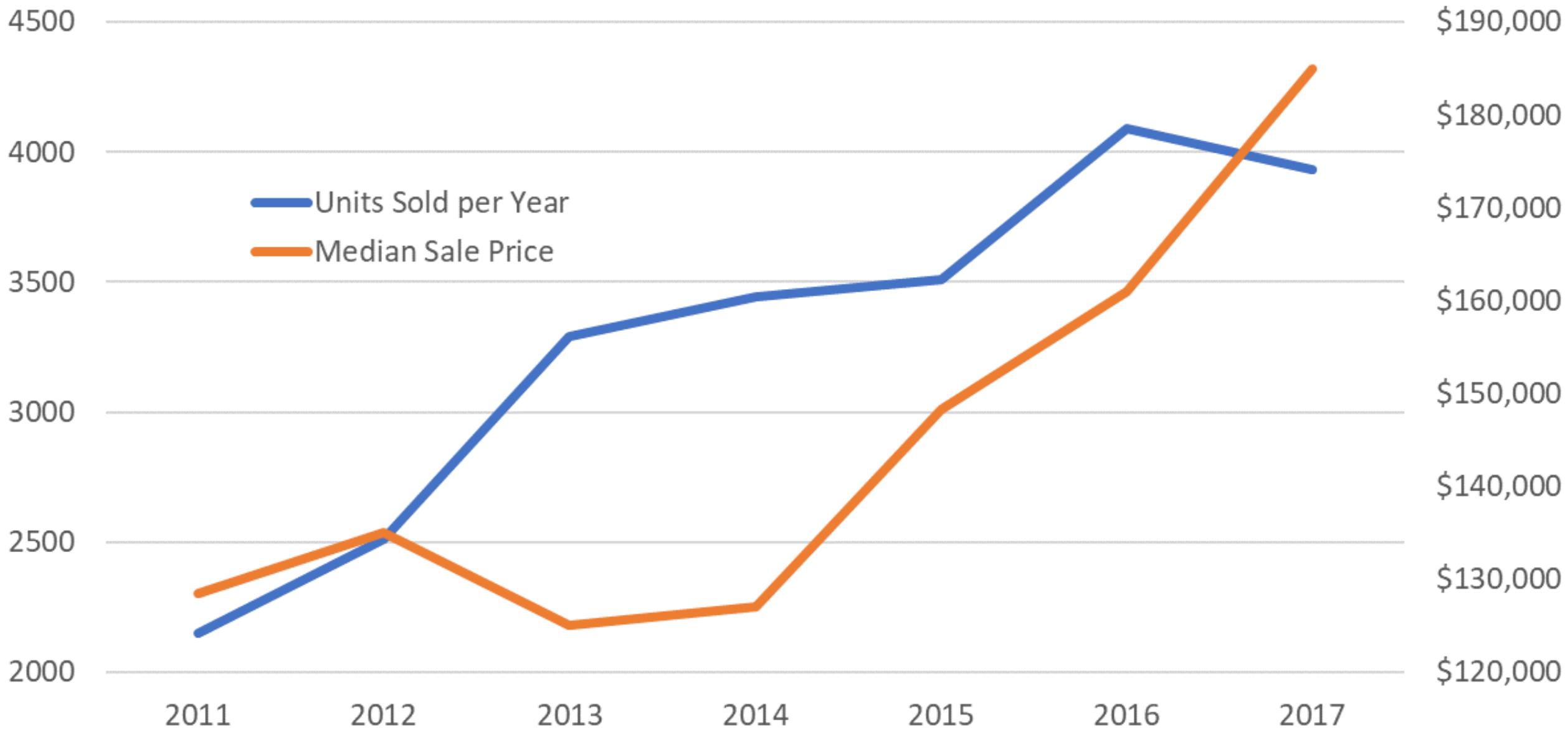
U.S. Producer Price Index: Softwood Lumber, Jan08 - Apr18



New Single Family Homes: Median Price and Quantity Sold, 1996 - 2017

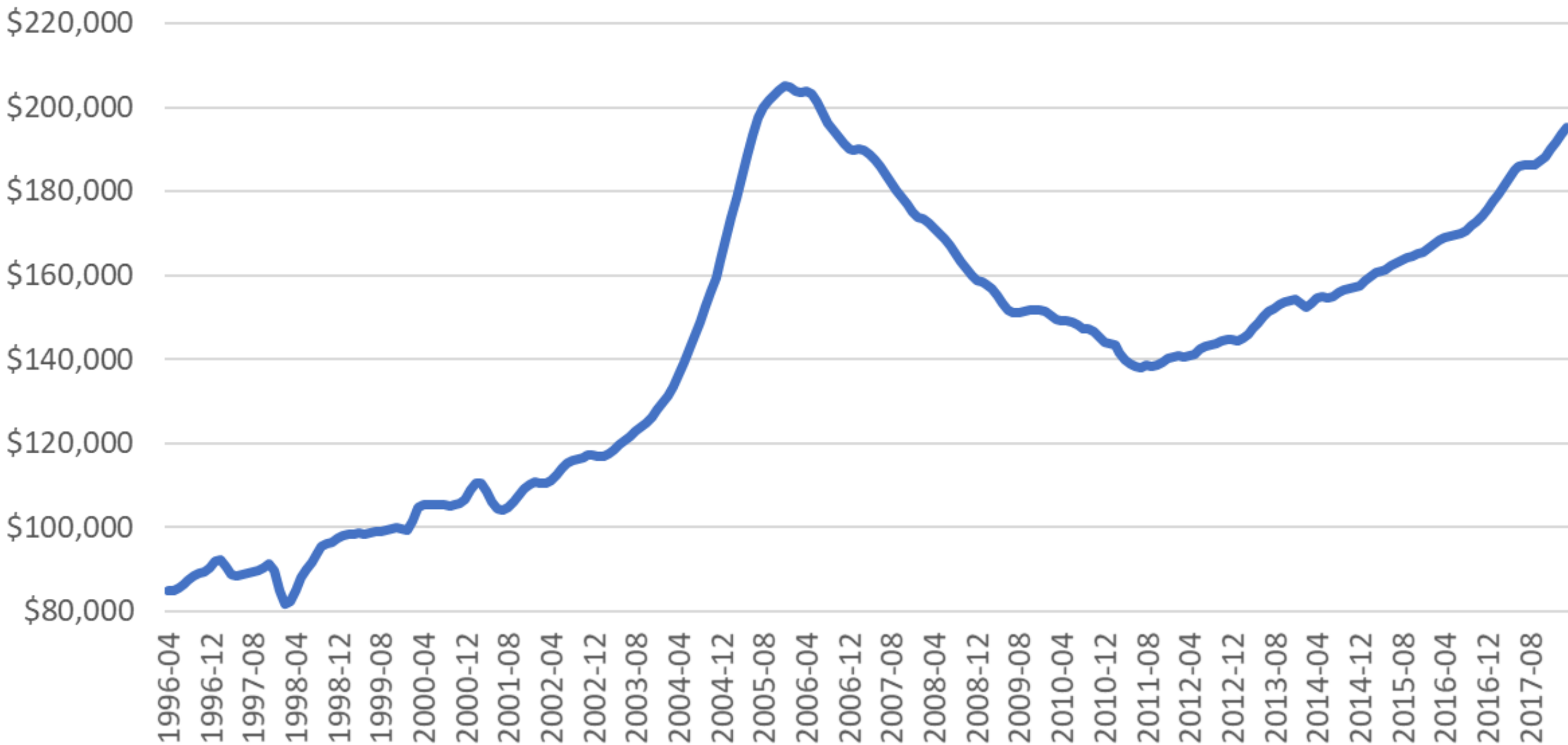


Santa Rosa: Existing Single Family Home Sales, 2011 - 2017



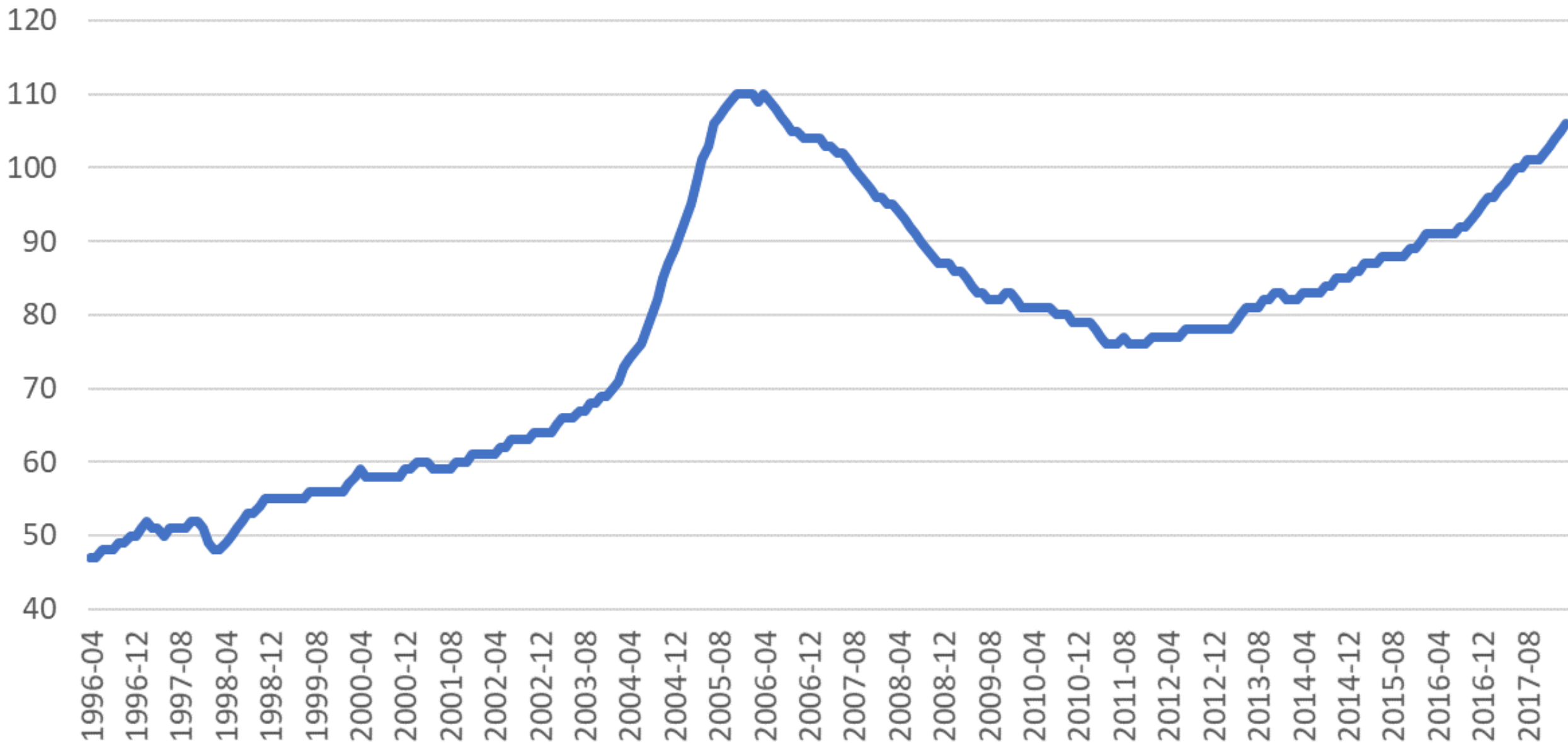
Source: Metro Market Trends

Santa Rosa: Single Family Home Values, Apr96 - Mar18

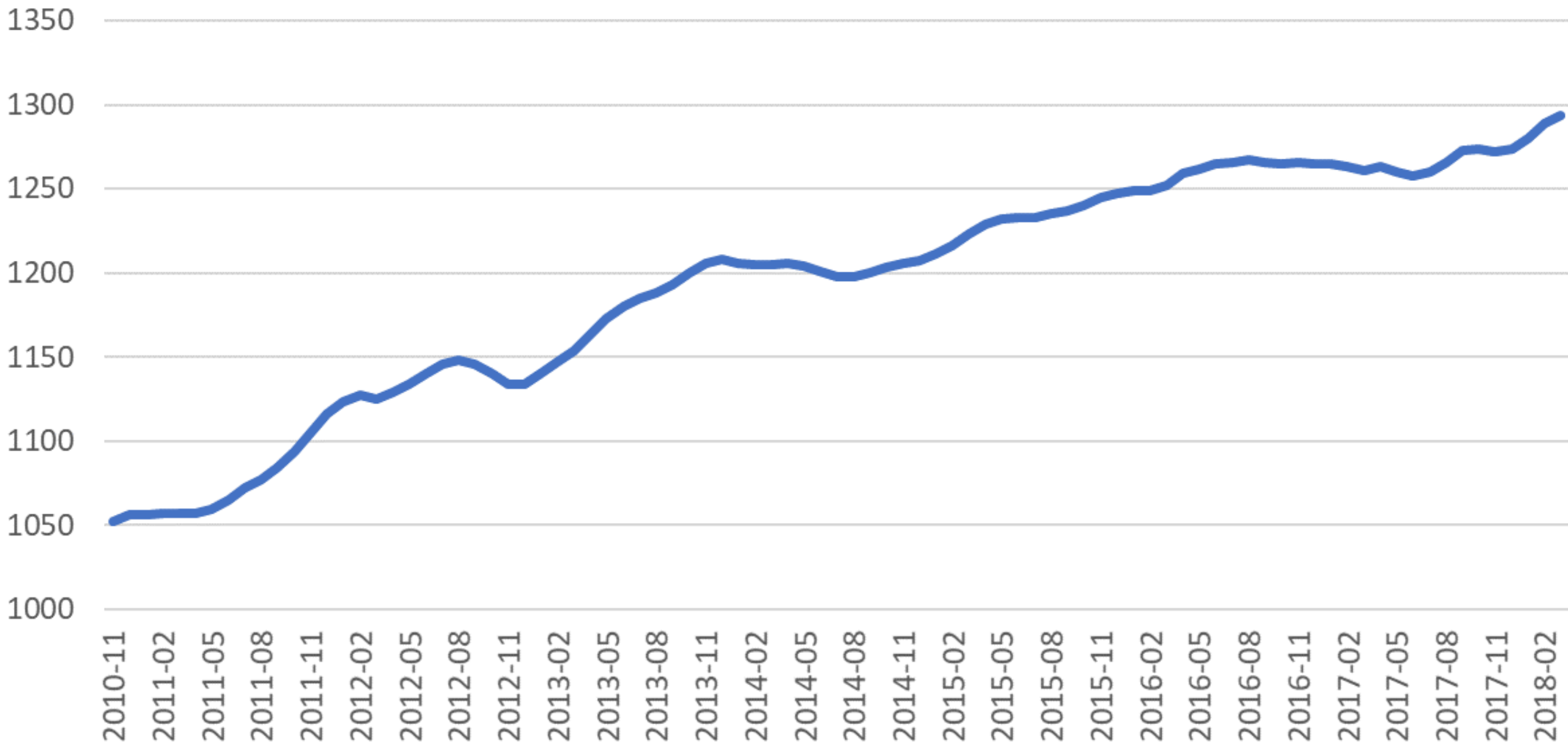


Source: Zillow

Santa Rosa: Median Value per Square Foot, Apr96 - Mar18

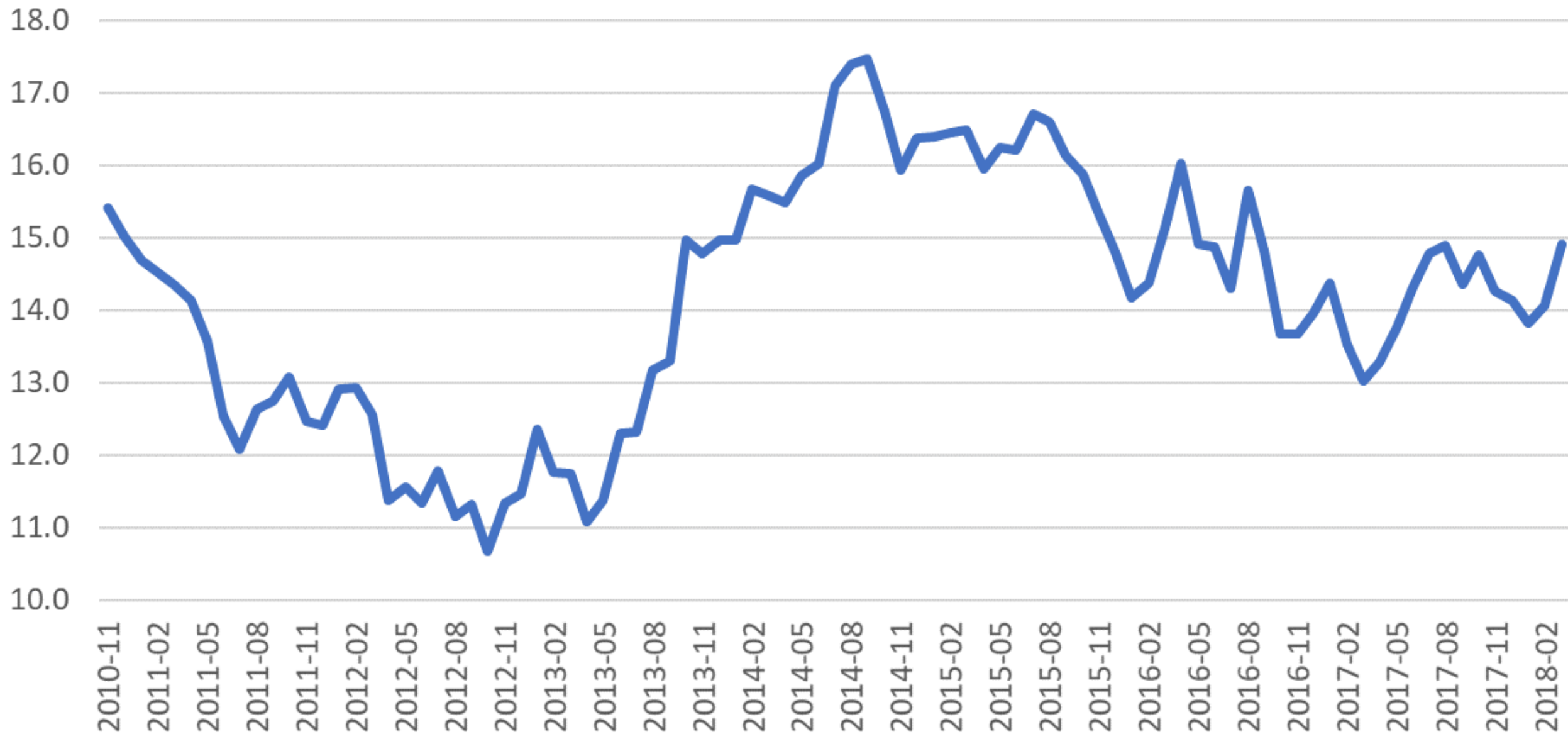


Santa Rosa: Median Monthly Rent for Single Family Home, Nov10 - Mar18



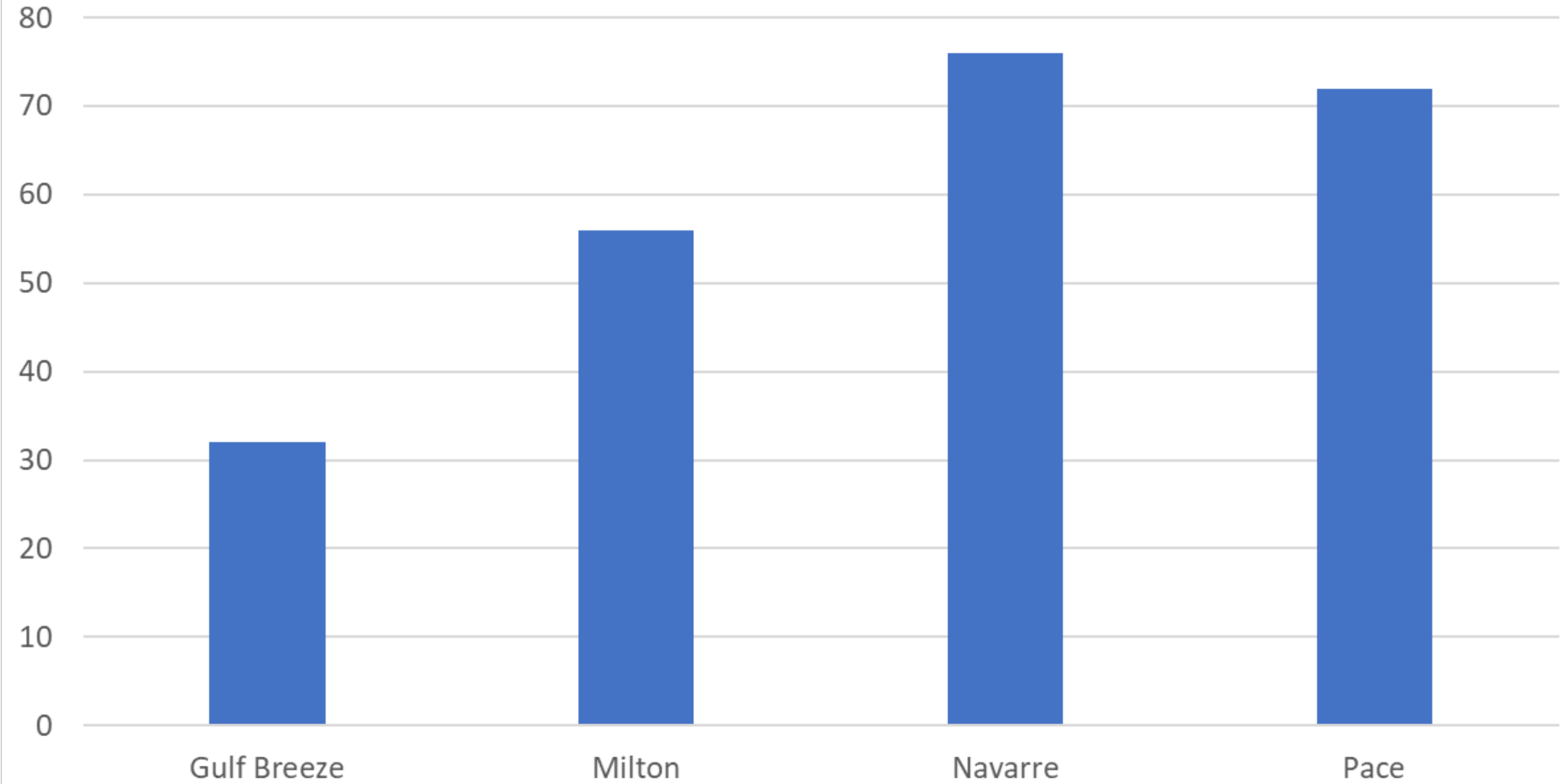
Source: Zillow

Santa Rosa: Percent of Listings with a Listing Price Cut, Nov10 - Mar18

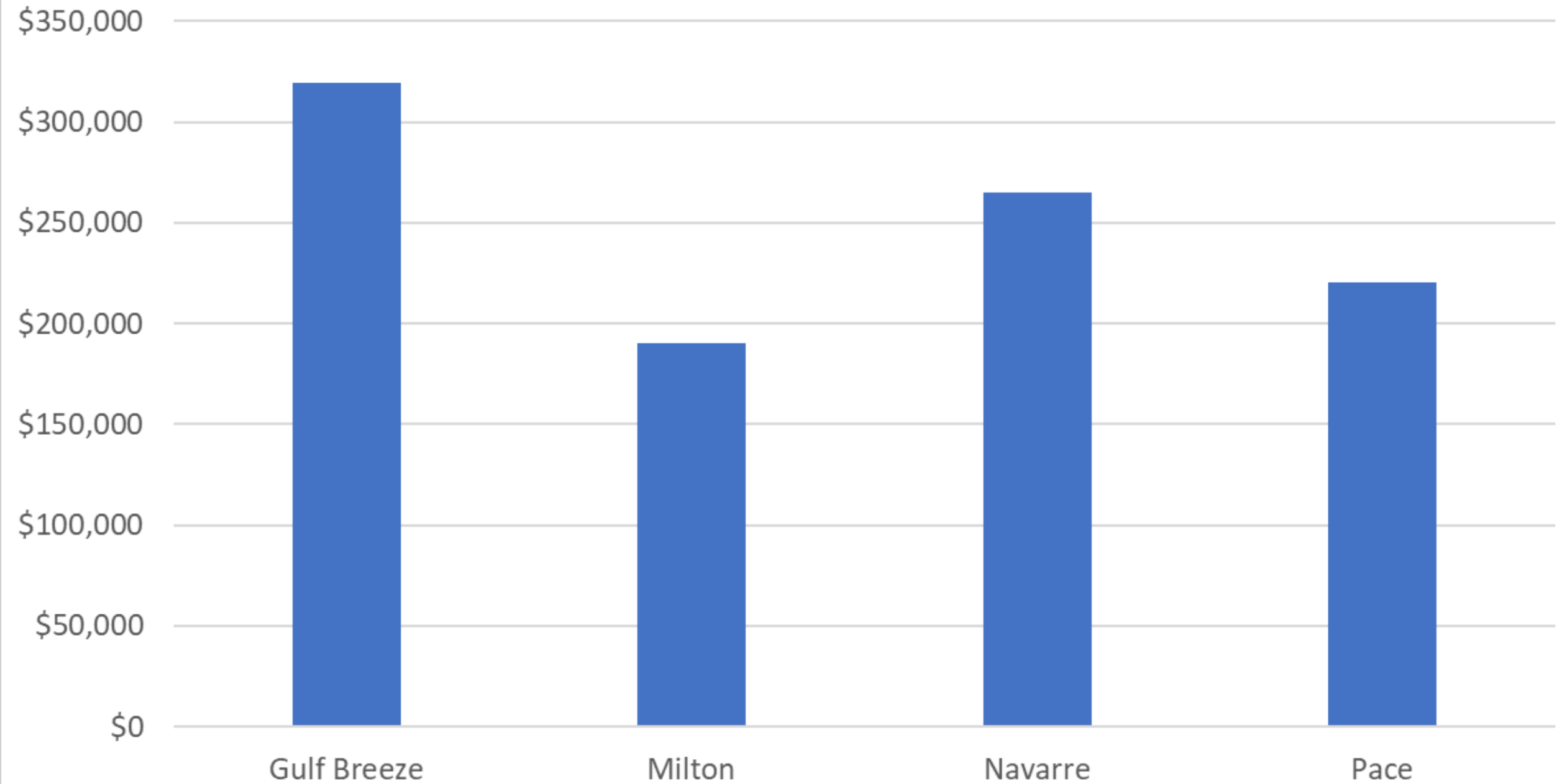


Source: Zillow

Q1 2018 Number of New Homes Sold by Community



Q1 2018 Median New Home Sale Price by Community



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