

The upside of Florida real estate: 15 market positives

Let's take a look at some of the opportunities and positive indicators for the future of Florida's real estate market.

1. Great prices. Statewide, home prices have fallen about 20 percent in the past year. FAR statistics show the existing-home median sales price was \$185,400 in the third quarter of 2008, compared with \$233,200 in third quarter 2007. By the way, those numbers are still significantly higher than in the early years of the decade. In 2003, the third-quarter sales price was \$163,700, which reflects an increase of about 13.3 percent over the five-year period. (The median is a typical market price where half the homes sold for more, half for less.)

2. The time is right. Home sales volumes are rising again – a signal that the market recovery may be underway. In third quarter 2008, statewide sales of existing single-family homes were up 5 percent compared to the same period last year, according to FAR statistics.

3. High inventory levels. Conditions are ideal for buyers to find their dream home. Inventory is plentiful in all price ranges. But as sales volumes increase, inventory levels are likely to shrink. That reality translates into this advice for buyers: Don't wait too long.

4. Low mortgage rates. Mortgage rates are still at the lowest levels since the 1960s. Lower rates multiply a buyer's financial power. Even half a percent can make a sizeable difference. For example, on a \$200,000 home, half of 1 percent could save the homeowner about \$815 a year. Buyers can get more home for the money, which is a perfect scenario for families looking to upsize.

5. Incentives to buy. Federal, state and local housing programs can help buyers make that big purchase. The U.S. Housing and Economic Recovery Act of 2008 includes a \$7,500 tax credit for first-time buyers on a home purchased between April 9, 2008, and July 1, 2009. President Obama's 2009 economic stimulus package promises to enable programs that will assist homeowners. Talk to a local mortgage lender about state and federal incentive programs.

6. A long-term-growth state. Long-term economic and demographic trends continue to favor Florida. By 2010, economists forecast that Florida will be the third-most-populated state in the country. Florida has been one of the 10-fastest-growing states in the U.S. for each of the past seven decades, and often the state has been in the top four, according to Census data. Population growth will continue to provide a foundation for other economic development, such as new jobs and growing incomes. All of these trends are positive indicators for real estate growth.

7. A migration magnet. Even with a slowdown in economic growth nationally, projections call for Florida's population to return to more normal growth levels of about 317,000 a year between 2010 and 2020, similar to the 1980s and 1990s, said

Stan Smith, director of the University of Florida's Bureau of Economic and Business Research. That's a lot of new buyers coming into the market.

8. A favored retirement destination. Over the long term, Florida stands to benefit from the migration of the aging Baby Boomer generation, roughly 80 million strong. Demographic studies show that the Sunshine State's mild climate and outdoor amenities continue to make Florida a favorite retirement destination.

9. A diverse economy. Florida's economy, like that of the rest of the nation, is impacted by the recession. Some business sectors, though, appear promising for the Florida economy. The healthcare and technology sectors are quickly becoming an important economic force in South and Central Florida. The Milken Institute/Greenstreet Real Estate Partners ranked five Florida communities on its "Best Performing Cities Index 2008," which ranks U.S. metropolitan areas by how well they are creating and sustaining jobs and economic growth. Florida's business climate ranked fourth among executives and sixth overall on "Site Selection" magazine's 2008 Top State Business Climate rankings.

10. Investment outlook. Every quarter, the University of Florida's Bergstrom Center for Real Estate Studies conducts a survey of industry executives, market research economists, real estate scholars and other experts. In the fourth quarter 2008 survey, the investment outlook for various types of Florida properties declined from the third quarter of 2008, although it is noted that the investment outlook remains higher than it was at times in 2006 and 2007. "We have 40 pages of comments from our respondents, and although the dominant theme is the disruption of financing, perhaps the second theme, as one person put it, is people being on the sidelines with full pads and helmets just waiting to jump back in," said director Dr. Wayne Archer, when referencing the 2008 third quarter results.

11. Homeownership has value. Realtors believe – and research supports that belief – that homeownership provides a variety of tangible and intangible benefits to the community and homeowners. Studies show that home equity is still the largest single source of household wealth.

12. Greater sense of well-being. Owning a home leads to increased personal well-being. Research shows that people who own their own homes tend to show higher levels of personal self-esteem and life satisfaction, which in turn helps to make homeowners and their children more productive members of society.

13. Beneficial for kids. Studies show that children raised in homes owned by their families are more likely to stay in school and more likely to graduate high school. They're also shown to have a higher lifetime annual income.

14. Community involvement. People who own homes have a strong financial stake in what happens to their community and tend to become more involved in community and civic affairs. Studies show that homeowners also interact more with their neighbors and communities. Compared to renters, homeowners join up to 41 percent more civic and/or nonprofessional organizations, such as the PTA or Scouts; vote in

local elections 15 percent more often; enhance their neighborhoods with gardens 12 percent more often; attend church about 10 percent more often; and have a 3 percent greater chance of being interested in public affairs.

15. An unsurpassed lifestyle. Finally, let's not forget the things that brought people to Florida in the first place, and will continue to attract them – beautiful beaches, fabulous weather and a friendly business climate, with no state income tax. It's no wonder that Florida's combination of temperate climate, outstanding recreational amenities and economic opportunity has consistently put Florida in the top three of Harris Poll's "Most Desirable Places to Live" survey.

Why It's a Great Time To Buy Real Estate in Florida!

Pricing and Inventory: This is an ideal time for buyers to find a Florida dream home. Inventory is plentiful throughout the state and today's lower prices offer true bargains for purchasers at all price levels.

[Existing home/condo sales statistics](#)

Favorable interest rates: Do the math. Lower rates multiply a buyer's financial power, especially now when rates are near a 40-year low. Even one/half of one percentage point difference means a buyer could save more than \$1,000 per year on a median-priced home. Buyers get more home for the money – a perfect scenario for families looking to upsize.

[Check out the latest market rates](#)

Do the numbers

Ownership trumps renting: While renting may make sense for someone who expects to move in the next year or two, ownership continues to be a wise, long-term investment. Consider these financial benefits: Deductions on your annual income tax return, locked-in payment with a fixed rate mortgage, home price appreciation if you plan to live there for a few years, and a monthly mortgage payment comparable to rent payments.

[Value of homeownership](#)

[Mortgage help for first-time homebuyers](#)

International pulling power

Florida homes offer financial value to foreign buyers: International buyers benefit from the weaker U.S. dollar, multiplying their purchasing power. Buyers also appreciate the relatively low costs of Florida property compared with similar homes in their countries. According the "2008 NAR Profile of International Home Buying Activity Study," Florida accounted for 25.4 percent of all international purchases to lead the nation.

[2008 NAR Profile of International Buyers in Florida \(PDF\)](#)
[NAR International Network](#)

Location/lifestyle

With extensive inventories in Florida's urban and suburban locales, buyers can live closer to work, schools and rapid transit lines. First-time homebuyers also have many affordable options in the townhome and condo markets. And let's not forget Florida's climate, world-class beaches, vibrant economy and diverse population.

[All things Florida](#)