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STATE OF THE MARKET

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Agenda

- **Profile of Home Buyers and Sellers**
- **Market Summary NE Florida Single Family Resale Metrics**
- **Market Summary Florida 2017 Single Family Homes**
- **Market Summary Distressed Market Sales**
- **How Can you Help**
- **Market Overview 2018 Realtor.com**
- **Top 10 Issues Affecting Real Estate**
- **Interest Rates on the Rise!!!!**



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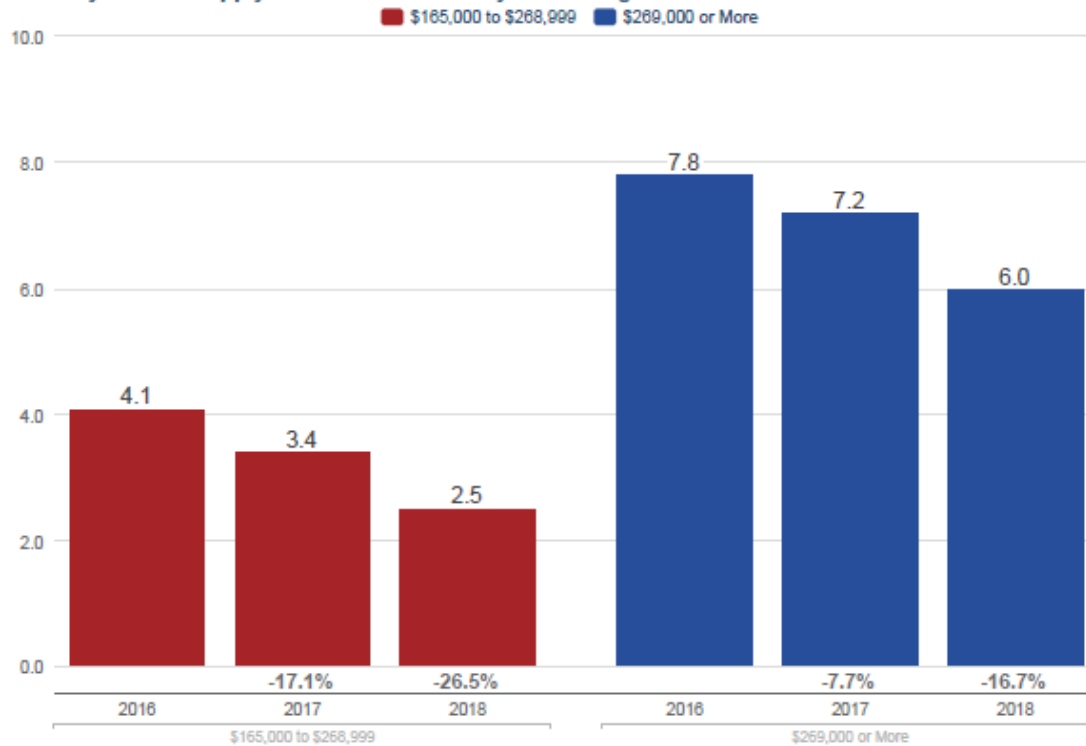
Profile of Home Buyers and Sellers

For most home buyers, the purchase of real estate is one of the largest financial transactions they will make. Buyers purchase a home not only for the desire to own a home of their own, but also because of changes in jobs, family situations, and the need for a smaller or larger living area. This annual survey conducted by the NATIONAL ASSOCIATION OF REALTORS® of recent home buyers and sellers provides insight into detailed information about their experiences with this important transaction. Here are highlights from the latest report.

- First-time buyers made up 34 percent of all home buyers, a decrease from last year's 35 percent.
- Age for first-time buyers remains flat, but the age of repeat buyers continues to climb—now at an all-time high of 54.
- Married couples continue at 3-year decline, while single females increased for the 3rd year.
- Buyer and seller use of agent remains at historical highs, 87% and 89% respectively. FSBOs remain at an all-time low of 8%.
- Slight rise in buyers using proceeds from sale as primary residence, but still below the historical norm.
- Drop in those who stalled their sale of the home because they were underwater to 10%, but it is still common among those who purchased 8-10 years ago at 26%.
- Tenure remains at an all-time high of 10 years.
- The weeks on market dropped to an all-time low of 3 weeks



February Months Supply of Homes for Sale - By Price Range



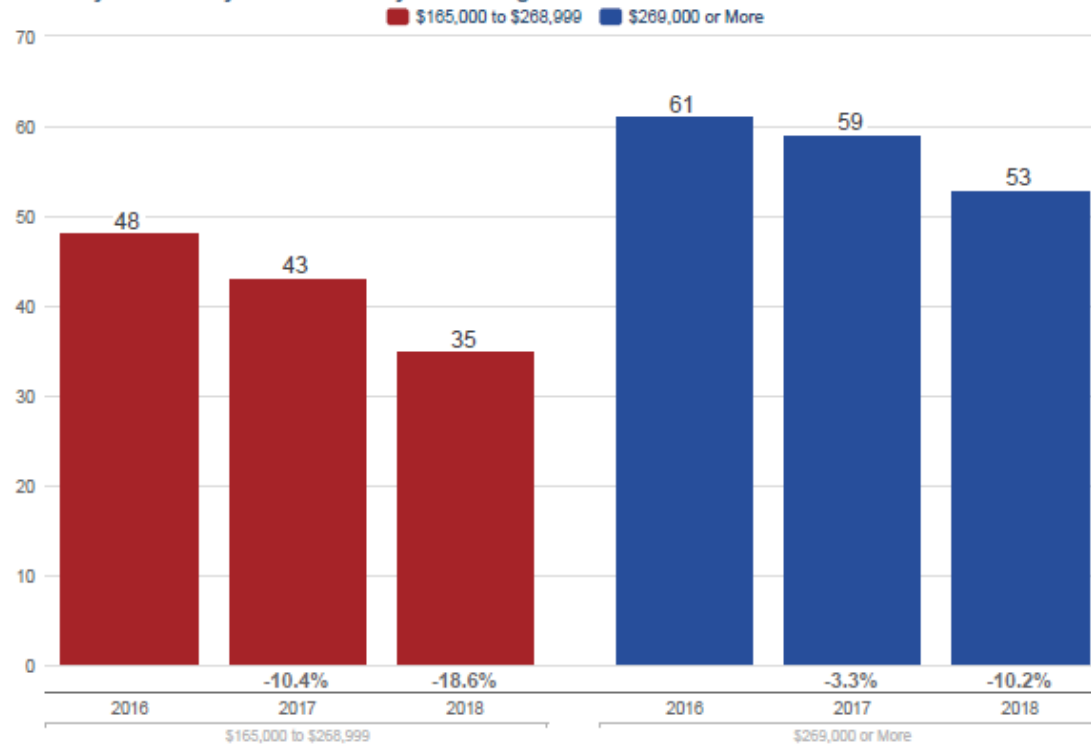
Entire MLS: Previously Owned, Single-Family
Each data point is 12 months of activity. Data is from March 1, 2018.

All data from RealtyWEB.Net. InfoSparks © 2018 ShowingTime.

Resale Months Supply SFR



February Median Days on Market - By Price Range



Entire MLS: Previously Owned, Single-Family

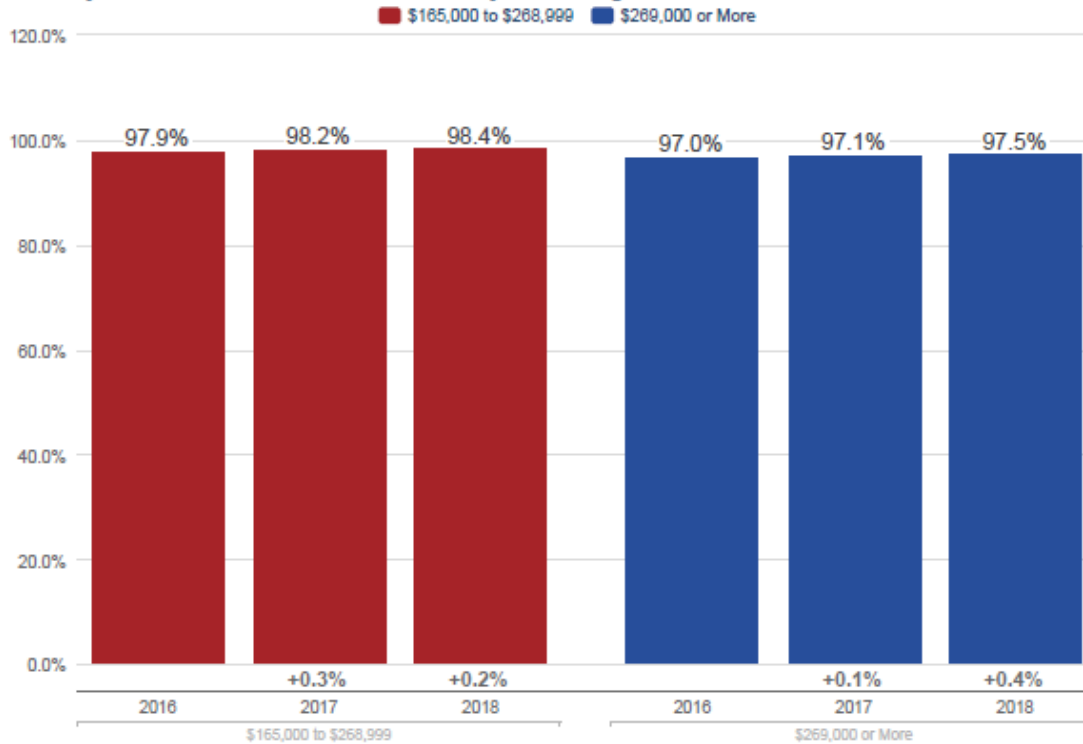
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Resale Median DOM SFR



February Median Percent of Last List Price - By Price Range



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Resale Median Percent of Last List Price SFR

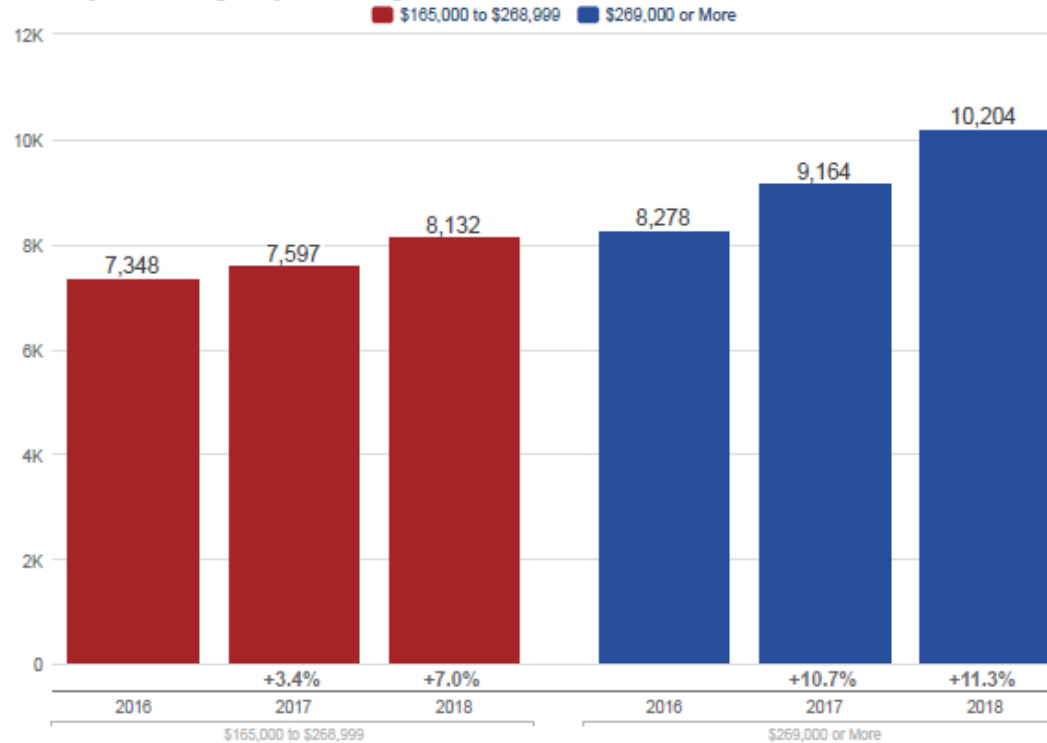
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February New Listings - By Price Range



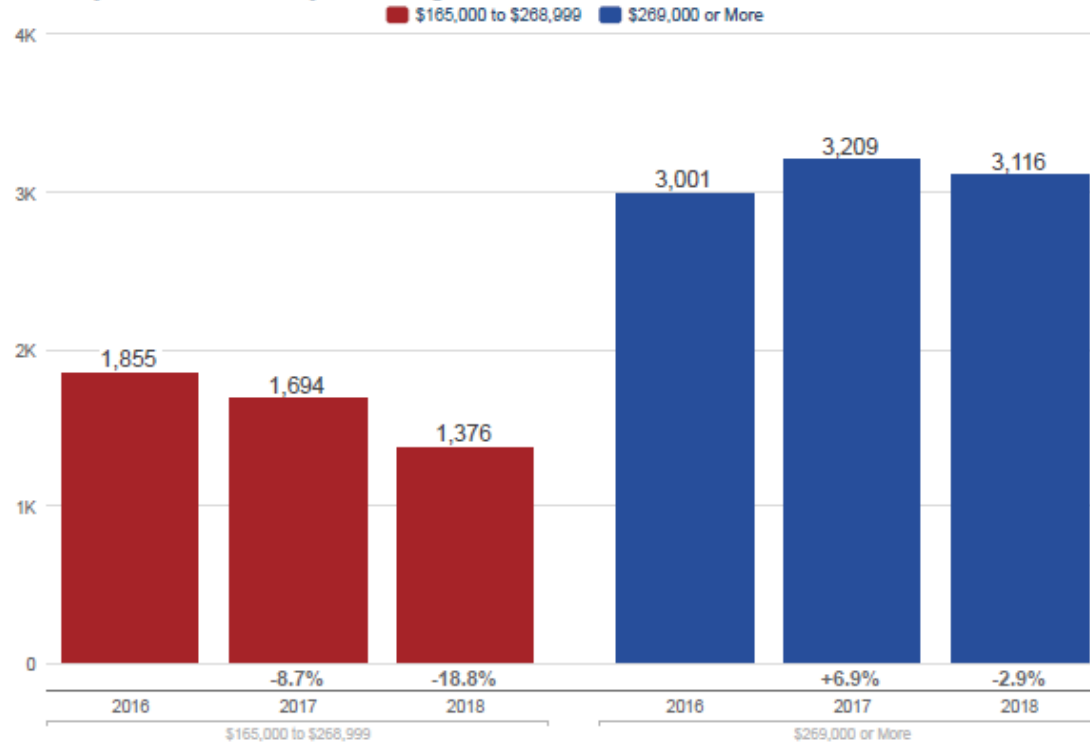
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Resale New Listings SFR



February Homes for Sale - By Price Range



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Resale Homes For Sale SFR

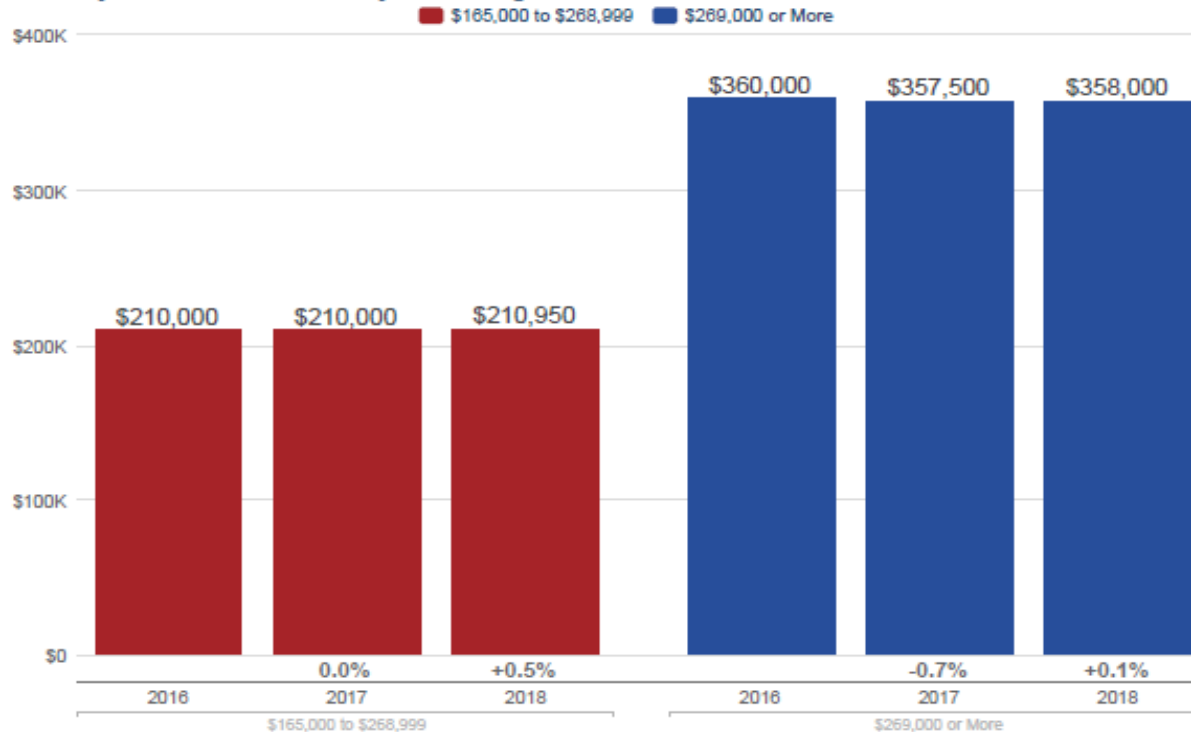
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February Median Sales Price - By Price Range



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Resale Median Sales Price SFR

Yearly Market Detail - 2017

Single Family Homes

Florida

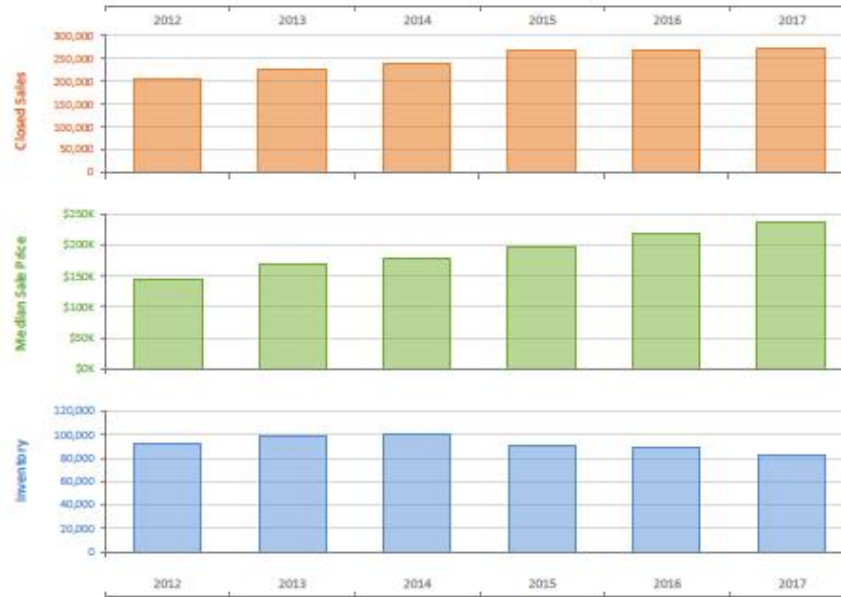


Summary Statistics	2017	2016	Percent Change Year-over-Year
Closed Sales	271,868	268,731	1.2%
Paid in Cash	73,803	80,084	-7.8%
Median Sale Price	\$237,500	\$219,900	8.0%
Average Sale Price	\$316,593	\$293,581	7.8%
Dollar Volume	\$86.1 Billion	\$78.9 Billion	9.1%
Median Percent of Original List Price Received	96.3%	96.0%	0.3%
Median Time to Contract	41 Days	45 Days	-8.9%
Median Time to Sale	87 Days	92 Days	-5.4%
New Pending Sales	302,846	302,556	0.1%
New Listings	342,498	342,977	-0.1%
Pending Inventory	28,795	30,928	-6.9%
Inventory (Active Listings)	82,179	88,422	-7.1%
Months Supply of Inventory	3.6	3.9	-7.7%

Yearly Market Summary - 2017
Single Family Homes
Florida



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Produced by Florida REALTORS® with data provided by Florida's multiple listing services. Statistics for each month compiled from MLS feeds on the 15th day of the following month. Data released on Tuesday, February 13, 2018. Data revised on Monday, January 16, 2017. Next yearly data release is TBD.

Yearly Distressed Market - 2017 Single Family Homes Florida



		2017	2016	Percent Change Year-over-Year
Traditional	Closed Sales	254,026	236,550	7.4%
	Median Sale Price	\$242,053	\$229,695	5.4%
Foreclosure/REO	Closed Sales	13,690	25,601	-46.5%
	Median Sale Price	\$155,000	\$140,000	10.7%
Short Sale	Closed Sales	4,152	6,580	-36.9%
	Median Sale Price	\$175,000	\$160,000	9.4%



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HOW CAN YOU HELP

- Respond promptly to calls and requests for information
- Deadlines Must be met
- On Time Closings
- Timely Communication!!!!
- 30 Day Close
- USDA Loans
- VA Loans
- Bond Programs

Home buyers have heard it all before: **There aren't enough homes on the market, prices are rising rapidly, and builders aren't putting up enough new abodes.** Sorry, buyers. It's not likely to get better in 2018.

Builders are expected to put up more new construction in the year ahead—but the rate of building is likely to slow, according to several housing economists who spoke on Tuesday at the International Builders Show. The show is hosted by the National Association of Home Builders in Orlando, FL.

About 653,000 newly built homes will be sold in 2018, up 5.4% from 2017, predicts NAHB's Chief Economist Robert Dietz. That may sound impressive, but the growth rate is down from 10.5% in 2017. And those additional homes aren't nearly enough to meet demand.

There will be modest growth," Dietz said at the show. "We're going to see some changes in the types of homes that are being sold by builders, with **more lower-priced offerings.**"

But "lower-priced" is in the eye of the beholder—many cash-strapped, first-time, and millennial buyers won't be able to get in on the action. Dietz defines this category as costing less than \$350,000. The national median home price was \$269,900 as of Dec. 1, according to the most recent available data.

The big wild card, however, is the recent tax reform, Dietz said. If more folks have more money in their pockets as a result of the tax changes, it could make it easier for them to save up for a down payment.

But the recent changes to the tax code, particularly capping the mortgage interest deduction and limiting local and property tax deductions, may also make well-off potential buyers more likely to shy away from buying pricier new construction. If that happens, builders will put up fewer homes.

In addition, mortgage interest rates are expected to rise by 0.25% several times next year. This makes home buying more expensive.

"Mortgage rates are going to go up a bit more this year," David Berson, chief economist of Nationwide Mutual Insurance Company, said at the show. "Inflation is going to be just a tad hotter than it's been."

What kinds of homes are likely to be constructed in 2018, and where?

Urban villages are expected to take hold, predicts Dietz. These are larger-scale, very walkable developments that often include a mix of townhouses, condos, and apartments along with shopping, grocery stores, and entertainment. They are located in cities, suburbs, and even exurbs (the farther-out burbs).

He expects to see more townhouses go up, as they require less land and are less expensive to construct, and more teardowns—razing one building to put up another—to address the lack of land.

New-home sales are expected to be highest in the South, particularly in areas where the local economies are doing well, said **Frank Nothaft**, chief economist at housing data firm CoreLogic, at the show. The region is also attractive to buyers as home prices, taxes, and the cost of living are lower than on the coasts and there are plenty of job opportunities. Houston; Dallas; Phoenix; Atlanta; and Austin, TX saw the most home growth from fall 2016 through fall 2017, according to CoreLogic. Those areas are expected to remain hot in 2018.

Top 10 Issues Affecting Real Estate

1. Aging Population: The aging of the population will broadly and dramatically affect the real estate markets from housing, retail sales, health care, and myriad factors that define the success of different geographic areas. Aging will most directly affect the demand for real estate, but will have scores of less direct effects such as potential capital impacts as the pensioners by the scores of millions move from being net contributors to net users of capital.

2. Funding of Public Employee Retirement

Systems: Underfunding of state and local retirement systems in the trillions of dollars provides extreme challenges to the provision of basic local and state services critical to real estate properties and markets. Can existing government assets be tapped for cash in a way that makes economic sense and does not shortchange future generations?

3. Student Debt Burdens: Student college debt averages around \$45,000 per student with a total that exceeds consumer debt for the first time. How will such burdens change the patterns of spending, household formation, and financial growth of this generation of graduates?

4. Infrastructure Funding and U.S.

Competitiveness: Creative public-private partnerships with state and local governments are being viewed as potential supplements or replacements for federal funding of the next generation of needed infrastructure improvements, and could cover the trillions of dollars of deferred maintenance of existing assets.

5. Changing Office and Retail Demand: Radical reductions in office space usage by larger occupants due to increased use of technology, acceptance of alternative work systems, and changes in retail as Internet purchases change the role and purpose of physical retail space will define winners and losers going forward. Additionally, the Panama Canal expansion and East Coast port expansion are changing the dynamics of warehousing.

6. Real Estate Capital Markets Liquidity: Capital limitations on banks as a result of Dodd-Frank and existing overallocations to real estate, concerns about the scale of return of the commercial mortgage-backed securities (CMBS) market, hundreds of billions of dollars of real estate loans that must be refinanced in the next three to seven years, and growing capital demands by other sectors of the economy will create continuing uncertainty over access to capital. Smaller properties, properties in secondary or tertiary markets, and properties with weak borrowers, substantial vacancy, high rollover of tenants in early years, or other risk factors are already experiencing a severe capital shortage.

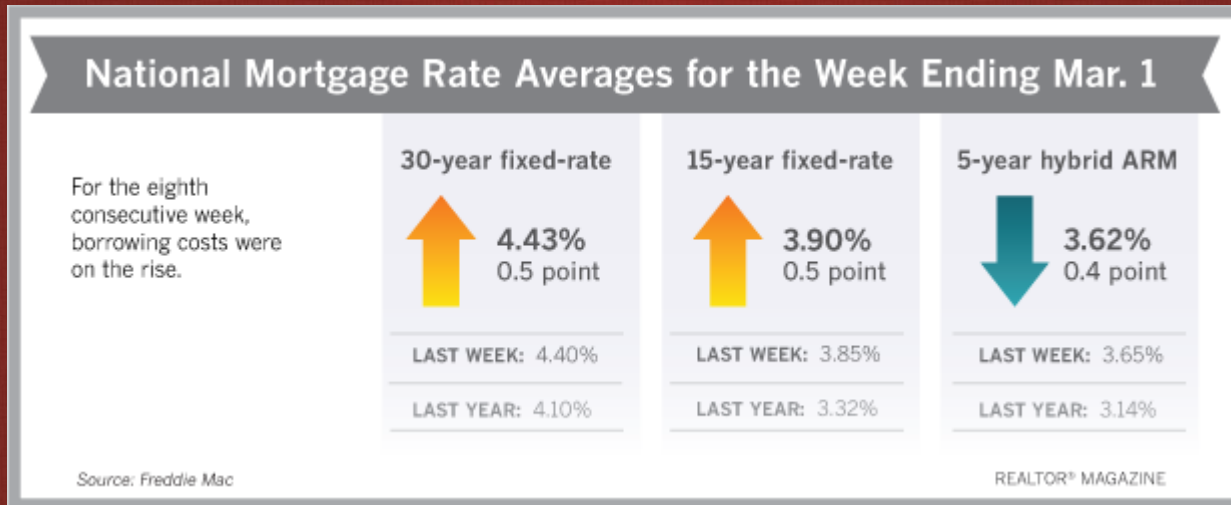
7. Global Change and Uncertainty: The political gridlock and budget crisis in the U.S., the European financial crisis, the pending (now underway) slowdown of China's economy, uncertainty and slow growth in the Middle East, and continuing expansion of global interconnections make uncertainty about the future of finance a certainty. What does it mean for real estate investment in the US and abroad?

8. Integration of Sustainability: Sustainability has moved beyond a gimmick and become part of corporate governance, management and reporting systems, and supply chains of many companies — increasing the value of sustainable property investment. How must real estate businesses adapt to keep up?

9. Low Cap Rates: Cap rates for core properties are back to troubling 2007 levels. What happens if interest rates increase and cap rates decompress? Has the industry set itself up for another disastrous value decline?

10. Civil Discord and Political Gridlock: Many of the key issues and challenges require broad consensus to solve. Will there be greater cooperation, or will political gridlock continue? Answers to this question will be critical to determining the future of the real estate industry and societies of the world. The list was developed by the group's External Affairs committee. Within The Counselors of Real Estate organization, more than 50 real estate specialties are represented; all members provide real estate counseling — objective advisory services that solve problems and guide a wide spectrum of real estate decisions for clients, including corporations, investment funds, financial institutions, universities, and municipalities.

Interest Rates on the Rise!!!!



Freddie Mac reports the following national averages with mortgage rates for the week ending March 1:

30-year fixed-rate mortgages: averaged 4.43 percent, with an average 0.5 point, rising from last week's 4.40 percent average. Last year at this time, 30-year rates averaged 4.10 percent.

15-year fixed-rate mortgages: averaged 3.90 percent, with an average 0.5 point, rising from last week's 3.85 percent average. A year ago, 15-year rates averaged 3.32 percent.

5-year hybrid adjustable-rate mortgages: averaged 3.62 percent, with an average 0.4 point, dropping slightly from last week's 3.65 percent average. A year ago, 5-year ARMs averaged 3.14 percent.

Source: [Freddie Mac](#)