

Anchor's The Way

real estate news, trends and investment opportunities



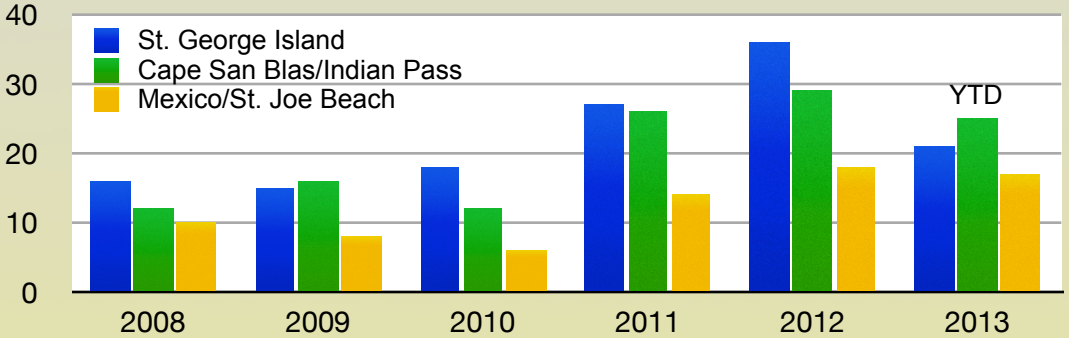
St. George Island

Apalachicola

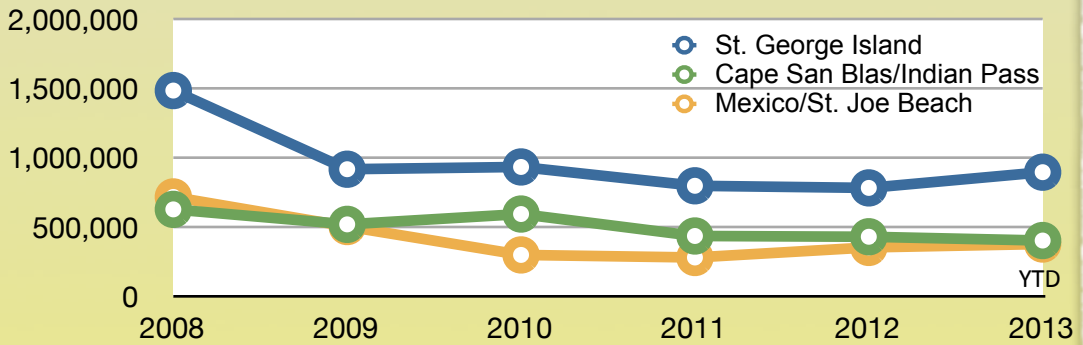
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All Residential Home Sales | Gulf Front: 2008 - 2013 (YTD)



Average Sale Price Per Home | All Gulf Front: 2008 - 2013 (YTD)



Have you ever wondered how total gulf front home sales compare between St. George Island (SGI), Cape San Blas (CSB), and Mexico/St. Joe Beach (MEX)? The above charts will enlighten you...

The first chart depicts the number of sales of all residential gulf front homes (including town homes and condos) for the last 6 years (year-to-date for 2013); while showing the breakdown between the three areas. The second chart depicts the average sale price per home over the same period. SGI, as you can see, usually beats out the other markets in number of sales (the exceptions being 2009 and currently 2013) and value.

The two graphs above underscore one powerful market fact – one that can be correlated to getting out of a stall in an airplane: the number of transactions reaches bottom way before the prices do. This remark also holds truth in the physics of flying: the speed is at its minimum (stalling moment) way before the altitude reaches its lowest point (when pulling out of a stall). It can actually be argued that it is the sheer increase in number of transactions (air speed for an airplane) that cause the exit from the dangerous situation. In our case, St. George Island's number of transactions hit the lowest in 2009; while prices bottomed in 2012 (a 3-year delay). For MEX and CSB, the cycle was not as clear, but still visible with a transaction low in 2010 and an anticipated pricing low in 2013 to early 2014. What's notable here is that SGI leads the Forgotten Coast's market trends. All of this screams the word "opportunities"!

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All information taken from RAFGC MLS Service.



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If you look closer at the first chart, an interesting fact that stands out in 2010 - during the BP oil crisis - is the increase of sales on SGI, while CSB and MEX both declined. Why might this be? Although the changes in sales for these 3 areas are not terribly significant, I think they represent an overall shift in buyers perception that year. One possible explanation is the perceived effect from the BP oil spill. SGI would be considered - in the words of Malcom Gladwell - a "remote miss". SGI was close enough to feel the impact, but far enough away to avoid the harmful consequences. CSB and MEX, on the other hand, were possibly perceived as being closer to the actual oil spill and this would inevitably cause more apprehension in the eyes of home buyers. While many factors contribute to this outcome; the oil spill is one plausible explanation for the 2010 decrease of sales for CSB and MEX.

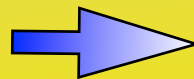
The first thing I noticed on the second graph is this ostensible paradox of the highest average sale prices (in the past five years) correlating with the peak of the financial crisis - 2008. Perhaps most of our instinctive reactions would be to assume that average sale prices would be at their lowest level during the peak of a recession, but this chart is showing quite the opposite. Much of this can be attributed to the airplane effect discussed on the first page, but there are a few other notable contributors as well...

1. Sales during the mid 2000's recession were largely driven by higher end buyers with more resources. Buyers with enough resources may still be able to make their home purchases regardless of the economic situation around them. For example: out of 16 gulf front sales in 2008 on SGI, only 3 were under \$1 million! Conversely, out of the 36 gulf front sales in 2012 on SGI, 28 were under \$1 million!
2. 2005-2011 was a period of uncertainty in the real estate market, to say the least. The drastic spike in 2003-2004 followed by the virtual absence of real estate transactions in 2005-2006 threw the Gulf Coast real estate market into disarray. Values were all over the map and this probably produced some of the high prices we saw in 2008.

Regardless of the past, sales and values have seemed to level off since 2011 and are now starting to rise steadily. Buyers are excited, and as long as mortgage rates stay low, should continue to buy, thus driving our recovery.

If you're considering buying or selling, now is the time! Give David or Olivier a call, text or email today. We have the knowledge, experience and passion to meet your needs.

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