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Volume and Price Trends in the Panama City Beach Real Estate Market

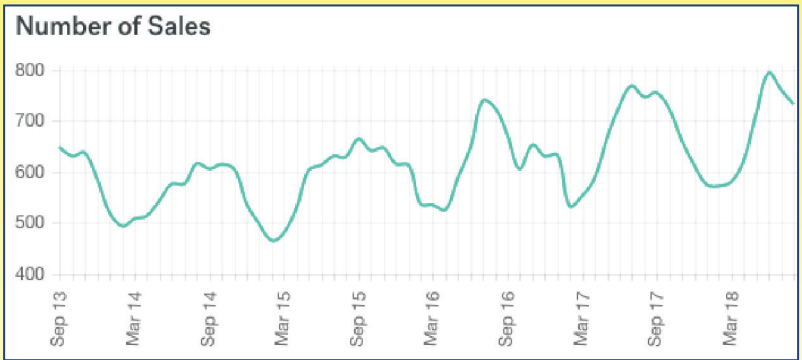
The most important aspect in studying any type of system, whether it is an engine, a small business, or a real estate market are the trends influencing the main factors of these systems. For Panama City Beach real estate, one relevant variable is the monthly number of real estate sales over the last 5 years. See the graph below.

Number of Real Estate Sales in Panama City Beach (Monthly)

As you can see, residential sales increase during spring and summer months (higher demand), and then tend to level out and decrease in the fall

and winter. For a buyer, it is beneficial to wait until June or July to make an offer on a property. For a seller, best is to be on the market in early spring. It is also important to note that there is a gradual increase in the number of sales since 2013; it is an encouraging sign for investors, and even families, who are interested in securing long-term homesteads.

Above, we looked at number of sales. Let's now focus on sales prices. Another trend obvious from the above graph is the steady increase in median sales prices of residential property over the past 5 years. The reason a median sales price is used instead of an average price is because there may be a multimillion-dollar beachfront mansion (an outlier) that sells for a much higher price than most other properties in the area. Using an average sales price would inaccurately represent the true value of the majority of homes being sold in a specific area. The graph below gives a visual representation of this increase.



Median Sales Prices in Panama City Beach (Monthly)

On the graph, it is even easier to see the increase in property value over the past half a decade. The peaks and valleys are somewhat more inconsistent when referencing sales prices,

however this can and should be easily overlooked, as the median sales price in September of 2013 was \$175K, whereas it is currently sitting at \$235,000. That is an increase of just over 34%. This is another great indicator of a healthy market for families looking to purchase homes and investors, of course.

The next trend up for discussion is the amount of new construction underway, mostly along the beachfront corridor. There has been a substantial increase in the amount of condominiums and hotels being built over the past few years. One may think that this would harm the

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residential real estate market. Here is why it does the exact opposite. Primarily, when people first visit this beautiful beach town, they are most likely to stay at a hotel or rent a condo. While visiting, they may realize they would like to retire here, setting up a potential future investment in a permanent homestead. A secondary effect to the construction being performed is a boost in local jobs that are created. This, once again, increases the flow of individuals to Panama City Beach, especially when the families of these workers come to visit, which is obviously good for the local economy.

Lastly, with the advancements in technology, websites like Airbnb and VRBO.com have emerged over the past few years as a potentially incredible investment opportunity. These websites allow for residential property owners to basically act as miniature hotels, allowing for out-of-town visitors to view, book, and purchase a vacation rental, all from their websites, or even just by using the phone applications. The reason these websites have been so successful is that they are completely safe, most of them are cheaper (and in a lot of cases, nicer than hotels or condos), and provide passive income to the original property owner. It's a "win-win" situation for both the traveler and the homeowner.

In conclusion, whether you may be a first-time homebuyer, an owner/developer looking to construct a hotel or condominium complex, or just an individual private investor looking for a chance to watch your investment grow over time, Panama City Beach is one of the absolute best markets in the country right now. We made it to the #1 spot in a study performed by Rented.com. It found that, "The top five real estate markets with the highest return on investment (ROI) for rental properties in 2018 include: Panama City Beach, Florida, Chicago, Illinois, Napa, California, Tulsa, Oklahoma and Memphis, Tennessee"

This study, in addition to the facts hereabove presented, should leave no doubt that Panama City Beach is objectively one of the, if not the best, top markets in America for 2018 and in the years to come.

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Let our Team Help You Navigate the Market



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