

Anchor's The Way

real estate news, trend and investment opportunities

February 2022



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Apalachicola

Destin

Mexico Beach

Miramar Beach

Panama City Beach

A healthy and strong market for Destin Condos

The 2010s accustomed us to a progressive, yet timid, increase in market activity and prices. Most of us were satisfied with this situation, for it contains the premises of stability and sustained growth.

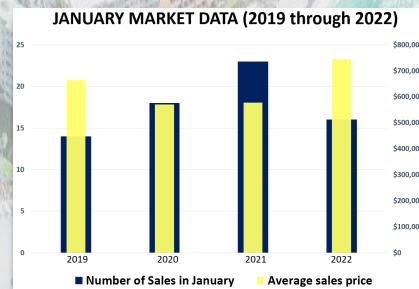
Then came COVID!

A game changer indeed. After the initial turmoil and apprehensions, Florida real estate has benefited greatly from the new circumstances. Today, at the top of immigration from other states, with low unemployment, with construction booming and state budgetary surpluses in the billions, we seem poised to reach the stars. To confirm the situation, Florida Governor DeSantis, in his address of 2/8/2022 in Tallahassee to members of the Florida Association of Realtors, promised to continue in the direction of "his support for law enforcement, keeping Florida k-12 schools at the nation's top (Florida ranks #3 among the 50 states), and his commitment to higher education and vocational schools, critical to support the increasing population of the state."

These are ingredients to foster long-term growth and prosperity... And the real estate market has responded favorably to our governor's impetus.

HOW HAS THE NEW SITUATION AFFECTED US?

The graph to the right, JANUARY MARKET DATA (2019 through 2022), displays the paradox of the number of sales increasing between 2019 and 2021. . . to see them go back to the 2019 level in 2022. The Average Sales Prices data is even more puzzling, going down noticeably in 2020 and 2021 when compared to 2019... and then, zipping up almost \$200,000 in 2022. If this seems disconcerting at first sight, we understand the market mechanics better when looking at the next graph titled,



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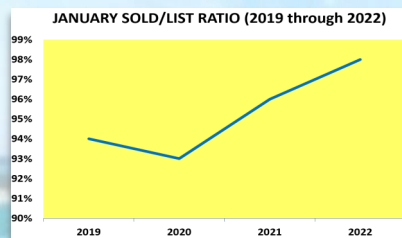


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SOLD/LIST RATIO over the same time period. We now see that the ratio between the actual sales price (numerator) over the listed price (denominator) keeps creeping up from 94% in 2019 to an all time high of 98% this January 2022.

This ratio represents the strength of the demand; in other words, how high are buyers willing to go to acquire a condo?

When placed into perspective with a relatively low inventory and the strong influx of out-of-state buyers, this increase in the ratio underscores the stability of the market and the deep foundations of the new pricing that we now experience.



IN OTHER WORDS:

The four years covered by our study point to a structural transformation of the beach front condo market in Destin, FL. In 2019, the market still suffered from the feeling of precarity stemming from the 2007-2012 real estate crisis; the “sold/list” ratio was at a low 94%, sales were in smaller numbers than what the future would bring (14), and prices were relatively high at an average of \$664,178. Successful sellers in 2019 were those with the best products and the ability to wait for a high offer. 2020 was a transition year that saw a 30% increase in activity with 18 sales and a noticeable plunge in the average sales price to \$569,941; more buyers came, but the sellers were not confident that the feeding frenzy would last – sellers ended up selling for less than what the market could have borne. 2021 was a turbo-charged 2020 but, with sellers still lacking confidence and buyers arriving in larger numbers, we experienced a paradoxical market where, despite increased demand and scarce supply, average prices remained surprisingly stable at \$576,891 (only a 1% increase over the previous year!) while the number of monthly sales sky-rocketed to 23 (another 30% increase over the previous year; or a 64% jump over 2019) and the “sold/list” ratio kept creeping up to an amazing 96%. Then, the remaining eleven months of 2021 passed, giving sellers more confidence and buyers expectations to enter a higher-priced environment, leading us to 2022.

In January of 2022, the market had finally morphed and stabilized. Monthly sales, at 16, shifted back to their 2019 level. The “sold/list” quotient reached the all-time high of 98%, proof of a strong demand and scarce supply. Last but not least, the average price jumped up by a solid 30% from the year before.

In short, the market has finally stabilized into a higher-priced and stable one.

REACH OUT — NO COMMITMENT!



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