

# Economic Perspectives

## Housing: Reversal of fortune or just seasonality

March 1, 2010

Housing news turned negative in January after having been relatively benign throughout 2009. Florida existing home sales declined in January from their December 2009 level after having been relatively flat throughout 2009. Sales also declined in every Seacoast served Metropolitan Statistical Area (MSA). Median price also declined reaching a new low statewide and in several Seacoast served MSAs. The pattern was similar nationwide where both sales volume and median price declined for the second straight month. Sales of newly constructed homes also plummeted in January to a low not seen since 1963. At the same time, the median time to sell a new home rose to 14.2 months — nearly three times normal and also an all time high.

The housing news was not good in January with nearly every indicator turning negative and some even posting record lows. The broad based decline begs the question of whether the January readings signal a double dip in housing or whether some other event or events are responsible.

Florida resale volume was down 28.47% in January from a month earlier. Until January, sales volume had increased nearly every month of 2009. In fact, year over year comparisons still show increases but it is questionable how relevant year over year comparisons really are especially when short term history is tell-

-ing a much different story.

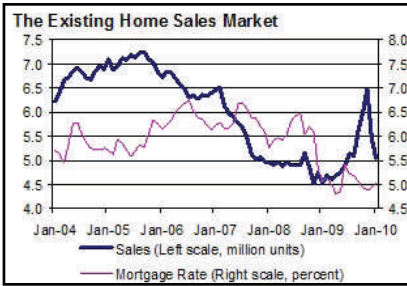
Sales volume was down significantly in all Seacoast served MSAs. The Ft. Pierce - Port St. Lucie MSA saw volume decline 36% in January while Orlando fell 24%, Palm Beach County fell 35% and Ft. Lauderdale fell 37%.

Statewide median price declined 6.77%. The results were similar in Seacoast served MSAs. Ft. Pierce - Port St Lucie declined 8.3% to a new low of \$101,000. Orlando hit a new low of \$123,500 after a 9.7% decline. Ft. Lauderdale also hit a new low of \$180,000 with an 18% decline while Brevard county had a modest 2.8% increase.

### Existing Single Family Home Sales In Metropolitan Statistical Areas (MSA) Served by Seacoast National Bank

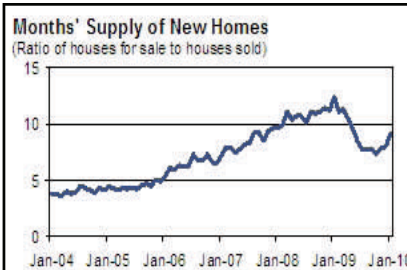
MSA		Dec '08	Jan '09	Feb '09	Mar '09	Apr '09	May '09	Jun '09	July '09	Aug '09	Sep '09	Oct '09	Nov '09	Dec '09	Jan '10
Ft. Pierce Port St. Lucie	Sales Volume	421	361	372	493	490	511	573	561	539	572	558	567	564	361
	Change /Month	+32.39	-14.25%	+3.05%	+32.53%	-0.61%	+4.29%	+12.13%	-2.09%	-3.92%	+6.12%	-2.45%	+1.61	-0.53%	-35.99%
	Median Price	131,800	114,900	122,100	118,000	116,400	110,000	109,900	110,100	113,000	110,800	110,400	111,700	110,300	101,100
	Change over month	+1.00%	-12.82%	+6.27%	-3.36%	-1.36%	-5.50%	Flat	Flat	+2.63%	-1.95%	Flat	+1.18	-1.25%	-8.34%
Melbourne Titusville Palm Bay	Sales Volume	438	377	429	539	564	584	541	534	492	479	536	391	434	358
	Change over month	+33.54%	-13.93	+13.79%	+25.64%	+4.64%	+3.55%	-7.36%	-1.29%	-7.87%	-2.64%	+11.90%	-27.05%	+11.0%	-17.51
	Median Price	125,200	118,300	115,400	123,700	113,600	123,700	117,300	117,700	119,500	114,700	115,800	105,000	104,100	107,000
	Change over month	-1.18%	-5.51%	-2.45%	+7.19%	-8.16%	+8.89%	-5.17	Flat	+1.53%	-4.02%	+0.96%	-9.33	-0.86%	+2.79%
Orlando	Sales Volume	1,525	1,127	1,352	1,828	1,859	1,949	2,266	2,343	2,134	2,247	2,297	2,292	2,300	1,745
	Change over month	+19.42%	-26.11%	+19.96%	+35.21%	+1.70%	+4.84	+16.66%	+3.40%	-8.92%	+5.30%	+2.23%	Flat	+0.35%	-24.13%
	Median Price	167,800	150,500	153,200	151,500	141,800	142,400	149,000	148,400	144,200	144,100	143,600	137,100	136,800	123,500
	Change over month	Flat	-10.31%	+1.79%	-1.11%	-6.40%	+0.42%	+4.63%	Flat	-2.83%	Flat	Flat	-4.53	-0.22%	-9.72%
W. Palm Bch Boca Raton	Sales Volume	638	408	532	685	681	737	859	859	754	746	841	733	849	546
	Change over month	+41.78%	-36.05%	+30.39%	+28.76%	-0.58%	+8.82%	+16.55%	Flat	-12.22%	-1.06	+12.73%	-12.84%	+15.83%	-35.11%
	Median Price	246,000	232,100	228,100	228,100	234,400	232,900	\$250,300	245,200	245,700	242,900	243,900	227,500	247,900	238,600
	Change over month	-0.57%	-5.65%	-1.72%	-0-	+2.76%	-0.85%	+7.47%	-2.04%	+0.20%	-1.14%	0.41%	-6.72%	+8.97%	-3.75%
Ft. Lauderdale <i>Seacoast no longer has a branch presence</i>	Sales Volume	632	467	500	680	690	780	862	907	816	800	826	707	781	492
	Change over month	+24.65%	-26.22	+7.07%	+36.00%	+1.47%	+13.04%	+10.51%	+5.22%	-10.03	-1.96%	+3.25%	-14.41%	+10.47%	-37.00%
	Median Price	217,700	191,000	214,400	219,500	191,300	190,000	204,800	219,000	217,000	200,000.	211,600	182,900	219,900	180,000--
	Change over month	-4.98%	-12.26%	+12.25%	+2.38%	-12.85%	-0.68%	+7.79%	+6.93%	-0.91%	-7.83%	+5.80%	-13.56%	+20.23+	-18.14%
STATE	Sales Volume	11,053	8,450	9,858	13,085	13,111	13,921	15,850	15,882	13,850	14,419	15,160	14,026	14,630	10,465
	Change over month	+28.96%	-23.55	+16.66%	+32.73%	+0.20%	+6.18%	+13.86%	+0.20%	-12.79%	+4.11	+5.14%	-7.48%	+4.31%	-28.47%
	Median Price	155,500	139,500	141,900	141,300	138,500	144,400	148,000	147,600	147,400	142,000	140,300	139,000	140,400	130,900
	Change over month	-1.77%	-10.89	+1.72	-0.42%	-1.98%	+3.97%	+2.49%	Flat	Flat	-3.66%	-1.20%	-0.93%	+1.01%	-6.77

Existing home national sale volume down | months of supply up



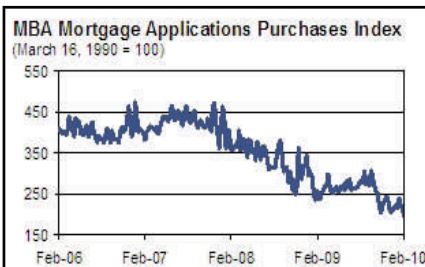
SOURCE: Global Insight, National Association of Realtors

New home sales decline months of supply up



SOURCE: Global Insight, Commerce Department

Mortgage Bankers Association purchase only index declines



SOURCE: Global Insight, Mortgage Bankers Association

Fourteen months of sales volume and median price history in the state and Seacoast served MSA's are presented on the table on the previous page.

Most troubling in the numbers is that four out of six Seacoast served MSA's found new troughs in January 2010 and now pass previous bottoms reached in early to mid 2009 and which were sustained throughout the year. A table showing peak to trough values, dates and percentage change is located at the bottom of this page. The median price statewide has now declined 49.22% since its peak in June 2006 - roughly 42 months ago. The Ft. Pierce Port St Lucie MSA median price decline is now 62.47% since September 2005.

Florida's median price was \$130,900 in January which is down from \$140,400 in December and down from \$139,400 a year earlier.

Nationally, existing home sales declined 7.2% in January. That decline saw single family detached homes fall 6.9% and condo units fall 8.1%. Sales volume dropped to 5.05 million units of which 4.03 million were single family and 620,000 were condominium units.

The national median price single family home was \$163,600 in January which was little changed year over year but down from \$169,600 month over month. The months of supply rose to 7.8 months from 7.2 months but fell from 9.6 months a year earlier.

New home sales fared no better. Nationally, sales tumbled to a record low of 309,000 units and the median time necessary to sell a new home rose to 14.2 months, the highest since the data series began in 1963. During normal times, new homes typically sell within five months. The inventory of new homes inched up to 234,000 units which was the first increase in 33 months. The months of supply of new homes nationally rose from 8.0 months to 9.1 months.

In Seacoast markets, there are relatively small numbers of new homes available for sale but the number of months is long due to very slow sales.

County	Single Family Inventory	Months of Supply At Current Absorption
Indian River	426	14.0
St. Lucie	674	19.6
Martin	185	12.0
Palm Beach	1,136	8.5

SOURCE: Metrostudy (561-835-9235 | www.metrostudy.com)

The Mortgage Bankers Association (MBA) publishes a market composite index which measures mortgage application volume. The index consists of a purchase only component and a refinance component. The most recent report shows that the purchase index fell another 7.3% to a near 13 year low. The refinancing index fell 8.9%.

The decline in nearly every housing indicator is disappointing and is clearly cause for alarm around recovery of the broader economy in general and housing recovery in particular. In our view, the two most important things that need to happen to achieve economic recovery are for employment to return to more normal levels and for housing to recover. Consumers who are unemployed or who fear unemployment do not spend. As the consumer is roughly two-thirds of the economy as measured by the Gross Domestic Product, unemployment has a profoundly negative effect on the broader economy. The direct and indirect effects of housing on spending are also enormous and affect recovery.

Peak to Trough Median Housing Prices					
MSA	Peak	Peak Date	Trough	Trough Date	% Change
State - Florida	\$257,800	June-06	\$130,900	January-10	-49.22%
Fort Lauderdale	\$391,100	November-05	\$180,000	January-10	-53.98%
Fort Pierce - PSL	\$269,400	September-05	\$101,100	January-10	-62.47%
Melbourne - Titusville - Palm Bay	\$248,700	August-05	\$104,100	December-09	-58.14%
Orlando	\$267,100	October-06	\$123,500	January-10	-53.76%
West Palm Beach - Boca Raton	\$421,500	November-05	\$227,500	November-09	-46.03%

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