

Economic Perspectives

May existing home sales continue five month trend toward stabilization

July 3, 2009

Existing home sales in Florida and most Seacoast markets continued a five month trend toward stability in May. Sales volume increased statewide and in every Seacoast served MSA (metropolitan statistical area). The free falling median price has clearly slowed. Prices statewide and in the Melbourne, Titusville, Palm Bay MSA rose slightly but fell in the Ft. Pierce, Port St. Lucie MSA. The change in other Seacoast served MSAs was negligible at less than one-percent up or down. Sales volume is being driven largely by first time home buyers and investors who are buying in the lower price ranges. Move up buyers remain on the sidelines and higher priced homes remain extremely slow to sell. Foreclosure transactions are keeping a lid on median price increases and will likely continue to do so for some time.

Existing home sales volumes are up significantly statewide and in every Seacoast served MSA. At the same time, prices have generally ended their steep, long and painful downward slide that began well over two years ago. While the downward trend is slowing, the price decline to date has also been an extraordinary 40% or more from the peak of the housing boom in late 2007. Indeed, the statewide decline has been 43% from the peak in November 2007. Some markets, including Port St. Lucie locally, as well as Ft. Myers, Tampa and Fort Walton Beach in other parts of the state have or will soon see peak to trough decline of 60% or more.

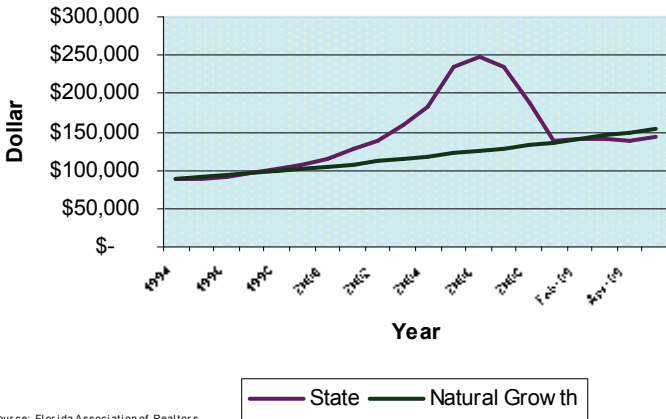
Inventories of both new and existing homes remain too high in Florida and across the nation. Indeed, there are roughly 2.0 million more homes available nationally than consumers who can afford them. This is clearly a product of the run up in prices and the builder trend toward more upscale and expensive homes earlier this decade.

Despite the clear move toward stability in Florida and in Seacoast markets thus far in 2009, strong headwinds remain. Foreclosures and unemployment continue to rise. An extraordinary amount of household wealth has dissipated over the last two years. Consumer confidence, though off its record lows, remain low and consumers will still be reluctant to buy for some time.

Existing Detached Home Sales In Metropolitan Statistical Areas (MSA) Served by Seacoast National Bank

| MSA | | Aug '08 | Sept '08 | Oct '08 | Nov '08 | Dec '08 | Jan 09 | Feb '09 | Mar '09 | Apr '09 | May '09 |
|----------------------------------|-------------------|---------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Ft. Pierce Port St. Lucie | Sales Volume | 339 | 374 | 383 | 318 | 421 | 361 | 372 | 493 | 490 | 511 |
| | Change /Month | -18.1% | +10.32% | +2.41% | -16.97% | +32.39 | -14.25% | +3.05% | +32.53% | -0.61% | +4.29% |
| | Median Price | 153,900 | 138,000 | 134,600 | 130,500 | 131,800 | 114,900 | 122,100 | 118,000 | 116,400 | 110,000 |
| | Change over month | -3.39% | -10.33% | -2.46% | -3.05% | +1.00% | -12.82% | +6.27% | -3.36% | -1.36% | -5.50% |
| Melbourne Titusville Palm Bay | Sales Volume | 494 | 430 | 423 | 328 | 438 | 377 | 429 | 539 | 564 | 584 |
| | Change over month | +3.35% | -12.96% | -1.63% | -22.46% | +33.54% | -13.93 | +13.79% | +25.64% | +4.64% | +3.55% |
| | Median Price | 155,500 | 143,900 | 152,200 | 126,700 | 125,200 | 118,300 | 115,400 | 123,700 | 113,600 | 123,700 |
| | Change over month | +1.90% | -7.46% | +5.77% | -16.75% | -1.18% | -5.51% | -2.45% | +7.19% | -8.16% | +8.89% |
| Orlando | Sales Volume | 1,445 | 1,588 | 1,445 | 1,277 | 1,525 | 1,127 | 1,352 | 1,828 | 1,859 | 1,949 |
| | Change over month | -12.74% | +9.90% | -9.01% | -11.63% | +19.42% | -26.11% | +19.96% | +35.21% | +1.70% | +4.84 |
| | Median Price | 204,400 | 182,700 | 177,900 | 167,900 | 167,800 | 150,500 | 153,200 | 151,500 | 141,800 | 142,400 |
| | Change over month | -2.25% | -10.62% | -2.63% | -5.62% | Flat | -10.31% | +1.79% | -1.11% | -6.40% | +0.42% |
| W. Palm Bch Boca Raton | Sales Volume | 623 | 522 | 618 | 450 | 638 | 408 | 532 | 685 | 681 | 737 |
| | Change over month | -4.45% | -16.21% | +18.39% | -27.18% | +41.78% | -36.05% | +30.39% | +28.76% | -0.58% | +8.82% |
| | Median Price | 323,300 | 292,200 | 264,200 | 247,400 | 246,000 | 232,100 | 228,100 | 228,100 | 234,400 | 232,900 |
| | Change over month | +10.99% | -9.62% | -9.58% | -6.36% | -0.57% | -5.65% | -1.72% | -0- | +2.76% | -0.85% |
| Ft. Lauderdale | Sales Volume | 604 | 611 | 625 | 507 | 632 | 467 | 500 | 680 | 690 | 780 |
| | Change over month | +3.96% | +1.16% | +2.29% | -18.88% | +24.65% | -26.22 | +7.07% | +36.00% | +1.47% | +13.04% |
| | Median Price | 269,800 | 259,300 | 252,500 | 229,100 | 217,700 | 191,000 | 214,400 | 219,500 | 191,300 | 190,000 |
| | Change over month | -11.13% | -3.89% | -2.62% | -9.27% | -4.98% | -12.26% | +12.25% | +2.38% | -12.85% | -0.68% |
| STATE | Sales Volume | 10,847 | 10,817 | 10,443 | 8,571 | 11,053 | 8,450 | 9,858 | 13,085 | 13,111 | 13,921 |
| | Change over month | -5.56% | -0.28% | -3.43% | -17.93% | +28.96% | -23.55 | +16.66% | +32.73% | +0.20% | +6.18% |
| | Median Price | 186,900 | 175,100 | 169,700 | 158,300 | 155,500 | 139,500 | 141,900 | 141,300 | 138,500 | 144,400 |
| | Change over month | -3.46% | -6.31% | -3.08% | -6.72% | -1.77% | -10.89 | +1.72 | -0.42% | -1.98% | +3.97% |

Existing Home Sales Median Price



Source: Florida Association of Realtors

The charts to the left and below show a long view of existing home median prices statewide and in Seacoast markets. The bottom line is the long term natural rate of increase or the trend line dating back to 1994. When the major peaks and valleys are eliminated, prices have increased at about three percent annually (compounded) both statewide and in the Treasure Coast counties of Indian River, St. Lucie and Martin. In Palm Beach county and Metro Orlando (Orange, Seminole, Lake and Osceola counties), the natural rate of growth has consistently been higher at about four percent annually.

The bubble years beginning in 2002 are visually apparent on the charts. In every county, there was a steep price increase followed by an equally steep decline which began in 2007 when the bubble burst. The five year period between 2002 and 2007 was extraordinarily volatile both on the upside and the downside.

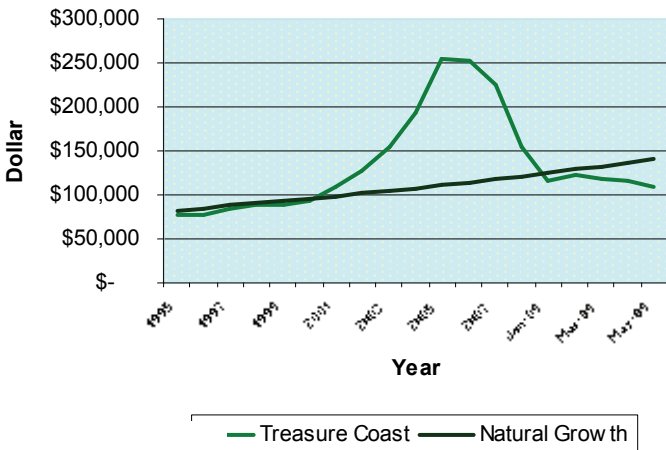
Five Month Net Change—Volume & Price

| MSA | Volume | Price |
|---------------------------|---------|---------|
| Ft. Pierce PSL | +25.01% | -16.77% |
| Melbourne Titusville PB | +33.69% | -0.04% |
| Orlando | +35.60% | -15.61% |
| WPB Boca | +31.32% | -5.46% |
| Ft. Lauderdale | +31.36% | -11.16% |
| State | +32.22% | -7.60% |

The currently significant story here is the 2009 median price change and the fact that price free fall has slowed. While there have still been price declines, they are much more modest than what we experienced in 2007 and 2008. As the graphs clearly show, prices have dipped below trend on the Treasure Coast as well as in Palm Beach county and Metro Orlando. Prices are virtually on the trend line statewide. The fall below the trend line in Metro Orlando is especially pronounced.

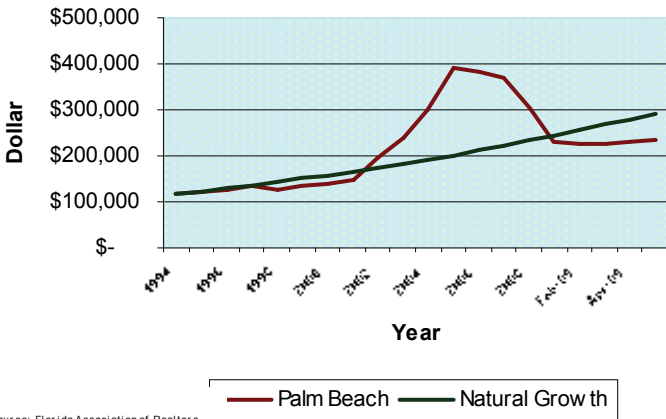
Existing and new home inventories remain severely bloated in Central and South Florida and along the Treasure Coast. Moreover, foreclosures continue to rise. As they do and properties are put back on the market — usually at much lower prices — surrounding values will be negatively impacted. Until that self-reinforcing cycle is broken and until inventories return to more normal levels, housing markets will continue to bump along the bottom.

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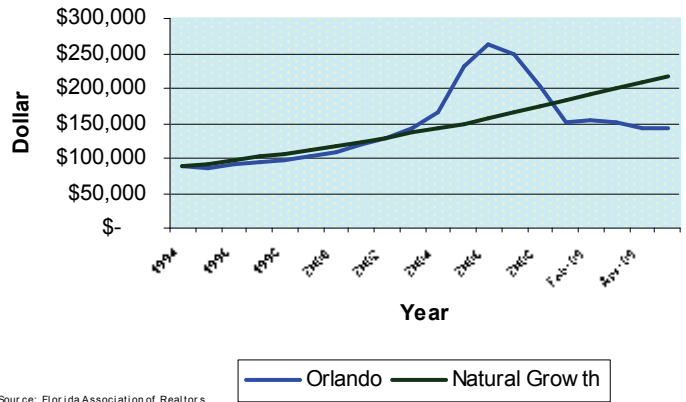
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All chart data are from Florida Association of Realtors

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