



Economic Perspectives

Home sales volume and median price continue to slide

Sales of existing homes nationwide sank to the lowest level in 12 years in January according to the National Association of Realtors. Sales fell 5.3% to 4.49 million units annualized. That is down from 4.74 million units annualized in December. At the same time, the median sales price declined to \$170,300. That is down 3.07% from \$175,700 in December and down 14.76% from a year earlier. In a separate report, the U.S. Census Bureau and the Department of Housing and Urban Development reported that sales of *new* homes declined 10.2% in January to 309,000 from a revised December total of 344,000. That is also a 48% decline from 597,000 in January 2008. The median price was \$201,100 in January and there was an estimated 13.3 month supply of new homes at the current sales pace.

Compared to a year ago, January sales of existing homes were up significantly from a year earlier in every Seacoast served Metropolitan Statistical Area (MSA). In the Ft. Pierce — Port St. Lucie MSA, sales volume surged over 80% but the median price fell 34.56%. The story was similar in Brevard County (Melbourne—Titusville—Palm Bay MSA) where volume was up 46% but median price was down 32%. Buyers were clearly reacting to renewed affordability created by foreclosures and other distress transactions. The National Association of Realtors reported that 45% of transactions were foreclosure related. The local total is now about 60% in metropolitan areas and under 30% in the Heartland counties surrounding Lake Okeechobee.

There is widespread evidence of seller capitulation as well. Given the unrelenting two year decline, sellers have been more likely to accept the reality of recession pricing and, if they must sell, pricing properties to more accurately match the market.

Six Month Net Change

MSA	Sales Volume	Median Price
Ft. Pierce PSL	-4.20%	-31.08%
Melbourne T'Ville, PB	-14.07%	-23.22%
Orlando	-30.00%	-31.43%
WPB Boca	-23.72%	-21.79%
Ft. Laud'ale	-13.04%	-44.15%
STATE	-21.79%	-32.23%

The table at the bottom of the page shows both existing home sales volume and median prices by Seacoast served MSAs for the last six months. Notwithstanding the significant year over year volume increases evident in the January data, more recent data tell a different story. With few exceptions, median prices have been declining month over month for several quarters. While sales volume is up year over year, the increases began to flatten in June 2008 and have been erratic since. The table at the left shows net sales volume and median price change over the last six months. Sales volume decreased by as much as 30% in the Orlando MSA to as little as 4.2% in Ft. Pierce — Port St. Lucie. The statewide volume change was down 21.79% and the median price was down 32.23%. Both are net changes over the last six months.

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	Jan '08
Ft. Pierce Port St. Lucie	Sales Volume	339	374	383	318	421	361	200
	Change over Month	-18.1%	+10.32%	+2.41%	-16.97%	+32.39	-14.25%	+80.50%
	Median Price	153,900	138,000	134,600	130,500	131,800	114,900	175,300
	Change over month	-3.39%	-10.33%	-2.46%	-3.05%	+1.00%	-12.82%	-34.56%
Melbourne Titusville Palm Bay	Sales Volume	494	430	423	328	438	377	258
	Change over month	+3.35%	-12.96%	-1.63%	-22.46%	+33.54%	-13.93	+46.12%
	Median Price	155,500	143,900	152,200	126,700	125,200	118,300	175,200
	Change over month	+1.90%	-7.46%	+5.77%	-16.75%	-1.18%	-5.51%	-32.48%
Orlando	Sales Volume	1,445	1,588	1,445	1,277	1,525	1,127	881
	Change over month	-12.74%	+9.90%	-9.01%	-11.63%	+19.42%	-26.11%	+27.92%
	Median Price	204,400	182,700	177,900	167,900	167,800	150,500	220,200
	Change over month	-2.25%	-10.62%	-2.63%	-5.62%	Flat	-10.31%	-31.65%
W. Palm Bch Boca Raton	Sales Volume	623	522	618	450	638	408	369
	Change over month	-4.45%	-16.21%	+18.39%	-27.18%	+41.78%	-36.05%	+10.57%
	Median Price	323,300	292,200	264,200	247,400	246,000	232,100	343,200
	Change over month	+10.99%	-9.62%	-9.58%	-6.36%	-0.57%	-5.65%	-32.57%
Ft. Lauderdale	Sales Volume	604	611	625	507	632	467	307
	Change over month	+3.96%	+1.16%	+2.29%	-18.88%	+24.65%	-26.22	+52.12%
	Median Price	269,800	259,300	252,500	229,100	217,700	191,000	314,300
	Change over month	-11.13%	-3.89%	-2.62%	-9.27%	-4.98%	-12.26%	-39.23%
STATE	Sales Volume	10,847	10,817	10,443	8,571	11,053	8,450	6,810
	Change over month	-5.56%	-0.28%	-3.43%	-17.93%	+28.96%	-23.55	+24.08%
	Median Price	186,900	175,100	169,700	158,300	155,500	139,500	206,900
	Change over month	-3.46%	-6.31%	-3.08%	-6.72%	-1.77%	-10.89	-32.58

Existing Condos Continue to Slide

MSA		December 2008	January 2009	January 2008 Change to January 2009
Ft. Pierce Port St. Lucie	Sales Volume	79	61	44
	Change /Month	+61.22%	-22.78%	+38.64%
	Median Price	150,000	90,600	200,000
	Change over month	+36.36%	-39.60%	-54.70%
Melbourne Titusville Palm Bay	Sales Volume	74	78	64
	Change /Month	+10.45%	+5.41%	+21.88%
	Median Price	107,500	120,000	152,000
	Change over month	-5.98%	+11.63%	-21.05%
Orlando Metro	Sales Volume	166	171	91
	Change /Month	+22.96%	+3.01%	+87.91%
	Median Price	75,000	62,200	157,000
	Change over month	-1.45%	-17.07%	-60.38%
W. Palm Beach Boca Raton	Sales Volume	527	375	303
	Change /Month	47.21%	-28.84%	+23.75%
	Median Price	112,900	108,900	157,700
	Change over month	-8.88%	-3.54%	-30.94%
Ft. Lauderdale	Sales Volume	595	531	411
	Change /Month	+66.20%	-10.76%	+29.20%
	Median Price	97,300	85,000	153,000
	Change over month	-11.06%	-12.64%	-44.44%
STATE	Sales Volume	3,138	2,556	2,266
	Change /Month	+37.35%	-18.55%	+12.80%
	Median Price	130,600	113,400	190,200
	Change over month	FLAT	-13.17%	-40.38%

Source: Florida Association of Realtors February 25, 2009

Existing single family residential home prices have now returned to “pre run-up” levels of 2003 and 2004 in most south Florida counties. St. Lucie county, which had an extraordinary and unsustainable run up in prices earlier this decade has seen prices drop precipitously. Prices have returned to 2002 levels. As a sidebar, Lee County on Florida’s southwest coast and widely regarded as the nation’s epicenter of housing distress has seen median prices decline to 1997 levels.

The condominium sector volumes are so small that the percentage changes are not meaningful. Median prices are also distorted by comparatively few sales — most of which were lower end product and distressed transactions. In every Seacoast served MSA and the state itself, median prices dropped to the low \$100,000 range. In Ft. Pierce-Port St Lucie, Orlando and Ft. Lauderdale, the median price fell significantly below the \$100,000 mark.

Looking forward, we expect more of the same for at least the next few quarters. The National association of realtors released its index of pending home sales. It too is down suggesting

that closed sales will decline again over the next month or two.

New home inventories continue to decline nationally and throughout all Seacoast markets. This ongoing trend is positive as it is helping clear the excess inventory created earlier in the decade. Construction starts have also declined to record lows. Indeed, if national construction starts were to continue their current rate of decline, mathematically starts would fall to zero by year end.

Starts are now at a very low level in all Seacoast served markets as well. The bad news is that sales are down too. Despite renewed affordability and mortgage interest rates continuing to hover near record low levels, prospective buyers are not lining up to buy. Why? There appear to be several reasons. First, they don’t want to catch the proverbial “falling knife.” In other words, there is widespread expectation that prices will decline further. That is a high probability as foreclosed assets continue to flood the market. Second, there are widespread fears about unemployment. Third, financing is limited and often more difficult to obtain. Finally, potential buyers are waiting to see what the government will do in terms of home buyer incentives and mortgage modifications.

The oft asked question is have we hit bottom? The short answer is no. We could still find a bottom by year end but the economic headwinds are fierce and still increasing. Two things need to happen before we know we have found a bottom. First, prices must stop falling and second volumes must flatten or show some upward movement. That is not happening yet and the data continue to signal that the end is not yet in sight.

New Home Inventory and Months of Supply (Q4 2008)

County	Single Family Inventory	Months Supply
Orange	10,534	20.6
Seminole	2,505	20.0
Lake	1,131	8.0
Osceola	4,283	15.0
Brevard	901	8.3
Indian River	561	6.1
St. Lucie	1,007	13.9
Martin	320	10.2
Palm Beach	1,552	8.5

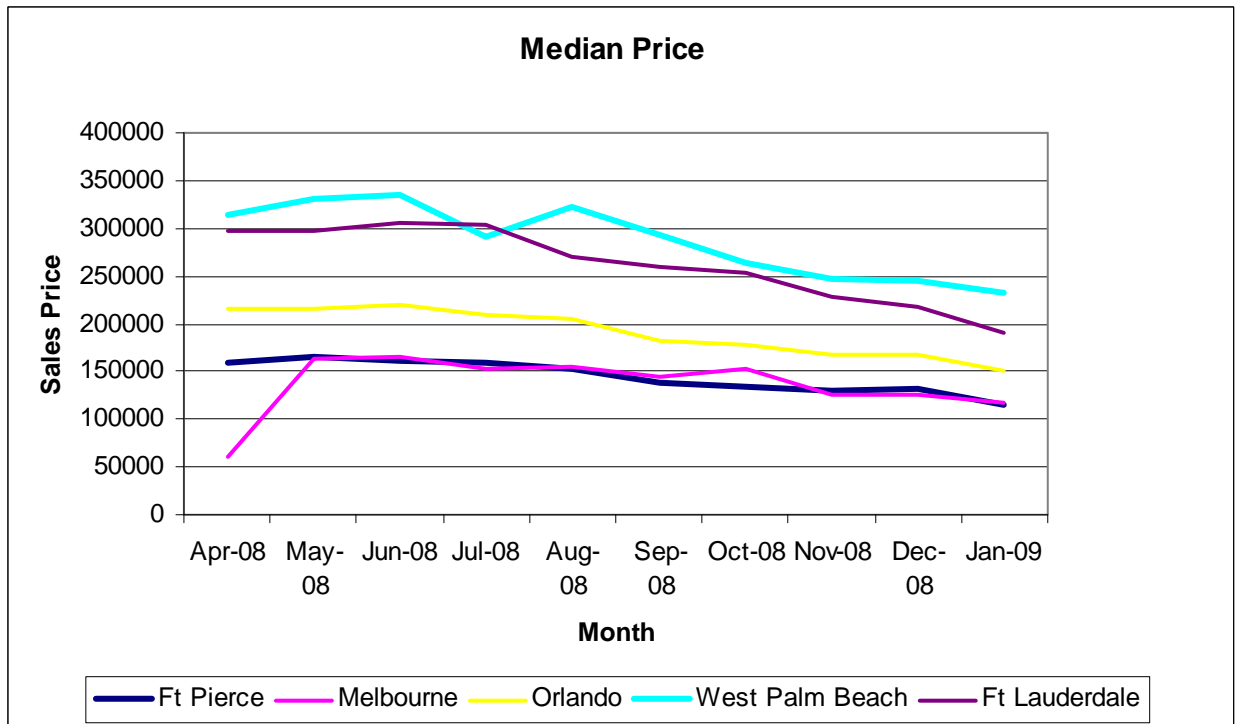
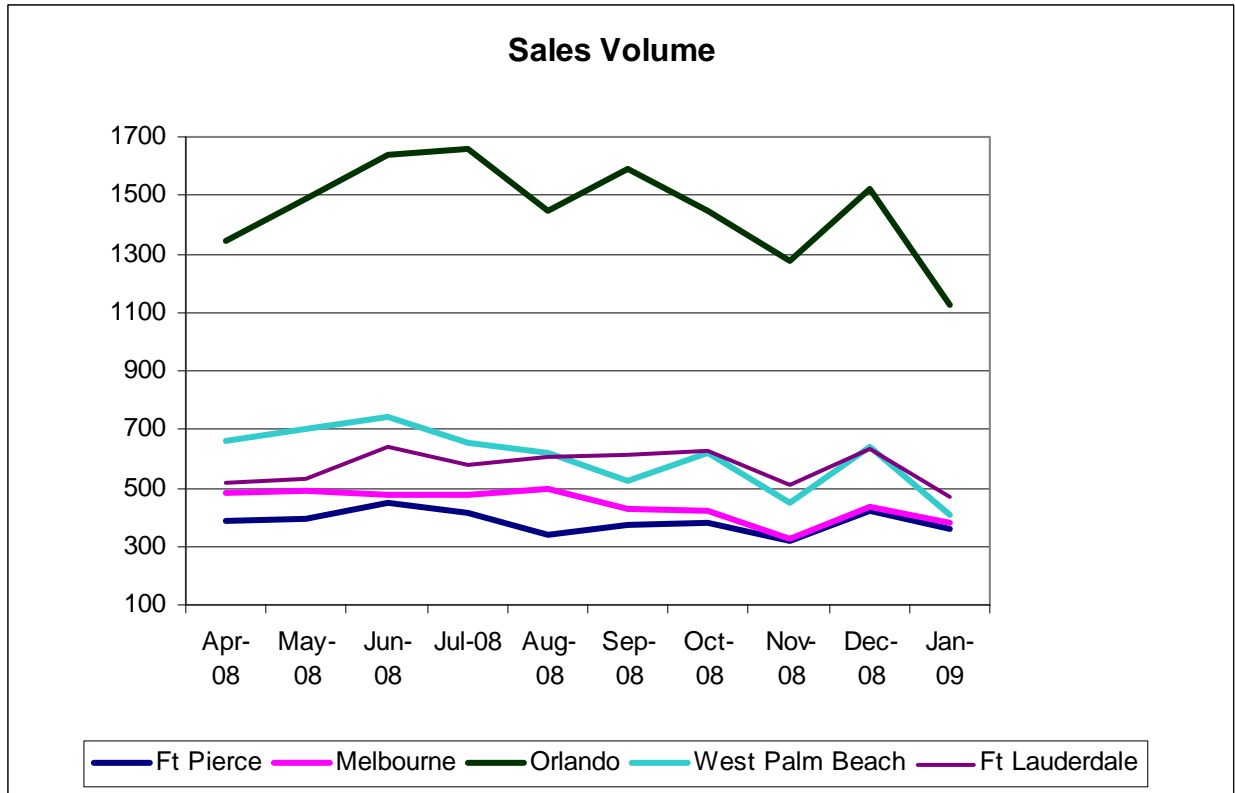
SOURCE: Metro Study (www.metrostudy.com) Q4 2008

Foreclosures continue to plague both the national and local economy. While the effect of sub prime foreclosures is largely behind us, the protracted recession has kept foreclosures at an elevated level. Foreclosures continue to be driven by declining home prices, diminished home equity and household wealth, rising unemployment and homeowner’s inability to sell or refinance. There is also a vicious cycle at play too. As foreclosed assets come back on the market, they usually do so at a lower price which forces prices lower and exacerbates recovery.

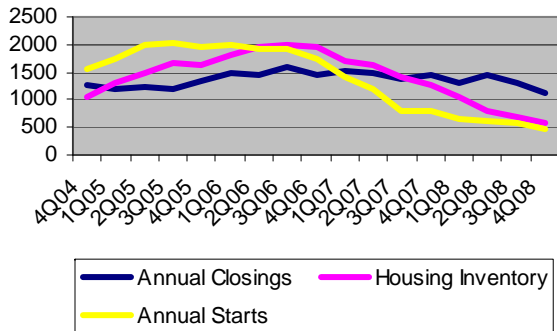
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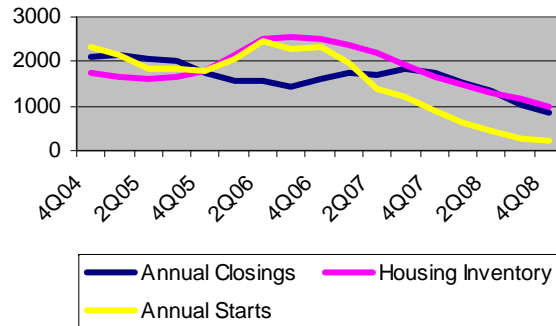
Existing Home Sales Volume & Price Trend Through January 2009
Data Source: Florida Association of Realtors



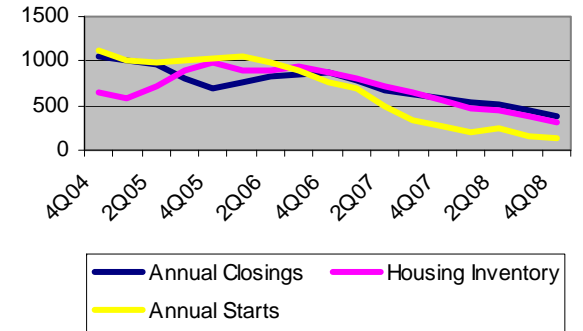
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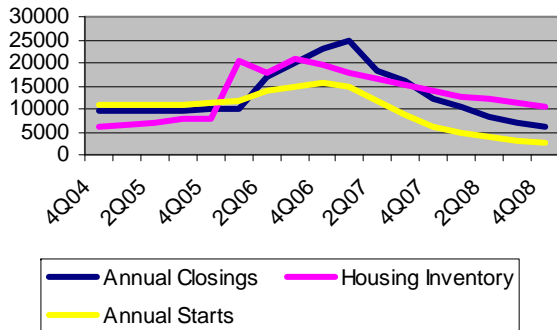
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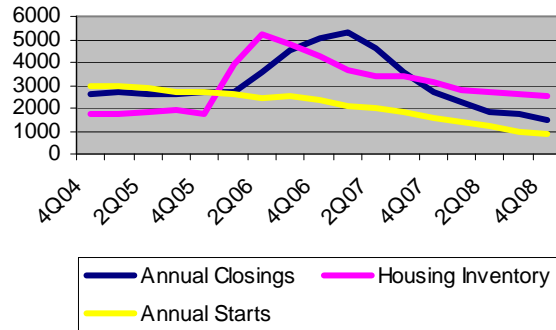
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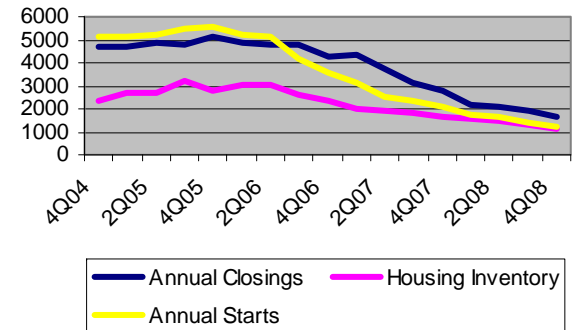
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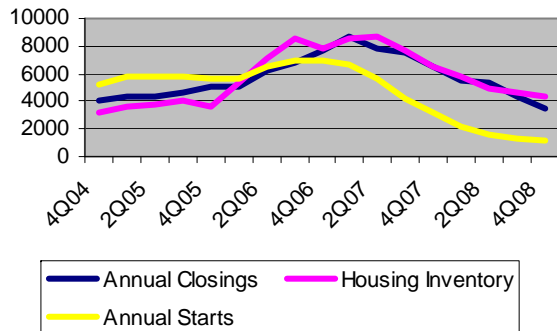
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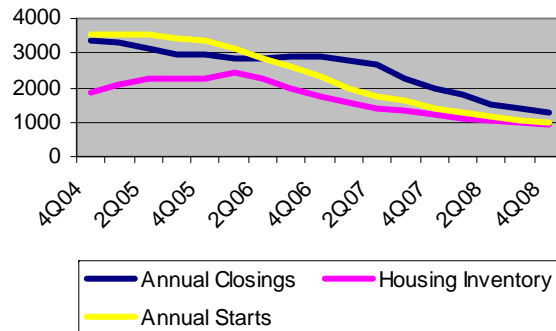
Lake County



Osceola County



Brevard County



Palm Beach County

