



REAL ESTATE
Market
UPDATE

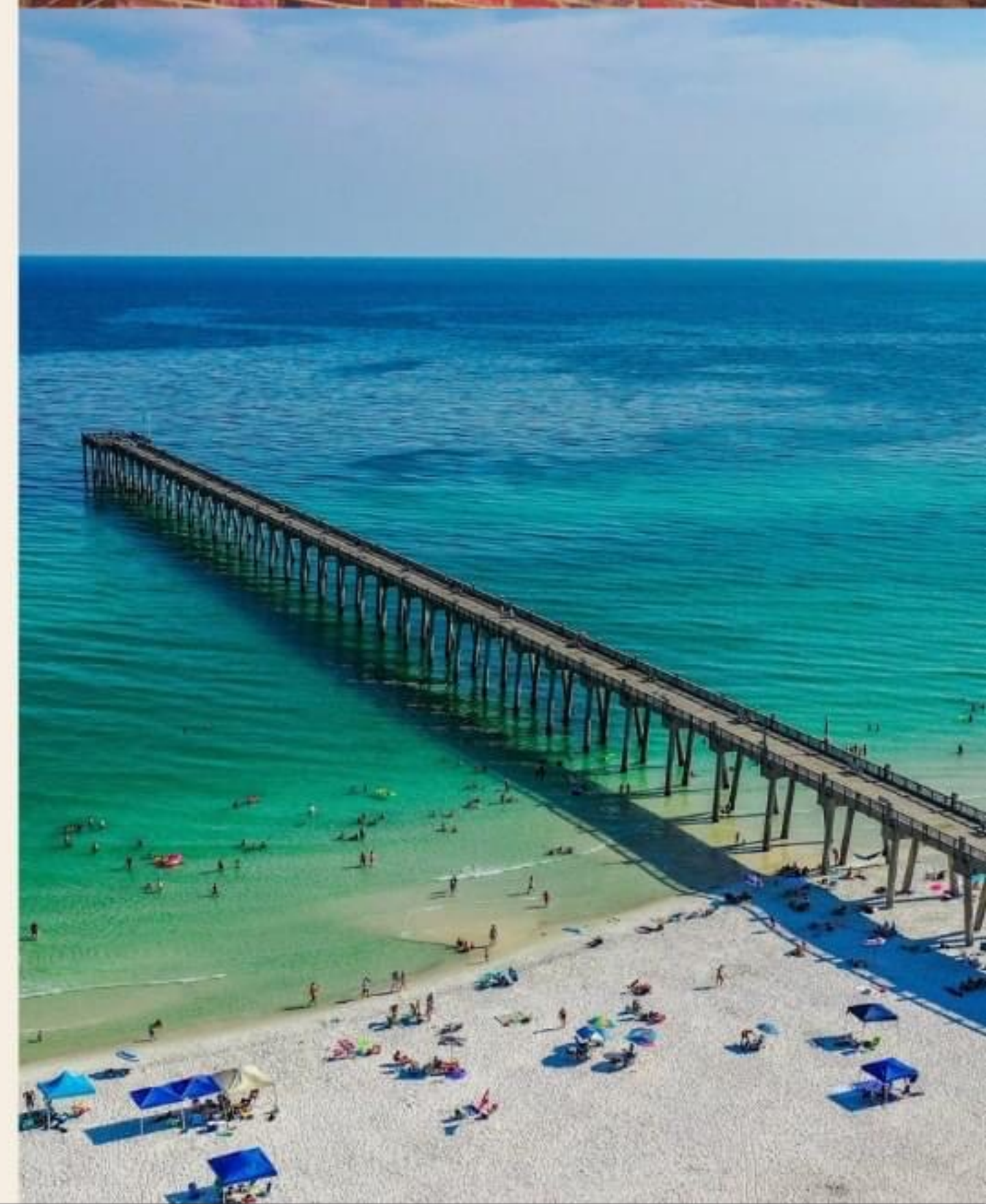
SANTA ROSA COUNTY

"As a Real Estate professional, I hear more and more people interested in what the Real Estate market is doing now more than ever before. At the barbershop, at the golf course, in line at Publix, lunch, church, everywhere I go I am in conversations or overhear people discussing housing and what is currently happening in our Real Estate market. People listen and read national news headlines and with interest rates rising and prices reaching all-time highs, we must be in a bubble right? Not so fast... It's important to understand that every local Real Estate market is different, so reading only national housing market update headlines can be a bit misleading. I'm writing today about our local real estate market, specifically Santa Rosa County"

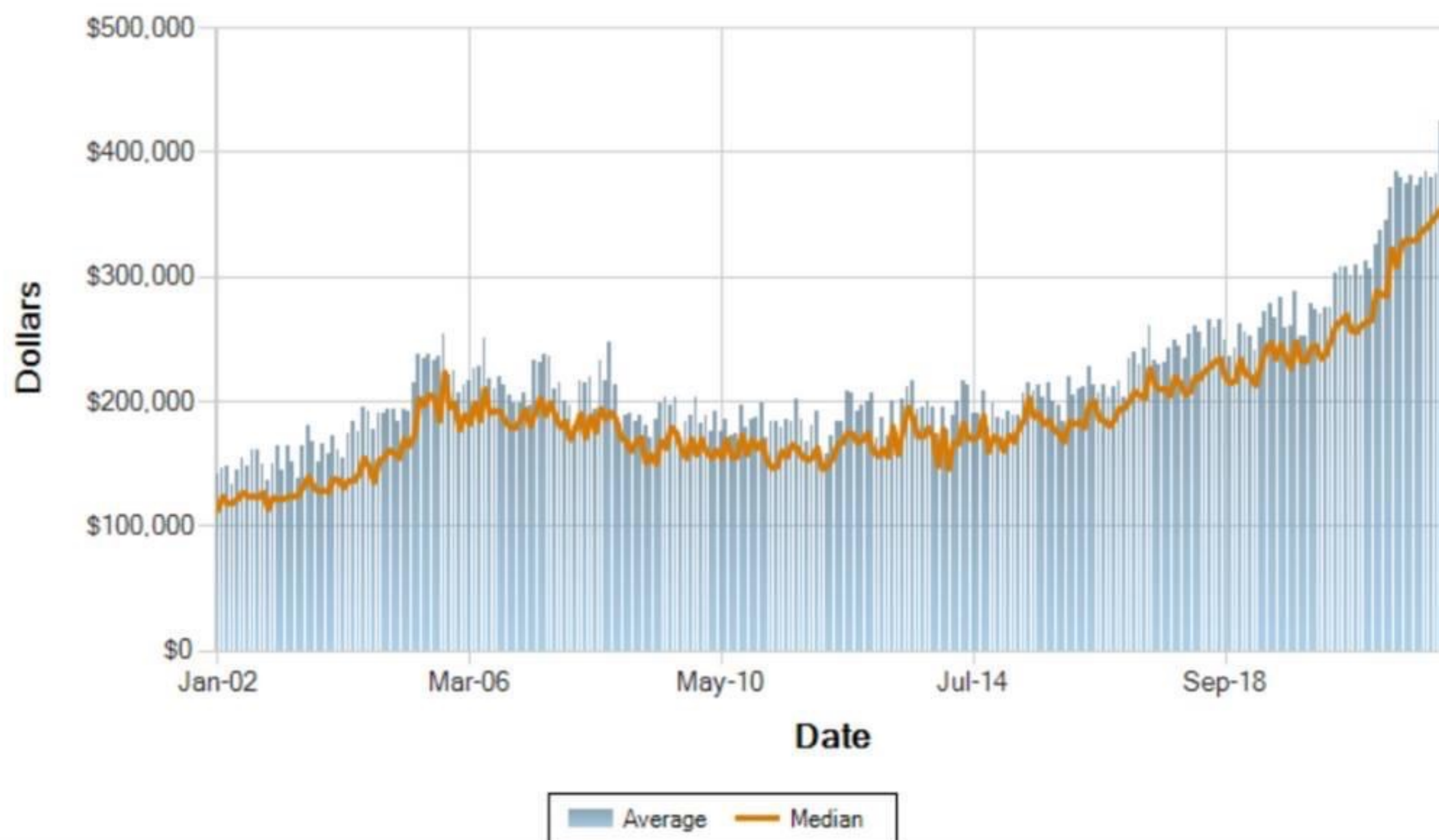
- Kyle McGee, Owner

SUPPLY & DEMAND

We have never seen an influx of out-of-state buyers like we have seen these past 2 years. In 2020, Florida had 167 people move into the state for every 100 that left and in 2021 had 210 people move in for every 100 that moved out. According to the 2021 US Migration report by North American Moving Services, Florida is one of the top 2 states (behind Texas) where people are moving to and over 20% more Americans moved in 2021 compared to 2020. A shift in how people work remotely has enabled an estimated 14-23 million people to relocate in 2021. The next top factor? Cost of living. People are moving to more affordable places to live and Santa Rosa County offers a much more affordable cost of living than most Northern states where people are moving from and also other counties in Florida. But that could be changing for good. As you can see from this graph below, the median price of homes rose from the \$125k range in 2002 to the low \$200k range at the peak of the housing market in 2005-2007. We remained steadily around the \$200k range until the end of 2018 and have begun skyrocketing since. The current median price of a home in Santa Rosa County is \$350k, a 75% increase from the previous peak in 2005. According to the Florida Realtors Association, the current median price of existing homes in Florida as of April of 2022 is \$410,000 - 17% higher than Santa Rosa County.



Average and Median Prices
Pensacola Association of REALTORS®
Jan 2002 - May 2022



My take on where we are headed -

While the interest rate increases from the Fed will do it's intended job and slow down the housing market on a nationwide scale, don't expect the same results in Santa Rosa County and surrounding areas. I believe appreciation will cool from historic highs to a more normal level of appreciation. The top real estate economists are calling for 3-5% appreciation annually, but due to our unique demand story we could outperform the national average.

There are currently 314 active listings, 711 homes under contract & we have averaged 310 homes sold/month so far in 2022.

What does this mean?





There is still a substantial shortage of homes on the market - only 1 month of supply. 4-5 months of supply (which would be roughly 1200-1500 homes on the market at the current market conditions) is a stable housing market and it takes roughly 6 months of supply to turn to a buyers market. One of the fundamental differences in today's market versus the housing crisis in 2007 is that there is a massive deficit in the supply of new homes. The rate of new homes being built and new home buyers and population increases are well behind what they need to be which will fuel appreciation for years to come. The interest rate increases will price some on-the-fence buyers out of the market and with the busiest time of year coming for sellers we will see an increase in inventory in the next couple of months. With that being said, I believe the influx of out-of-state buyers moving to our area will not slow down and the chances of a buyers market in the next 6-12 months is very low.

