

Martin County Real Estate Report

How's the Market?

2014—2015

What is Happening to Prices???

After reaching the bottom in 2010, we saw a strong initial bounce ending in 2013. The market needed to rebound from the low; however, there was concern it might be overheated thus creating another bubble. Those fears were calmed in 2014 as the 15.2%



Stephen E. Bohner is the Broker/Owner of Premier Realty Group, Inc. A graduate from Loomis Institute, he went on to attain dual degrees in business from Vanderbilt University in 1981. Bohner is a past President of the Realtor® Association of Martin County, was voted Realtor® of the year in 1993, and later earned the Distinguished Service Award in 2001.

Price & Time Since The Peak

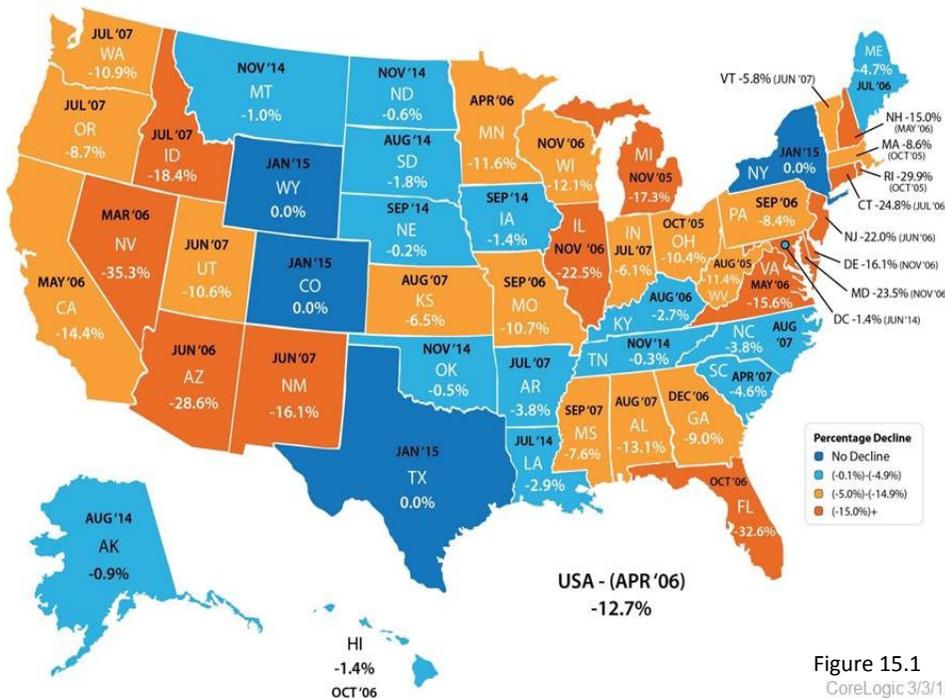


Figure 15.1
CoreLogic 3/3/15

appreciation rate experienced for Martin County single family homes from 2013 to 2014 moderated to 8.5% last year. The good news – we still have room for above normal gains in Florida. (See Figure 15.1). Nationwide, Florida has the most slack in

pricing as compared to all other states at their peak! Florida's peak was October 2006. We are still 32.6% below the peak. Look how many states are at or close to their all-time high – those in blue! Across the country we are down 12.7% from the peak which occurred in Jun April 2006.

"Nationwide, Florida has the most slack in pricing as compared to the peak all other states at their peak! Florida's peak was October 2006. We are still 32.6% below the peak."

Consumer Optimism Hits 11-Year High

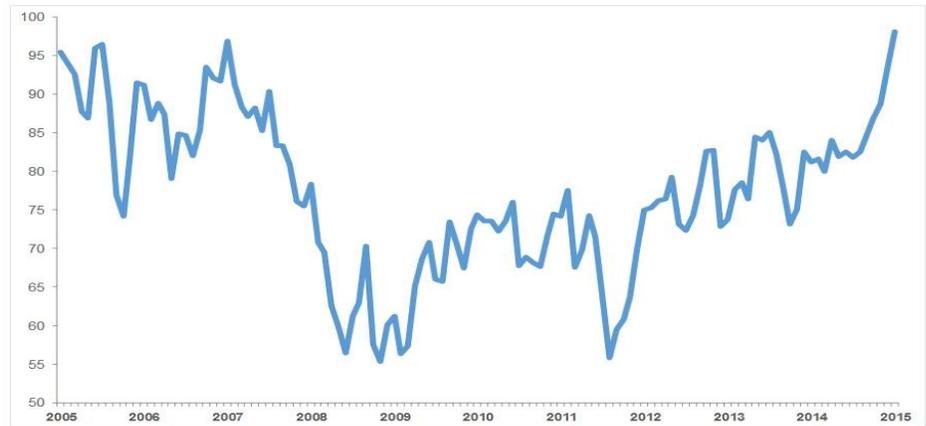
One of the strongest predictions of buyer behavior is the attitude of the consumer. Do they feel optimistic about the future? Figure 15.2 (next page) shows an eleven year tracking of optimism. Now we all know that in 2005 the bubble was about to burst as we had been on quite a roll however look at the optimism that fueled home sales. At the depths of the great recession, optimism for the future reached a dramatic low approaching 50%. In 2008/2009 consumers did not believe things were going to improve in the near term. Today, as interest rates remain low and oil prices decline, the consumer is feeling more

Click any chart to open a larger version in your web browser.

Martin County Real Estate Report

confident. Look at the current rate of optimism, an 11 year high! This should have significant effect, especially in the first time home buyer market and creation of households. The first time home buyer market is important because it frees up the “move up” market.

Consumer Optimism Hits 11-Year High



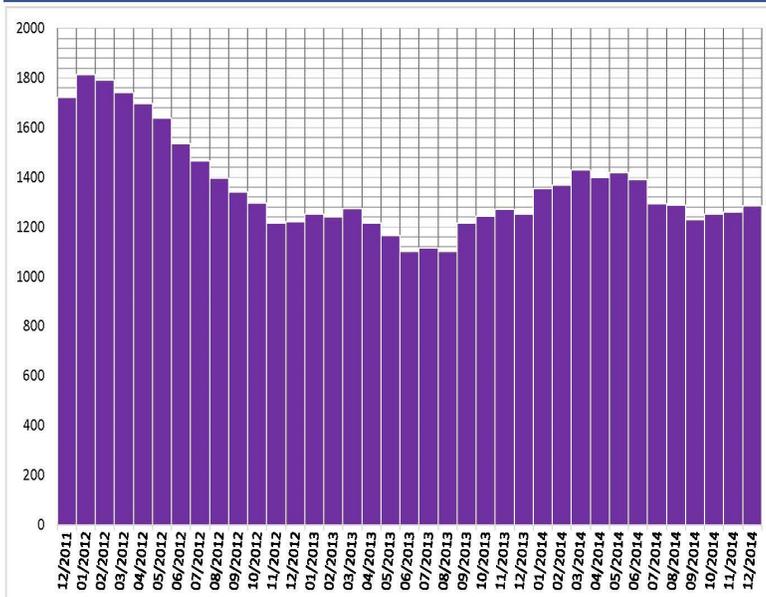
Mishkin's Survey of Consumers

Figure 15.2

Inventory of homes for sale!!

A steady inventory in Martin County is observed (See Figure 15.3) which is unlike many sections of the country.

ACTIVE INVENTORY MARTIN - SINGLE FAMILY DECEMBER-2014



Date	Inventory	% Change Year Over Year
12/2014	1285	2.6%
11/2014	1260	-0.9%
10/2014	1253	0.9%
09/2014	1229	1.1%
08/2014	1288	16.9%
07/2014	1294	15.9%
06/2014	1391	26.2%
05/2014	1420	21.8%
04/2014	1398	15.0%
03/2014	1429	12.2%
02/2014	1368	10.3%
01/2014	1355	8.3%
12/2013	1253	2.7%

STABLE—Absorption rate in a healthy market vacillates between 7.5 and 6

"A steady inventory in Martin County is observed (See Figure 15.3) which is unlike many sections of the country. Florida's foreclosure process is very consumer friendly which led to a steady supply of homes entering the market as they completed the journeys."

There are a number of ways to calculate Inventory, so these numbers may not match up to others you see in your market. We calculate Inventory by counting the number of active listings on the last day of the month and hold this number to compare with the same month the following year.

Figure 15.3

Florida's foreclosure process is very consumer friendly which led to a steady supply of homes entering the market as they completed the journey. Since 2013, the supply has been quite steady hovering around 1250 units resulting in an absorption rate of about 6.2 months. As sales have been solid over this period, the rate has fluctuated only modestly.

Click any chart to open a larger version in your web browser.

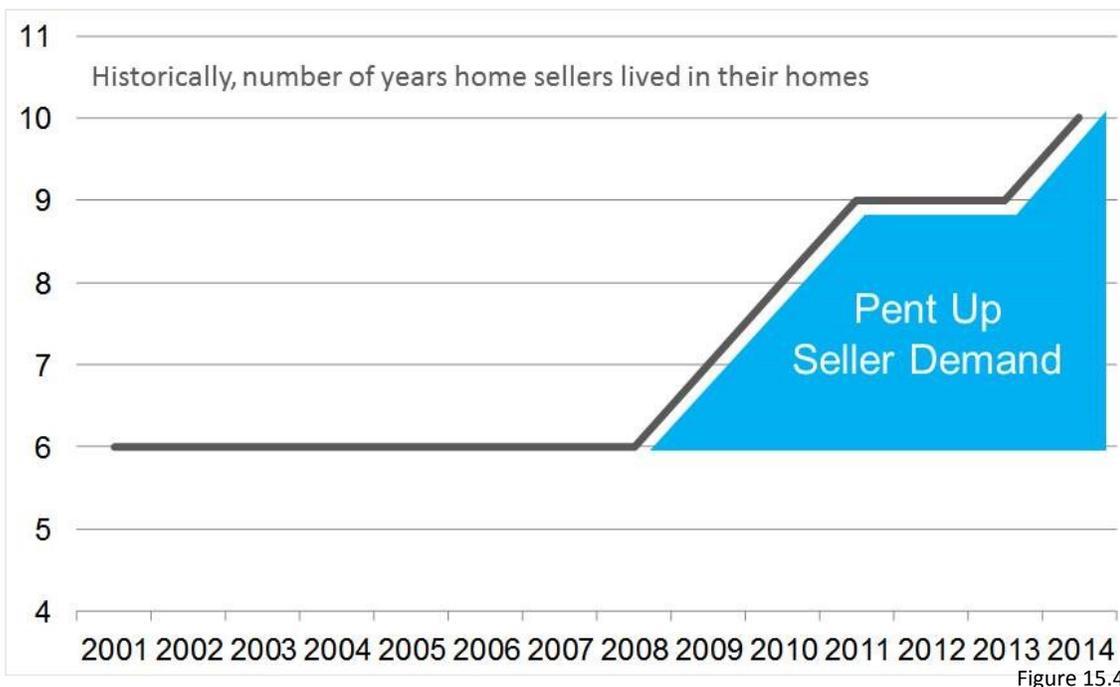
Martin County Real Estate Report

2014 - A Wild Ride for Home Sales

In 2013 the number of home sales was up for the year. However, the year ended down sharply. It took our Treasure Coast market until May of 2014 to recover. The second half maintained a steady sales pace as the market finished up 9.8% in terms of units sold. Nationwide, pent up seller demand has skyrocketed, fueling sales going forward. (See Figure 15.4) For decades the average home sold every six years. As the needs of families changed – larger, smaller, move up, renter, etc., look what happened in the great recession! Starting in 2008 owners started staying in the same home.

"Nationwide, pent up seller demand has skyrocketed. (See Figure 15.4) For decades the average home sold every six years. As the needs of families changed – larger, smaller, move up, renter, etc., look what happened in the great recession!"

Pent Up Seller Demand



Families still expanded or shrunk. The same factors that drove the desires to move still occurred. But people did not react as normal and relocate. The result was significant pent up seller demand. As consumers become more optimistic about the future, this will help fuel home sales.

"Fannie Mae, Freddie Mac, NAR, and Monthly Bankers Association predict an average increase to 4.5% by the end of 2015 - about 500 base points higher than today."

Expectations of Interest Rates

After a sharp increase in 2013, interest rates moderated in 2014. The recovery sputtered, the inflation fears remained low and the fed continues to be concerned about the pace of our recovery. The result, although edging upwards, the interest rates ended 2014 lower than predicted. Fannie Mae, Freddie Mac, NAR, and Monthly Bankers Association predict an average increase to 4.5% by the end of 2015 - about 500 base points higher than today.

Click any chart to open a larger version in your web browser.

Martin County Real Estate Report

Advice For Sellers

The intense price gains moderated as our local inventory levels fluctuated in a narrow range. Single digit appreciation is expected in 2015. That being said, different sectors of the market – both geographically and within price ranges, are at different stages of recovery. In broad terms, the upper end market stagnated during the downturn. It did not experience price declines, as sellers were unwilling to accept the changes to market value and buyers were unwilling to pay a perceived premium. Because this market did not decline, prices are not increasing at a high rate in this sector. However, we are beginning to see some transactions as the market recovers closer to a normal price point. The middle price range in our market continues to see gains. Contact your Premier Realty Group Professional to see how the current market is changing for your home. We don't just look backwards at past sales, but also review recent inventory and market pressures that affect the forward looking value of your home. Finding the right price point is key, coupled with our excellent marketing.

Advice For Buyers

The bottom is past in both prices and interest rates. However, who is ever going to know when the perfect time to buy is upon us – not until it is past! Now we are in a great place in the cycle – much more predictable. The wild card that remains is interest rates. The Fed seems keen on watching the key factors as they lighten our money supply (velocity, inflation, etc.). Multiple offers are not unusual on well positioned properties in desirable areas and price ranges. This is truly a time for professional advice. Some homes are 25% overpriced and one must negotiate so as not to overpay. Others are priced at the market and receive multiple full price offers. Get good advice before moving forward in this environment that we are beginning to call the “new normal”.

Closing Statement

This **Martin County Real Estate Report** is a serious undertaking, communicating key local market information to over 25,000 subscribers. The amount of research and analysis that goes into the preparation is astounding. The reward comes in the stories I hear from our team of professionals, that describe how the information in this newsletter has helped their customers make difficult decisions. I am honored to work with the best team of real estate professionals that care so deeply about you AND have the acumen to interpret and accomplish your real estate objectives. It is an amazing team. I encourage you to get in touch with your Premier Realty Group Professional for any additional real estate information. If you are thinking of a purchase, our team employs a thorough buyer process to make things as smooth and stress-free as possible. Either way, time spent on the front end with your Premier Professional will not only save you time and money but provide the reassurance you are making a decision based on the best available information in a rapidly changing environment!

**To discuss how this information affects your property or investment goals,
contact your Premier Realty Group Professional.
Visit www.PremierRealtyGroup.com or call 772-287-1777.**

This material is not intended to be relied upon as a forecast, research or investment advice and is not a recommendation, offer or solicitation to buy or sell property.

The opinions expressed are as of March 27th 2015, and may change as subsequent conditions vary.
Copyright © 2015 Premier Realty Group, Inc. All Rights Reserved.