Rising Land Values

Presentation to;
Florida Housing Finance Corporation

by
Strategic Planning Group, Inc.
Economics ● Planning ● Development Consultants
Prices are a Moving Target
Driven by Supply and Demand

- 300,000 new residents equal
- 130,400 households (2.3 pph),
  - Does not include in/out migration
  - Does not include seasonal housing
  - Does not include vacant
  - Does not include divorce, separations etc.
- 143,000 – 150,000 houses
- 57,000 – 60,000 acres annually for just housing (majority within 10 counties).
- Current Platted Lots Backlog is less than 8 months in most fast growing counties
South Florida

- Scarcity of raw developable land
- *Metrostudy* “Broward County has a severe land shortage” November 2004
- Miami Dade better but still strained with most development in south (Homestead)
- Palm Beach County is strained, development in central, west and northern parts
- Pushing development into St. Lucie because of available land.
• **By 2015**, By Dale White Herald Tribune
  June 23, 2005

SARASOTA COUNTY -- For the first time, county planners are predicting that the demand for new homes during the next 10 years could exceed the availability of buildable lots (comprehensive plan)
Sales Price is driven

- Low interest rates
- Fear “if not now - never”
- Increases in building costs, labor, development fees
- Investors (10-15%)
- Now Europeans (similar to the 1970s)
  - South Florida 40%+ Condo Market
- Land Value is considered part of a development pro forma
Price is driven by

- **Sales Price of housing**
  - 10-15 years ago, developed parcel accounted for **12-14%** of cost of home
  - Today it averages around **20%** and goes up to 50+% upscale areas.
  - Therefore, $250,000 home can afford a $50,000 lot ($15,000 - $25,000 now in improvement costs).
# IFAS Agricultural Land Values 4/2005

## Transitional lands

<table>
<thead>
<tr>
<th>Region/Category</th>
<th>Date</th>
<th>Percent Change</th>
<th>Dollars Per Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>May 2002</td>
<td>May 2003</td>
<td></td>
</tr>
<tr>
<td><strong>METROPOLITAN COUNTIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 5 Miles to Major Town</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northwest</td>
<td>13,167</td>
<td>14,082</td>
<td>6.9</td>
</tr>
<tr>
<td>Northeast</td>
<td>15,500</td>
<td>17,751</td>
<td>13.4</td>
</tr>
<tr>
<td>Central</td>
<td>16,029</td>
<td>18,575</td>
<td>13.2</td>
</tr>
<tr>
<td>South</td>
<td>16,392</td>
<td>24,983</td>
<td>52.4</td>
</tr>
<tr>
<td>Southeast</td>
<td>58,813</td>
<td>62,500</td>
<td>6.3</td>
</tr>
<tr>
<td>&gt; 5 Miles to Major Town</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northwest</td>
<td>7,000</td>
<td>7,950</td>
<td>13.6</td>
</tr>
<tr>
<td>Northeast</td>
<td>7,813</td>
<td>9,023</td>
<td>16.1</td>
</tr>
<tr>
<td>Central</td>
<td>10,388</td>
<td>12,500</td>
<td>20.3</td>
</tr>
<tr>
<td>South</td>
<td>8,364</td>
<td>14,352</td>
<td>71.6</td>
</tr>
<tr>
<td>Southeast</td>
<td>31,786</td>
<td>36,250</td>
<td>14.0</td>
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</tbody>
</table>
## IFAS Agricultural Land Values 4/2005

### Transitional lands

<table>
<thead>
<tr>
<th>NON-METROPOLITAN COUNTIES</th>
<th>&lt; 5 Miles to Major Town</th>
<th>&gt; 5 Miles to Major Town</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Northwest</td>
<td>Northeast</td>
</tr>
<tr>
<td></td>
<td>4,312</td>
<td>4,793</td>
</tr>
<tr>
<td></td>
<td>5,400</td>
<td>6,473</td>
</tr>
<tr>
<td></td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td></td>
<td>6,500</td>
<td>6,778</td>
</tr>
</tbody>
</table>

*** Insufficient data.
Examples of Raw Acreage

- Ft. Pierce
  - $68,000 acre (20 acres)
  - $125,000 acre 10 months later
- Hastings (St. Johns County)
  - Potato farms selling for $20,000 acre (360 acres)
- North Port (Sarasota) in urban service area
  - 5,800 acres Ranch $10,000 acre - requires interchange ($60 million+)
  - $3,000 acre 1 year earlier
- Palm Beach
  - Pal Mar (4,000 acres) $25,000 +
- Sarasota
  - Foundation paid $110,000 acre for 145 acres for workforce housing
Sustainability

Median home prices
Up 13.9% per year

*Median sales price at year end in Tampa/St. Petersburg/Clearwater market
## Median Price Existing Home Sales
### May 2005 by Metro Area/Annual Change

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>Median Sales</th>
<th>May  (1st quarter)</th>
<th>(1st quarter)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tallahassee</td>
<td>$164,700</td>
<td>6%</td>
<td>(7%)</td>
</tr>
<tr>
<td>Gainesville</td>
<td>$169,600</td>
<td>6%</td>
<td>(13%)</td>
</tr>
<tr>
<td>Jacksonville</td>
<td>$181,700</td>
<td>12%</td>
<td>(15%)</td>
</tr>
<tr>
<td>Tampa St. Petersburg</td>
<td>$196,100</td>
<td>25%</td>
<td>(16%)</td>
</tr>
<tr>
<td>Pensacola</td>
<td>$158,600</td>
<td>22%</td>
<td>(19%)</td>
</tr>
<tr>
<td>Daytona</td>
<td>$197,900</td>
<td>25%</td>
<td>(19%)</td>
</tr>
<tr>
<td>Miami</td>
<td>$354,900</td>
<td>34%</td>
<td>(28%)</td>
</tr>
<tr>
<td>Orlando</td>
<td>$218,600</td>
<td>35%</td>
<td>(29%)</td>
</tr>
<tr>
<td>Ft. Lauderdale</td>
<td>$367,000</td>
<td>34%</td>
<td>(32%)</td>
</tr>
<tr>
<td>West Palm</td>
<td>$390,900</td>
<td>35%</td>
<td>(36%)</td>
</tr>
<tr>
<td>Sarasota</td>
<td>$316,600</td>
<td>31%</td>
<td>(36%)</td>
</tr>
</tbody>
</table>
Future of Workforce Housing

• Increased Density
• Smaller Units
• Cost of Housing in only one factor facing working households
  – Increased travel costs
  – Commuting Time
  – Insurance
  – Taxes (services)
• More compact urbanized developments
  – Villages
  – Mixed Use
  – Neo Traditional

Strategic Planning Group, Inc.
Can Infill Work?

- Works in Port Charlotte and North Port
  - 100 Platted lots, each
  - $3,200 2 years ago
  - $36,000 June 2005
  - Inventory (30,000+ lots)
- Other areas - difficult and limited
  - Title problems
  - No inventory listings
  - No economies of scale
  - Comprehensive Plan/LDR problems
Backward To The Future

- Higher % Income to Housing - 40-50%, and/or
  - Smaller Homes (Less square footage)
  - Fewer SF detached homes, more
  - Townhouses
  - Condos
  - Row Homes
  - High rises
- Increased Density (Return to more compact, urbanized developments)
- Land Trust for very low income households, and
- Increase in Non Ownership (Rental) Housing