



# Rising Land Values

Presentation to;  
Florida Housing Finance Corporation

by

**Strategic Planning Group, Inc.**

Economics • Planning • Development Consultants

A hand is visible on the left side of the slide, pointing towards the text. The hand is resting on a set of blueprints or architectural drawings, which are partially visible at the bottom left corner. The background of the slide is a light blue gradient.

# 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.

# Sarasota

- **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

Region/Category	Date		Percent Change
	May 2002	May 2003	
	<i>Dollars Per Acre</i>		<i>%</i>
<b>METROPOLITAN COUNTIES</b>			
< 5 Miles to Major Town			
<i>Northwest</i>	13,167	14,082	6.9
<i>Northeast</i>	15,500	17,751	13.4
<i>Central</i>	16,029	18,575	13.2
<i>South</i>	16,392	24,983	52.4
<i>Southeast</i>	58,813	62,500	6.3
> 5 Miles to Major Town			
<i>Northwest</i>	7,000	7,950	13.6
<i>Northeast</i>	7,813	9,023	16.1
<i>Central</i>	10,388	12,500	20.3
<i>South</i>	8,364	14,352	71.6
<i>Southeast</i>	31,786	36,250	14.0

# IFAS Agricultural Land Values 4/2005

## Transitional lands

### NON-METROPOLITAN COUNTIES

< 5 Miles to Major Town

<i>Northwest</i>	4,312	4,793	11.2
<i>Northeast</i>	5,400	6,473	19.9
<i>Central</i>	***	***	***
<i>South</i>	6,500	6,778	4.3

> 5 Miles to Major Town

<i>Northwest</i>	3,475	3,921	12.9
<i>Northeast</i>	4,088	5,446	33.2
<i>Central</i>	***	***	***
<i>South</i>	4,375	4,833	10.5

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\*\*\* Insufficient data.



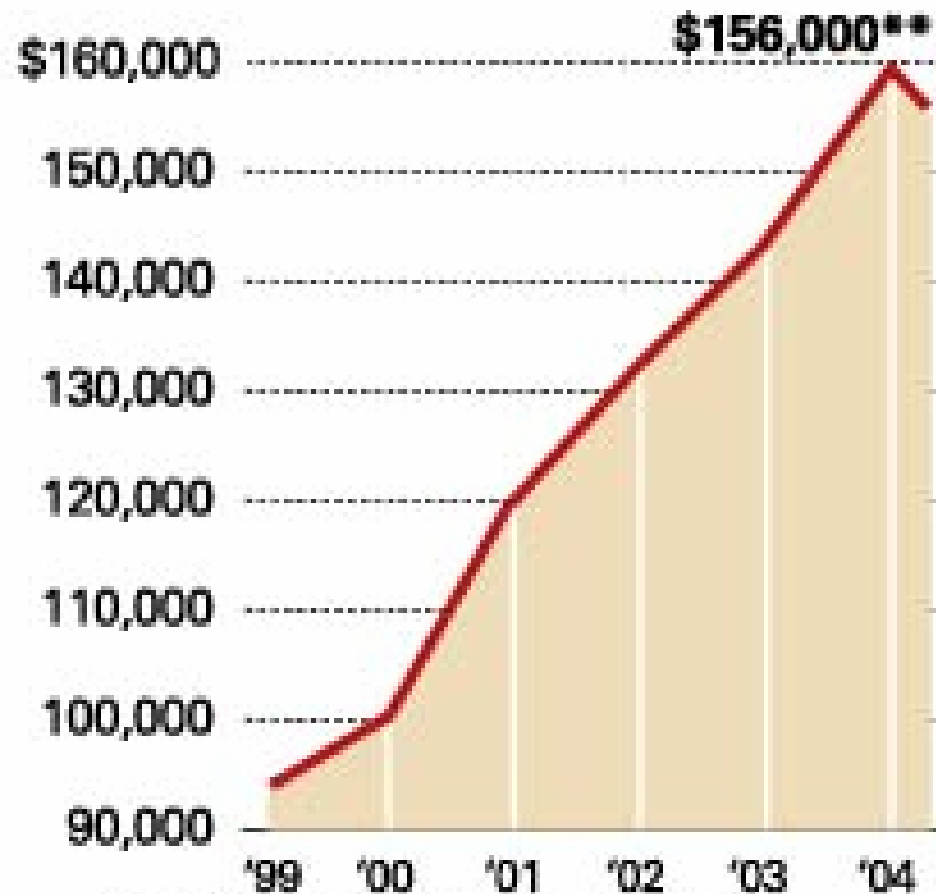
# Examples of Raw Acreage

- 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

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

# 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

# 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



# Discussions

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