



2016 was big year for home building; 2017 expected to be bigger

By Stuart Korfhage
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The last year was a healthy one for home building in St. Johns County, and it's likely to be just a step toward a peak that's coming in the years ahead.

St. Johns County will end up with hundreds more new houses this year than 2015 — when more than 2,500 new detached, single-family home permits were issued. And some builders are saying the coming year will see even more activity.

David Smith, the president of the Jacksonville division for builder AV Homes, said North Florida is so desirable that his company and others like it will do their best to meet what is a very high demand right now.

AV Homes has a small stake in the county with home sites in Stone Creek and in The Grove at Bannan Lakes. The company had sites in Nocatee that are all sold.

Smith said the company remains very bullish on the area that already saw more than 3,000 new homes permitted in 2016.

"I think St. Johns has seen a boom in the past, but I think it's poised in the next two to three years to continue to grow south and really grow exponentially beyond what people have seen today," Smith said in an interview with The Record last week.

As far as Smith can tell, the real estate market has recovered from the downturn and mortgage crisis that stunted the county's growth about a decade ago.

Now there is little to hold back the market. The economy nationally and especially locally appears stable. Local unemployment numbers are near historic lows while the county's population continues to climb.

Mortgage rates have risen from rock bottom but are still historically low and generally available to those with good credit ratings.

The outlook is similar statewide. A recent release from Florida Realtors said: "Almost every economic indicator suggested that recession remnants had disappeared."

The association noted that Case-Shiller declared that home prices had surpassed their pre-recession peak. The Realtors predicted a very busy 2017 in real estate around the state.

“A continued economic uptick and new demand from baby boomers and millennials may, however, make 2017 real estate’s ‘best year ever’ — providing more current homeowners decide it’s time to sell,” the release says.

Much of that real estate activity is going to happen in North Florida, Smith said. AV Homes has several projects in Duval and Nassau counties to go along with its St. Johns County sites.

Smith said St. Johns just continues to attract more buyers because of its location, quality of life and school system.

“There’s definitely demand. People want to live where everything is new,” he said. “There’s new roads, new schools. There’s new infrastructure.

“St. Johns County has the most of what is new. And it’s only going to continue to grow.”

AV Homes is far from being alone in its optimistic assessment of the local market for new homes. Several large developments are starting to sell, about to open or have recently opened new neighborhoods.

Freehold Communities is a national developer that is selling homes in Shearwater, a 1,500-acre community with 2,600 home sites. Its representatives clearly like the county’s potential.

Suzanne Maddalon, vice president of marketing for Freehold Communities, pointed out in an email to The Record that a University of Florida study predicted the county’s population to grow from its current 226,000 to somewhere between 273,000 and 365,000 people by 2030.

“Like many builders in Northeast Florida, we are optimistic about the housing market next year,” Maddalon said. “The home builder industry has seen an increase in demand from first-time homebuyers and returning homebuyers.

“As this area’s population continues to grow at such a rapid pace, the demand for new homes increases, making this an ideal market for home builders.”

While new home sales are expected to climb, it’s unclear what the existing home sales trend will be.

Statewide, the latest numbers from November indicate it was a busy month for the housing market, with more sales, more new listings, rising median prices and fewer all-cash transactions, according to Florida Realtors.

But there is something of a shortage of inventory. The Northeast Florida Association of Realtors (NEFAR) reported a 20-percent decline in inventory in November compared to November 2015. The information comes from six North Florida counties, including St. Johns.

“Continued low inventory of homes for sale remains the biggest challenge to sales growth in many areas across Florida,” said 2016 Florida Realtors President Matey H. Veissi in a release. “While sellers are seeing the benefits of a market where prices have consistently been on the rise, it also presents a dilemma for those who may want to purchase a ‘move-up’ home and a challenge for first-time buyers.”

NEFAR showed St. Johns County, through November, had more listings, more sales and a 4.5-percent higher median sales price — year to date — compared to 2015.