



Numbers suggest St. Johns County is in the midst of another building boom

By Stuart Korfhage
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For those wondering when the next building boom in residential housing is going to happen in St. Johns County, this is probably the time to open your eyes.

While it's impossible to predict exactly what is going to happen in the housing market, statistics and opinions point to this being a blast-off point for an era of robust — and likely record-breaking — residential construction here.

First, the numbers.

Permits for single-family detached homes in the first quarter of 2017 totaled more than 1,000. Permit totals in each individual month were higher than at any time since the recession. And March 2017 saw 382 permits issued, more than 100 more permits than any March in the last five years — and the busiest month overall since the recovery started.

Howard White, director of building services for the county, said the record years for building in St. Johns County were 2004, '05 and '06. But those records might not hold much longer.

"We are beginning to experience some months that are starting to match those numbers," White said. "We are seeing numbers pretty much what we saw in the boom. We're starting to see numbers to represent what we saw in '04, '05 and '06."

As far as home building is concerned, 2017 is pretty much on pace with 2005 when 4,152 new single-family homes were permitted.

By 2006, the pace had already slowed considerably as just more than 2,000 new home permits were issued.

What's different about this year is that the heavy building activity took place during what are generally slower months. Over the last five years, May, June, July and August were generally busier months for building than the first quarter.

So already at almost a record pace, historic patterns suggest acceleration is likely in the summer.

Also different than 2005, this year is poised to be just part of an upward trend rather than the peak.

That's because there are several huge developments in the county that are just hitting their stride as well as a few that haven't really started yet. And smaller residential developments are filling in all over the county.

"A lot of infrastructure has been built in last three or four years, and all of that has come to fruition," White said.

What he's talking about are major projects like Twin Creeks, which has been split into three different communities. But the project, which includes the Crystal Lagoon in the Beachwalk community, is approved for almost 3,000 homes on land between Interstate 95 and U.S. 1 off County Road 210.

And homes there are just starting to be built.

Another massive development is RiverTown in the northwest portion of the county. Only a few hundred of the 4,500 homes planned for that developed had been sold when new owner Mattamy Homes relaunched sales earlier this year.

RiverTown general manager Jason Sessions said his company sees great potential in the county, which is why Mattamy acquired so many homesites.

"We're seeing tremendous success in St. Johns County as the market's still growing," Sessions said. "That's obviously attributed to the lifestyle and schools.

"We've had great success the first part of this year building from last year as our first year back in the foray. We see a 10- to 12-year build out, so we certainly have some time in front of us."

And, of course, there's also Nocatee in the northeast. It's the king of master-planned communities in North Florida, having sold almost 3,000 homes from 2014 to 2016. And it's still not quite halfway to full build out of 12,579 homes.

Among the builders who are working in Nocatee are Pineapple Corporation and ICI Homes. Representatives from both companies said they see nothing standing in the way of forward momentum.

"I think the potential for residential growth is just literally astronomical," Pineapple president Spencer Calvert said about the county.

Calvert is so confident in the housing market in St. Johns County that his company is building million-dollar homes that aren't right on the beach or river.

"It will be interesting to see how northern St. Johns County buyers are going to react to million-plus-dollar products off of Ponte Vedra Beach proper," he said. "But so far it seems like it's going to be OK. I think once people see it they're going to really, really like it."

As for the county in general, Calvert said it's desirable for many reasons. One of them might surprise longtime county residents who have seen the cost of buying a home skyrocket in recent years: affordability.

"Overall, the affordability — other than trying to get into a first-time buyer's home — is really strong," Calvert said. "That combined with the natural amenities that St. Johns County has to offer, it's just a phenomenal place to live."

So while 20-somethings just starting out might struggle to find homes here, most new communities do offer homes in the range of \$250,000-\$300,000, which is better than other parts of the country.

Don Wilford, ICI's president of the North Florida division, said his company is selling its offerings in Siena at Town Center in Nocatee very quickly.

He said rising rents in the county are causing more and more people to look at buying homes.

At the same time, Wilford said there is also a lot of strength in the high end of the market. ICI sells homes in Nocatee ranging from \$273,900 to more than \$800,000.

"There's a lot of consumer confidence in the high end that wasn't so much there in 2015," Wilford said. "We can tell when there's no (consumer) confidence. The jobs are growing.

"I think that honestly this next 7 to 10 years is going to be a consistent run for everybody."

Another major development that is just starting to mature is Shearwater, which is approved for about 2,600 homes.

Andy Smith, division president for the Southeast for Freehold Communities, expressed the same enthusiasm as others in the industry.

"We see the growing interest in our community — and living in St. Johns County overall — continuing throughout this year and the coming years," Smith said in an email to The Record. "St. Johns County's public officials and school system are all publicly predicting that this growth is not slowing any time soon, and we agree.

"We opened Shearwater at just the right time, and as we open more phases in the future, we see the growing interest continuing."

So as exciting as it might be for builders and others who benefit from the increased activity of new home building, isn't there some fear of a bubble that will soon burst?

Currently, there isn't much sentiment that the market is racing toward a cliff.

The reasons industry leaders give: better lending practices, less speculative building and buying, and a sense of caution after getting burned less than a decade ago.

"I think today's home building pace is far more palpable than the run-up we experienced in '04, '05 and '06 — since it is complemented with immense infrastructure improvements," said Rick Pariani of Davidson Development Inc., in an email to The Record. "Excellent St. Johns County road connections and school expansions are well underway."

Pariani pointed out that commercial growth, and, therefore, jobs are also on the rise here. St. Johns County has consistently ranked as having one of the lowest unemployment rates in the state. Last month it was at 3.3 percent.

"Regional employment centers and medical, retail and sports facilities are all under construction," Pariani said. "Northeast Florida will continue to attract attention, and St. Johns County will continue to be a highly desirable place.

"These attributes support a continued and robust home building future."

Showing just how strong the economy is here, commercial building in the county was up \$10 million through March this fiscal year compared to March 2016.

And total building permits are at an all-time high so far this year — incorporating all types of building, including new construction, renovations, decks, pools, etc. The total number of permits for each of the first three months of the year all were higher than any previous month since the 2013 fiscal year.

White said that's simply a reflection of the confidence people have in the local economy.

"When you look at (total permits issued) what you're seeing there is consumer confidence," White said. "It really stems from the quality of life that people recognize here in St. Johns County."