



## Despite existing pace, developers see county's great potential

By Stuart Korfhage  
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It's nearly impossible to drive anywhere in the county — with the possible exception of farm-heavy spots — without running into a new neighborhood or an old one starting a new phase of building.

Even in the St. Augustine city limits, there are several large multi-family developments like The Landing at St. Augustine and Antigua.

That can't be a surprise knowing how the county has nearly doubled its population since 2000 to more than 240,000 residents as of 2017, according U.S. Census Bureau numbers.

But it's also natural to wonder how a county with no major industry other than tourism can possibly absorb one huge development after another.

The growth in St. Johns County hasn't been a few hundred homes here and there. It's a few hundred here, a few thousand there and 10,000 over there.

Rick Pariani, now a member of the Davidson Development team, is the original designer of the World Golf Village development in what was once rural central St. Johns County.

He said the numbers certainly sound staggering when you start thinking about how many potential homes are being planned as new developments are being approved or simply restarted after year of dormancy.

"Large-scale projects such as Nocatee, RiverTown, Shearwater, Bannan Lakes and TrailMark, together with the combination of the County Road 210 neighborhoods of Beachwalk, Beacon Lake and Creekside collectively have entitlements for over 30,000 new homes," Pariani said in an email to The Record. "SilverLeaf adds an additional 10,700 residential entitlements. All of these communities are under construction with infrastructure improvements and home building."

Those are just some the biggest developments in one section of the county. There are others coming off of State Road 16, State Road 207 and all up and down U.S. 1. Some are approved for more than 1,000 homes.

With the economy surging here and throughout most of the country, this area has seen a surge in building in recent years. In the last fiscal year, ending in September, there were more than 4,500 single-family home permits issued here.

That's right around record pace for the county. So looking at what's planned here, one might assume that it would require unprecedented building for the next decade just to fill what what's been granted to developers.

Is that right? Is that possible?

Well, no, but yes.

Pariani points out that just because a developer puts a timeline on a particular project, that doesn't mean anyone really expects to sell out in that amount of time. Even a wildly successful project like Nocatee is subject to downturns in the market.

"Typically, no major planned mixed-use community ever meets its declared phasing schedule nor achieves its build-out target date," Pariani said. "All such projects must roll with, and respond to, the market variables and the competition.

"It is not uncommon for a large project to easily take over 25 years to reach actual complete sell-out and build-out. The time frames dictating development and sales success are far more lengthy than usually anyone anticipates. Therefore, the question of sustainability is one with a 50-year horizon — not 10."

So there really isn't as much pressure to fill all of those lots as quickly as one might think.

Even popular projects take some time to sell. The fastest-growing master-planned community in the country is The Villages near Ocala. It sold about 1,100 units in the first half of the year.

The most successful major project in this county is Nocatee. It ranked No. 7 on the list with about 500 homes sold through the first six months of 2018.

Roger O'Steen is the chairman of the PARC Group, which developed Nocatee. He has been glad to see Nocatee moving along so quickly, but he agreed with Pariani about expectations for achieving full build-out.

"Yes, the market will support these communities," O'Steen said. "The increase in the number of communities and available lots may result in a longer sellout, but the demand and absorption is definitely there. It just may take a little longer."

Of course, it's easy for those in the development business to be bullish on building. But Florida Realtors chief economist Brad O'Connor also sees a real reason to be optimistic.

He stressed that he hasn't studied the North Florida new home market closely, but he can see the growth numbers as well as the other economic indicators like low unemployment and high household incomes.

"There's been a lot of construction in places like St. Johns County and other parts of the state, too, where you've got a lot of bigger homes being built," he said. (Growth) is still pretty strong and these people do need places to live."

O'Connor noted that St. Johns County is so popular right now that it's ahead of national building trends.

"The larger national builders are starting to cut back on construction in lots of parts of the country, so that makes me think that at least from the national builders perspective if they're still building somewhere, they must think they have a good reason to do it," O'Connor said.

One of the reasons for that is the thriving economy. The Jacksonville metro area added about 21,000 jobs between August 2017 and August 2018. St. Johns County in particular has enjoyed unemployment rates of around 4 percent or lower in the last three years.

As long as the area keeps creating jobs, developers like O'Steen think North Florida will continue to attract enough homebuyers to justify so many major projects. In fact, he's confident enough that the PARC Group is developing a 1,500-acre community in Jacksonville called eTown, which will be opening in the summer of 2019.

"The significant North Florida job creation is occurring south of downtown Jacksonville in the I-95 coastal corridor of southern Duval and northern St. Johns counties," O'Steen said. "Most of southern Duval is developed, so there is a great opportunity for northern St. Johns for both quality housing and job creation."

O'Connor provided one suggestion that something less cataclysmic than a major economic downturn could potentially slow the rapid growth of the county.

He said that while St. Johns County's growth is generally sustainable for various reasons, the one factor that could alter the current trend is home price increases, especially as interest rates rise. The median sales price of homes in this county is more than \$300,000. By comparison, the Northeast Florida Association of Realtors reported the median sales price in Duval County to be \$195,275, year-to-date, in October.

And it's getting harder for builders to keep prices in check with increased costs for labor and materials as well as rising impact fees in St. Johns County.

"We have been creating a lot of jobs," O'Connor said. "I question how many of those jobs are really providing the kind of salary you need to buy the homes they are building because the homes they're building are a lot more expensive than the existing homes that are for sale."

“There’s a ton of demand there (in entry-level housing), but there’s no one building that kind of housing. The builders cite either the land use restrictions or the labor market for construction and raw materials. It’s crazy because that’s where most of the demand is.”