

Survey: Few Floridians think their house values will dip in five years

August 8 2007

Floridians are optimistic about housing prices despite the gloom pervading much of the real estate industry, a new University of Florida survey finds.

Only 5 percent of 287 Florida homeowners said they think their house values will fall during the next five years, according to the survey, which was conducted in July by UF's Bureau of Economic and Business Research.

Eighty-two percent expected the value of their houses to rise, and 13 percent said they would remain the same. The median respondent expected a gain of 18 percent, or a little more than 3 percent a year.

UF economists said they were not surprised by the results.

"The last time housing prices fell and didn't recover within five years was during the Great Depression," said Jonathan Hamilton, a UF economics professor and chairman of the economics department. "Most of the problem in Florida right now is that we've had a huge amount of building and lots of speculative buying, and things are now catching up."

Although there is a large inventory of condominiums for sale statewide, many of these units are likely to be sold and occupied within the next few years, he said.

Florida's draw as a retirement destination as the baby boomers age is

another factor that bodes well for the state, said David Denslow, a UF economics professor who led the research. “As these baby boomers flood into Florida, they will be pushing housing prices up,” he said.

The questions were asked as part of the bureau’s monthly consumer confidence telephone survey. The responses about housing price expectations did not vary significantly by age, race, gender, region within the state or current house value, Denslow said.

“This surprised me a little bit because we expect people to be more pessimistic where there is a huge glut on the market such as the Tampa Bay or the Orlando area,” he said. “The people who do distressed house sales, the Web sites where they say they’ll buy your house for only 80 percent of its value, they love Orlando right now.”

The housing market is in a period of correction after the dramatic appreciation in real estate values nationally and particularly in Florida since 2000, Denslow said. In most Florida markets the median price of existing homes is declining, he said.

“Although these declines are temporary, there will be at least some Florida markets where house price appreciation will be very low over the next five years,” he said. “My guess would be that you’ll see low house price appreciation in the Tampa Bay, Orlando and Miami area simply because of the number of existing units on the market.”

In contrast, large price reductions are unlikely in Gainesville or Tallahassee where the housing boom has not been nearly as dramatic, Denslow said. “And similarly, I don’t think that Jacksonville is going to be hurt as badly as Fort Myers or Naples or the Fort Pierce area,” he said.

The survey’s error rate was 4 percent.

Source: UF

Citation: Survey: Few Floridians think their house values will dip in five years (2007, August 8)
retrieved 1 May 2024 from

<https://phys.org/news/2007-08-survey-floridians-house-values-dip.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.