

# Northeast Florida is (nearly) Rock Solid



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As we have watched trouble brew in the broader financial markets, we look at what has traditionally been our own greatest investment – our home - and worry about the future. However, before you sink into a self

induced quagmire of anguish, you need to look at the facts, characteristics and differences that define and, most importantly, differentiate our market in Northeast Florida from less fortunate areas in the country. First of all, we are in better shape than many metropolitan areas, especially South Florida. So when you hear dismal reports on Florida just remember that's the "other Florida". Like so many things, real estate is definitely local.

A well known and highly respected regional economist, Hank Fishkind, reports that while Northeast Florida isn't immune to recession, our non-real estate based economy keeps the area more insulated than other parts of the country. He cites the region's diverse economy as responsible for dampening the ill effects of the national recession. He continues to say that the housing market will be better in 2009 and better still in 2010. The Jacksonville Business Journal recently reported that Northeast Florida's economy leads the state. "The area is faring better than most other parts of Florida because housing did not get as insanely overbuilt or overbought as it did elsewhere in the state." The report continues, "Jacksonville remains the most affordable large metropolitan area in the state. As a result, more companies looking to do business in

Florida are leaning toward Jacksonville."

Let's take a quick look at what's happened to the market in the last two years. It is true that market sales have slowed by 26% since 2007 while inventory has risen causing the median home price to erode 8.2%. What we must recall is that economies and real estate markets have historically been cyclical and there are a number of factors that have amplified the negative characteristics of this down cycle. As previously mentioned, over building and over buying are two of the most negative factors in a down cycle, and the fact that Northeast Florida has not been overbuilt nor overbought works to do two things. First, we have not nor will we fall as far or as hard, and second, we will recover sooner and even more quickly.

Virtually every credible market analyst agrees that looking at a real estate market is best done locally rather than at a larger regional or statewide scale. If we restrict our analysis to the Jacksonville region we see a vastly different picture and prognosis for recovery. Here are several very telling statistics, Forbes ranked Jacksonville eighth in its top ten cities for bargain house hunters because we didn't go through "an obscene speculation boom", they also ranked us within the top ten cities to buy a home, 26th in the top 100 for getting a job, number three in its top ten list of cleanest cities and fourth in the top ten for outdoor activities.

Jacksonville is the unique location in Florida that provides a very high quality of life to its residents and at the same time a broad and diverse economic infrastructure. The diversity in our economy makes us much less vulnerable to industry specific downturns and much more recoverable in a general economic downturn. While Jacksonville and Northeast Florida have been the home to a number of industries, and is rapidly becoming a center for

transportation and logistics as it becomes a global gateway for international trade. There is no other city in the Southeast that has as bright a future from the perspective of sustainable employment and at the same time can provide the high quality of life found in our region.

So how do I answer the question that buyers and sellers are asking, "What's the prognosis for the market and is this the time to buy or sell?" Since most sellers are buyers at the same time or shortly thereafter, if you have to sell low, you're going to be able to turn around and buy low as well. A real estate investment in the Jacksonville area or in Northeast Florida has always been sound and continues to be a smart investment. Not only do we enjoy a tremendous quality of life, we are in a progressive city with a tremendous economic future that is sustainable over the long term. It is widely anticipated that mortgage rates will drop to a level not seen since the Second World War and as the credit markets begin to thaw during the next year buyers will reenter the market in increasing numbers and home prices will again begin to climb. In a study commissioned by the Florida Association of Realtors, SMR Research Corporation's president, Stuart Feldstein, said, "Homes are now affordable. Consumer psychology is the biggest remaining hurdle to recovery." So, my answer to the question is that we are going to recover late this year. It's going to be a gradual recovery. Prices are probably at the bottom today and there's no better time to enter the market.

**Linda Sherrer is the president and chief executive officer of Prudential Network Realty, one of the premier residential real estate firms on Florida's First Coast. Prudential Network Realty has more than 330 sales professionals in eight branch offices to help you buy your dream home or sell your home to fulfill another's dreams. Find the office nearest to you at [www.PrudentialNetworkRealty.com](http://www.PrudentialNetworkRealty.com).**