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REAL ESTATE FORECAST OPINION

Changing demographics impact housing

BY LAURIE ANDREWS
BJ guest columnist

The frenzied residential real estate markets of 2004 and 2005 were driven by an overabundance of investors in the marketplace. From the local hairdresser to the manager of the grocery store to people from around the world, everyone was speculating on Florida real estate. It was viewed as a fail-safe investment that they could see, touch and feel.

While investors were plentiful over the past several years, they tend to come into the market in packs and move out of the market equally as fast. In 2006, investors took a breather and allowed the market to seek its new level.

As a result, the residential market is changing in ways that present different kinds of selling opportunities for property owners and developers. While the rapid price increases of the past couple of years have slowed, relocations, move-ups or move-downs and other life-changing events still lead to a transaction.

Here are some key trends:

- The Treasure Coast has been discovered by South Floridians seeking a better quality of life. Many of those buyers have realized double-digit appreciation, and they are moving to the area for our waterfront, top schools and a strong housing value in comparison to their existing residences.

In the past, the traditional market in Stuart was a pre-retiree, empty nester

from the Northeast, which represented close to 60 percent of our buyers. Today, of the 1,700-plus prospects interested in a Stuart property, this figure has fallen to 10 percent while more than 83 percent are current residents of Florida.



Andrews

- Today's user market demands a different approach from the investor-driven marketing.

Today's buyers are much more cautious and educated about these day-to-day issues. Before they will make a commitment, they have many questions that need to be addressed.

As a result, new communities are bundling amenities into the cost of the homeowners associations in order to simplify the buying process and monthly expense of these facilities.

- With the onset of the Internet and e-marketing, fancy brochures were all but eliminated. Today, developers are operating in a more competitive, lifestyle-driven marketplace and they must return to many traditional programs. From three-dimensional videos to creative incentive programs, developers must now revisit many of the marketing strategies that had been abandoned over the past several years.

- In the luxury segment, savvy buyers are in the market looking for deals. Those buyers recognize that going against the tide often presents the best opportunities.

- Amenity-rich communities, once driven by the popularity of golf with a 60-year-old-plus buyer, have shifted their target age group to 45 to 60. At the same time, some golf communities are being replaced with communities with a wider variety of activities including wellness, spa and fitness for this younger, more active buyer. Spurred by the popularity of boating with this emerging market, the demand for communities tied to marina slips offerings has reached an all-time high.

- The viability of any real estate community offering is determined by a variety of factors. Feasibility studies which have been traditionally supported by historical data and comparable sales are outdated in determining the current market acceptance for a property.

Today, the Internet provides the ability to determine a project's viability to provide direction in branding the community. By determining the depth of the market through online registrants, many key development decisions can be addressed. On-line communication is used to determine the timing related to the buyer's final purchasing decision.

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