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December 2006 report and 2006 wrap-up

Inventory, interest rates set the stage for a healthy housing market in 2007

(January 10, 2006 – Orlando, FL) As widely predicted the Orlando housing market in 2006 logged the second greatest number of home-sale transactions ever, trailing only 2005 and topping the previous record of 2004. In 2006 a total of 27,378 homes changed hands through members of the Orlando Regional Realtor® Association (ORRA), while 2005 posted 31,230 transactions and 2004 had 26,088.

Despite a lower number of sales taking place, compared to 2005, the median value of Orlando homes continue to appreciate at a steady rate. The median sales price in December 2006 rose 4.21 percent over December 2005 to \$250,000. Interest rates also continue to play a major role in the dynamics of the Orlando housing market: Interest rates in December dropped to 5.74 percent, the lowest point since September 2005.

“The economic standard for a healthy pace of home-value appreciation is 3 to 5 percent per year,” explains ORRA President Randy Martin, GRI, RE/MAX 200. “When home values appreciate at a skyrocketing pace — as happened in Orlando in 2005 — it creates an environment where home prices far outweigh local income levels. However, a sensible rate of increase is attractive to the type of relocating companies that Orlando planners are seeking in order to create economic diversity, and it helps Orlando’s workforce achieve the American dream of homeownership.

“Orlando’s home sales are now being driven not by speculators, but by strong economic fundamentals in the area, continues Martin. “So the pace of home value appreciation we’re currently enjoying is a sustainable price growth trend, good for the long term.”

The inventory of homes available for purchase dropped by nearly 1,600 homes in December to 19,537, a 7.5 percent decrease from November, and the lowest level since June of last year. In addition, the pace of new listings being added to the pool has continued its six-month decline: 3,840 new listings were added to inventory in December. Orlando now has an 11.08 months supply of homes on the market.

There are currently 3,238 condos for sale through the local multiple listing service, which is down by more than 200 from November. Duplexes, townhomes, and villas account for 1,648 of the listings in Orlando’s inventory.

MSA Numbers

Sales of existing homes within the Orlando MSA (Lake, Orange, Osceola, and Seminole counties) were down in December by 33.16 percent when compared to December of last year. Throughout the entire MSA, 2,096 homes were sold in December 2006 compared with 3,136 in 2005.

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In December, Lake County's sales were 23.4 percent behind December 2005 (398 compared to 305). In a December-to-December comparison, Seminole County's sales dropped by 24.6 percent in 2006 (468 in December 2006 to 621 in December 2005). Orange County's sales in December decreased 34.3 percent when compared to December 2005 (1,069 to 1,626). Osceola County saw a 48.3 percent December-to-December decline (254 to 491).

"If state and local leaders can find solutions to homeowner's insurance, and locally we concentrate on affordable housing, it will put more buyers in the market," says President Martin. "In 2007, I see increased sales and a cut back in excess inventory, which in turn will help strengthen home prices and equity."

2006 Recap

From a year-long perspective, the 2006 cumulative **median price** rose 7.36 percent to \$248,000 over 2005's \$231,000. The highest median price recorded in 2006 was \$253,745 in October.

The average **interest rate** in 2006 was 6.14%. The low was reached in December (5.74 percent); the high 6.45% in June.

The year-end sales of **condos** in 2006 were a mere 1 percent less than the number sold in 2005 (4,936 to 4,961). **Duplexes, townhomes, and villas** sold during 2006 surpassed 2005 by 12 percent (2,250 compared to 2,008).

MSA: The 2006 year-end sales tally – buoyed by record numbers in January, February, March, and May — fared better and finished just 11.6 percent behind 2005. A total of 33,106 were sold in all of 2006, compared with the 37,453 sales in 2005. On a county-by-county basis, Lake County posted the greatest year-end drop, 21.1 percent (4,571 homes sold in 2005 compared to 5,790 in 2006). Seminole County enjoyed the most consistent year, with 2006 sales numbers (6,721) just dipping below 2005 (7,038) by 4.5 percent. Orange County was only 10.3 percent below that of 2005 (16,848 to 18,799), while Osceola experienced a year-to-year decline of 15.1 percent (4,986 to 5,846).

For detailed statistical reports, please visit www.orlandorealtor.com and click on Housing Statistics on the top menu bar. This representation is based in whole or in part on data supplied by the Orlando Regional Realtor® Association or its Multiple Listing Service (MLS). Neither the Association nor its MLS guarantees or is in any way responsible for its accuracy. Data maintained by the Association or its MLS may not reflect all real estate activity in the market. Due to late closings, an adjustment is necessary to record those closings posted after our reporting date.

ORRA Realtor® sales, referred to as the core market, represent all sales by members of the Orlando Regional Realtor® Association, not necessarily those sales strictly in Orange and Seminole counties. Note that statistics released each month may be revised in the future as new data is received.

Orlando MSA numbers reflect sales of homes located in Orange, Seminole, Osceola, and Lake counties by members of any Realtor® association, not just members of ORRA.

Statistics on the sales of area homes that are sold without the assistance of a Realtor® are available in the [Real Estate Index](#), a report produced jointly by ORRA and the Real Estate Attorney's Fund.