



Housing Costs Increase Outpaces Income

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Between 2000 and 2004 increases in housing sales prices outpaced increases in income in Florida's metropolitan areas. At the state level Florida's 19.60 percent increase in housing costs between Sept. 30, 2003, and Sept. 30, 2004, make it the seventh fastest appreciating housing market in the country.¹



Table 1 shows the one year, one quarter, and four year increases for Florida's Metropolitan Statistical Areas (MSA's) that are included in the Housing Price Index. Increases in housing costs from 2000 to 2004 ranged from 26.03 percent in Lakeland to 84.68 percent in Fort Pierce-Port St. Lucie. During this same time period median income increases ranged from 2.42 percent (Fort Pierce-Port St. Lucie) to 19.01 percent (Pensacola). →

| Table 1 HOUSING PRICE INDEX | | | | | | |
|---------------------------------|-------------------|---------------------------|------------------|---------------------|-------------------------------------|--|
| MSA | National Ranking* | % Change in Housing Costs | | | % Change in Median Income 2000-2004 | |
| | | 9/30/2003-9/30/2004 | 3rd Quarter 2004 | 9/30/2000-9/30/2004 | | |
| Daytona Beach | 34 | 21.10 | 6.19 | 58.62 | 13.02 | |
| Fort Myers-Cape Coral | 44 | 18.47 | 4.85 | 63.40 | 14.38 | |
| Fort Pierce-Port St. Lucie | 10 | 28.15 | 7.70 | 84.68 | 2.42 | |
| Fort Walton Beach | 18 | 23.94 | 7.14 | 50.10 | 17.89 | |
| Jacksonville | 65 | 14.16 | 4.33 | 44.05 | 10.12 | |
| Lakeland | 81 | 12.83 | 5.42 | 26.03 | 7.60 | |
| Melbourne-Titusville-Palm Bay | 12 | 28.06 | 9.22 | 71.96 | 10.06 | |
| Miami-Ft Lauderdale-Miami Beach | 21 | 23.55 | 7.74 | 76.28 | 3.89 | |
| Naples | 43 | 18.77 | 6.05 | 62.20 | 7.11 | |
| Ocala | 75 | 13.24 | 4.14 | 38.03 | 10.70 | |
| Orlando | 56 | 16.01 | 6.20 | 45.00 | 10.28 | |
| Panama City-Lynn Haven | 29 | 22.34 | 7.64 | 51.84 | 15.49 | |
| Pensacola | 66 | 13.80 | 4.24 | 32.14 | 19.01 | |
| Punta Gorda | 19 | 23.84 | 8.58 | 69.97 | 14.42 | |
| Sarasota-Bradenton | 37 | 19.69 | 6.59 | 61.33 | 13.84 | |
| Tallahassee | 61 | 14.76 | 3.52 | 41.81 | 9.50 | |
| Tampa-St. Petersburg-Clearwater | 47 | 17.72 | 6.00 | 53.16 | 7.79 | |
| West Palm Beach | 17** | 16.16 | 3.71** | 61.06 | 9.72 | |

* Rankings based on annual percentage change for the 220 MSA's containing at least 15,000 transactions over the last 10 years. The Housing Price Index is based on transactions involving conforming, conventional mortgages purchased or securitized by Fannie Mae or Freddie Mac. Only mortgage transactions on single-family properties are included. Conforming refers to a mortgage that both meets the underwriting guidelines of Fannie Mae or Freddie Mac and that doesn't exceed the conforming loan limit, a figure linked to an index published by the Federal Housing Finance Board. The conforming limit for single-family homes in 2004 is \$333,700. Conventional means that the mortgages are neither insured nor guaranteed by the FHA, VA, or other federal government entity.

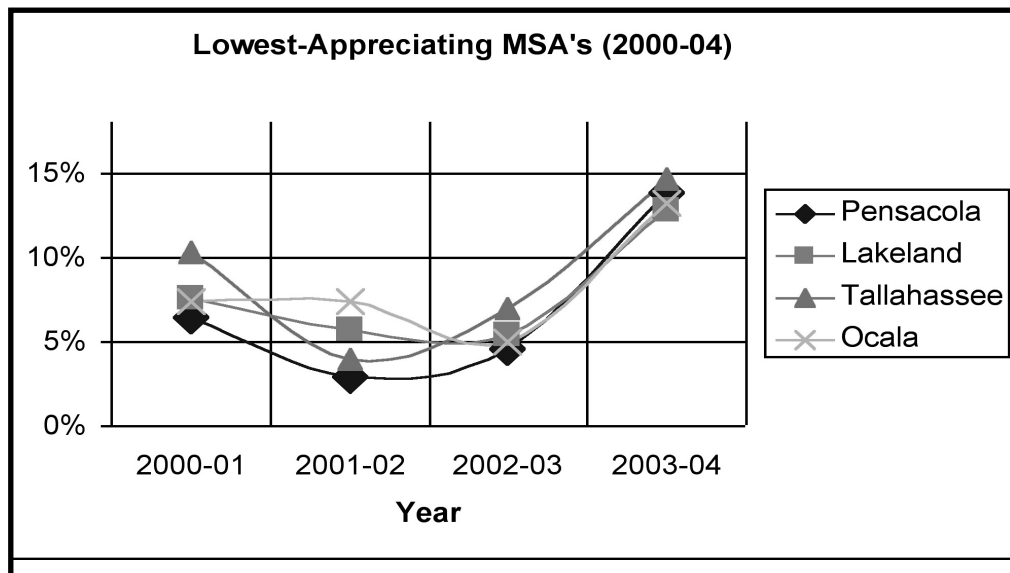
**Data from 2nd Quarter, 2004

Sources: Office of Federal Housing Enterprise Oversight (OFHEO) Housing Price Index September 2004, U.S. Department of Housing & Urban Development Income Data 2000 & 2004

**STRAGGLERS ARE
CATCHING UP**

While some communities experienced lower appreciation rates than others over the past four years, every community in the study experienced double-digit appreciation from Sept. 30, 2003, to Sept. 30, 2004. **Figure 1** shows the annual appreciation in housing costs for the four communities with the lowest four year appreciation rates. **Table 2** shows the percent change in median income from 2003 to 2004 compared to the percent change in the HPI from 2003 to 2004 in each of these four communities.

FIGURE 1



EVERY COMMUNITY

IN THE STUDY

EXPERIENCED

DOUBLE-DIGIT

APPRECIATION

FROM SEPT. 30,

2003, TO

SEPT. 30, 2004.

Table 2

**% Change in Median Income vs. % Change in HPI 2003-2004
For Selected MSA's**

| MSA | Median Income | | Median Income % Change 2003-2004 | HPI % Change 2003-2004 |
|-------------|---------------|----------|--|---------------------------|
| | 2003 | 2004 | | |
| Pensacola | \$47,400 | \$50,700 | 6.96% | 13.8% |
| Lakeland | \$45,300 | \$46,700 | 3.09% | 12.8% |
| Tallahassee | \$54,500 | \$56,500 | 3.67% | 14.7% |
| Ocala | \$40,600 | \$42,400 | 4.43% | 13.2% |

Housing costs in Florida's metropolitan areas are growing at a faster rate than incomes. As housing prices rise working families need ever increasing subsidies to be able to afford home ownership.



**The top six are 1. Nevada, 2. Hawaii, 3. California, 4. District of Columbia, 5. Rhode Island and 6. Maryland*

According to the U.S. Department of Labor, Bureau of Labor Statistics, the costs associated with materials needed for construction have risen significantly between January of 2003 and November of 2004. The Producer Price Index (PPI) is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services. The materials and components for construction index has risen from 151.4 in January of 2004 to 170.7 in October of 2004. This index includes over 175 items, ranging from architectural coatings to treated wood to steel nails and spikes. Individual item indexes have also shown an increase over the last two years. The PPI for lumber has risen from 169.9 in January of 2003 to 183.6 in December of 2003. The treated wood and contract wood preserving index has risen from 150.5 in January of 2003 to 171.4 in November of 2004. The PPI for builders hardware has risen from 170.3 in January of 2004 to 175.2 in November of 2004. The PPI for plumbing fixtures and brass fittings has risen from 184.3 in January of 2004 to 192.2 in November of 2004.

More information about the PPI can be found at www.bls.gov/ppi/ppiover.htm.