



National Community
Stabilization Trust
Housing Market Analysis
Flagler County, Florida



About NCST Diagnostic Services

Data Driven Support for Local Stabilization Efforts

National Community Stabilization Trust is a national non-profit organization helping communities access solutions to rebuild strong and stable neighborhoods.

NCST Neighborhood Diagnostic Technical Assistance Services is one tool available to localities and affordable housing organizations to bolster local stabilization efforts with up-to-date and market specific data and analysis.

NCST Neighborhood Diagnostic Technical Assistance Services include:

- △ Basic Mapping Support
- △ Distressed Market Analysis
- △ Inventory Analysis
- △ Amenity-Oriented Analysis
- △ Neighborhood Typology
- △ Regional Market Analysis

For more information about fees for these services, please contact NCST Program Director Tasha Harris at tharris@stabilizationtrust.com.



Executive Summary

Flagler County Housing Market Showing Subtle Signs of Recovery

Over the past two years, Flagler County, Florida's housing market has exhibited more signs of distress than its three closest neighbors of St. John's, Putnam, and Volusia Counties as indicated by the Department of Housing and Urban Development's (HUD) market risk scores, with the entire county scoring 17 or over on a risk scale of 20, indicating an elevated need for market intervention. However, risk indicators, including rates of Notice of Default filings and Real Estate Owned (REO) inventory absorption, suggest a subtle recovery may be occurring in the county's housing market.

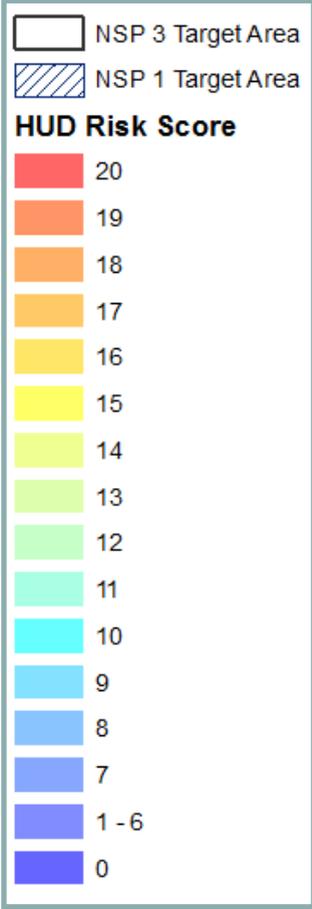
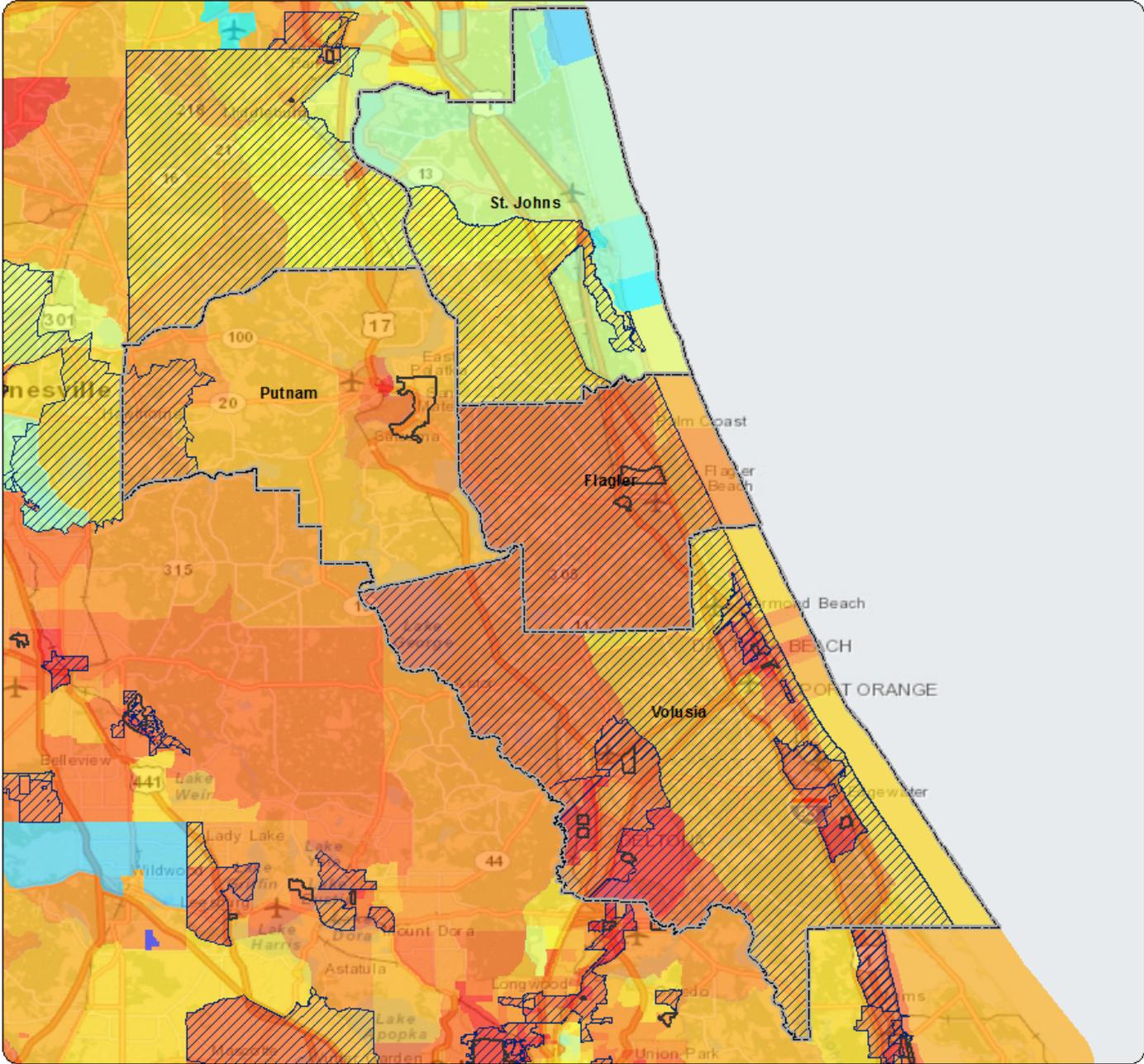
While rates of pre-foreclosure filings had been higher in Flagler County as compared to the region as early as the first quarter of 2010, the county's filing rate fell below that of the region in the fourth quarter of 2011 and continues to trend lower than the regional average.

The county's REO rate outpaced that of the four-county region beginning in the second quarter of 2011; however, this trend may suggest servicer confidence in completing foreclosure and liquidating assets within Flagler County rather than stalling the foreclosure process or walking away from the property, two common tactics used in severely distressed markets.

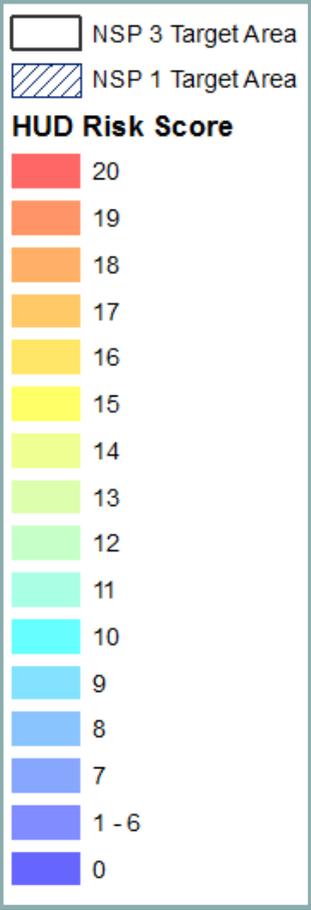
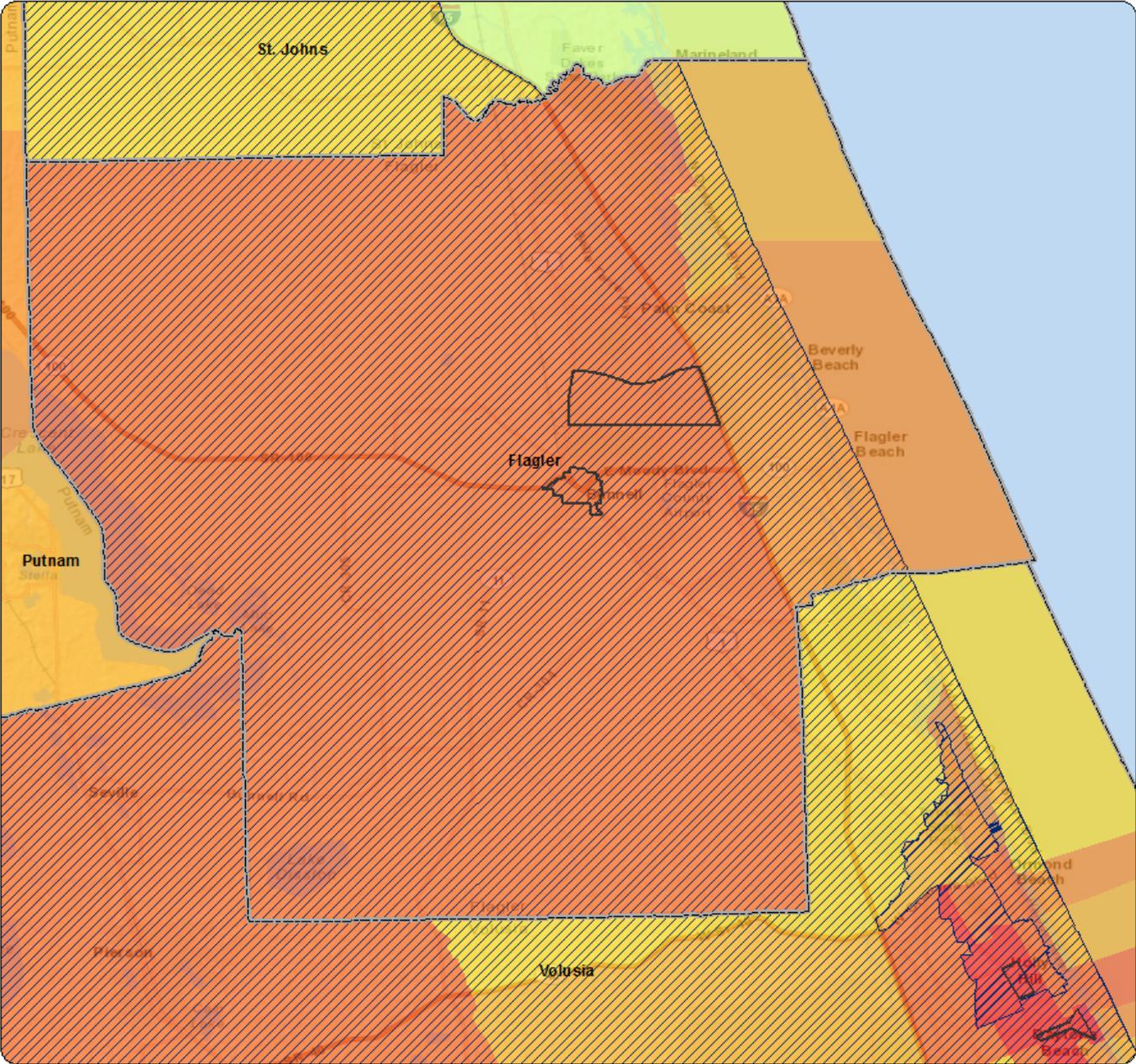
Most notably, short sales represented a large share (one-fifth) of all home sales within the region, suggesting high investor interest in properties and precluding foreclosure sales which frequently cause more severe neighborhood destabilization in distressed communities.



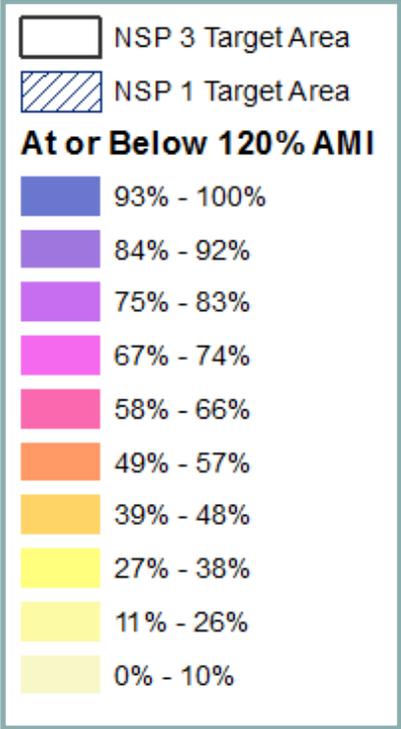
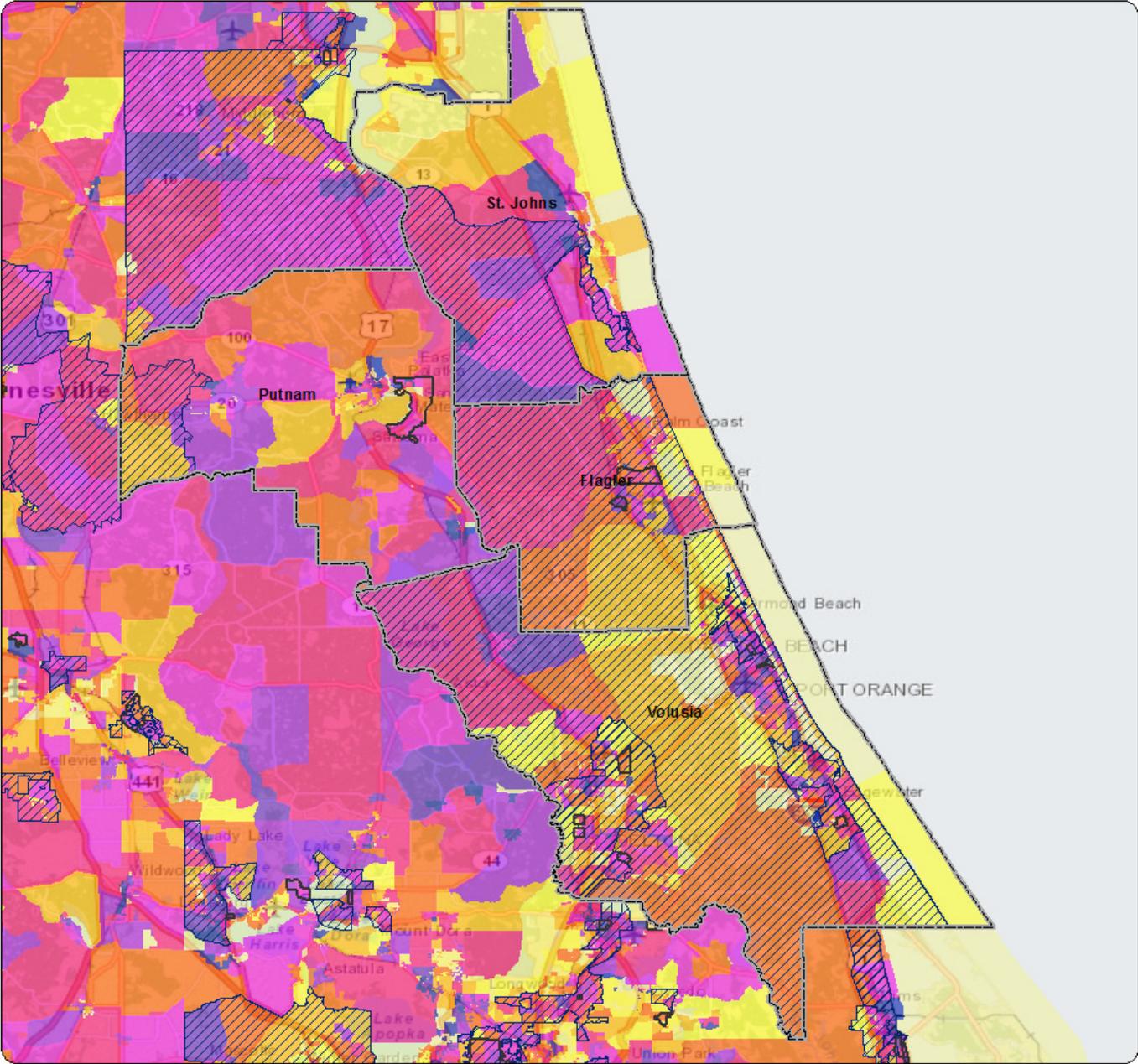
HUD MARKET RISK SCORE
AND NSP TARGET AREAS



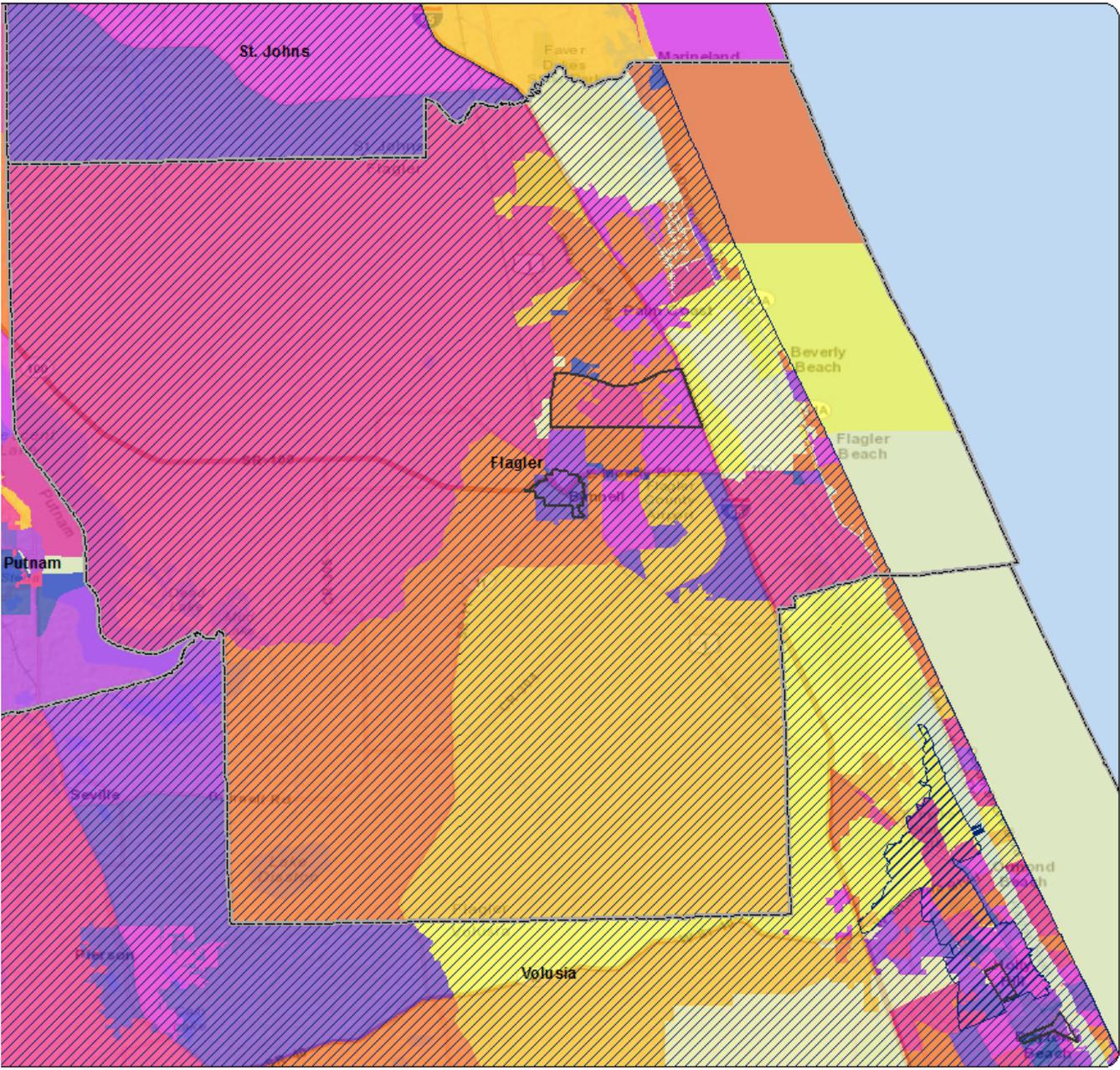
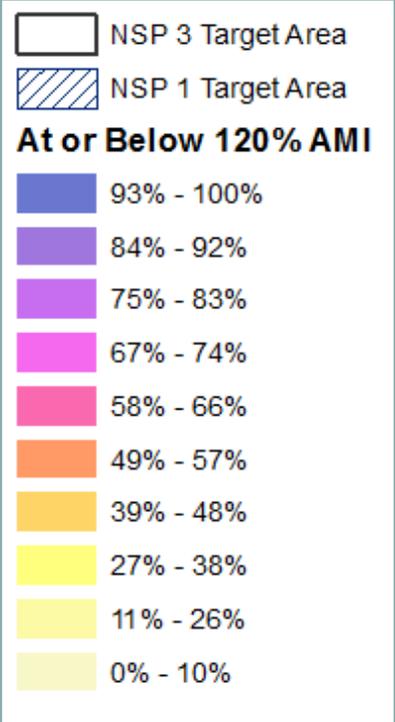
HUD MARKET RISK SCORE
AND NSP TARGET AREAS
FLAGLER COUNTY, FL



AREA MEDIAN INCOME AND NSP TARGET AREAS

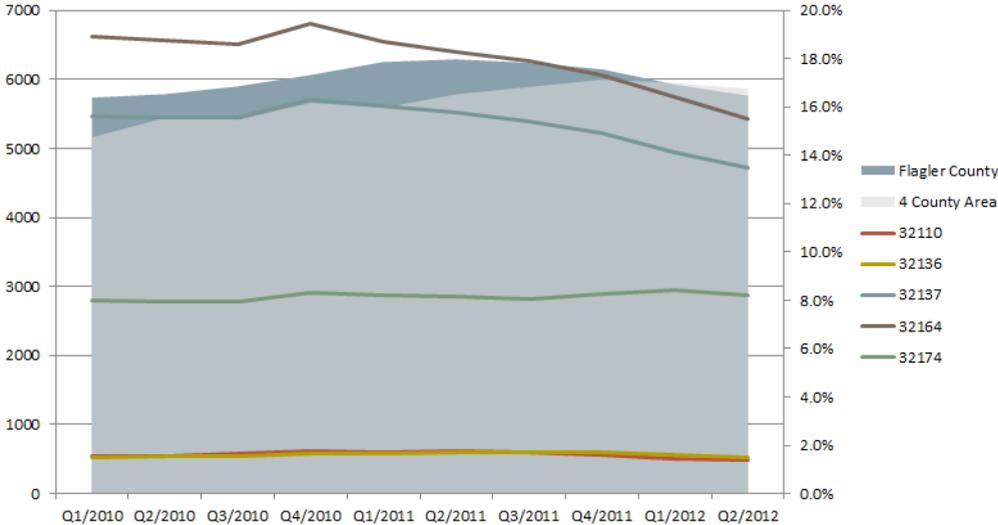


AREA MEDIAN INCOME AND NSP TARGET AREAS
FLAGLER COUNTY, FL



**PRE-FORECLOSURE FILINGS
BY ZIP CODE**

Notices of Default Filed in Flagler County by Zip Code



The rate at which Notices of Default (pre-foreclosure filings) were filed against liens in Flagler County has been compared to the same rate filed against liens in the larger four-county region including St. John’s, Putnam, Volusia, and Flagler Counties to determine the relative market health of the study county. In aggregate, Flagler County zip codes experienced a slightly higher rate of pre-foreclosure filings than the region at large over the study period.

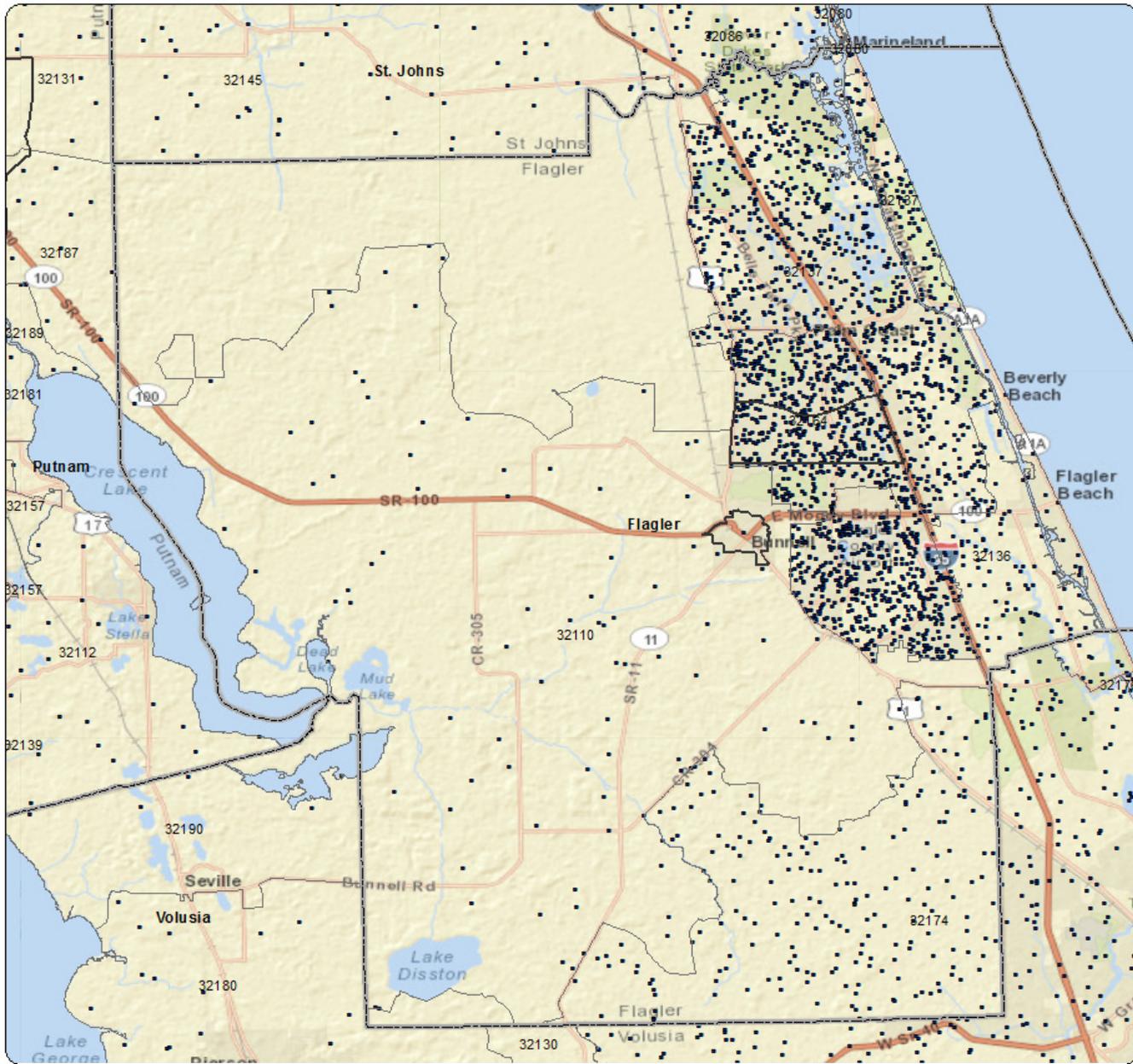
The average rate of Notices of Default (NODs) filed in Flagler County is one percentage point higher than the surrounding four-county area over the past ten quarters (16.2% average in the greater four-county region as compared to a 17.2% average in Flagler County). However, by the first quarter of 2012, Flagler County’s NOD rate began falling at a rate faster than the study area, ending the second quarter of 2012 with a 0.2 percentage point advantage (16.5% NOD rate in Flagler County as compared to 16.7% rate in the four-county area).

Zip Code	Q1/2010	Q2/2010	Q3/2010	Q4/2010	Q1/2011	Q2/2011	Q3/2011	Q4/2011	Q1/2012	Q2/2012
Flagler County	16.4%	16.5%	16.9%	17.3%	17.9%	18.0%	17.8%	17.6%	16.9%	16.5%
4 County Area	14.8%	15.5%	15.5%	16.2%	16.0%	16.5%	16.8%	17.1%	17.0%	16.7%
32110	539	549	581	609	599	608	591	560	512	490
32136	533	541	542	582	589	605	603	593	556	532
32137	5463	5437	5440	5702	5620	5519	5386	5224	4946	4713
32164	6624	6562	6503	6803	6540	6395	6264	6057	5745	5431
32174	2801	2779	2786	2907	2865	2847	2816	2885	2943	2872

Zip codes 32164 and 32137 contained the most NOD inventory over the study period, with consistent filings of over 70% of all Notices of Default in the county.

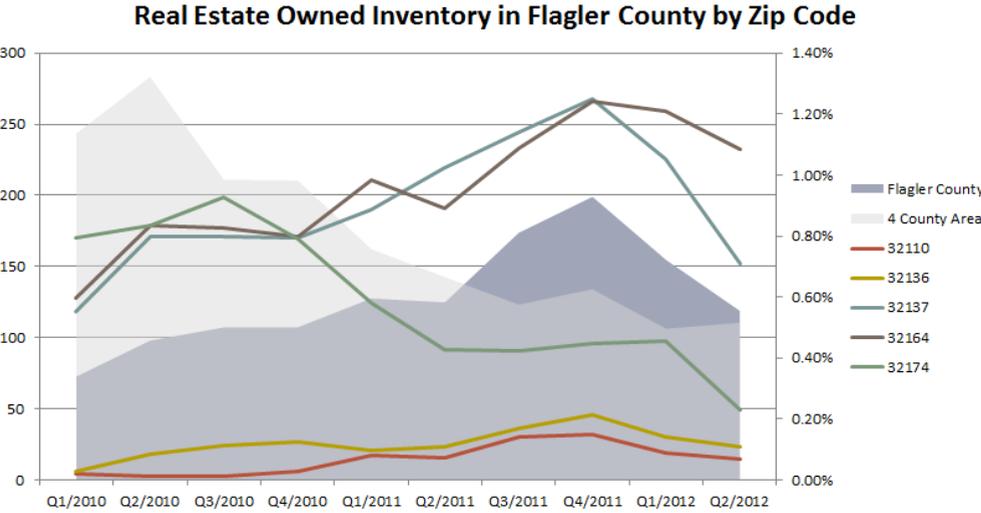
Rates of notice of default activity dropped modestly in the County over the study period, with the largest drops in zip codes 32137 and 32164 (average of a 2% drop in each).

NOTICES OF DEFAULT FILED
IN LAST 90 DAYS
(MAY - JULY 2012)



◆ Notice of Default Filed

REAL ESTATE-OWNED INVENTORY BY ZIP CODE



The share of Real Estate-Owned (REO) inventory in Flagler County has been compared to the same share in the larger four-county region including St. John’s, Putnam, Volusia, and Flagler Counties to determine the relative market health of the study county. While Flagler County had a lower rate of REO held than the four-county region through the second quarter of 2011, its rate did exceed that of the region every quarter since through the second quarter of 2012. However, it should be noted that the overall rate of REO held within both Flagler County and the four-county region is reportedly very low at an average rate of 0.6% and 0.8% over the study period, respectively.

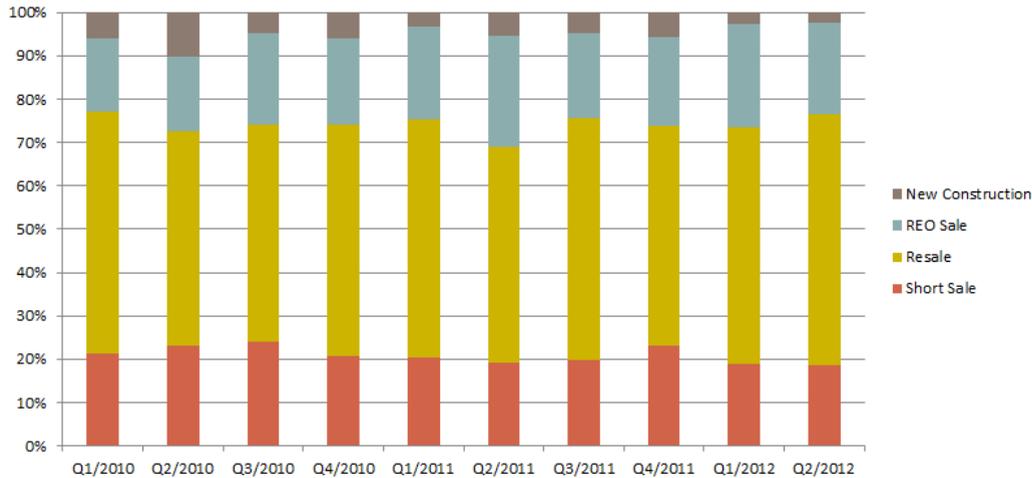
As with Notices of Default filed, REO inventory is again clustered in the northeast quadrant of the county with zip codes 32137 and 32164 holding an average of 70% of the inventory over the study period. As is common in judicial state, the amount of REO inventory that can be mapped back to filings of Notice of Default is extremely limited, with only 4% of NODs completing in foreclosure over the study period.

On the whole, Flagler County zip codes did see modest increases in REO inventory over the study period, counter to the prevailing four-county regional trend. Zip code 32174 was anomalous in posting an 11% decline over the study period.

Zip Code	Q1/2010	Q2/2010	Q3/2010	Q4/2010	Q1/2011	Q2/2011	Q3/2011	Q4/2011	Q1/2012	Q2/2012
32110	4	3	3	6	17	16	30	32	19	15
32136	6	18	24	27	21	23	36	46	30	23
32137	118	171	171	170	190	219	244	268	225	152
32164	128	179	177	171	211	191	233	266	259	232
32174	170	179	199	169	124	92	91	96	98	49
Flagler County	0.34%	0.46%	0.50%	0.50%	0.60%	0.58%	0.81%	0.93%	0.72%	0.55%
4 County Area	1.14%	1.32%	0.98%	0.98%	0.76%	0.67%	0.58%	0.63%	0.50%	0.52%

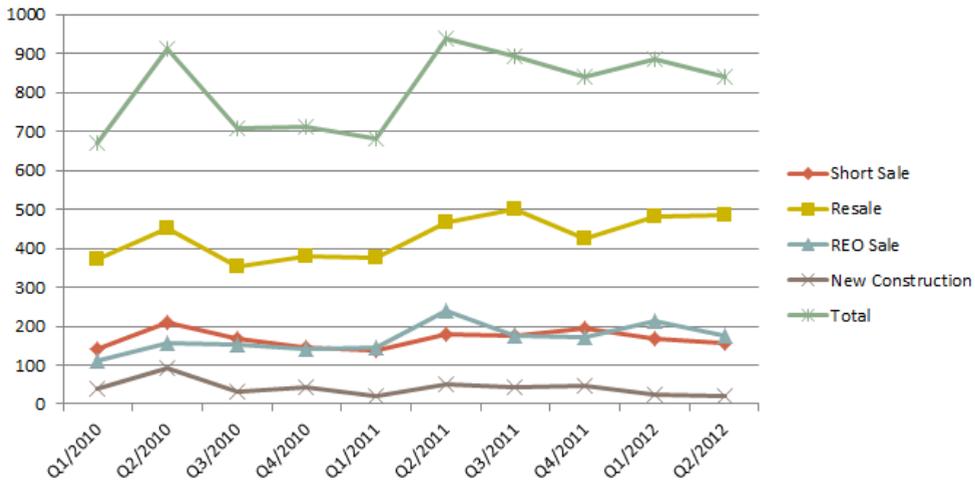
REAL ESTATE-OWNED INVENTORY BY ZIP CODE

Disposition Shares in Flagler County



Over the last ten quarters, home resales have made up the majority of real estate dispositions in Flagler County at an average of 52% of all home sales. REO sales and short sales both averaged 21% of all sales over the study period, and new construction averaged 5% of all sales.

Disposition Counts in Flagler County

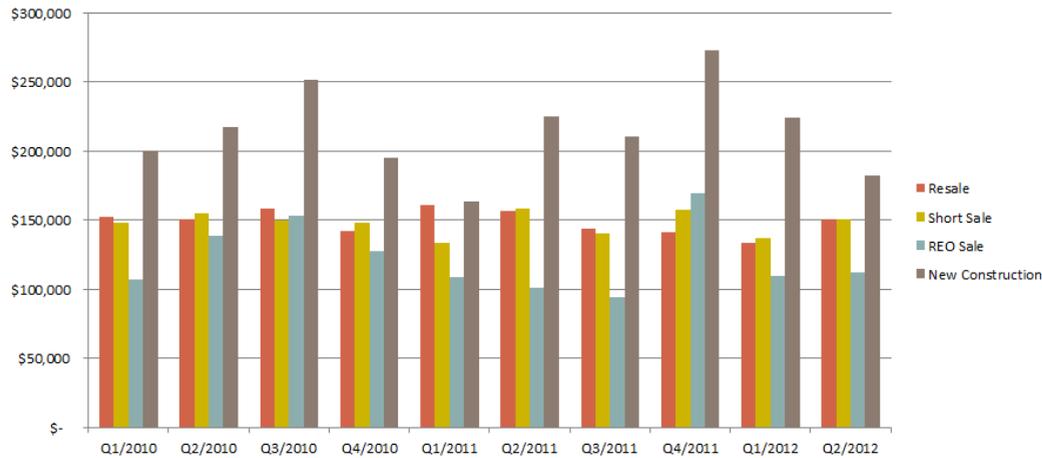


There was little significant change in the types of home disposition over the study period, except for a subtle downward trend in the share of new construction sales, countered by a slight increase in the share of resales. Significantly, short sales make up a full fifth of all sales within the county, a relatively high share in both Florida and the nation.

Market activity saw a large drop in the county from the third quarter of 2010 through the first quarter of 2011; however, sales picked up beginning in the second quarter of 2011 with 939 sales in the period. Sales in subsequent quarters have declined ten percent from the Q2 2011 high.

SALE PRICE BY DISPOSITION TYPE

Average Sale Price by Disposition Type in Flagler County



Over the last ten quarters, average home sale prices have remained stable in Flagler County, averaging just under \$160,000 for all disposition types.

New construction sales saw the highest average sale price in the county over the study period, averaging a sale price of just under \$215,000. Resale and short sale trended tightly together over the study period, both averaging a sale price of just under \$150,000. This trend may suggest that quality product is being purchased via short sale, perhaps leaving lower value product to move forward into foreclosure.

REO sales averaged just over \$120,000 over the study period. Trends in recent quarters suggest a lower average REO sale price should be expected, closer to the \$100,000 mark.

Disposition Type	Q1/2010	Q2/2010	Q3/2010	Q4/2010	Q1/2011	Q2/2011	Q3/2011	Q4/2011	Q1/2012	Q2/2012
Resale	\$151,904	\$150,428	\$158,503	\$142,259	\$160,445	\$156,315	\$143,700	\$141,115	\$133,348	\$150,746
Short Sale	\$148,269	\$155,192	\$149,469	\$147,538	\$133,255	\$158,455	\$140,027	\$157,364	\$137,002	\$150,547
REO Sale	\$106,663	\$138,760	\$153,085	\$127,744	\$108,498	\$100,712	\$93,942	\$168,916	\$109,767	\$112,277
New Construction	\$200,354	\$217,553	\$250,983	\$195,309	\$162,987	\$225,153	\$210,372	\$273,084	\$223,830	\$181,867



**National Community
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