

How the 30A Real Estate Market will recover from Covid-19

As of March 28, 2020 the 30A market had performed exceptionally well. Compared to 2019 sales dollars were up 40% & Sales Transactions up 29%. However, going forward the next several months will be a challenge.

Here is our forecast:

The following assumptions could lead to a recovery in our market by the summer of 2020.

- **Travel**
 - We believe foreign travel will be almost non-existent for at least the next year
 - Walton County is a drive-to destination for 64 Million people within a 500 mile radius, and 80 million people 500 miles North.
 - Many schools will be closed this year. Families will have to get out & they may just come to the beach.
- **Mortgage Rates - \$1M loan**
 - Mortgage rates are extremely low (2.7%-3.5%) and the FED is loaded with money to give a way. At 3% monthly payment would be **\$4,216**.
 - Mortgage rates are projected to increase to 5%-5.5% by the end of 2022. At 5% mortgage payment would be **\$5,368**
 - This would increase the monthly payment by **\$1,152**.
 - If you can get a 3% interest only loan your monthly payment would be **\$2,500** a significant savings today.
 - There is also a good chance you will see higher inflation as a result of printing \$6 Trillion dollars of new paper. This could show up in higher mortgage rates.
- **30A Deals?**
 - Many current owners who purchased along 30A are dependent on rental income. The short term fear may set in and these owners may be willing to cut their losses now. This is exactly what happened with the stock market.
 - Meanwhile, the savvy investor will be looking for the best deals available.
- **Walton County will be designated as a low risk county**
 - We predict this will happen in early May, and the beaches will be open for business
 - Summer bookings would then be slammed and many new policies will be put in place to protect the safety of the county
 - For those coming from high risk counties, there may still be more restrictions
- **Why Retirees will Migrating to Florida**
 - Many affluent families from New York, Connecticut, New Jersey, Chicago, and Georgia will consider purchasing a second home now.
 - Their objective will be to make Florida their primary residence. They will save anywhere from 7% to 12% when they draw their retirement money out at the age of 70. For an individual with a net worth of \$10,000,000 this will save them \$1,000,000 in tax savings.

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- By 2025, the population of Walton County is expected to grow by 15,000 and Florida by 1,134,000
- **Covid-19**
 - Unfortunately, we believe the Virus will be around for another year, mostly in the high risk areas where density is extreme. (The density for Walton County is 12 people/acre)
 - Many treatment drugs are in clinical trials now and hopefully will be available by June.
 - Many vaccines are also in clinical trials now as well. They will begin producing vaccines simultaneously with the clinical trials hoping they will be approved. If this is the case, vaccines should be available by October before flu season starts.
 - This is when life will begin to return to normal for all of us.

I am not a doctor, CPA, Financial expert or an analyst of any kind. I am a real estate agent who has been through many years of market crashes. This will pass as well. My prediction for 30A Real Estate for 2020 is a break even scenario compared to 2018.