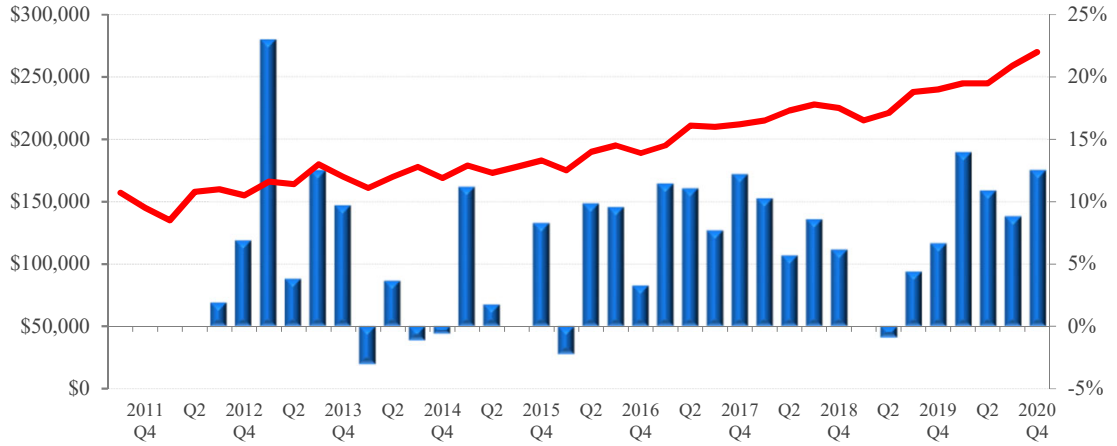
Panama City Area

Local Market Report, Fourth Quarter 2020

including the impact of COVID-19 on the local economy

Today's Market…

Median Price (Red Line) and One-year Price Growth



Local Price Trends			
Price Activity	**Panama City**	**U.S.**	**Local Trend**
Current Median Home Price (2020 Q4)	$270,000	$311,000	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2020 Q4)	12.5%	14.2%	
3-year (12-quarter) Appreciation (2020 Q4)	27.4%	26.1%	
3-year (12-quarter) Housing Equity Gain*	$58,000	$64,433	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	$100,000	$114,100	
9-year (36 quarters) Housing Equity Gain*	$125,000	$148,667	
*Note: Equity gain reflects price appreciation only			

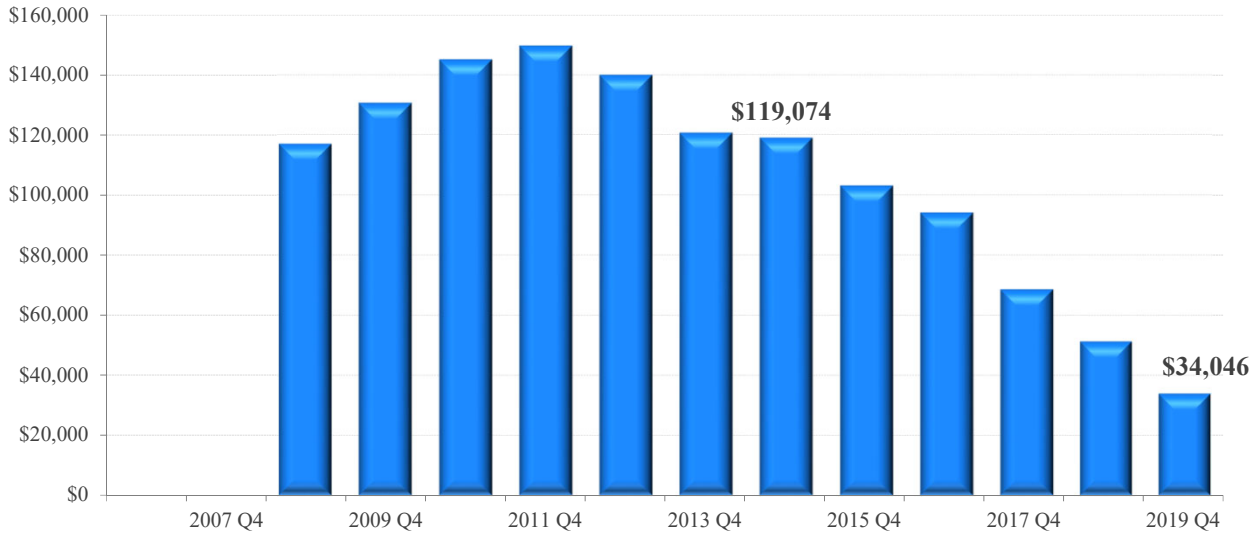
	Panama City	**U.S.**	
Conforming Loan Limit**	$510,400	$765,600	Most buyers in this market have access to government-backed financing
FHA Loan Limit	$331,760	$765,600	
Local Median to Conforming Limit Ratio	53%	not comparable	
Note: limits are current and include the changes made on January 1st 2020.			

Local NAR Leadership

The Panama City market is part of region 5 in the NAR governance system, which includes all of Georgia, Florida, Alabama, Mississippi, Virgin Islands, and Puerto Rico. The 2021 NAR Regional Vice President representing region 5 is Andrew Barbar.

Benefits of Ownership:
Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2020 Q4 from quarter in which home was of purchased			
Price Activity	**PanamaCity**	**U.S.**	**Local Trend**
1-year (4-quarter)	$34,046	$43,291	
3-year (12-quarter)*	$68,748	$76,934	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
5-year (20-quarter)*	$103,141	$109,705	
7-year (28 quarters)*	$120,667	$138,037	
9-year (36 quarters)*	$149,604	$176,211	

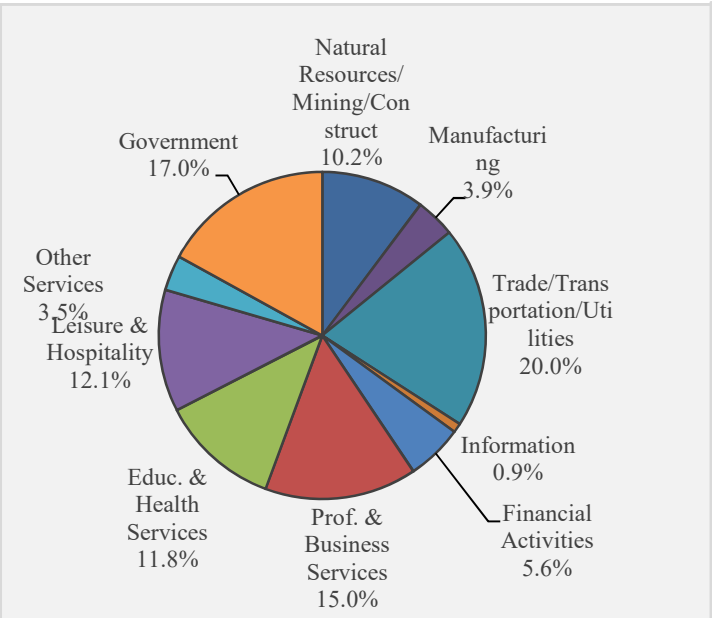
*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

Drivers of Local Supply and Demand…

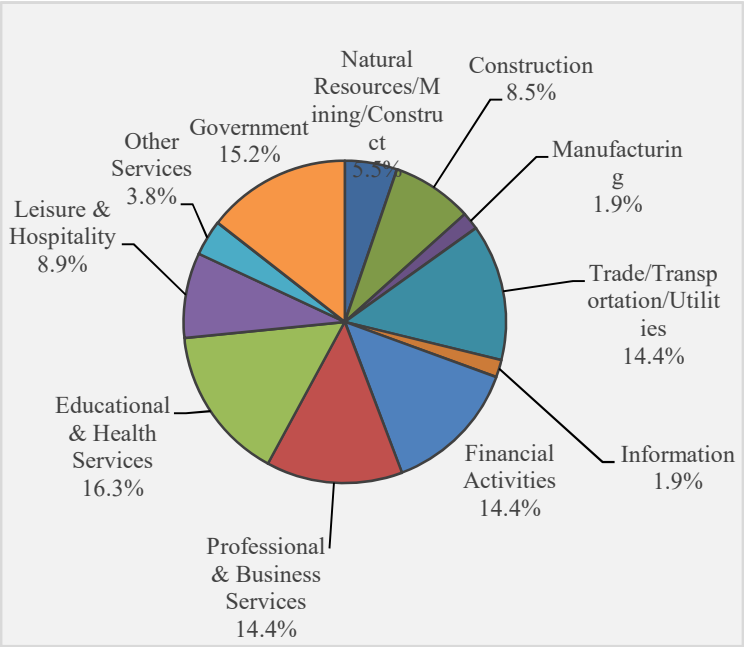
Local Economic Outlook	Panama City	U.S.	
12-month Job Change (Dec)	-1,600	Not Comparable	Job losses are a problem and will weigh on demand, but layoffs are declining, a trend that could help buyer confidence
12-month Job Change (Nov)	-2,700	Not Comparable	
36-month Job Change (Dec)	-6,100	Not Comparable	Unemployment has risen since the same period last year, but Panama City's labor market has been more resilient than the national average
Current Unemployment Rate (Dec)	5.0%	6.7%	
Year-ago Unemployment Rate	3.0%	3.6%	Local employment growth is weak, but better than most markets
1-year (12 month) Job Growth Rate	-2.0%	-5.8%	

Share of Total Employment by Industry

Panama City Area



U.S.

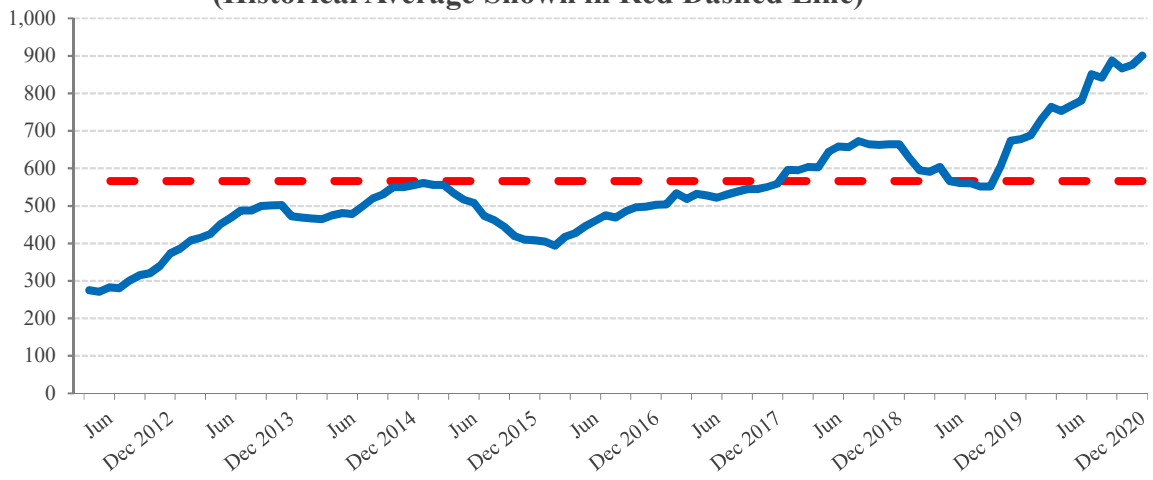


12-month Employment Change by Industry in the Panama City Area (Dec - 2020)			
Goods Producing	NA	Information	-100
Natural Resources/Mining/Construction	800	Financial Activities	-200
Natural Resources and Mining	NA	Prof. & Business Services	200
Construction	NA	Educ. & Health Services	-400
Manufacturing	-100	Leisure & Hospitality	-2,600
Service Providing Excluding Government	NA	Other Services	0
Trade/Transportation/Utilities	-100	Government	-200

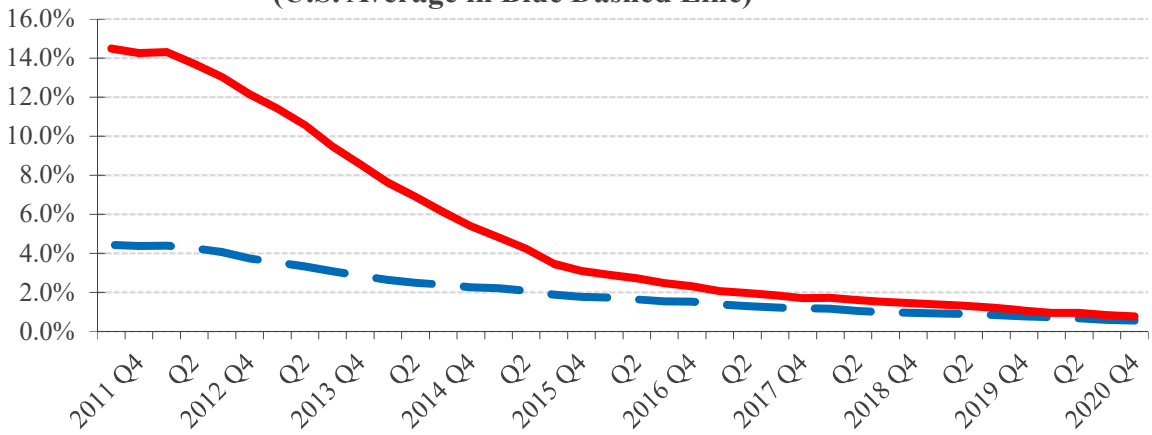
State Economic Activity Index	Florida	U.S.	
12-month change (2020 - Dec)	-2.2%	-4.4%	The economy of Florida is still in recession, but improved modestly from last month's -2.46% change
36-month change (2020 - Dec)	5.7%	1.0%	

New Housing Construction			
Local Fundamentals	**Panama City**	**U.S.**	
12-month Sum of 1-unit Building Permits through Dec 2020	934	not comparable	The current level of construction is 64.9% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	566	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Dec 2020) 12-month sum vs. a year ago	35.8%	14.5%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Red Dashed Line)



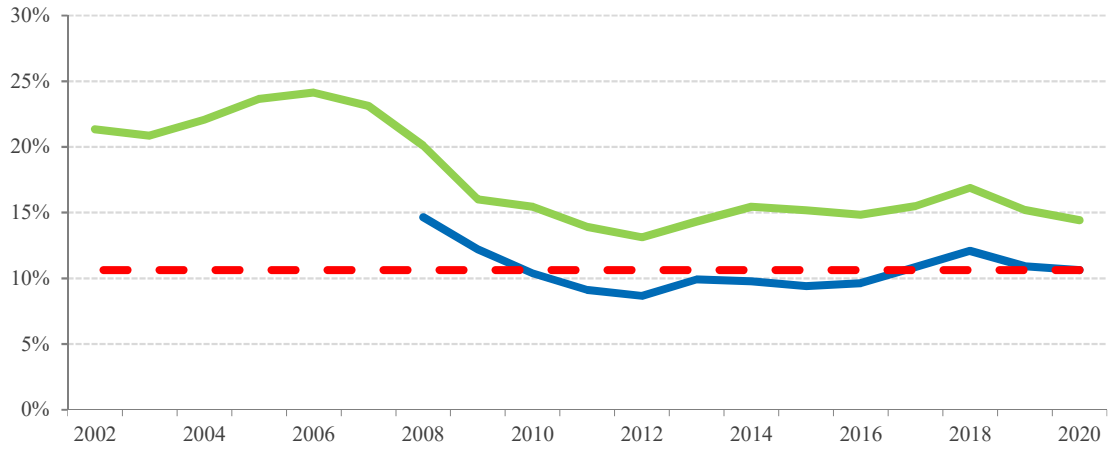
State Total Foreclosure Rate vs. U.S Average
(U.S. Average in Blue Dashed Line)



Source: Mortgage Bankers' Association

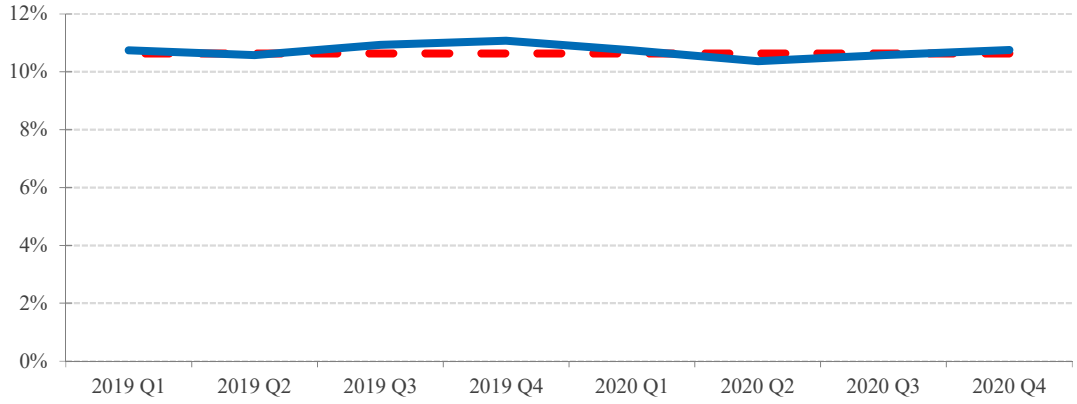
Affordability

Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

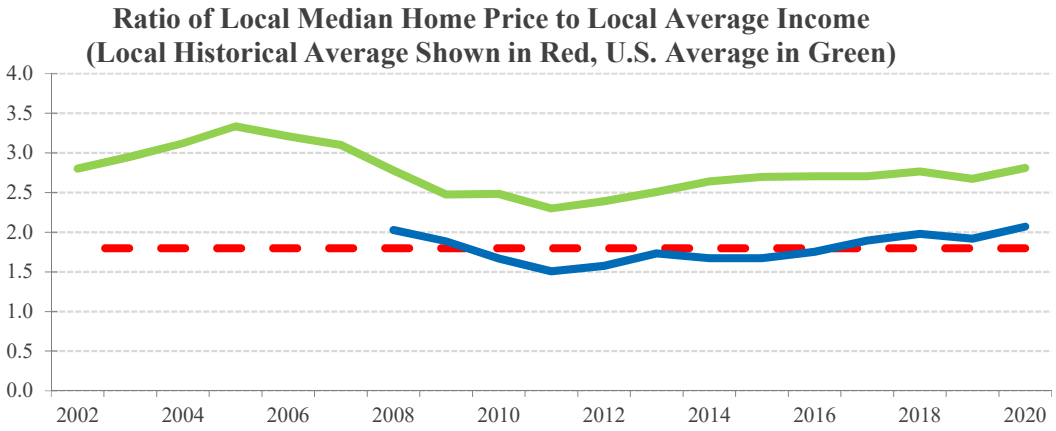


Monthly Mortgage Payment to Income	Panama City	U.S.	
Ratio for 2020	10.6%	14.4%	Weak by local standards and could weigh on demand
Ratio for 2020 Q4	10.8%	13.7%	
Historical Average	10.6%	18.0%	More affordable than most markets

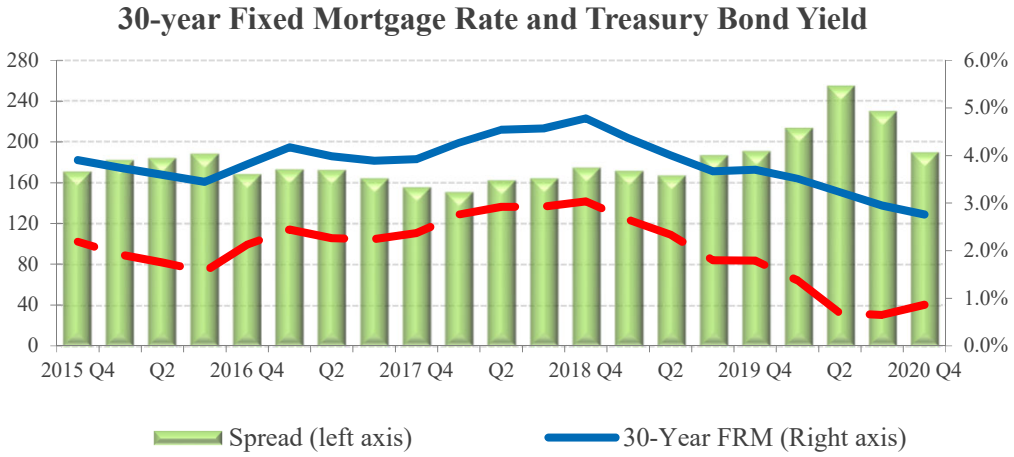
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Panama City	U.S.	
Ratio for 2020	2.1	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2020 Q4	2.2	2.8	
Historical Average	1.8	2.7	Affordable compared to most markets

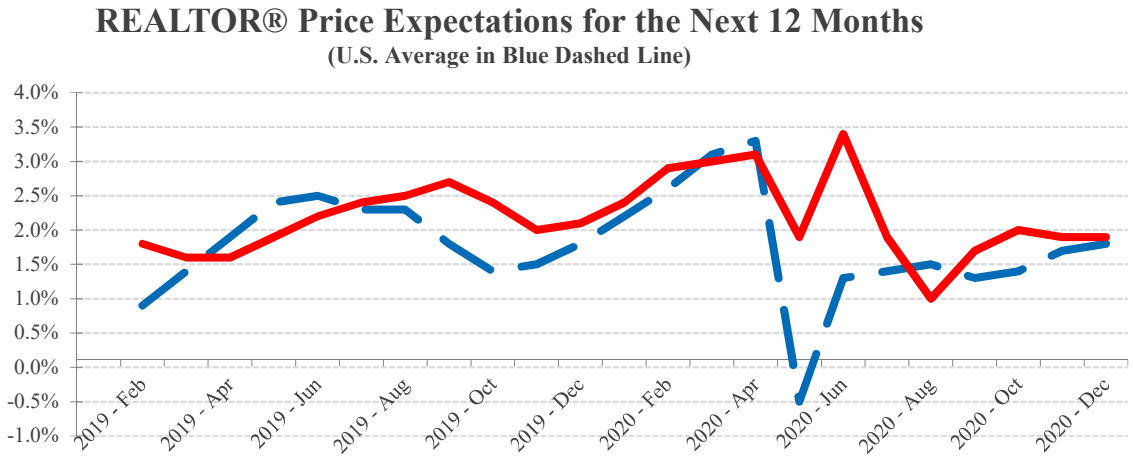


The Mortgage Market



In the fourth quarter of the year, the 30-year fixed rate hit an all-time low, as investors were skeptical about the recovery of the economy from the pandemic. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 2.76 percent in Q4 2020 from 3.70 percent a year earlier. However, mortgage rates are expected to rise in 2021. As COVID-19 vaccine becomes widely available and additional policy support is on track, the re-opening of businesses will likely put upward pressure to prices. Following the trend of the 10-year Treasury yield, mortgage rates will also increase, but only slightly. NAR is forecasting the 30-year mortgage rate to average 3.0% for the first half of 2021.

REALTOR® Price Expectations



Source: NAR

REALTOR® Price Expectations	Florida	U.S.	
2020 - Dec	2.5%	2.0%	REALTORS® expect higher price growth in Florida than in the U.S. in the next 12 months. However, their price expectations for the local market are more modest than a year ago.
Prior 12 months	2.9%	2.6%	

Geographic Coverage for this Report

The Panama City area referred to in this report covers the geographic area of the Panama City metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Bay County and Gulf County

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/