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Existing home sales drop, along with some prices

Sales in Sarasota are down 42 percent, and some sellers are getting serious.

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The Florida real estate market is definitely showing signs of doing what many economists have long predicted: slacking off the feverish tempo of 2004 and '05 and getting back to normal.

One area where that is becoming more evident is pricing, which has so far been almost unshakable bedrock in Southwest Florida's real estate market.

Though February's year-over-year median sales prices in the Sarasota and Charlotte County-North Port markets remained in the double digits -- 24 percent and 20 percent, respectively -- a report from the Florida Association of Realtors showed clear pricing pressures.

Naples, a market often compared to the tonier parts of Sarasota and Manatee counties, saw its median sales price drop 1 percent to \$492,300, the only decline in the state.

Though it is not yet showing up in the overall pricing reported by the real estate association, sellers are moving houses in the region, and for lower prices.

"We have started to see decreases in prices now," said Jim Petché, co-owner and managing broker at Re/Max Harbor Realty in Punta Gorda Isles. The 40 or so real estate agents at his office have to submit a form whenever a client is extending a listing or changing a price.

"I will tell you of all those forms that come across my desk, I can't think of the last time I saw a price increase on one of those forms. They are all price decreases."

How far sellers will have to go is still a matter of considerable debate.

"What goes up must come down," said Al Deering, owner and president of Sarasota's Century 21 Advantage. Like Petché, he expects fairly widespread price declines to start showing up in the regional market soon.

"The areas with the biggest increases will now see the biggest decreases," Deering said.

Sarasota saw increases among the highest in the state in the past few years with up to annual 30 percent increases in median home values.

"Those days are gone," says Peter Crowley of Sarasota's Re/Max Properties.

Deering expects 10 percent declines in both sales prices and unit volume this year, but acknowledges that last month his company experienced a 26 percent drop in transaction volume.

Bravo Realty's Thomas Heimann stands by his earlier bearish prediction of a 20 percent "price correction" this year. But Heimann quickly adds, "We are beginning to see a significant increase in traffic, showings and now also contracts. The homes that do sell are those that are priced very aggressively."

Petché also thinks he sees an end to the plethora of listings that were piling up in Charlotte County.

Part of the glut in the listings was caused by people who weren't motivated, he said.

"I think as those kind of listings are now expiring, we are going to be left with what I would motivated sellers, serious sellers. Not someone who says, 'If you get me 400, I'll sell,' when the property is worth 340 or 350," Petche said.

Encouraging signs

Nationally, there were encouraging signs.

After falling for five consecutive months, home sales across the nation showed an unexpected increase last month, helped by unusually warm weather.

The National Association of Realtors reported that sales of existing single-family homes rose by 5.2 percent last month to a seasonally adjusted annual rate of 6.91 million units.

The biggest increase in two years took economists by surprise. They had expected a drop of about 1 percent after five months of declines.

Volume in Southwest Florida, however, continued its languid pace.

In the Sarasota market, 369 homes changed hands during February, a 42 percent decline when compared with the 633 units sold during the same month last year. Condominium sales dropped 44 percent to 161.

Meanwhile, 218 homes sold in the Charlotte County-North Port market, a decline of 16 percent.

Information from the Manatee Association of Realtors was unavailable, but figures distributed Thursday by Manatee's property appraiser showed a like trend: a 29.9 percent drop.

Statewide, volume dropped 20 percent, from 16,916 homes sold to 13,539.

In North Port, salesman Ken Schill can feel the difference in temperature now compared with a year ago.

"Let's lay it on the line. There's no comparison to what it was last year," said Schill, who sells a basic home on a nice lot for \$190,000 to \$195,000 on behalf of builder Magnum Development. "The phone isn't ringing like it was."

Terry Hart and his brothers have been trying to sell an extensively remodeled home on Hope Street near Sarasota's Riverview High School for about a month now, with no bites. The home, with black granite in the kitchen and a couple of good-sized decks, is priced at \$419,900.

"We haven't had an offer on it," Hart said. "But there's what, 6,500 homes for sale in Sarasota County?"

Over at 3221 Bougainvillea, Ty Renick and his wife just put their rental house on the market this week. The two-bedroom, two-bath is priced at \$275,000.

"My own opinion on it, is if I sell it for what I want, great. If not, I will rent it until prices come back up," Renick said.

Heimann, of Bravo Realty, says buyers have so much more to choose from today that they simply will not look at homes that are overpriced.

"Everything is pointing toward prices continuing to drop largely because many sellers have a tremendous amount of equity built in and can afford to give back some of the gains accumulated in recent years," he

said.

Sellers handling the marketing of their own properties in general are finding tougher sledding than a year ago.

But Deering remains sanguine about the broader prospects. He is quick to remind someone that even if his prediction of a 10 percent decline and unit prices comes to pass, 2006 would still be the "second or third best year ever."

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