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Home prices slide throughout region

Was August just a 'crummy month' or is bottom still ahead?

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Home prices bumped their way lower in August as a lackluster Southwest Florida real estate market tried to find equilibrium.

The median sales price for a home in the Sarasota-Bradenton market slid 11 percent from last August to its low point for the year at \$273,500, a Tuesday report from the Florida Association of Realtors showed.

That continued a pricing decline that started in July after six straight months in which the market had seemed to bottom out in the \$292,000 range.

Realtors in the region attributed the drop to the traditional August doldrums -- "a crummy month for home sales," as one executive put it.

But the August dip fits in with what national real estate experts are saying was an accelerated pricing drop beginning in July.

It is a phenomenon likely to continue until home values reach a point where buyers are willing to begin sopping up the enormous inventory that built up in the wake of the 2003-05 housing boom, analysts said.

"Maybe the first stage is steep decline, and we're just about done with those," said David Blitzer, chairman of the S&P Index Committee. "The second stage is not much gain, not much loss."

The 11 percent slide in Sarasota-Bradenton and the matching 11 percent drop in Charlotte County-North Port to \$186,500 were the largest statewide declines behind a 15 percent decrease in Fort Pierce-Port St. Lucie.

Total sales also dropped in both local markets: 13 percent in Sarasota-Bradenton and 19 percent in Charlotte County-North Port.

Statewide, total sales dropped 26 percent to 11,279 during August, with the biggest decreases in Ocala at 47 percent and Miami at 45 percent. The statewide median sales price dropped 6 percent to \$231,900.

Inventory problems continue to plague Southwest Florida and the nation, where a record 4.58 million homes were for sale in August, or about 10 months supply at the August sales pace.

Multiple Listing Service statistics in Manatee and Sarasota counties tell the same tale over the last two years: threefold to fourfold increases in inventory and a sell-through rate that is 50 percent to 60 percent of its former self.

In that two years, Manatee's listings went up by 380 percent to 5,372 homes. Meanwhile, the number of



sold homes per month slid to 174, a 45 percent decline from two years earlier. In Sarasota County, the inventory rose by an almost identical 372 percent to 4,756 homes. The number of closings fell by exactly 50 percent to an average of 36 homes per week.

The issue is "not demand but rather supply absorption," said Chad Roffers, president of Sky Sotheby's International Realty. Inventories are down modestly, but, looking back, there has been a constant demand.

There are buyers out there -- cash in hand -- looking for deals.

But Jim Willig, a Sarasota real estate investor, says that so far, his offers are not being taken seriously by the banks that are left holding homes when a seller goes into default.

"Honestly, I feel like Rodney Dangerfield," said Willig, who does business as Sire Properties. "What is amazing is how little respect I get. I am a cash buyer in this marketplace, yet no one cares."

Willig is scouting for properties that look like they are about to become bank takeovers, and making low-ball offers in hopes of persuading the bank not to go through with the foreclosure procedure.

He scours the Sarasota County Property Appraiser site daily, looking for completed sales that will show him properties where banking institutions are a recent buyer or seller.

Willig can point to any number of transactions in the neighborhoods in which he is interested in which the sales price is 50 percent to 70 percent off the "just" or market value, meaning the county's own tax valuation from 2006.

"I need to buy it 50 and 60 cents on the dollar -- by the time I jazz it up to be able to resell it -- to make it any kind of a bargain," he said.

He was recently turned down cold by a lender on the hook when he offered \$148,000 on a house listed at \$299,000 on Cheyenne Street, a couple of blocks south of Stickney Point Road on the mainland side of Sarasota Bay. It was a house where the bank making the loan now has a say in the sale, Willig said.

The seller paid \$365,000, but the county is only appraising it at \$219,000.

'Cheapest house in the neighborhood'

If anything, the market in Port Charlotte and Punta Gorda appears more difficult than Sarasota-Bradenton.

Not counting North Port, the area had just 120 single-family home sales last month, said Bill Norberg, broker at Punta Gorda-based Astonna Realty.

"The prices have really dropped 25 percent from the peak," Norberg said.

Waterfront bargains abound: Norberg recently sold his own home in Burnt Store Isles -- on sailboat water and appraised at \$650,000 in January 2005 -- for \$450,000.

"The only way I could sell it was to be the cheapest house in the neighborhood," he said.

In Englewood, Carla Stiver of Margaret Adorjan & Associates is staying busy showing properties and getting ready for the winter season. Potential buyers are taking their time, looking at more properties than they would have in years gone by, she said.

"I've got several who didn't buy last year who are prepared to come down and buy this year," Stiver said.

"They are all looking for a deal, that's for sure."

But she has had very little success trying to help buyers secure properties that involve a bank on the seller's side. The banks are not local -- many are long-distance subprime lenders -- and their own internal bureaucracies are so backed up that it can take months to get a response on a bid. Even then, they are sometimes coming back with unrealistically high counteroffers, Stiver said.

In Bradenton, phone calls, open house visits and traffic into the offices are picking up compared with a few months ago, said Ron Cornette, marketing manager for Wagner Realty, a 10-office brokerage.

"If more customers are in your store, you are likely to ring up a sale. If nobody is in the store, you're not going to touch the register," he said.

"The atmosphere is good for the market turning around," Cornette said. "It is not going to be over with tomorrow, but we are not waiting for the baby boomers to turn the market around in 2010."

But it is hard to draw many conclusions from August sales, says Nick Figlow, president of Re/Max Gulfstream in Sarasota. "August has always been a crummy month for home sales in Florida. The tourists are not here, the snowbirds either, nor the European visitors," he said, adding that many Realtors curtail their activities and take vacations.

He figures that the Federal Reserve's half-point cut to interest rates is not going to make itself felt for another 45 to 90 days.

But Figlow thinks that with the historic weakness of the dollar that "the Euro-buyers will be flocking back" for bargains when the vacation season starts.

Roffers, the Sky president, is thinking in those same terms, citing three recent luxury deals from United Kingdom and Canadian buyers who decided to "take advantage of the dollar's weakness."
