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## Home prices level off and volume is down, for now

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The median price of existing homes in Sarasota-Bradenton eased off a June high of \$336,800, potential evidence that the region's housing boom might have reached its zenith this summer.

But experts -- even some who have been bearish about Southwest Florida's housing market for months -- cautioned against reading too much into the June-to-July drop of \$2,900.

After all, the \$333,900 price could be just a blip. The July price was still 32 percent higher than a year earlier. It is less than 1 percent below June's record price and comes during summertime, when the housing market traditionally slows.

Such monthly declines occurred in October and November 2004, right after the hurricane season took its toll and before prices rebounded sharply in December, noted Hank Fishkind, owner of Orlando-based Fishkind & Associates.

The Charlotte County-North Port market showed no similar drop: The median sales price was \$236,600 in July, 9.3 percent more than the June price of \$216,500.

But Fishkind, considered one of the state's pre-eminent economists, does think "that the market has peaked from a volume perspective."

The 1,012 home sales in Sarasota-Bradenton in July constituted a 28 percent drop compared with the same month last year, tied for the biggest drop in the state with Fort Lauderdale. It was part of a five-month trend of declining volume and ballooning prices. Since April, the Sarasota-Bradenton market's median sales price has risen 10.6 percent.

Volume in the Charlotte County-North Port market was 10 percent lower in July than the same month last year. Statewide, there were 21,669 home sales, an 8 percent drop.

The sales decline was mirrored nationally.

The National Association of Realtors reported that July sales of existing homes -- including single-family houses, town homes and condominiums -- totaled 7.16 million at a seasonally-adjusted national rate.

That was a 2.6 percent decline from June's record-high pace of 7.35 million and less than many expected, though the national median price still was a record at \$218,000, up a sizable 14.1 percent from a year earlier.

Everyone in the real estate industry has been wondering when home prices might start to ease off their record growth.

Even the Florida Association of Realtors, the group that collects sales and price data from around the state, appeared more cautious in its Tuesday statement about the July figures.

The group quoted an Orlando economist who suggested that prices might be near their top.

"Expect the ascent in median prices to begin a gentle leveling off," said David Scott, a finance professor at the University of Central Florida, citing rising inflation, rising gas prices, rising interest rates and wages that are not keeping pace with inflation.

Fishkind noted that the volume slowdown has occurred despite the fact that fixed-rate 30-year mortgage money is cheaper than it was a year ago, at 5.70 percent, compared with 6.06 percent.

"This flattening out of housing is due to a flattening of demand," Fishkind said. "It has to be fewer people to buy them, fewer investors and fewer primary household purchases."

Sarasota-Bradenton hasn't seen an uptick in sales since February. Experts noted that volume has been retreating ever since the market's median sales price surpassed \$300,000 in March.

In an interview with the Herald-Tribune, Scott, the UCF professor, said that he does not expect any significant declines in the market until mortgage rates rise more substantially.

"With conventional mortgages still in the vicinity of 5.9 percent, the real estate market has some breathing room until such mortgage rates move into the 7 percent area," said Scott, executive director of the Dr. Phillips Institute for the Study of American Business Activity.

Others suggested that volume is declining nationwide because many buyers are just shocked by home costs.

"Some people are being turned off by the high house prices and they just can't pull the trigger," said Joel Naroff, president of Naroff Economic Advisers in Holland, Pa.

Locally, real estate agents were reporting gains in inventory as sales activity began to slow or level off.

In some cases, properties that five months ago would have sold in days are remaining a week or more on the market. Eventually, price gains also will begin to slow, they said.

For months, prices have been driven by demand from retirees, job transfers and speculators, said Gene Wasson, sales manager at ERA Mount Vernon in Osprey.

But as prices escalated, demand has waned and now some buyers are making the decision "'I'm not going to pay that,'" Wasson said.

Some speculators are cashing in as prices enter record territory, and that's also contributing to the buildup in inventory.

"Naked greed has driven the market and now it is catching up to them," Wasson said.

Sue Louis, president of Coldwell Banker's Sarasota-Bradenton division, says any gains in inventory are welcome. She views a tempering of prices as positive.

While not predicting a falloff in investing, Louis acknowledges that the market is getting tougher for some investors. Home builders and lenders are enacting rules to curb flipping, and the rules are squeezing speculators.

Louis suggested that speculators might want to take some cash off the table in the short term, though she thinks that the market will still even out for long-term investors.

"Prices will level off. But I do not expect a downturn."

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