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Housing prices top \$347K

After a one-month decline, market heating up again

By Rich Shopes

Just when it looked like the big price push was over, housing prices rose again -- to a new high.

The median sales price for an existing, single-family home in the Sarasota-Bradenton market jumped to \$347,400, the Florida Association of Realtors reported on Monday.

That's a big turnaround from July, when prices retreated slightly from the previous month, but a huge boost from August 2004 when the median hit \$258,700.

The one-year increase: 34 percent.

The number of sales meanwhile, declined, as in previous months this year, dropping 9 percent for August.

Realtors called the rise in price staggering.

"I just cannot believe it increased that much," said David Eckel, owner of Wagner Realty in Manatee County.

Information about the Charlotte County-North Port was unavailable, but on the broader stage, the National Association of Realtors reported that sales of previously owned homes in August posted their second-highest level on record.

Home prices increased by the largest amount in 26 years. Sales rose 2 percent in August to a seasonally adjusted annual rate of 7.29 million units; second only to the all-time high pace of 7.35 million units in June.

Economists and some Realtors in Florida were hoping that prices finally looked to be leveling off this summer after a succession of torrid price hikes starting in January.

That seemed to be the case when FAR, which tracks sales of detached, single-family houses statewide, released its findings for home prices for July.

Prices in the Sarasota-Bradenton market were up from the previous July, but the median slipped 1 percent from June's record \$336,800.

David Scott, a finance professor at the University of Central Florida, suggested that the decline, which was echoed in other communities across the state, could signal the start of "a gentle leveling off" in median price.

Realtors on the front lines of Florida's housing market were suggesting the same, that prices could not continue to swing wildly upward and that a cooling off was imminent.

Trying to predict when that happens was another matter. While many suggested July's tepid decline

might point to a turnaround, others were predicting the price push to continue for months, until next year.

Realtors aren't sure exactly why prices spiked in August.

One explanation might be that a wave of upper-end houses changed hands to lift the median that month.

"We've had a strong summer," said Chad Roffers, broker for Sky Real Estate in Sarasota, which focuses almost exclusively on high-end sales.

"We had over a dozen transactions this summer north of \$2 million."

Another Realtor, Barbara Ackerman of Coldwell Banker on Longboat Key, agreed, but she added a possible alternative explanation as well: that some new home listings are showing up on the Multiple Listing Service, the data base Realtors use to track home sales.

Those new-home numbers, typically higher than resales, could be inflating the median.

"I know some of them are getting on there," she said.

Several Realtors, including Ackerman, said that supply and demand is the main culprit, though. The supply of houses was down this summer while demand, mainly from pre-retirees and baby boomers, was up.

Judy Schomaker, president of the Sarasota Association of Realtors, said fears about higher property taxes could be convincing many sellers to stay put and keep their homes off the market. Making a jump to a bigger house means paying higher property taxes.

At the same time, many buyers from pricey regions of the country, such as Chicago, New York, Boston and Washington, D.C., are saying, "I'm willing to pay that," Schomaker said.

"You've got buyers out there, but anytime you've got fewer houses coming onto the market, you're going to pay more," she said.

Numbers for the Charlotte County-North Port market were difficult to retrieve Monday.

FAR declined to release findings for the market because last year's Hurricane Charley interrupted data gathering for several months, including August. FAR's analysis is based on monthly comparisons from one year to the next.

The Punta Gorda-Port Charlotte-North Port Association of Realtors, which tracks those numbers for FAR, released some data separately.

It showed 367 houses were sold in August, or 2 percent fewer than in July 2005.

The strongest range for sales was from \$200,000 to \$249,000. Almost a third -- 27 percent -- of home sales in the Charlotte County-North Port market occurred in that range.

Statewide, sales for August were up 4 percent. The median price rose 31 percent to \$246,500. Lakeland-Winter Haven posted the largest price increase, 44 percent to \$168,100.

The smallest jump in median occurred in Tallahassee. It rose 4 percent to \$163,800.

The Florida numbers came as Federal Reserve Chairman Alan Greenspan proclaimed that the high-flying housing market still holds risks, especially for the financially stretched, but that most homeowners are in a fairly good position to weather a shock if prices drop.

"The vast majority of homeowners have a sizable equity cushion with which to absorb a potential decline in house prices," he said in remarks delivered via satellite to a banking conference in Palm Desert, Calif.

Still, Greenspan, who has repeatedly warned about the potential perils if the housing market were to suddenly go south, also made clear that there are several factors -- risky mortgages and speculative activity in particular -- that warrant close scrutiny.

The quicker turnover of second homes -- such as for investment or vacation purposes -- appears to be feeding the surge in house prices, Greenspan said.

"Speculative activity may have had a greater role in generating the recent price increases than it customarily has had in the past," he said.

Low mortgage rates have been powering home sales, which hit record highs four years in a row and are expected to set a new record this year.

Median house prices in the U.S. climbed to a record of \$220,000 in August, a gain of 15.8 percent from the same month a year ago. That was the biggest 12-month increase since July 1979.

Sales were up in all regions of the country except for the South, where they dipped. Because Hurricane Katrina hit in late August, its full brunt was not completely captured in the August sales figures.

Information from the Associated Press was used in this report.
