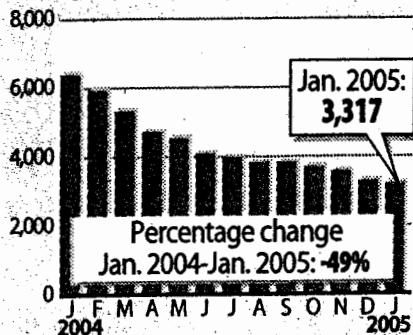


Orlando housing frenzy escalates

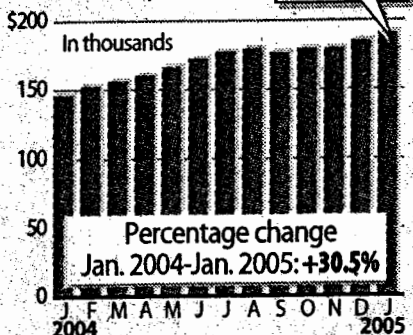
By JACK SNYDER
Sentinel Staff Writer

A HOT MARKET

Fewer homes for sale...
Existing-home inventory



...means higher prices
Median home price



Includes Orange and Seminole counties.
SOURCE: Orlando Regional Realtor Assoc.

After six months of trying to find her clients a house for sale, MaryDell Rose took matters into her own hands.

The Oviedo Realtor started knocking on doors, going house to house in the neighborhood coveted by her clients, asking the owners inside whether they wanted to sell.

She found a taker, and a deal was struck.

"We're so grateful she did what she did," said Melissa Brown, who with her husband, Melik, was using Rose to find the couple their first home. "We were getting discouraged."

Demand is far outstripping supply in the Orlando area's existing-home market, thanks to a booming economy and growing work force.

The inventory of homes available for resale last month sank to an eight-year low, at least, creating a frenzy of competition among buyers for the best properties.

Multiple contracts and the

PLEASE SEE **HOMES, A16**

Orlando-area home sales stay brisk

HOMES FROM A1

bidding up of asking prices are now common, area brokers say.

Rose, sales manager in the Oviedo office of Exit Realty Metro, resorted to knocking on doors after one local house was listed on a Wednesday, drew 20 offers and was sold by Saturday at \$15,000 above the original asking price.

"Once a house in a desirable neighborhood is on the market, you're in a competition," she said.

According to the Orlando Regional Realtor Association, there were 3,317 houses for sale in the metropolitan area last month, down from 6,507 in January 2004.

The four-county inventory shrank every month last year. January's total was the lowest since the trade group started keeping such records in January 1997.

"They're selling quicker than they're coming onto the market," said Mike Blinn, the association's statistician.

Tightest in older areas

The problem is particularly acute in older, established neighborhoods in and around Orlando, because opportunities for new construction are so limited.

"It's frustrating for buyers who have to make three or four offers to get a house," said Gary Balenoff, an owner of Re/Max Select in Oviedo. "Some are paying more than they've ever had to pay and still not getting just what they want."

Balenoff said property values are rising so fast, appraisers are having difficulty preparing assessments for lenders.

"Some appraisers are using comps [comparisons to simi-

lar, recent sales] on deals not yet closed," he said. "That's unheard of."

Appraiser Ben Cole of Maitland said he prefers to have a sales price recorded before using it in an appraisal, but he has included prices of pending sales to show an area's rising value.

"You have to keep up with the changes," said Cole, who has never seen such a market in more than 30 years of property appraisal.

Sales agent Art Kent, with Re/Max Town Centre in downtown Orlando, said the shrinking pool of homes for resale is causing some agents to quit the business. And he knows of buyers who dawdled over their selection of a house only to see prices soar beyond their means.

With demand pushing supply to at least an eight-year low, prices have been steadily rising.

The median price of the homes sold through the local Realtors' multiple-listing service in January was \$193,500 — an association record and a startling, 30.5 percent increase from January 2004, when half the homes sold for more than \$148,324 and half sold for less.

"If you find the home you want, don't hesitate — buy it," said Reese Stewart, broker/manager of Re/Max Central Realty in Lake Mary.

Economists caution that the year-over-year comparison of a single month can disguise an aberration, but the Orlando market has been experiencing double-digit home appreciation for some time now.

The most recent figures from Freddie Mac, a large, national mortgage dealer, showed that metro-Orlando home values rose 16 percent from the third quarter of 2003 to the third quarter of 2004. Na-

tionally, the increase during that same period was 10 percent.

"Orlando has been beating the national average appreciation," said Frank Nothaft, Freddie Mac's chief economist.

Your economy is growing

Nothaft and other economists expect rising mortgage rates to slow the nation's housing market, and the resulting home appreciation, during the second half of this year. Home values nationally are likely to rise 7 percent to 8 percent this year, though Orlando's values could remain in double-digit territory.

"Your economy is growing," Nothaft said. "The job base is expanding."

Central Florida's employment base has been growing steadily for more than a year now. The influx of new residents has boosted demand for new and existing homes.

The inventory of unsold homes will be a key indicator that the metro area's housing market and its economy have started cooling, Nothaft said. "When your inventory starts rising, you'll know your market is slowing."

Nothaft said he thinks a home-price collapse is unlikely nationally or in fast-growing regions like Central Florida.

"I'm no 'bubble-ist,'" he said.

Dave Scott, an economist at the University of Central Florida, said home-buyer demand is being driven by the growing economy and the fact that "it's incredibly cheap to borrow."

Later this year, a rise in mortgage rates will probably slow things down, Scott said.

Meanwhile, the threat of rates moving higher will probably spur people to buy now, he said.

Existing-home sales last

year set a 12th consecutive annual record for the Orlando Realtor association — despite the disruptions caused by three hurricanes hitting the region in August and September.

Last month, 2,084 sales were completed in the four-county metro area — Orange, Osceola, Lake and Seminole — up 4.4 percent from the 1,996 sales in January 2004.

For the Browns, both schoolteachers, their half-year search for a home is over.

"We had been looking for so long," Melissa Brown said. "We're delighted."