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## Realty's summer slowdown hits early

*Existing home sales drop in May, but area's showing is still among state's best*

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The summertime blues came early for Florida home sellers this year. The season, ordinarily among the state's weakest for realty transactions, had not even begun in May before the market dropped more than a third in existing home sales.

Sales fell 7 percent in the Sarasota-Bradenton metropolitan statistical area, from 834 homes sold in 2006 to 772 this year, according to the monthly survey by the Florida Association of Realtors. It broke a streak of three consecutive months of year-over-year sales increases, including 16 percent jumps in the past two months.

Sarasota-Bradenton's performance remained among the best in the state.

The top Florida market was Panama City, which registered a 10 percent increase in sales, and Marco Island, which showed a 28 percent jump.

But the Naples Area Board of Realtors, representing a market with which Sarasota is often compared and which is ordinarily lumped with Marco Island, has not reported results to the FAR in months; the Marco Island results represent just a few dozen transactions.

Sarasota-Bradenton median prices fell 9 percent, from \$322,600 to \$294,700. By comparison, April prices were only 2 percent below the year-ago month. Statistics further south in Charlotte County-North Port painted a darker picture for that market. Home sales fell 39 percent, from 387 last May to 235 this year; and the median price slid 12 percent, from \$213,400 to \$186,900.

In the condo market, Sarasota-Bradenton's sales barely rose to 339 from the 336 sold in May 2006; median prices, however, dropped to \$246,200 from \$274,200. Charlotte-County North Port had a more dire 49 percent decrease in condo units sold -- 31 as opposed to 61 last May -- and the median price dropped 2 percent from \$151,300 to \$148,800.

The slump in sales has left investors scrambling to get any kind of cash flow they can.

A condo at Grand Preserve on Lemon Bay looked like a hot deal when Dave Weam picked up the contract in 2005.

"I paid \$650,000 for it and I owe less than \$300,000 and it is costing me \$3,000 a month, with the maintenance fee and property tax and payment (principal and interest)," he said. "I would rent it for \$2,200. That is where we are at."

Weam said he and his wife had planned to move in themselves when their children graduated from Venice High School, but then instead found another property they wanted to move to, also on Lemon Bay.

Weam set the Grand Preserve condo up as a short-term rental, complete with furniture, but has been unable to rent it at all.

He has the condo listed for \$629,000 through Adorjan Real Estate.

"If I lowered the price to \$525,000 or \$550,000, I still don't think I'd be able to sell it," Weam said. "And if I am willing to rent it for \$2,200 a month, why would somebody want to buy it? It is a lose-lose for me."

Statewide, sales of existing single-family homes totaled 12,607 in May, down from 19,072 in May 2006, a 34 percent decrease in the year-to-year comparison, according to the FAR.

Florida's median sales price for existing single-family homes last month was \$237,000; a year ago, it was \$250,100, for a 5 percent decrease.

Nationally, home sales fell to a four-year low in May as prices continue to deteriorate and inventories nationwide hit a 15-year high, according to the National Association of Realtors.

Existing homes sold at an annual pace of 5.99 million last month, down from a revised 6.01 million rate in April. It was the slowest pace of home sales since June 2003.

But veteran Realtor Steve DuToit of Keller Williams said that real estate mortgage interest rates climbed almost 1 percentage point in the past 90 days, representing an increase of more than 16 percent.

"This will add to the downward affordability of housing created by high property taxes and insurance," he said. "If a buyer had previously been qualified to buy a \$400,000 house, with the increase in interest rates that buyer will now only qualify for a house valued at \$333,600."

Regardless, home prices are up 77 percent from May 2002, before the real estate boom kicked into high gear, when the median sales price came in at \$166,500.

But in Port Charlotte, real estate investor Brian McGlone is beginning to wish he had never left the western United States.

McGlone came to Port Charlotte in 2003 after eight years of buying and selling properties in California and Nevada.

"After Hurricane Charley is when it really took off," McGlone said.

Now, he said, the cycle has reversed. Construction workers have been leaving "pretty steady, and it is still happening now."

"I am actively pursuing deals in the California market as we speak. ... I see the market is still moving over there, unlike here. It seems really stagnant."

Information from The Associated Press was used in this report.