Sarasota Association of REALTORS®

For Immediate Release
Sarasota Association of Realtors®
Sept. 15, 2011
For more information contact Kathy Roberts, 941-328-1170

Sarasota real estate market trending toward normalcy

A steady drop in property inventory for sale, combined with a stable sales demand in the Sarasota real estate market, is pointing toward normal, healthy property appreciation in the coming months.

An analysis of sales, prices and inventory figures reflects a market in recovery, led by a declining pool of available properties on the market. The inventory of available properties for sale has been dropping for the past nine months, and hit another decade-low figure of 4,408 in August 2011. Sales during the past 10 months have exceeded 500 every month, and exceeded 700 four times. As a likely result of consumer demand and dropping inventory, the median sale price for single family homes and condos has recovered from the lows reached in February 2011, when both categories showed a median price of $137,500. The latest monthly figures in August showed a median price of $165,000 for both single family homes and condos – a 23 percent improvement from the lows of only seven months ago.

“We’re starting to see a definite trend line developing, and it’s very positive,” said SAR President Michael Bruno. “No one has a crystal ball, and it wouldn’t be wise for anyone to make a solid prediction on the future of our market. But we can clearly see the normal market forces of supply and demand as Sarasota is becoming a seller’s market, in which price appreciation would be expected.”

The local market is mirroring the national picture to some extent. NAR Chief Economist Lawrence Yun recently noted, “The (national) housing market is still not yet back to normal, but the inventory component is moving in the right direction. There were 3.6 million existing homes on the market for sale, down measurably from the peak inventory of 4.6 million in the summer months of 2008.”

Members of the Sarasota Association of Realtors® reported 601 property sales in August 2011, which was almost 6 percent higher than the August 2010 total of 567 sales. The breakdown was 445 single family home closings (the same as in July 2011) and 156 condo closings (two more than in July). The median sales prices (noted above) were about 6.5 percent higher than last year at this time.

In August, the total inventory of available properties dropped again to the lowest level in more than a decade. There were 2,817 single family homes and 1,591 condos on the market. The current figure represents an astonishing drop from the high of 17,102 properties on the market in March 2007. With only a quarter of the properties on the market compared to four years ago, competition for properties has been dramatically increased, and agents are now fielding multiple bids on many properties.
The months of inventory dropped slightly to 6.3 months for single family homes, from last month’s figure of 6.4 months. For condos, the months of inventory also dropped to 10.2 months from July’s figure of 10.7 months. In August 2010, the figures were 9.3 months and 13.5 months, respectively. Both figures again remained far below the highs of 25.3 months for single family (in early 2009) and 41.7 months for condos (in late 2008). This statistic represents the time it would take to sell the existing inventory at the current month’s rate of sales. The 6 month level is traditionally a point which represents equilibrium in the market between buyers and sellers.

In some price ranges, the available inventory is even tighter. For example, combining single family homes and condos priced under $200,000, there were 350 sales last month, and there are 1,653 properties available under that price, or 4.7 months of inventory. This number represents a clear seller’s market, in which bidding competition and price appreciation would be expected.

For properties priced under $350,000, most price ranges are indicating a seller’s market has returned. This is in marked contrast to three years ago, when a buyer’s market was in full force.

In August 2011, pending sales were roughly the same as in July 2011 – 618 for single family homes, and 195 for condos, for a total of 813. This was also almost identical to last August when 816 pending sales were reported.

“We are coming out of the usually slower summer sales months with a much improved, healthier real estate market,” said Bruno. “The fall should prove to be steady and strong. The only thing continuing to hold back our market from even bigger numbers is the percentage of distressed sales, which is still higher than we’d like to see.”

The overall percentage of distressed sales (foreclosures and short sales) rose slightly in August 2011 to 41.2 percent from the 38 percent figure in July 2011. That compares to 47 percent as recently as February 2011 and a high of 51 percent in November 2010.

“The non-distressed properties are still selling for two or three times more than the short sales and foreclosures,” explained Bruno. “This is a huge difference, and naturally pulls down the overall median sale price. But everyone remains hopeful that the distressed inventory, which now represents less than 20 percent of the total available properties, will start to drop rapidly in the coming months.”
Statistics were compiled on properties listed in the MLS by members of the Sarasota Association of Realtors® as of Sept. 12th, 2011, including some listings in Manatee, Englewood, Venice, and other areas. Single-family statistics are tabulated using property styles of single-family and villa. Condo statistics include condo, co-op, and townhouse.
Median sales price is the middle value, where half of the homes sold for more, and half sold for less. Listings sold were closed transactions during the month. Pending sales are sales where an offer has been accepted during the month, but the sale has not yet closed. Even though some pending sales never close, pending sales are an indicator of current buyer activity. DOM indicates the average number of days that sold properties were on the market before a contract was executed.

### Condo

<table>
<thead>
<tr>
<th></th>
<th>#Active</th>
<th>#Sold</th>
<th>%Sold</th>
<th>Average DOM</th>
<th>Median Sale Prices</th>
<th>Median Last 12 Months</th>
<th>Months of Inventory</th>
<th>Pending Reported</th>
<th>%Pending</th>
<th># New Listings</th>
<th># Off Market</th>
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<tbody>
<tr>
<td>This Month</td>
<td>1,591</td>
<td>156</td>
<td>9.8</td>
<td>210</td>
<td>$165,000</td>
<td>$163,950</td>
<td>10.2</td>
<td>195</td>
<td>12.2</td>
<td>221</td>
<td>215</td>
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<tr>
<td>This Month Last Year</td>
<td>2,152</td>
<td>159</td>
<td>7.4</td>
<td>193</td>
<td>$155,000</td>
<td>$169,900</td>
<td>13.5</td>
<td>217</td>
<td>10.1</td>
<td>254</td>
<td>169</td>
</tr>
<tr>
<td>Last Month</td>
<td>1,656</td>
<td>154</td>
<td>9.3</td>
<td>200</td>
<td>$145,000</td>
<td>$162,250</td>
<td>10.7</td>
<td>190</td>
<td>11.5</td>
<td>199</td>
<td>225</td>
</tr>
<tr>
<td>YTD</td>
<td>-</td>
<td>1,620</td>
<td>-</td>
<td>215</td>
<td>$167,300</td>
<td>-</td>
<td>-</td>
<td>1,828</td>
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### Condo – Sale Price Vs. List Price % Rates

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
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<th>Sept</th>
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<tr>
<td>2010</td>
<td>92.5</td>
<td>92.4</td>
<td>92.5</td>
<td>93.2</td>
<td>94.2</td>
<td>93.7</td>
<td>94.2</td>
<td>93.5</td>
<td>93.2</td>
<td>94.3</td>
<td>94.5</td>
<td>92.9</td>
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<tr>
<td>2011</td>
<td>93.4</td>
<td>91.2</td>
<td>92.2</td>
<td>93.4</td>
<td>94.5</td>
<td>94.2</td>
<td>92.5</td>
<td>93.1</td>
<td>--</td>
<td>94.5</td>
<td>94.5</td>
<td>92.9</td>
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