



## Commercial connection: Signs point to rebound in SW Fla. housing market

Written by

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Bleak reports continue to surface about the condition of housing markets across the nation.

In fact, the Wall Street Journal is reporting declines in home values in all 28 major metropolitan areas. Nick Timirao's article discusses weak demand and tight credit contributing to the continued fall in home prices. According to the article, prices in all major markets are declining.

Timirao's article reports that potential markets on the rebound include Washington, D.C., coastal California and Boston. In a radio interview regarding the topic, he reports that Florida is still looking weak despite inventory decreases, as the unemployment rate and job market are not improving.

Recent indicators may suggest that Southwest Florida is the exception to the rule.

Throughout Southwest Florida, investors

and first-time home buyers are taking advantage of the inventory of homes for sale that are all priced significantly below replacement cost.

Southwest Florida's average residential home sale price continues to move up and sale volume is also increasing. Excess inventory was reduced to 8.1 months of supply in January compared to 9.5 months in December. Prices have been gaining ground since 2009.

Median home prices rose 3.65 percent from \$90,400 in 2009 to \$93,700 in 2010. Single-family home sales shot up in December by 32 percent and foreclosure filings have been on the steady downward trend since 2008.

Despite these facts, it appears that our area is still perceived as severely depressed. According to the Southwest Florida Real Estate Investment Association's latest reports, foreclosures were inaccurately reported for the Cape Coral-Fort Myers area at 30,660 for 2010, while

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true total Lee County Lis Pendens numbers sat at 10,659. In fact, the Southwest Florida REIA website states that even at the peak of foreclosures in 2008, the total amount for the area never exceeded 28,000 foreclosures.

## Down in January

For the first month of 2011, which is typically indicative of how the year will progress, foreclosure numbers fell significantly, according to RealtyTrac.

In Collier County, one in every 717 homeowners filed for foreclosure, a decrease of 37.99 percent compared to December 2010 and a decrease of 72.6 percent from January 2010.

Lee County dropped to 19th in the state for foreclosure filings. One home of every 428 borrowers were foreclosed, a decrease of 35.4 percent from December 2010 and a decrease of 71.74 percent when compared to January 2010. For the fourth consecutive month, RealtyTrac is reporting a decrease in Florida foreclosure activity.

Single-family housing permits increased in 2010 by 23 percent, but new home construction remains extremely flat. This is good news for existing inventory. As visitors from the north continue to experience extreme winter weather conditions, we may experience a greater increase in home sales throughout the rest of tourist season.

## Shadows ahead?

Many are expressing fear over perceived shadow inventory, as real estate prognosticators are envisioning another wave of ominous foreclosures that may not be realized for several years. Seriously delinquent homeowners may add to this list, but the Lee County clerk of court reports that we've hit bottom, according to an article in the Lehigh Acres Citizen. Year over year, 12,000 foreclosures have been cleared and the expectation is that they will keep moving off bank books.

Economic indicators, as we've discussed previously, are still on the rise.

The Regional Economic Research Institute at Florida Gulf Coast University reported increased GDP growth as a result of personal consumption expenditures, exports and nonresidential investment.

Steadily decreasing unemployment rates in the area - despite record high percentages - indicate job growth that is projected to continue throughout 2014.

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Consumer confidence for the nation moved down slightly from 74.5 to 74.2, but Florida consumer confidence increased to 77 in January from 70 in December.

RERI reports that the biggest increases were in perceptions of economic conditions in the short and long term, which has to do with sustained gains in the stock market over the past two months, according to Florida CCI survey director Christ McCarthy.

Seasonal activity is robust, given the extreme weather situations in the North. While it's far too early to confirm, indications are moving in the positive direction.

Despite continued negative trends nationally and statewide, Southwest Florida may be rebounding, which supports my "first in, first out" theory. In the midst of Florida's beautiful weather, the perfect storm is brewing in Southwest Florida's housing market.

It's a welcome change in forecast.

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