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More Gulf Coast Real Estate News.

July 2008

Sarasota market hits highest sales figure since March 2007

Home sales in the Sarasota MLS for May 2008 stood at 627 - the highest level in 14 months, and approximately 92 percent higher than the sales in January 2008. In 2008, sales have been increasing each month, possibly due to the influence of the new property tax portability law enacted in late January. (Per our April quarterly newsletter, this allows existing Florida homeowners to sell and repurchase within the city, or state for that matter, without losing their long held property tax cap rates.) Sales have climbed from 329 in January to 423 in February, 514 in March and 567 in April.

The May 2008 report continued to reflect strength in pending sales, which stood at 692 - the second highest level since June 2006. Like closed sales, pending sales have been edging upward since December of 2007, when there were only 374 pending sales reported. Pending sales reflect contracts executed by buyers and sellers, and indicate more closings in upcoming months and an improving market in the early summer months.

Finally, inventory levels were lower in May 2008 for the third month, and are the lowest they have been since February of 2006. Still, with 9,500 single family and 5,100 condo's listed, buyers have a huge selection of more affordably priced housing to select from.

So what does all this mean ? The local Sarasota market has seen a trend developing toward lower inventories, higher sales, and a leveling of prices after many months of decline. As the inventory continues to drop, the market will come back to more balance. As we approach equilibrium, the buyers market we have been experiencing will wane, and price appreciation should slowly creep back into the market. We are not out of the woods yet but as soon as we can rid ourselves of "short sales", we will be well on our way.

Short Sales

The term short sale wasn't even a part of most buyers' and sellers' vocabularies just a few years ago. But now, we often hear from potential buyers who ask us to seek out and show them short sales in the Sarasota area- these are listed homes being offered for sale for less than what the owners owe on their outstanding mortgage balance. Short sales sound like a dream: The seller escapes foreclosure. The buyer gets a bargain price. The bank holding the home loan eats the difference. But it's just not that simple. When you take the decision making away from the homeowner and give it to an institution, there are strenuous obstacles to overcome and the deals can be incredibly cumbersome to negotiate. Because there is no standard of practice, issues arise over disagreements about market value, uncertainty about documents needed, and the lack of response by a lender or third party service. One agent in our office worked on a short sale for over six months before the purchaser finally got fed up and walked away from the deal. When a lender receives an offer on a short sale, the company has to clear the amount with several parties, such as mortgage insurers and second-lien holders. Because lenders want so many documents to justify a short sale, the time involved can get silly. We have also found that owners who have had problems keeping up with mortgage payments, certainly have an even harder time keeping up with home upkeep and repair. Many deals that look good on the surface simply come undone after a home inspection reveals the true picture. Can a deal be found in short sales ? Sure. But one must be prepared for a long drawn out process, and the distinct possibility of disappointment.

Don't get fooled by "Real Estate Property Evaluation" sites

We have all heard of this service. Any number of on line sites that claim they can give you an accurate opinion as to the value of your property... in Sarasota, or elsewhere. Some of these names may come to mind... www.zillow.com, www.realestateabc.com, or www.appraisal.com. As a testament to their inaccuracy, one of our clients entered the same information on his property in all three sites... and none of the three were within \$100,000 of each other. If you want a reliable, accurate and verifiable property valuation, feel free to contact us at the e-mail address or phone numbers below.

Fed Signals Aggressive Rate Cutting is done

The Federal Reserve's aggressive period of cutting interest rates to keep the country from falling into a recession is over. That point is pretty much in agreement. But predicting what they will do now has economists worried. Many predict that the Feds will leave rates alone until next spring. Others are worried that the Fed could start ratcheting up rates much sooner than that, especially if this years surge in oil prices don't let up. What it means for property owners is this... rates remain in the low 6% range... which means they remain close to historical lows. One may want to consider either purchasing or refinancing at these rates, before they are gone.

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P.S. If you know of someone who would appreciate the level of buying or selling services we provide, please call us with their name and contact number, and we will be happy to follow up and take great care of them.

If your property is currently listed with another Broker, please do not consider this a solicitation.