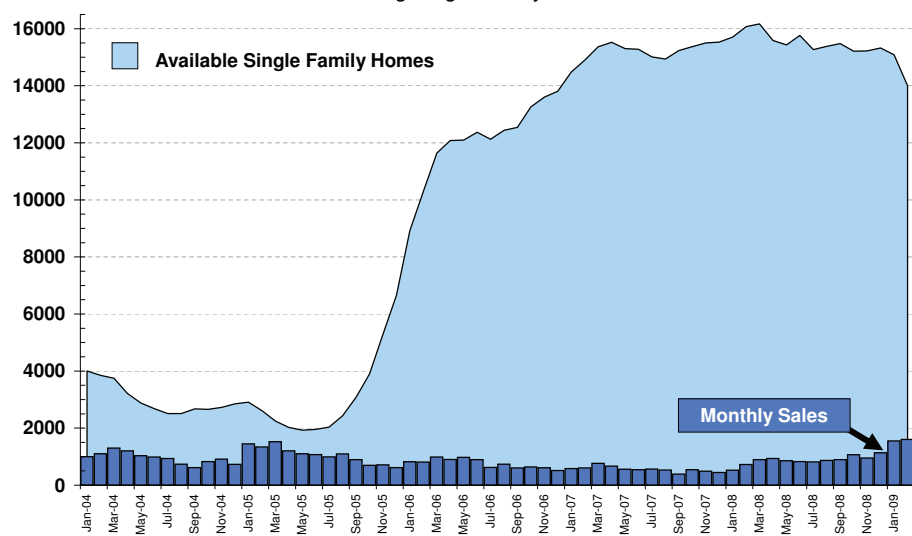
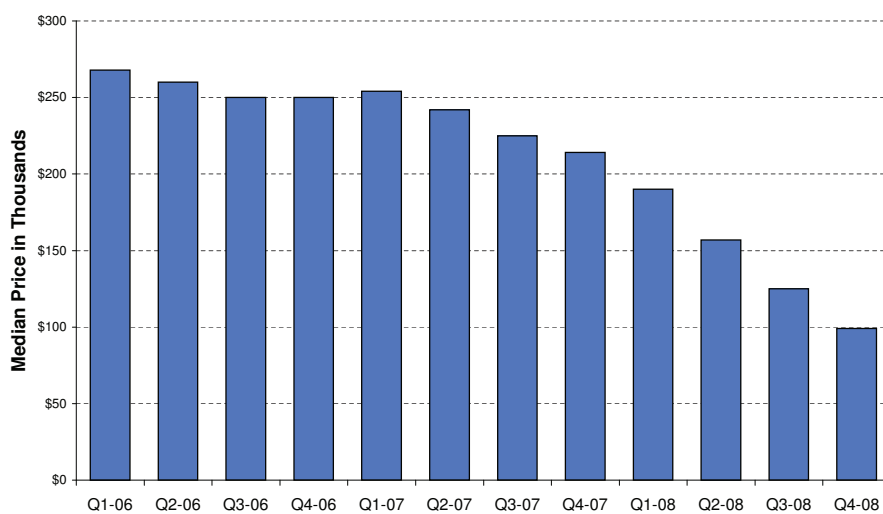


Lee County Inventory vs Sales
Existing Single Family Homes



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Lee County Single Family Homes



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to wait to get through this? We used to say ‘next year,’ but I think we’re looking at two or three years to get back to normal,” he predicts.

Real estate prognosticators

Tom Buckley of McWilliams and Buckley, based in Fort Myers

First and foremost, I don’t know if there’s a fix by us as Realtors and county officials to these problems in the market. The government is already doing the necessary things by trying to keep people in their homes.

Short of the government renegotiating a mortgage, you have to run that fine line between having a loan and foreclosing. The bank is taking a haircut, a short sale — whatever the terminology, banks are losing a lot of money.

How long will this last? We’re already starting to see it recover. Cape Coral and Lehigh Acres are the hardest hit, and the banks have established a base-price-point. In Lehigh, homes are selling between \$60,000 and \$70,000, and in the Cape some stuff is down in the \$70,000 to \$90,000 range. It’s now very, very affordable.

How fast and how out of control it has gotten has surprised me the most. Whether from the mortgage side or price-point, it has really happened too fast.

Many of us would like to sit there and say we saw this coming, but no one saw it coming.

What isn’t surprising to me are the foreclosure numbers. When you look at real estate values and how rampant we were as far as prices going up, we are exactly the opposite right now.

Jack Samler, manager, Royal Shell Preferred Properties, Sanibel and Captiva Islands

A lot of our potential buyers are influenced by what’s happening on the mainland, and they expect the same thing to be happening out here as is happening in town.

We’ve only had 50 or 60 foreclosures. And 100 homes, approximately, are in pre-foreclosure, which can be identified as a couple of months late in payment. I will say this: This is more foreclosure activity than I’ve seen in 30 years, cumulative.

We used to say on the islands, “Our buyers don’t have to buy and our sellers don’t have to sell.” Nobody is being transferred out, and if a seller doesn’t get what a seller expects, then they have to spend another winter on Sanibel. So it’s like “Brer Rabbit” (the briar patch was that fabled creature’s home, so he was happy to be thrown back into it).

There’s a marked difference now in that attitude, but still, things here are nothing like the mainland.

We’re seeing people who need to sell and want to sell, so we’ve had some serious price reductions in the past six months. In the past, we’ve seen price reductions of \$5,000 to \$25,000, say, just to get people’s attention. This year I’ve seen reductions of \$500,000 in one case, and \$100,000 to \$300,000. The \$500,000 reduction was on Roosevelt Channel, and there was a \$1 million reduction on the gold coast on Captiva.

One factor is that when you’re in a gated community where everything is fairly much the same, like Lexington Golf Club or like a lot of places in Cape Coral and Lehigh, it’s harder to sell a property because buyers have their choice of 100 others just like it. But in the Dunes on Sanibel where I live in the Heron model, there might only be 25 of them out of 372 homes.

How long will we have to wait for the market to stabilize? We used to say it’ll be next year, but we’re now looking at two to three years to get back.

So for now, if you don’t get what you’re asking as a seller and you enjoy it here, wait two or three years and it’ll go up \$50,000 — and that’s easier than working for it.

I’m a glass-half-full guy when it comes to the recovery, especially because our kind of buyer isn’t as impacted by the recession. And we have partnerships, like five doctors who were looking at a place last year for \$2 million, and they just got it for a lot less.

You know when you have Realtors start to say, “If I had the money, I’d buy that,” good deals are happening. In Sanibel View across from Tanger (the outlet mall on Summerlin Road before the Causeway on the mainland), for example, we just had a closing at \$195,000.

We’ve been slow since 2007, and in 2008 we had a 10 percent loss of members (Realtors on the islands). This year we budgeted for a 15 percent loss, but we’re only down 7 percent. That shows how membership is strong and can withstand a couple of years of slow business. But if you’re calling me next March about this, we’ll know the recession is a lot worse than we expected.

It’s an interesting time, a crazy world out there right now. I’ve never seen anything quite like it. When the dot com bubble burst, only the dot com bubble burst. When auto industry tanked with the worst sales since 1982 a few years ago, only the auto industry tanked. But this recession is across the board. It’s banking, the auto industry, real estate, the service industry, restaurant business, commercial building.

Russ Weyer, a senior associate with Fishkind & Associates, economists and analysts based in Orlando and Naples

There is no one quick fix. It’s a very complicated mess we’re in on a number of fronts, and the old truth still holds: If you think you’re in a recession, you’re in a recession.

Even people with money are not spending as much, and that contributes to the spiral down.

Two things need to happen quickly. One is to shore up the banks, because they aren’t lending money. They got all that stimulus money, but they’re just holding it to offset their assets. They see themselves as stuck: The government puts money in, but then the government has these ratios of cash to their assets they have to meet, and they can’t.

So the banks are holding cash to offset the assets — and they’re holding a lot of assets.

Banks will have to look at their portfolios and write off their bad assets. Now they’re stymied. They don’t know what to do because they have such an influx of properties. So until bank regulators force them to move, they’ll just sit there.

It’s true in both cases, although Collier County is nowhere near as bad as Lee County.

We were lucky despite the issues we have in Collier: getting projects approved more quickly, the high cost of living here influenced by impact fees and everything else, the long length of time required to go through the permitting process here compared to Lee County. But here’s what happened: It became a blessing in disguise, because we didn’t get a lot out there, and now we’re not suffering as much.

I think inventories will come down in both Collier and Lee.

One short-term fix is to make the decision to diversify our economy.

We were relying on agriculture, tourism and construction. And now there is no construction industry. There has to be a regional focus on that diversification. So it’s a conjoined effort between Collier, Lee and other counties.

We have to realize that our major assets are regional. The airport is regional and so is I-75. We don’t have a port in Naples or Fort Myers, but we have three or four ports both north and east of here, on the Atlantic coast and in Tampa.

All of that is primary for economic development.

The second part of this is to identify what are the appropriate types of business that fit here.

Again, we need to look at this on

a regional basis. So Lee is hiring a (Denver, Colo.-based) marketing firm to draw businesses. The good news is that it’s a third party giving us a fresh eye. The downside might be that if Lee County is doing this on its own, and not looking at the region, it might limit what can happen.

Construction will come back, but it will take a lot longer than people think. We think it will be late 2010. So we’re still almost two years away. And it will depend on how the stimulus package works.

In the 12-month perspective: Housing prices will ultimately stabilize. There’s always a price at which somebody will buy. Just remember what’s happening in Cape Coral and Lehigh: Sales figures are good; we’re down to a price where people will buy again.

If you were to draw a trend line of growth from 1980 going forward, with a growth rate of 3 to 6 percent a year on pricing — and we did this, extending it way out past 2015 — you’d see that the actual pricing going on was fine until the 2003-2004 huge spike.

But here’s what’s interesting: Now we’re back to just below that trend line. If we’d never had that bump, about three months ago we would have been where we should be today.

We are such an instant-gratification society, that we look at what happened today and yesterday, but sometimes no farther. Consequently, the value of my house went up more than 150 percent in 2005, but now it’s back down to 100 percent. I could think, I lost a lot of money — but really I lost nothing, because it’s all on paper.

And shame on you if you overspent when you thought it was a lot of money. You’re paying the piper now.

So this has been about price stabilization.

Inventories will come down in Lee and Collier. There are probably about six years of housing stock out there, but it might not take six years to absorb. Now there is very little new product coming on line, so a lot of existing stuff will get absorbed, and we’ll get back to more normal growth.

My only concern about the Obama plan is that it looks like it will help short-term job growth, but we need long-term job sustainability. Part of it will happen in infrastructure — that’s highly needed. We need to fix not only the current infrastructure, but look at what new types we need to go forward.

For our long-term recovery process in Southwest Florida, the first big problem is that we’ve lost — the state of Florida has lost — our competitive advantage. ■