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## Worst is over, real estate experts say

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**SARASOTA --** In what seemed part of a campaign to arm real estate agents against naysayers and fence-sitting buyers, the National Association of Realtors' top economist was in the region Thursday offering strong words of encouragement.

The softness that has bedeviled Southwest Florida's residential real estate market for almost a year has just about run its course and will not last beyond another six to 12 months, said Lawrence Yun.

"Do not bet against this region," he said. "In the long term, Sarasota will have faster home price growth than the rest of the country."

Yun's comments coincided with a report released Thursday by the University of Central Florida that stated flatly in its opening sentence: "For those with a house on the market, there's good news, the worst is over."

"The first quarter of 2007 will have been the worst of it, although in some markets, it may be a year before we get out of the housing doldrums," said Sean Snaith, director of UCF's Institute for Economic Competitiveness.

Nationally, Snaith is calling for a slow upward climb through 2009, but he said that because of Florida's growth, geography and demographics, the Sunshine State is likely to recover faster than the broader market and that the Sarasota-Manatee market might be among the first in the state to rebound.

To some, there have been some strong signs of that already occurring.

The Sarasota-Bradenton market posted sales increases of 16 percent in both March and April compared with the same months in 2006, according to the Florida Association of Realtors.

Nearly every other of Florida's top 20 markets posted double-digit declines.

Others remain skeptical, especially given the huge inventory of homes for sale in Southwest Florida that accumulated in the wake of the boom.

As of mid-May, there are 8,136 homes for sale in the Sarasota Multiple Listing Service, about the same as a month earlier but an improvement from the record 8,411 of March 15.

But looking long-term, Yun predicted that Florida real estate remains one of the safest bets in the nation.

During the next 40 years, Southwest Florida homeowners will enjoy values about 20 times higher than now.

### SUNSHINE STATE GOING STRONG

Population growth is one of the reasons why Lawrence Yun, chief economist for the National Association of Realtors, thinks Florida will be one of the first to recover from the housing doldrums. Below is state net migration from 2000 to 2006.

#### Biggest gainers

Florida +1,221,000  
Arizona +541,000  
Texas +452,000  
Georgia +378,000  
North Carolina +347,000  
Nevada +318,000

#### Biggest losers

Michigan -239,000  
New Jersey -277,000  
Massachusetts -290,000  
Illinois -473,000  
California -950,000  
New York -1,242,000

Source: U.S. Census

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That would mean a \$500,000 home bought today will be worth about \$10 million in 2045, or double the national appreciation average, Yun said.

The Sarasota market has enjoyed a 150 percent run-up in value in recent years.

In the current downward cycle, it has given back about 10 percent to 20 percent of that.

"That's not a crash," said Yun, especially when compared with what happened to the Nasdaq after the technology bubble burst earlier this decade: a 45 percent drop in value in one year followed by another 25 percent annual drop.

"Now that's a correction."

Yun's market predictions were delivered Thursday to about 200 Realtors during the Florida Association of Realtors District 13 Technology and Business Expo at the Hyatt Sarasota.

He called Southwest Florida one of the "top-tier attractive regions in the country without a doubt."

Yun noted that with median home values in the \$300,000 range, the region was not really overpriced compared with other coastal markets such as San Francisco at \$700,000 and Washington, D.C., at \$400,000.

The region's housing fundamentals compare very favorably with those of San Diego and Miami, he said.

"One can safely say that there is more accumulation of wealth in Sarasota than there is in the rest of the country," Yun said.

The economist delivered talking points designed to help Realtors rebut negative impressions that buyers have been exposed to.

Predicting rents will rise and a local housing comeback will occur within a year, Yun noted:

- Southwest Florida's job growth is strong.
- The departure of speculators has removed an artificial stimulus from the market that had greatly boosted sales and prices during the recent boom.
- State government is working to address insurance and tax problems.
- Nationally, mortgage rates remain near 45-year historic lows.

Yun also tried to knock down fears about the impact of subprime loans on the market.

Subprime refers to loans made to borrowers with a credit rating that would not normally qualify them to borrow.

Subprime loans account for far less of the total than generally imagined, Yun said.

Given a cluster of 100 homes in most of the nation's neighborhoods, Yun calculated that 33 are owned "free and clear with no mortgage," while the remaining 67 have some type of mortgage.

Of those, 57 have prime loans or government loans, with the remaining 10 with subprime.

Of that 10, eight are current and two are delinquent and only one of the two delinquent loans at most would fall into foreclosure, for a rate of only 1 percent.

Home ownership, Yun said, remains the key to wealth accumulation, though he acknowledged that "local markets do go through cycles."

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