

Overview

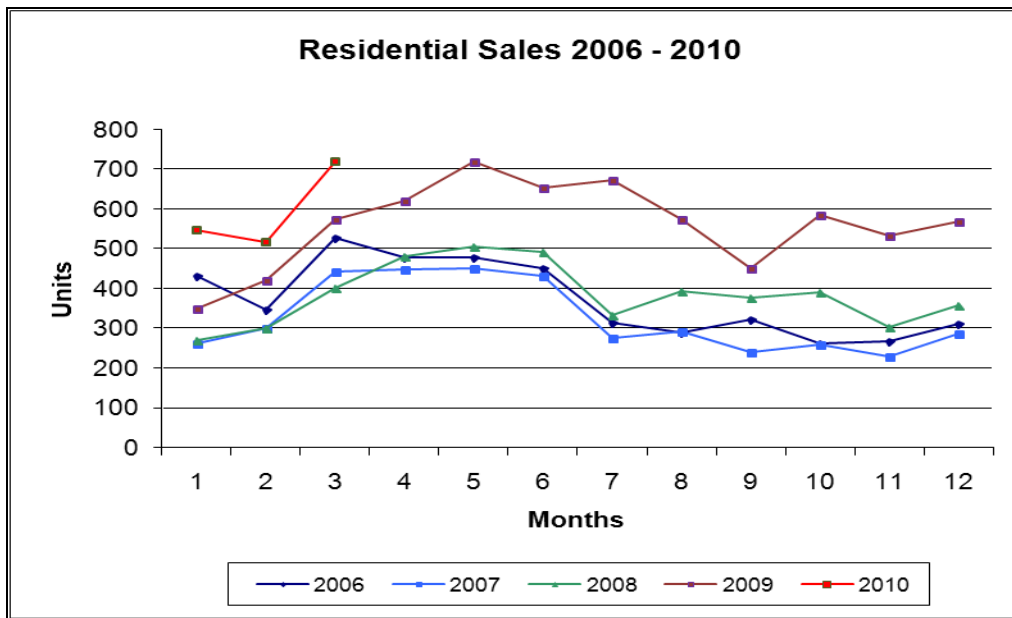
Local News

Like much of the country we have had a cold, wet winter. Normally we get around nine inches of rain during the entire dry season, that time between mid-September and mid-June when the rains really kick in. This year we got almost that much in a single week after weeks with rainy days, but, lately the weather has made up for all clouds and cold with bright blue skies and pleasant warm temperatures.

Tourist count has been down slightly, but the cooler wetter weather has caused visitors to spend more time visiting shops and has driven more folks to noon-time dining than is commonly seen this time of year making local businesses at least somewhat happy.

Real Estate in General

After a soft February, sales spurred uphill in March establishing a new benchmark for the real estate recovery.



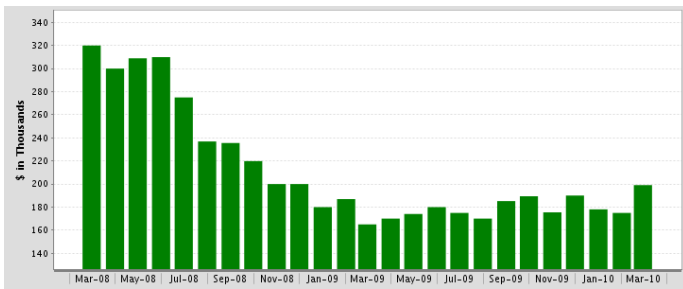
March sales numbers significantly benefited from a move by banks to rid themselves of thousands of Short Sale applicants by making deals buyers could accept. The result was an amazing closings uptick in the last few days that propelled March 2010 well above earlier predictions for settled transactions. Now the question is whether there is enough steam left to push April and May even higher up the chart.

The answer is dubious. There is no doubt among Realtors that both months will be strong, but there are fewer showings and fewer new buyers in the market than early this winter which will result in fewer closed transactions.

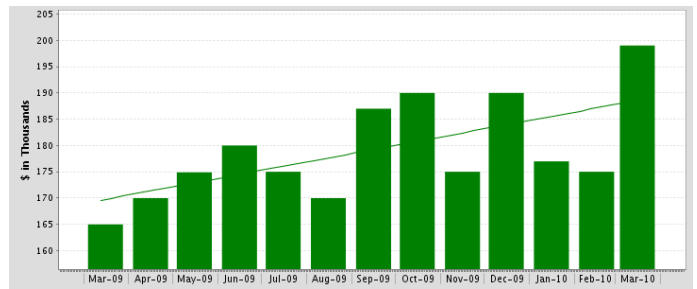
Also, real estate buyers are shunning communities with high continuing expenses for more affordable developments. What that translates to is bundled golf communities (homebuyers are automatically a member of the golf club) have lots and lots of inventory, while equity communities (homebuyers have a choice whether to become a member or not) do not. Buyers seem to see the extra cost to maintain the golf club as not worthy of the investment.

What is interesting, however, is the strong upward trend in the selling price of properties. One year ago the Median Selling Price of a residence in the Naples area was \$169,000; today it is \$187,000 a ten percent increase in the cost of purchasing a home.

That margin is seen in virtually every community with the lower priced homes about 10% higher today than was available a year ago.



*Median Sales Price - Two Years
March 2008 – March 2010*



*Media Sales Price - One Year
March 2009 to March 2010*

The difference in a year is pretty evident when we explore specific market segments.

Resale Properties

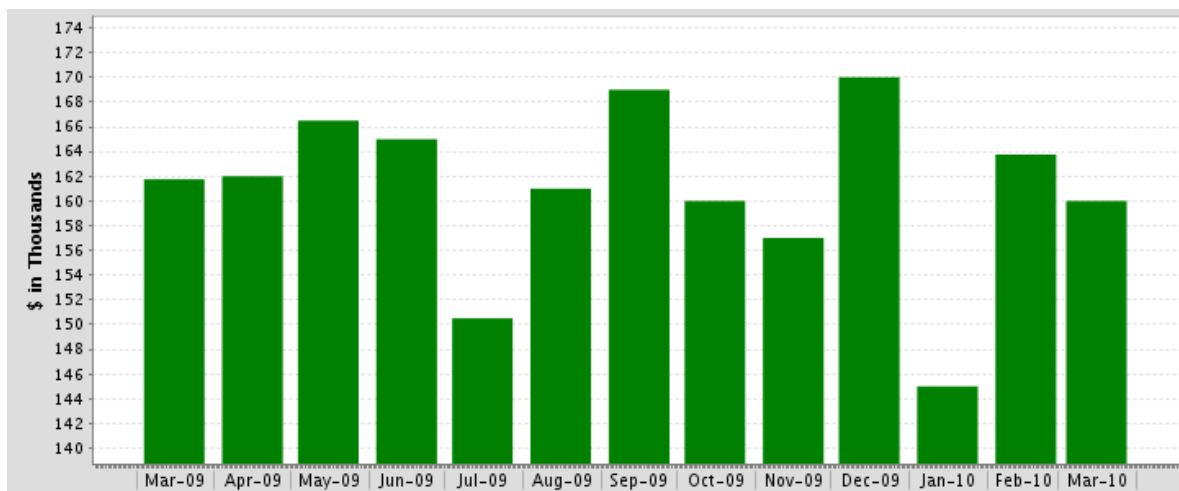
Residential

Condominiums

Within Naples there are 4500 homes in communities with some kind of condominium association for sale with Treetops in South Naples again at the bottom of the Asking Price list. The difference is that three months ago there were multiple Treetops units priced under \$15,000. The lowest today is \$17,000 and the next lowest unit is a hefty \$59,000. Still, there are fifty plus condos priced under \$50,000 but you have to go up to \$53,000 to find a potential winner in a two bedroom, two bath, first floor unit located in the Glades.

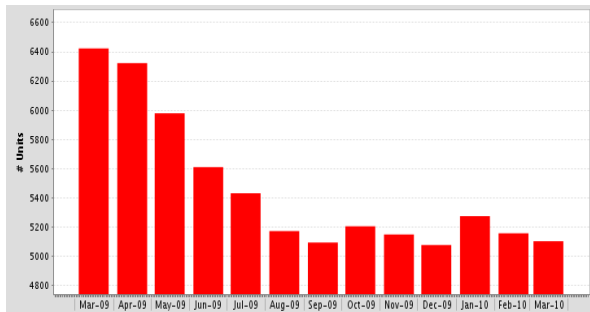
Late fall saw a small rush of first-time homebuyers and investor class buyers snatching up the lowest priced units. The beginnings of "Season" saw more buyers coming to paradise with deeper pockets and wanting a slice of paradise for their own and sorting out the better deals.

In general, condominium sales prices have been climbing from a monthly average selling price of \$144,000 last year to \$170,000 today.

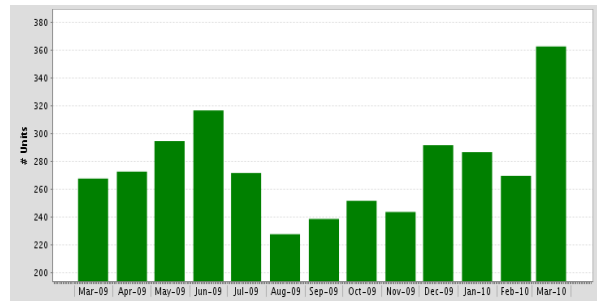


*Condominium Median Sales Prices
March 2009 – March 2010*

In general inventory continues to shrink with the number of closings reflecting the general market numbers.



*Condominium Inventory
March 2009 - March 2010*



*Sales Condominium Units
March 2009 - March 2010*

Examples

Here are a few condos that look to be worthy investments.

Hidden Sanctuary Village - 210011703

This Lely Resort unit has a golf course view, a carport and over 1200 square feet of living area. There are two bedrooms and two bathrooms in this foreclosed unit. The swimming pool is not far away, there is an ice cream shop and town center within a mile and the asking price is only \$119,000. This is a good deal, but will probably be gone by the time this is published,

Tra Vigne - 208028049

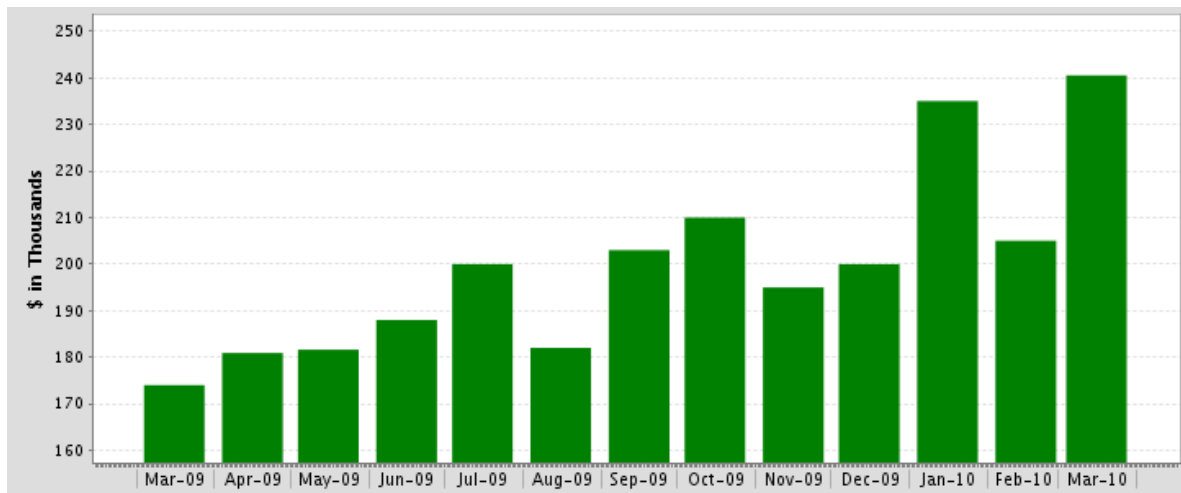
This large three bedroom, plus den, coach home is located in the quaint tree-lined, gated Vineyards community of Tra Vigne. The second floor home has raised ceilings, a thirty foot lanai with electric shutters. The asking is \$235,000, which considering the location and amenities is a good price for 2,250 square feet of prime community living space.

The Regent - 210010143

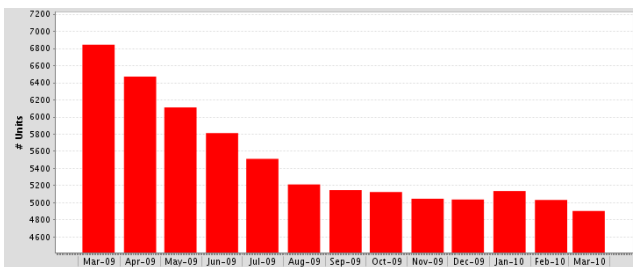
Just down the road from Venetian Village there stands a remarkable tower. One of the last to be completed (finished in 2002) the building offers all the amenities. Eighteen floors up from the Gulf of Mexico, \$7,200,000 buys spectacular views of the Gulf plus exceptionally spacious living, including a home theatre, a library, a unique guest cottage, four gracious en-suite bedrooms, two guest 'necessary' rooms, all the other rooms you would expect and, of course, a private elevator.

Single Family

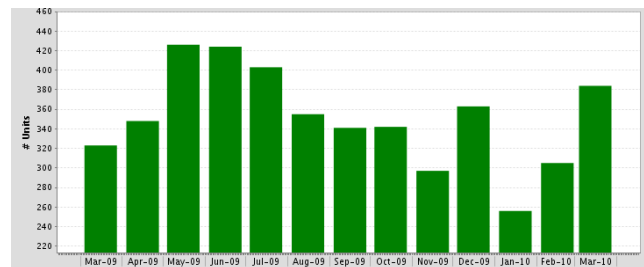
The inventory of stand-alone homes continues to drop as the high demand for cheap housing has eaten the bottom out of the inventory and with more second home buyers coming into the market looking for move-in ready opportunities.



*Single Family Median Sales Price
March 2009 – March 2010*



*Single Family Inventory
March 2009 – March 2010*



*Sales Single Family Units
March 2009 – March 2010*

Examples

There are 3300 single family homes for sale scattered all across the 300 square miles that constitute Naples. Here are three that are both typical and exceptional.

Lago Verde – 210008380

Hidden between US-41 and Davis Road is Queens Park, a community sprinkled with lakes and comfortable homes. Priced at \$136,000 this 1,650 square foot three bedroom, two bath, two car garage home needs some work, but when finished should be a gem among gems.

Coquina Sands – 210001985

Coquina Sands is a mostly forgotten community west of US41 and just north of Naples Golf and Beach Club's course. Homes were mostly built in the early to mid 1960's and no matter how modernized on the inside still seem dated on the outside. What is not dated is the prime location, close to everything located along the Trail and within hiking distance of the beach. Homes in this area, and of this vintage, were selling for seven figures in early 2005. Priced at \$450,000 this home has three bedrooms and two baths, but only a carport for automobile storage, but is so rich in character that it just feels like home.

Barefoot Beach - 210010986

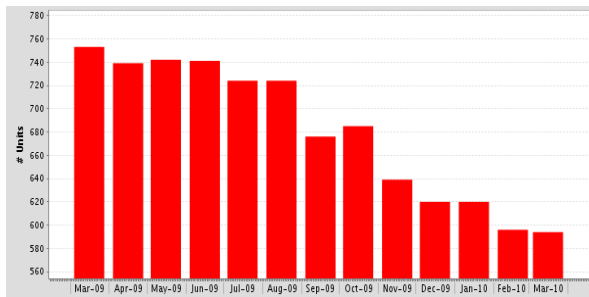
Rising three stories above the beach this 3,900 square foot home looks down the Gulf of Mexico to Naples. There are four bedrooms, four baths, large screened lanais, lots of useful rooms, an elevator to get up and down and a fireplace for the occasional chilly evening (or lately, cold week). There is also a deeded dock that for the right price can be included in the sale. The asking price is \$3,495,000. Oh yes, some owner financing may be available.

Land

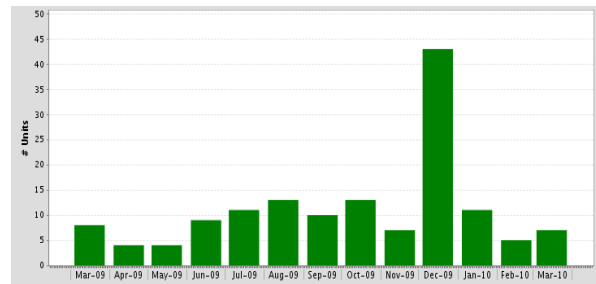
Raw Land

Land sales continue to limp along in spite of good inventory and shrinking prices. Based on what we are seeing in both new home sales and re-sales, it looks like this is the time to consider raw land investment. The holding period to get a good return on investment is probably ten years, but with a predicted thirty year basic build-out for the general Naples area – which goes past Ave Maria – prices for land are bound to multiple pretty heftily.

So while this is not a good time to list, it is an excellent time to buy.



*Undeveloped Land Inventory
March 2009 – March 2010*



*Sales Undeveloped Land Parcels
March 2009 – March 2010*

Examples

Golden Gate Estates – 208002586

Eighteenth Street NE is less than two miles from the center of Golden Gate Estates and on the edge of what anyone would consider the heavily populated part of the area. There is some indication this parcel may not meet all of the requirements necessary to avoid some high impact fees prior to construction of a home, but priced at only \$5,500, this one acre parcel has to be a good deal.

Aqualane Shores - 209025077

Aqualane Shores is often considered the poor man's Port Royal with lots of big homes on canals just south of Olde Naples. The only real difference between Aqualane and Port Royal to its south is that the canals in Port Royal wander and the home sites are bigger. Still there are some amazing places in Aqualane exhibited by this lot priced just under \$2,000,000. It is three houses from the Gulf of Mexico, three short blocks from Third Street and looks at a lake. What more could you ask for?

New Construction

Developers continue to sell new homes with some communities having multiple sales each day. Ave Maria, Heritage Bay, Lely Resort, Madison Park, Marbella Lakes, The Quarry, Valencia Lakes, Verona Walk, and Village Walk in Bonita are all seeing an uptick in sales and beginning to move prices northward. If you would like to know more about what is underway at the moment, contact me and I'll get you updated.

The Future

The past is the key to the future.



Based on the fact that January experienced the second highest number of sales on record and February and March were number three on the all-time list, it comes as no surprise that buyers have sucked up a good percentage of the inventory, in spite of a strong influx of new listings. At the first of the year there were 9,300 homes of all types for sale throughout Naples. That number has shrunk down to 8,100 as buyers have literally eaten the bottom out of the market. The result is about a ten percent increase in the cost of a Naples residence when compared with this time a year ago.

In other words, the very best deals are pretty much history. Occasionally a realtor unfamiliar with the area (typical of Short Sale Specialist Companies and bank directed Foreclosures) seriously underprices a property, but that is pretty atypical. What we are left with are those homes priced at the low end of the ladder incrementally becoming more expensive.

Foreclosures

We are also expecting another 500 or so REO's locally, but we have been running 500 sold units a month, so if they don't hit all at once, we should be able to absorb them fairly easily. Of course, if the number goes up, that could depress the market, while fewer will be likely to have minimal impact on pricing. There is little doubt that unless there is some massive change, we are off the bottom, only what we don't know is how far off the bottom.

Appraisals

One reason prices have not risen as much as they could is due to two conditions now in place. Both deal with appraisals.

Before a bank will loan money for a property they have to believe they have a reasonable chance to recover their investment should the buyer default. There is nothing new about this and current standards are really not more stringent than they have been historically. No matter what the market conditions, appraisals lag well behind the market. Appraisers use closed sales to determine the value of a similar property. When a market enters a period of quick expansion or significant deceleration, appraisals can quickly be unrealistic and that is what has happened in the current bull market. At the moment Appraisers are seriously undervaluing the market.

Additionally, there is a new law that virtually requires Appraisers to not know the local market. Banks are required to hire appraisers from a company that provides appraisers without a relationship to the bank. Mostly that means moving Appraisers goodly distances from their home to measure buildings and provide estimates of worth. Southwest Florida is 'community' driven with major value differences for the same product in different subdivisions within the same development, much less in a different development; due to the amenities packaged in each community. Foreign Appraisers really don't know much about how a Clubhouse makes one community more valuable than the one next door and not knowing, they do not adjust the base prices for the differences, again hurting the bank on some sales, the seller and buyer on others.

Current Investors

Unlike most of the country, most of our buyers are not first-time home buyers. The first-time guys mostly bought last year. We do have a number of locals moving around taking advantage of the \$6500 address change incentive. That incentive expires at the end of this month and will definitely lower some of the pressure in the market.

There is another phenomenon which is having a significant impact on all Florida and is strongly felt throughout SWFL. Due to the worldwide devaluation of the dollar we have a number of foreign buyers paying cash for properties. The result is we are much more concerned here with the strength of the dollar than the well-publicized possibility of the fed not buying mortgages. As long as the dollar stays somewhat weak, we will be very busy.

Investor Information and Definitions

First-time Buyer Incentives: The first-time homebuyer tax credit was extended to April 30, 2010. To qualify for the income tax rebate of up to \$8,000, which may be taken as a cash 'tax refund', buyers must enter into contract by April 30, 2010 and obtain possession of the home prior to July 1, 2010 and have not owned a home in the last three years.

Repeat Buyer Incentive: Congress also enacted a bill to give "Move Up" or at least "Move Along" homebuyers an incentive by rebating them up to \$6,500, provided they have lived in the home they are selling five of the past eight years. Like first time home buyers, the new home must be under contract by April 30 and closed on or before June 30, 2010.

In both cases there is a lot of "If" clauses and limitations, but for most buyers, it means a check from the government shortly after getting the keys to their new home.

Short Sale Transactions: Short Sale means the property is still privately owned, not bank owned (although priced like a bank-owned foreclosure) and requires bank participation in the title transfer process since the seller will not realize enough cash from the sale of the property to retire the note (the mortgage), does not have the assets to add cash to the transaction to satisfy the mortgage, and asks the bank to forgive a portion of the obligation. Short Sales are becoming less common because banks are discovering more profit in foreclosing than in accepting a Short Sale. The Short Sale process is highly complex and frequently requires the services of both a knowledgeable Realtor and a Real Estate Attorney.

REO Transactions: Real Estate Owned or Foreclosed Property is bank owned real estate. Transactions are almost always handled by a local Realtor who represents the bank in the transaction. The bank recently purchased or otherwise gained title to the property and can offer it to a buyer free of most liens. While these transactions are fairly clean, buyers are strongly advised to utilize the services of a Realtor who represents their side of the transaction.

Contact Information

If you would like additional information about any of these opportunities or any other new or resale property in the Naples area or to change your subscription please contact:

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