



Some Real Estate Markets Warming Up

REAL ESTATE, HOUSING, PROPERTY, FLORIDA, ECONOMY

CNBC.com | 23 Mar 2009 | 11:05 AM ET

When Carole and Jim Gourley started looking at vacation properties in Florida last December, they weren't all that serious. The retired couple, who live in Ontario, had rented in Panama City Beach for five winters. Stuck at home with a sick pet this year, Jim Gourley started browsing for foreclosures down south for fun.

"One thing led to another and we found a condo we liked the look of and decided to pursue it," Carole Gourley says. "We could not believe the prices that some of the properties were being listed for, especially since the one we liked is only four years old."

They ended up buying a three-bedroom condo in Bellasol, a development in Fort Myers, where prices currently range from \$39,000 to \$170,000. "We paid 25% of the original selling price," she says. "We feel that we got an extremely good deal."

The Gourleys are part of a new surge of buyer interest along Florida's Gulf Coast, where real estate websites are seeing a dramatic increase in traffic and local brokers are experiencing an uptick in inquiries and sales.

In housing markets around the country, there are signs that perhaps the bottom has been reached, and sales are beginning to come back up—with prices hopefully to follow.

To get a handle on these rebounding markets, we asked real estate search firm [Trulia](#) to tell us the cities in which they have seen the greatest rise in searches—a proxy for buyer interest—over the last year

The result: Seven of the ten cities were in Florida, a poster state for the real estate boom and bust, and five were on the Gulf Coast side of the state.

Obviously, this isn't boom buying, wherein people are investing their money because prices are rising dramatically.

"Basically, the market crashed so hard, prices have fallen so much, that places have become interesting to people again," says Mark Washburn, a realtor at Island Coast Realty in Ft. Myers who blogs about the local market.

Sales for Lee County, Fla., which includes Fort Myers and Cape Coral, were up nearly 80 percent from 2007 to 2008, he says. "That's pretty impressive. The caveat is the prices are half."

The same holds true in the other Florida markets, says Stan Geberer, associate at Fishkind & Associates, a real estate consulting firm based in Orlando. "Those are all places that have seen a 30 to 50 percent decline in prices over the past year or so," he says. "From the peak of the market they may be down even further than that."

According to the Office of Federal Housing Enterprise Oversight, in the fourth quarter of 2005, home prices rose 36 percent in the Cape Coral-Fort Myers area, 38.3 percent in the Naples-Marco Island area, and 28.2 percent in the greater Miami area. In just the last quarter of 2008, prices fell 32.9 percent, 32.8 percent and 24.1 percent respectively.

"Those areas saw the greatest levels of overbuilding, the greatest levels of speculation during the bubble," says Geberer. "[Southwest Florida] was a heavy area for starter home investors."

Those price declines are luring bargain hunters. Some are vulture investors, Geberer observes. Washburn is seeing people from north of the Mason-Dixon line, and many from Canada.

National real estate brokerage Coldwell Banker Real Estate is seeing buyers push life plans up as a result of the economy, and seeking deals on their retirement homes. First-time buyers are coming back into the market, says Jim Gillespie, president and CEO of Coldwell Banker Real Estate, thanks in part to federal incentives, which include a \$8000 tax credit for first-time, residential buyers.

In the comeback markets, many of the deals are short sales or foreclosures. In last quarter of 2008, according to the National Association of Realtors, 45 percent of real estate transactions in the US were so-called distressed sales.

But Gillespie points out that there are also markets that have been strong all along; places like Columbus, Ga. Inventory is up there, but prices are too—very, very slightly, about 1 percent. The same holds in Shreveport, La., and San Antonio, Texas, he says. “In most of the heartland of America, the prices are stable.”

While it may not be an easy sell to consumers, he argues that it's a great time to buy: Interest rates are at historic lows, with high inventory levels, there's lots of choice, and prices are down.

“Once the inventory levels are burned off in those hardest hit states we'll have a balanced market,” Gillespie says. “And things will start to go up.”

© 2009 CNBC.com

URL: <http://www.cnbc.com/id/29553757/>

[Privacy Policy](#) . [Terms of Service](#)

© 2009 CNBC.com