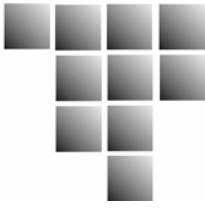


**FISHKIND  
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## **The Sky Is Not Falling**

November 7, 2006

Contrary to recent dire warnings about housing markets, the sky is not falling. In fact, the latest data confirm my previous reports to you on this matter. The truth is that we are at the bottom of this cycle for residential real estate in most markets across Florida.

As I traveled around Florida making speeches last week, my audiences seemed relieved at this news; evidently some of the national reports warning of a housing meltdown have caused serious concerns. And a casual reading of these reports is certainly scary. For example, the 3<sup>rd</sup> quarter housing update from National City and Global Insight proclaimed that housing was seriously over valued in most metro areas, with Naples, Florida overvalued by 105%! Now that would suggest that prices in Naples would have to fall by almost half to be fairly priced. Economy.com predicts that home prices in Miami will fall by 8% through 2008. These are worrisome reports taken at face value. However, they are inconsistent with the actual data.

Each month I receive data from home closing records gathered by Attorney's Title Fund from deeds. These data are 100% complete and reflect 100% of the home closings in each month. The latest data are for August of this year, so they are only 60-days old which is very fresh by the standards of economic data sources. These deed records show that the market for single-family homes has stabilized all across Florida with the exception of the Ft. Myers/Cape Coral MSA which is Lee County. The volume of home closings is 25%-to-50% below its prior peak, but volumes have stabilized now at sustainable rates. Furthermore, the volume of single-family home closings is still strong and about where it was in 2003 for most markets. For example, in Orange County there were 1,704 closings for existing single-family homes in August of '06 compared to 1,697 in August of '03. Way off the peak of 2,893 closings in December of '05, but not into the cellar either.

With the drop in demand prices have stopped rising, but they have not fallen nor are they likely to do so. Now that demand has stabilized there is no reason for

prices to fall for single-family homes. The condo market is not quite as healthy. Many conversions were purchased by investors at prices that cannot be sustained by current rent levels. Therefore, even in a relatively good market like Orlando's, there will be some price erosion. The condo risk is greater in Daytona Beach where more new and expensive condos have been constructed. But, outside of the condo market, Daytona's single-family home market remains strong. The bottom line is that homeowners should not fear falling prices, but be aware that prices will not appreciate very much for the next 24 months.

This is Hank Fishkind for 90.7 FM, WMFE News.