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Slim inventory of Southwest Florida homes exacts toll

By [Josh Salman](#)

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Marie and Francis White started searching for a Southwest Florida retirement home a year ago, scouting properties and taking notes on numerous houses.

At the time, available homes were plentiful. But calls to listing agents revealed that every home they looked at had either been sold or had an offer pending.

In the months that followed, they toured dozens of properties, losing out on five firm bids. Then an offer on a short sale fell apart.

"I was really stressed out," Marie White said. "We were always four or five steps behind the buyers with cash. I felt like I was running and couldn't ever reach the finish line."

The Whites finally found a three-bedroom home in Parrish, and landed it by offering more than the seller's asking price. They expect to close next month.

In the year since they started their search, the median sales price in Manatee has risen 14 percent, records show, and the supply of properties in the Whites' price range — under \$150,000 — has shrunk to 1.6 months' worth.

The Whites' experience is increasingly common in Southwest Florida, where home sales to cash-flush baby boomers and institutional buyers alike have fueled a surge not unlike that seen in the mid-2000s boom years.

Although most economists stop short of predicting another real estate bubble, current conditions match the housing run-up of nearly a decade ago. And market analysts fear the dwindling supply could again lift prices beyond what is considered stable.

"It's very dismal and frustrating — especially when you have clients who want to live here, work here, and raise a family here, but can't find a home," said Kimberlie MacDonald, an agent with Coldwell Banker in East Manatee. "It's a superaggressive market."

The Whites' struggle has become increasing common in this region. Apart from the activity by boomers and institutional buyers, builders have been unable to replenish inventory, leaving many scrambling buyers disappointed — or poorer as a result of bidding wars.

Of all the listings now on the market, inventory has become the slimmest among houses priced below \$300,000.

Yet those properties represent the only supply that's affordable for roughly three-



STAFF PHOTO / THOMAS BENDER

Marie and Frank White of Ellenton had been house hunting since last year, making several other offers before being OK'd to close on a Parrish home.

fourths of all buyers in Southwest Florida.

Even more striking, the inventory of single-family homes for sale under the \$150,000 mark in Sarasota and Manatee counties had shrunk to 1.6 months' worth as of early June, records show.

That mark is under even that which accompanied the mid-2000s boom, analysts note.

In the price range between \$150,000 and \$300,000, there's just 1.9 months' worth of homes in Manatee and 2.7 months in Sarasota.

The measure represents the time it would take to exhaust the entire supply at the current rate of sales, if no new listings were to be added to the market.

Markets are considered in equilibrium when there is six months' worth of inventory; that's also the balance developers like to see before building homes on speculation.

By comparison, there was a 35-month supply in Sarasota at the trough of the housing downturn in December 2007.

The shortage has created headaches for buyers like the Whites, who are trying to sift through what's left.

"There has been a period of about five years where we had homes that were great bargains," said prominent area home builder Pat Neal. "Those aren't quite here anymore."

The result has been bidding wars, rapid price appreciation and offers that routinely come in well above sellers' initial ask.

Some worry the trend will ultimately crimp the region's brisk sales pace — causing baby boomers to shift to second-choice destinations where more abundant inventories can be found.

"Don't these conditions sound familiar?" asked Diana Hill, a national real estate adviser and instructor for the Online Trading Academy. "If we keep up this mix of low inventory and bidding wars, it will send the market back into a tailspin."

The shortage has hit first-time buyers and middle-class families especially hard. The two demographics are more reliant on \$300,000-and-under homes than any other group.

And now, those same groups find themselves in competition with billion-dollar hedge funds that are snapping up properties in droves for use as rental investments — almost without regard for price.

Because those companies come with cash, sellers tend to give preferential treatment to their offers compared with offers that are contingent on bank financing, said Jack McCabe, a real estate consultant in Deerfield Beach.

McCabe fears frustrated young families will turn to rentals — a shift that could take away a group that would normally become move-up buyers a few years down the road.

Nationwide, sales to first-time buyers have dropped 25 percent since last year, according to recent economic research from Peak Prosperity.

"First-time buyers and lower-middle-income Americans are being shut out," McCabe said. "It's not uncommon for them to put in 10 offers, many above asking price, and see every single one turned down. It's one of the reasons prices have artificially

inflated at double-digit levels.”

Market observers attribute some of the shortage to homeowners who purchased during the mid-2000 boom years and still haven't recovered much equity.

Even with prices in Sarasota County appreciating by \$32,000 over the year, home values continue to trail those from the bubble by as much as 30 percent, Realtor records show.

Agents now say the shortage has created a cyclical impact, with potential sellers unable to find suitable new homes to move into, so they delay listing their properties as a result.

New construction also essentially froze during the prolonged downturn, nudging buyers to the existing home market, a phenomenon that has eaten away at the inventory at an even faster pace.

“We're going to see the market skyrocket if we don't get some inventory real soon,” said Marcus Vanzant, broker and owner of Marcus & Co. Realty in Bradenton.

To meet the demand, builders have been rolling out new projects.

But prices there already are rising, and most builders don't anticipate they will be able to overcome the shortage.

Lakewood Ranch-based Neal Communities, for instance, now has a waiting list for buyers at its six most popular neighborhoods.

Even with 350 homes under construction, the builder won't sell a home to a buyer that it can't deliver in six months.

The trend has spread as far north as Parrish, where builders broke ground on 895 single-family units in the first quarter — an increase of 71 percent over last year's pace, according to the housing data provider Metrostudy Corp.

The number of new homes sold, meanwhile, rose an estimated 39 percent during that time.

“This is the dynamic we're facing,” said Tony Polito, Sarasota and Tampa director for Metrostudy. “As the supply side dwindles, the only place they can go is the new home market, and that has helped building activity.”

“The question is, when are the people who have been holding onto a house for 10 years going to decide now is the time to sell?”

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