

CAPE HAZE CORRIDOR REPORT

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PamNeerRealEstate.com

is the website to visit for useful information on:

Properties:

- ◆ Real estate for sale by neighborhood (MLS listings).
- ◆ Featured local properties.
- ◆ Condominium and townhome developments.
- ◆ Loan amounts you may qualify for on your next real estate purchase.

Communities:

- ◆ Overviews of our major neighborhoods.

Area Links:

- ◆ Useful local websites for government, newspapers, golf courses, restaurants, attractions, and more.

Cape Haze Corridor Report:

- ◆ View online copies of current and past issues.

If your property is currently listed with another Broker, please do not consider this a solicitation.

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A QUIET MARKET

As was the case in much of the country, our Cape Haze area real estate market remained slow during the first half of 2007. There continue to be more willing sellers in our area than there are active buyers.

Across most of the neighborhoods we study for this report, home sales volumes for the first half of this year are roughly the same as they were for the first half of 2006 while home sales prices are down year to year. With the large inventories of homes on the market, buyers continue to have strong leverage in negotiating prices.

Some home sellers are deciding to take their properties off the market until conditions improve. We reported in January that there were 46 waterfront (no bridges) homes for sale from New Point Comfort to Placida. As of mid-July, 25 of those homes remain on the market, 6 have sold, 1 is pending, and 14 are not currently listed for sale.

The lot market remains weak, both in the number of sales and in lot prices. To use Rotonda West as an example, only 36 lot sales were reported in MLS data for the first half of 2007, compared to 62 sales in the same time period last year and 301 sales during the first half of 2005. Of those 36 first half lot sales in Rotonda West, at least 6 were the result of an auction.

In this slow real estate market, auction activity is increasing. You've probably seen newspaper ads or received post cards announcing local auctions. So, in this issue of the *Cape Haze Corridor Report*, we take a look at how auctions work, from the viewpoints of both buyers and sellers. In this edition, you'll also find more details on local real estate sales and a brief report on the property tax bills recently passed by the Florida legislature.

Wherever you are spending this summer of 2007, I hope you are enjoying it! And, if you're considering buying or selling real estate, please give me a call!

Sincerely,

Pam Neer

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CONDOMINIUM & TOWNHOME DEVELOPMENTS

In a significant reversal, the Charlotte County Commission in May rescinded their December 2006 developer's agreement for the Wildflower Golf Course property and denied the developer's future land use change request. Research presented by local community groups, concerning density and open space statements made by previous owners of the property, was an important factor in the Commission's vote. Under the December developer's agreement, almost 400 density units had been assigned to the property. The developer has indicated a law suit may be filed related to the decisions.

In Windward, the Commission approved zoning and land use changes for property at the end of Arlington Drive that will allow 20 townhomes to be built along Coral Creek.

Several area developments completed new buildings and closed sales during the first half of the year. They include: The Hammocks Cape Haze, Cape Haze Resort, Fiddler's Green Tall Pines, Townhomes of Cape Haze, The Landings at Coral Creek, and Angler's Club. As the pace of sales has slowed, some developers have indicated to owners that they will delay construction of additional buildings in their projects until the market improves. For the near term, inventories of unsold developer units are competing for buyers with investor resale units in many of the new communities.

Property Tax Legislation

In June 2007, the Florida Legislature passed two bills aimed at reducing Florida property taxes.

Rollback legislation takes effect for the upcoming fiscal year and requires Charlotte County to reduce property taxes by 9%. The bill only applies to County spending related to property taxes, not to school taxes or to non-ad valorem levies. How much will it reduce your taxes? In recent newspaper articles, the estimated tax reduction for a home with a 2006 taxable value of \$200,000 is \$50-\$99. Inspect the property tax notices you receive this fall to check the impact for your property.

The second bill passed by the legislature is a **proposed constitutional amendment**. If approved by 60% of Florida voters in the Jan. 29, 2008 election, it will go into effect for 2008 tax bills. The proposed amendment applies only to "homesteads", i.e. properties declared as primary residences by their owners. For newly homesteaded property, the amendment would increase the property tax exemptions to 75% of the first \$200,000 in value and 15% of the next \$300,000. However, the current "Save Our Homes" 3% maximum increase in year-to-year taxable value would be eliminated. Existing homestead owners would have an option to stay with their current "Save Our Homes" protections or to switch to the new exemption. Generally, homestead owners with taxable values less than \$500,000 would see short term tax decreases with the proposal, although long term property value increases could erode tax savings.

Opponents of the amendment are concerned that it will impact services and that it does not provide any tax relief for non-resident owners. If you are a Florida voter, you'll want to carefully review the provisions of this proposed amendment before casting your vote in January.

USING AN AUCTION TO SELL YOUR PROPERTY

If you're thinking about selling your property in today's slower real estate sales market, you may have wondered about using an auction to achieve a quick sale and reduce costs. Here are some factors you'll want to consider.

As a seller, a key auction decision is whether you will sell your property as an absolute auction or with a reserve price.

- ◆ If you select an absolute auction, you can anticipate that the property will sell on the date of the auction, but you also must agree to accept whatever price the auctioneer is able to obtain.
- ◆ With a reserve, you retain the right not to sell if the minimum price you (and your mortgage company) are willing to accept for the property is not reached at the auction. This is a good protection for you, but properties being sold with a reserve sometimes attract fewer potential buyers.

Transaction costs for auctions differ from those of a traditional sale using a real estate agent. If the auction sale is successful, the seller will generally pay lower total fees than in a traditional sale, but the timing and the types of fees paid are different.¹

- ◆ With an auction, you will generally pay a fixed, up-front fee for marketing expenses and for costs associated with the auction event. This fee varies by company and by type of auction, but a fee of \$2,500 or a percentage of the list price is often required. This fee is due whether the property sells or not. In contrast, when you list your property for sale via the MLS, the agent and broker generally pay all the advertising fees and marketing costs, whether or not your property sells.
- ◆ As a seller, your transaction cost savings are in the property closing and repair costs. Most auction contracts require that the buyer pay a number of closing fees often covered by the seller in a real estate transaction. These costs include commissions, documentary stamps, and recording fees. Also, because the property is sold "as is", you are not responsible for repairs. When you add these amounts up, typical cost savings can be in the range of 7-10% of the sale price.

So, an auction can often reduce your selling fees, but will the bottom-line amount that you receive for your property be higher or lower than with other approaches? That answer can't be readily predicted.

- ◆ By selling quickly, you save on ongoing monthly carrying costs (including insurance, taxes, utilities, mortgage payments and maintenance) that you would otherwise be incurring until your property sells.
- ◆ The auction creates a competitive bidding environment that can lead to a property selling for more than 100% of its list price. However, many properties sell at auction for 65-75% of list price. And, there have been recent absolute auction sales in which the final sale price has been less than 50% of list price.

Selecting a strong, reputable auction company that will aggressively advertise your property and attract qualified bidders is essential to a successful sale. As a seller, be sure that you have a full understanding of the auction agreement that you sign and that all terms of your agreement are in writing.

If you're considering an auction, your Realtor can help you assess your alternatives and provide information on local auction companies. Together, you and your Realtor can develop an overall marketing program for your property using a variety of sales and advertising techniques, and you can include an auction in your plans when and if you decide it is appropriate. Please give me a call or send me an e-mail if you'd like to further discuss this topic.

¹ Auction fees and potential savings can vary significantly by type of property and by auction company. Be sure to fully understand the specific terms for your property before signing an auction contract.

NEW REGIONAL PARK OPENS

Oyster Creek Regional Park on San Casa Drive is now open. New facilities include a swimming pool, paw park, pavilion, basketball courts, tennis courts, a skate park and a cricket field.

The park also includes over 200 acres of land north and south of Oyster Creek that will be maintained as an environmental park. A pedestrian bridge has been built over Oyster Creek to connect nature trails in the two sections.

BUYING PROPERTY AT AUCTION

Have you thought about buying a property at auction, but wondered how an auction works from a buyer's perspective and how you would determine the maximum price you would be willing to pay?

When you are considering bidding at auction, a good strategy (at no incremental cost to you) is to engage a knowledgeable local Realtor to work with you. Prior to the auction, your Realtor can schedule property visits and help you find qualified contractors and inspectors to consider costs associated with repairing or upgrading the property after your purchase. Your agent can also complete financial research on sales and asking prices for comparable properties to help you assess the top price you may wish to bid on each property you are considering. And, if you are the winning bidder, she or he can help you with closing details.

In planning your maximum bid for a property, it is important to fully understand the terms of the real estate contract the auction company is using. Your total transaction costs will be higher than your bid price, and the contract will obligate you to close the deal quickly and with few or no contingencies.²

- ◆ In order to bid at an auction, you will usually need to register beforehand and provide a deposit (via a cashier's check, certified check, or cash).
- ◆ Generally, the winning bidder is required to pay a "buyer's premium" to the auction company in an amount equal to 10-15% of your winning bid. This premium is additive to your purchase price and includes real estate commissions collected by the auction company for the transaction. If you have engaged a real estate agent to work with you on the purchase, your agent will receive his or her commission payment as part of the total fees collected and you do not pay an extra commission fee.
- ◆ Also, as the buyer, you will be responsible for additional closing costs, including documentary stamps, title insurance, and recording fees.
- ◆ Most auction contracts specify that the property is sold "as is" and that the contract is not contingent on inspections. So, all repairs or upgrades will be your responsibility.
- ◆ The closing will occur quickly (usually within 30 days) and the contract will not allow financing contingencies.

In today's buyer's market, there are some great auction deals available for well-prepared buyers! Please give me a call if you'd like to investigate your buying opportunities.

² Auction contracts vary significantly by company and by type of auction. Be sure to read and fully understand the auction contract before bidding and before signing.

1H07 REAL ESTATE SALES ACTIVITY

Across our Cape Haze peninsula neighborhoods, prices were generally down for the first half of 2007 compared to the same periods in 2006 and 2005. Because sales volumes are relatively small and every home is different, estimating the "average" price decrease is difficult. To give some examples based on analysis of Multiple Listing Service (MLS) records: 3 Rotonda West neighborhoods (Pebble Beach, Broadmoor, and White Marsh) showed an average 1H07 vs. 1H06 price decrease over 20%, 2 Rotonda neighborhoods (Oakland Hills and Long Meadow) showed a 10-11% decrease, and averages in the remaining 2 neighborhoods were up slightly year-to-year.

The Cape Haze Windward community saw a "burst" of home sales activity in the first half. Nine homes were reported sold in the MLS, ranging in price from a \$230,000 patio home to a \$1,075,000 waterfront home on Coral Creek.

There were few condominium resales in our area during the first half of the year. The inventory of units offered for sale on the MLS continues to grow. Some investors are closing on units in the new condominium and townhome communities and then quickly listing their units for resale in the MLS.

Activity in vacant land sales was limited. An auction sale in late March resulted in 6 lot sales in Rotonda West at relatively low prices. Those lots sold for an average of 52% of list, with sales prices ranging from \$24,000 to \$52,000. The high bids for 2 Grove City waterfront lots offered for sale in the same auction were not accepted by the sellers.

From a longer range perspective, Cape Haze area sales prices are still up significantly compared to the first half of 2004. Across the Rotonda West neighborhoods, average home prices for 1H04 compared to 1H07 have increased from a low of 17% in White Marsh to a high of 65% in Pinehurst. And, average Rotonda West lot prices for the same period are up 36%. See the chart on page 4 for a summary of first half sales by neighborhood.

Cape Haze Corridor Shorts

When it opened, **Emergency Station 14** at 9495 Placida Rd (south of Cape Haze Dr) only provided EMS services. Now, a fire truck and firefighters have been added at the station. If this is the closest emergency station to your home, fire officials suggest that you contact your insurance company. For some property owners, the closer equipment can mean a better fire protection rating and a reduction in insurance costs.

Another island in Charlotte Harbor is now under government ownership and an environmental management plan is being developed. In April, Lee County government purchased the portion of **Cayo Pelau** that is located in Lee County. The island is located near the southern tip of the Cape Haze peninsula, west of Bull Bay.

The **Eagle Grill** (upstairs) and **Miller's Dockside** (downstairs) are now open at "Miller's Marina" on Boca Grande. Diners can visit by car or by boat. Menus feature local seafood and steaks, with more casual fare downstairs.

Mookey's has opened in Grove City, at 4821 Placida Rd. The menu features Indian curry dishes plus a variety of other items.

Lake View Sports Bistro is open near the corner of Gasparilla Rd (Hwy 771) and Hwy 776, across from the Gulf Cove Publix. The restaurant offers outside lake view dining and a sports bar.

Cape Haze Corridor Quiz:

What was the unusual event on Little Gasparilla Island on the morning of July 14, 2007?

(Answer below.)

30 Cuban refugees landed on the island. After island residents provided food and clothes, the refugees were taken to Miami by immigration officials.

Corridor Quiz Answer:

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Cape Haze Corridor Report

"Dear Ms. Saunders:

My wife and I recently completed the purchase of a home. All of the personnel of your company with whom we came in contact were most helpful.

Your agent, Pam Neer, was our primary contact. We want you to know that we found her most knowledgeable and very professional throughout the unfamiliar, to us, process of purchasing real estate. She was extremely caring and helpful each step of the way, for which we are most grateful.

Sincerely,
Fred and Shirley Janes"

The material in this newsletter comes from multiple sources and is deemed accurate, but not guaranteed.

Neighborhood Sales - 1H07	# of Sales	Avg. Sales Price	% List Price	Avg. Days on Mkt	Low Sales Price	Median Sales Price	High Sales Price
Homes							
Cape Haze East	2	\$338,200	75%	179	\$301,400	\$338,200	\$375,000
Cape Haze (West)	3	\$1,031,667	86%	140	\$780,000	\$1,050,000	\$1,265,000
Eagle Preserve	2	\$1,025,000	93%	235	\$1,000,000	\$1,025,000	\$1,050,000
Grove City "West"	4	\$648,750	86%	269	\$400,000	\$600,000	\$995,000
Windward	9	\$431,433	96%	144	\$230,000	\$392,250	\$1,075,000
Oakland Hills	8	\$191,250	91%	271	\$120,000	\$192,500	\$225,000
Pebble Beach	6	\$229,150	94%	171	\$175,000	\$229,950	\$290,000
Pinehurst	12	\$326,710	94%	131	\$248,000	\$314,750	\$470,000
Broadmoor	18	\$277,333	91%	156	\$195,000	\$250,000	\$400,000
Long Meadow	12	\$338,440	93%	171	\$250,000	\$350,000	\$390,000
White Marsh	8	\$304,438	93%	143	\$197,500	\$299,500	\$465,000
Pine Valley	6	\$366,993	92%	141	\$300,000	\$354,978	\$460,000
Condos							
Boca Vista	2	\$445,000	87%	243	\$410,000	\$445,000	\$480,000
Fiddlers Green	2	\$148,500	89%	141	\$147,000	\$148,500	\$150,000
Hacienda del Mar	2	\$454,375	90%	143	\$443,750	\$454,375	\$465,000
Placida Harbour	4	\$690,000	91%	210	\$635,000	\$675,000	\$775,000
Lots							
Cape Haze (West)	3	\$316,167	81%	130	\$93,500	\$180,000	\$675,000
Pinehurst	4	\$47,000	66%	107	\$24,000	\$41,000	\$82,000
Broadmoor	6	\$51,417	66%	239	\$28,000	\$55,250	\$65,000
Long Meadow	8	\$74,363	80%	116	\$34,900	\$68,500	\$122,000
White Marsh	6	\$55,167	83%	236	\$35,000	\$45,000	\$86,000
Pine Valley	11	\$56,164	84%	204	\$34,900	\$50,000	\$89,900

Note: Data from Englewood and Charlotte MLSS, with adjustments. If your neighborhood is not shown, please call for info.