



The Roe Report

for
waterfront & water view condos



Third Quarter 2008

www.GulfCoastCondoReport.com

Cliff Roe Realty, Inc

Market Information Supplied by:

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Water view properties.

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I retired to this area in 2003, got bored and started Cliff Roe Realty, Inc. *The Roe Report* (www.RoeReport.com) was started to obtain waterfront condo listings. It's worked well as I rank in the top five for waterfront and water view sales. In October of 2007 I entered the REO (bank foreclosure) business and rank in the top five in that category as well. It's amazing how well you can do something if you enjoy it and don't have to depend on it to earn a living. *The Roe Report* has developed into; 1) a place to recap the real estate market, and 2) a place for me to answer the questions I am asked most often by buyers and sellers.

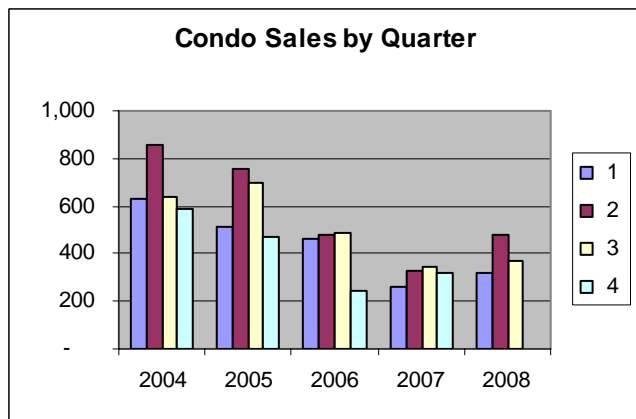
Financial Crisis = What's Next?

I have used the *Roe Report* to define our market and predict where its headed. It's a little hard to predict the future with the financial situation being solved by the very people who allowed it to happen. There is no one party or person to blame as it was a group effort; but that is neither here nor there, the question is what's next?

If we dig a little deeper from what we hear on the news and read in the papers we will discover that the situation started with Congress telling Freddie and Fannie to help the less fortunate get loans and create the programs necessary. No-

body did oversight as they created a sub-prime mortgage that could equal or exceed the properties value with nothing down using stated income. Maybe it was assumed Moody's and Standard and Poor's would rate these loans correctly but they rated the paper AAA. Without the AAA rating, insurance companies, pension funds, and governments, both domestic and foreign, could not have purchased these loans. Improper ratings is a major contributor to today's ills.

This is not an attack on President Clinton because it made sense at the time, but he signed the bill that gave us Mark to Market. This required banks to value their mortgage portfolio on the balance sheet each day at the closing price on wall street. When the market for sub-prime mortgages dried up banks were forced to show a value of "0". Finally Moody's and S&P sprung into action. This caused the crisis and as of this writing, Mark to Market hasn't been repealed. All we hear is the abuse and the blame for improper oversight.



Let's follow the smart money; Warren Buffett's Berkshire Hathaway owns controlling interest in Moody's while McGraw Hill owns control of S&P. One of the Wall Street firms that bought

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and packaged these loans was Goldman Sachs. Warren Buffet just invested \$5 billion in Goldman preferred stock and he has a stake in Salmon Bros. He has investments in Wells Fargo, U. S. Bankcorp, Bank of American, SunTrust, and M&T Bankcorp. You can bet these banks will remain solid. In my mind we have sufficient banks to lend money, create mortgages, and package loans, enough wall street firms to sell the packages and plenty of investment money to keep the process going. However for this to work Congress must reverse the Mark to Market bill and start holding those responsible for this oversight accountable. The citizens need to remove the heads of the Senate Banking Committee and the House Finance Committee who failed us miserably. The cabinet officers and the head of the SEC will be replaced by the new President.

The following represents an overview of waterfront and water view condo sales in Pinellas County during the first 3/4's of 2008. The transactions by complex, size, bedrooms, and baths, date closed and price paid are published on the websites listed below each community.

Belleair Beach, Belleair Bluffs & Belleair. There are currently 49 condos listed, representing a 15.2 month supply. Sales during the first 3/4's of 2008 were 29, which represent an increase of 9 from the same period last year. (for sales by complex visit: www.GulfCoastCondoReport.com and click on Belleair.)

Clearwater and Sandkey. There are currently 699 condos listed, representing a 26.5 month supply. Sales during the first 3/4's of 2008 were 237, which represent an increase of 37 from the same period last year. (for information on sales by complex visit: www.ClearwaterBeach-FL.com, www.Sandkey-FL.com, & www.GulfCoastCondoReport.com and click on Clearwater.)

Dunedin. There are currently 106 condos listed, representing a 22.7 month supply. Sales during the first 3/4's of 2008 were 42 which represent a decline of one from the same period last year. (for information on sales by complex visit: www.Dunedin-FL.net.)

Gulfport. There are currently 43 condos listed, representing a 25.8 month supply. Sales during the first 3/4's of 2008 were 15, which represent a decrease of six from the same period last year. (for information on sales visit: www.GulfCoastCondoReport.com & click Gulfport.)

Indian Rocks Beach. There are currently 88 condos listed, representing a 30/5 month supply. Sales during the first 3/4's of 2008 were 26, which represent no change from the same period last year. (for information on sales visit: www.IndianRocksBeach-FL.com or www.ReflectionsCondos.info.)

Indian Shores. There are currently 166 condos listed, representing a 20.2 month supply. Sales the first 3/4's of 2008 were 74, which represent an increase of 30 from the same period last year. (for information on sales by complex visit: www.IndianShores.info)

Largo. There are currently 27 condos listed, representing a 22.1 month supply. Sales the first 3/4's of 2008 were 11, which represent a decline of nine from the same period last year. (for sales by complex visit: www.GulfCoastCondoReport.com and click on Largo.)

Madeira Beach. There are currently 144 condos listed, representing a 31.6 month supply. Sales the first 3/4's of 2008 were 41, which represent an decrease of one from the same period last year. (for information on sales by complex visit: www.MadeiraBeach-FL.com.)

North Redington. There are currently 42 condos listed, representing a 21 month supply. Sales the first 3/4's of 2008 were 18, which represent an increase of six from the same period last year.

(for sales by complex visit: www.GulfCoastCondoReport.com and click on North Redington, www.Tides-Beach-Club.com or www.LaContessaCondos.com)

Palm Harbor. There are currently 11 condos listed, representing a 19.8 month supply. Sales during the first 3/4's of 2008 were five, which represents a decline of four from the same period last year. (for information on sales by complex visit: www.Palm-Harbor-FL.com.)

Redington Beach. There are currently two condos listed, representing a 6 month supply. Sales during the first 3/4's of 2008 were three, which represents an increase of one from the same period last year. (for information on sales by complex visit: www.GulfCoastCondoReport.com and click on Redington Beach.)

Redington Shores. There are currently 109 condos listed, representing a 35.4 month supply. Sales the first 3/4's of 2008 were 28, which represent a decrease of 22 from the same period last year. (for by complex visit: www.GulfCoastCondoReport.com and click Redington Shores.)

Seminole. There are currently 25 condos listed, representing a 16.1 month supply. Sales the first 3/4's of 2008 was 14, which represent a decrease of 11 from the same period last year. (for sales by complex visit: www.GulfCoastCondoReport.com and click Seminole.)

South Pasadena. There are currently 87 condos listed, representing a 12.8 month supply. Sales the first 3/4's of 2008 were 61, which represent an increase of 13 from the same period last year. (for sales by complex visit www.Harbourside-Condo.info or www.GulfCoastCondoReport.com and click on South Pasadena or www.SouthPasadea.FL.com.)

St Pete & St Pete Beach. There are currently 489 condos listed, representing a 23.5 month supply. Sales the first 3/4's of 2008 were 187, which represent a decrease of 12 from the same period last year.

(for information on sales by complex visit: www.GulfCoastCondoReport.com and click on St Petersburg or for beach information visit: www.St-Pete-Condo.info)

Tarpon Springs. There are currently 65 condos listed, representing a 58.5 month supply. Sales the first 3/4's of 2008 were 10 which represent a decline of 8 from the same period last year. (for information on sales by complex visit: www.Tarpon-Springs-FL.info)

Tierra Verde. There are currently 91 condos listed, representing a 31.5 month supply. Sales the first 3/4's of 2008 were 26, which represent an increase of 10 from the same period last year. (for information on sales by complex visit: www.TierraVerde-FL.com.)

Treasure Island. There are currently 212 condos listed, representing a 34.1 month supply. Sales the first 3/4's of 2008 were 56, which represent a decrease of 9 from the same period last year.

(for information on sales by complex visit: www.Treasure-Island-FL.com.)

FORECAST

One constant question is what's ahead: depression, recession or inflation? GDP is still growing so depression and recession are not part of our conversation; at least not at this point. Due to the financial turmoil, world markets are shaky so anything is possible. The Pound and Euro are dropping in value leaving the dollar the safest of all world currencies. The world slow down means lower oil prices and combined with a stronger dollar are positive signs for the U. S. Consumer. Inflation is eliminated for now.

How does this relate to housing? People respond according to attitude. If it's negative they won't buy and if it's positive they will. I have covered the fact that 55% of the population has no reason to feel negative but does because of the media and the political ads. The majority of economists will tell you the key to a stable housing market is the ability of the medium income family to buy the medium price house. Starting in late 2002 up until recently the medium priced house was out of reach for the medium income family; sales dramatically slowed. When this group is stable the ability to trade up is created and the properties addressed in this newsletter have a foundation. Pricing remains stable and growth in value is equal to inflation. Study the chart on the front page. Sales volume appears to have started its recovery. Looking at 2004 vs. 2007 you can see there is the potential to double sales. That means our 24.5 month inventory could return to a 12 month supply in a year. If sales tripled we would be down to an 8 month supply in the next 12 months putting housing near the 7 month inventory level considered ideal in a normal market.

I believe we have 2-3 years of foreclosures in front of us. Congress could end it sooner putting off the inevitable to a later date but I hope they let it run its course. If you authorize a loan to an unqualified borrower, then bail him out, you have a loan with an unqualified borrower. If we repeal the Bush tax cuts everyone gets a tax increase regardless of how its spun. A tax increase could throw the U. S. economy into turmoil followed by the world's economy and we could have a worldwide recession or even a depression. Do I believe this will happen? NO. My prediction/hope is the new President will rise to the office, calm the people and restore confidence. This will allow the pent up housing demand to flourish as people start buying. People in the mid-west will move to Florida and our inventory will start selling.

Barring some unforeseen action by our elected officials I predict a stable housing market. For sellers it's as good a time as any to sell. For buyer's you have time, but it makes sense to buy if you find what you want and can obtain a good price. In 3-5 years the Baby Boomers will be retiring faster than waterfront property can be built and prices should move higher faster than inflation. They are not making any more waterfront property and there is no better place to live, work or invest than the U.S.

Cliff

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