

**Transaction leader Pinellas County - 2012 & 2013**



**The Roe Report**

for  
**Waterfront Homes**



**Year-end 2013**

[www.GulfCoastHomeReport.com](http://www.GulfCoastHomeReport.com)

**Roe Realty, Inc**

**Information Supplied by:**

**Cliff Roe, Broker/Owner**



P-flood insurance will kill our market since Pinellas has the highest percentage of properties requiring flood insurance.

When I took the Real Estate course my instructor said to think of a clock with 10 numbers. These represent the real estate cycle with five years up and five years down. This was the way it had always been. In 1999 our government decided to give buyers free money causing a six year boom from 2000-2006 followed by a seven year bust from 2006-2013. The questions on most peoples minds are; "Has real estate recovered? Or Are we back on cycle?"

To be fair, I am an optimist so my views may be slanted in that direction. Some of my reasons are, in 2012 I sold 257 properties ranking number one in unit sales. In 2013 I sold 280 ranking first again. Franchises are calling weekly asking me to take one of their franchises. Every company with a recognizable name is licensing it to start a new franchise; don't be surprised to see Tiffany's, Neiman Marcus, Macy's and Bloomingdales etc soon. International is the new buzz word for franchises. This is what I call marketing since the only countries with true MLS systems are the U.S. and Canada. We all share listings via an IDX system so all websites have the same properties, be they a franchise, independent, Realtor.com or Zillow etc. There are two small international MLS systems trying to gain traction with only limited success so far....I'm a member of both so if International is what you want, "nobody does it better."

Let's look at the "O" optimist and "P" pessimists perspectives.

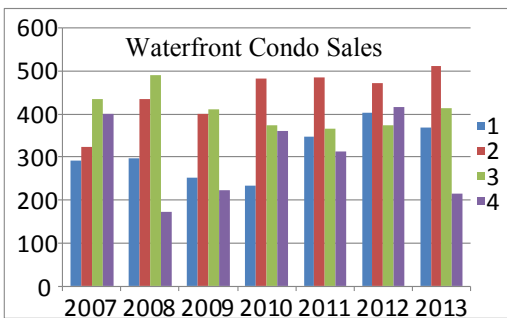
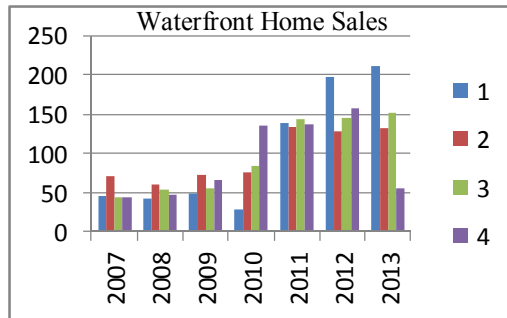
O-more people are taking the Florida real estate exam than at anytime in history. That shows people are expecting a boom.

P-only 37% are passing the real estate exam so its an indication of a weak job market. Of those who pass only 12% last longer than 18 months leaving 15% to do 85% of the business.

P-interest rates are going up making homes less affordable.

P-hedge funds reduced their presence in our market in July of 2013. They had excess inventory and were not renting them.

O-hedge funds return in January having repaired and rented their inventory.



The home and condo graphs show a recovery taking place prior to the flood insurance announcement. Then boom, sales dropped off. Long time readers of *The Roe Report* know I have a corporate sales and marketing back-

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ground. I research the market and my competition which allows me to change my business by anticipating the future. When I went full time in 2005 I captured 3% of the waterfront condo sales competing against 8,300 agents. When the market shifted to REO (bank foreclosures) I became number one in that category. While the MLS does not measure foreign transactions by agent when they became a primary buying force I joined the international real estate groups and traveled to Europe and Asia to develop business. It's the concept of managing a business rather than taking it as it comes that has allowed me to be successful. I expect to grow the business again next year. Let's break down the flood insurance mess.

If you live in a house that's in a flood zone and not on the water you have a major problem. Your house is worth more than your lot assuring a higher premium. However if your house is on the water the lot is worth 2-4 times the value of the house. If you have parking under the house and the living area is above the 15' flood zone it was most likely built after 2003 and has break away walls; therefore, it isn't likely to see much difference regardless of what happens with flood insurance. If you have a ranch that is 30-40 years old your rates could be very high but consider this, I have only sold two waterfront properties where the buyer used a mortgage. One bought a \$1M+ property but only brought \$780k from Europe. He took out a bridge loan. The other chose to keep investments that paid far higher interest than a 30 year mortgage instead of paying cash. My point; a buyer buying a lot with a ranch will either self-insure or build a new house on the lot. Either way insurance isn't a problem for them. Who are these buyers? The majority will be foreigners who have dreamed of owning on the water for their entire careers. Condos have it better. If they have underground parking the living areas are above the projected high water level. If not the overall construction comes into play but most likely the entire complex shares the extra cost of insuring the ground floor.

The tax collector is projecting lower assessments next year due to the flood insurance situation. That makes it an ideal time for investors, second home buyers and retirees to buy. I have read two reports on the rationale for continuing the current flood insurance program or for Florida to self-insure. One said in the past 10 years we paid in \$60M and only withdrew \$6M. The other said Florida paid premiums of \$3.60 for every \$1 collected in flood claims. It's a fact Florida will pass NY to become the 3rd largest state and neither party will want to lose our electoral votes. I'll give odds we won't get penalized based on the facts. My conclusion is the waterfront market will be in flux for a year or two but the better agents will continue to put buyers and sellers together. Another thing my real estate instructor said was; "If you last five years referrals from past clients will insure your success." I live off referrals from past clients and from the readers of this newsletter; thank-you for making me number one again. I don't believe next year will be any different.

## **QUARTERLY WATERFRONT HOME SALES**

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The media is negative in our market but that's not true nationally. There are only nine states where foreclosures are a major factor...Florida is number one. That means buyers of second, retirement and vacation properties on the water are hearing positive news. Foreign buyers are seeing their currencies weaken against the dollar and may want to buy here while prices are still affordable. Sellers who go with the Realtor who promises the highest price will see their properties languish on the market. Those who look at the comps and price their properties at a reasonable level will sell their homes. As you look at the facts by market keep in mind my average selling price was 96% of asking price and my average days to contract was 84. Excluding short sales my days on market dropped into the mid-50's.

**Belleair Beach, Belleair Bluffs & Belleair.** There are currently 21 houses listed, representing a 21 month supply. Sales during the fourth quarter totaled 3. Average days on the market was 109 and buyers paid 93% of the final asking price.

**Clearwater Beach, Island Estates and Sand Key.** There are currently 20.25 houses listed, representing a 36 month supply. Sales during the fourth quarter totaled 4. Average days on the market was 370 and buyers paid 82% of the final asking price.

**Dunedin.** There are currently 5 houses listed, representing a 7.5 month supply. Sales during the fourth quarter totaled 2. Average days on the market was 3 and buyers paid 98% of the final asking price.

**Gulfport.** There are currently 8 houses listed, representing a 12 month supply. Sales during the fourth quarter totaled 2. Average days on the market was 111 and buyers paid 98% of the final asking price.

**Indian Rocks Beach.** There are currently 17 houses listed, representing a 51 month supply. Sales during the fourth quarter totaled 1. Average days on the market was 9 and buyers paid 120% of the final asking price.

**Indian Shores.** There are currently 4 houses listed, representing a 12 month supply. Sales during the fourth quarter totaled 1. Average days on the market was 178 and buyers paid 88% of the final asking price.

**Largo.** There are currently 13 houses listed, representing a 9.75 month supply. Sales during the fourth quarter totaled 4. Average days on the market was 135 and buyers paid 91% of the final asking price.

**Madeira Beach.** There are currently 11 houses listed, representing a 33 month supply. Sales during the fourth quarter totaled 1. Average days on the market was 361 and buyers paid 92% of the final asking price.

**North Redington.** There are currently 6 houses listed, representing a 18 month supply. Sales during the fourth quarter totaled 1. Average days on the market was 55 and buyers paid 93% of the final asking price.

**Redington Beach.** There are currently 18 houses listed, representing a 10.8 month supply. Sales during the fourth quarter totaled 5. Average days on the market was 226 and buyers paid 92% of the final asking price.

**Redington Shores.** There are currently 5 houses listed, representing a 5 month supply. Sales during the fourth quarter totaled 3. Average days on the market was 37 and buyers paid 98% of the final asking price.

**Seminole.** There are currently 3 houses listed, representing a 4.5 month supply. Sales during the fourth quarter totaled 2. Average days on the market was 19 and buyers paid 94% of the final asking price.

**South Pasadena.** There are currently 1 houses listed, representing a n/a month supply. Sales during the fourth quarter totaled 0. Average days on the market was n/a and buyers paid n/a of the final asking price.

**St Pete Beach.** There are currently 30 houses listed, representing a 22.5 month supply. Sales during the fourth quarter totaled 4. Average days on the market was 31 and buyers paid 90% of the final asking price.

**St Petersburg.** There are currently 49 houses listed, representing a 18.375 month supply. Sales during the fourth quarter totaled 8. Average days on the market was 66 and buyers paid 95% of the final asking price.

**Tarpon Springs.** There are currently 16 houses listed, representing a 16 month supply. Sales during the fourth quarter totaled 3. Average days on the market was 261 and buyers paid 93% of the final asking price.

**Tierra Verde.** There are currently 15 houses listed, representing a 45 month supply. Sales during the first quarter totaled 1. Average days on the market was 241 and buyers paid 95% of the final asking price.

**Treasure Island.** There are currently 22 houses listed, representing a 9.4 month supply. Sales during the first quarter totaled 7. Average days on the market was 58 and buyers paid 95% of the final asking price.

#### CLIFF'S COMMENTS

This year I am again changing the way I do business to ensure success for my clients. My goal is to exceed 300 transactions. I have managed to lead all my fellow agents and teams for the past two years but I am nearing my limit. I will list and market properties with the agent I think best fits your property. My team will include::



Victoria lives on the water in Treasure Island. She specializes in selling waterfront and luxury homes.



Mediha speaks five languages and excels at making foreign buyers comfortable.



Jason specializes in St Petersburg condos in and around the downtown area. He also works with investors to acquire real estate.



Diane is licensed in NY and FL. She is excellent when working with buyers from the Northeast and Midwest.



Phyllis is past president of Pinellas Independent Realtors Association. She has over 35 years' experience and is a consistent top-producer.

Sincerely,

*Cliff*

As always, if I can help, please contact me.  
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