

Market Dynamics

By Stephen Wilson, Vice President and CFO, London Bay Homes

I spend a good deal of time studying the sales trends in Southwest Florida real estate, particularly in the Naples area, and in recent months, I must say that the trend is moving in a very positive direction.

For the 12 months ending in March, pending sales in Collier County rose 55% from 2,160 to 3,346 compared to a year earlier. This is a trend that established itself in the summer of 2007, and it continues to pick up momentum. In the early stages of this rebound, people were attributing the increase to the sale of low priced foreclosures and short sales. But the continued momentum of recent months tells a different story.

The sales of homes priced at \$1 million and above were more than doubled the number in the first quarter of 2009. According to data provided by Sunshine MLS, March home sales in the \$1 million and higher range reached a level last seen in early 2008.

Another reason for optimism is anecdotal, but it is still evidence of a trend. Since we acquired Mediterra in December 2009, we have been paying very close attention to the attitude of potential buyers visiting the community. In discussions with our sales team, they have consistently been telling us that they are seeing more interested purchasers in the first three months of 2010 that they did at the end of 2009, or for that matter, during season in the early in 2009.

Traffic to sales centers all across the area is up, and it appears that visitors are becoming more decisional in their shopping. Since the Club closing, Mediterra has recorded more than \$41 million in real estate sales with 13 sales pending at the time of this letter. These facts are pointing to real estate recovery in Southwest Florida. The low prices that some buyers have taken advantage of are becoming a thing of the past. As I learned in my economics classes, a diminished supply leads to higher prices.



Stephen Wilson