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## Spiraling prices cause frustration

By [Michael Braga](#)

With home prices in Bradenton and Sarasota appreciating faster than anywhere else in the nation, you'd think residents and Realtors would be cheering.

But they're not. In fact, many are finding the trend downright unsettling.

"It's upsetting people," said Tracy Seider, a Realtor with Re/Max Properties in Sarasota. "It's like a fish tank full of hungry fish. People are getting so they feel they have to pay any amount for houses.

"If they don't, it will cost more next week."

For some, the worst part is that the rising values are making it tougher for people to find affordable housing close to where they work, meaning more and more are traveling greater distances and clogging the roads in the process.

"I think everyone gets hurt by this," Seider said. "It gets increasingly expensive to live in the sunshine."

The National Association of Realtors reported this week that, by its measures, the median price for an existing home in Bradenton rose 45.6 percent to \$275,100 during the first quarter.

The same figure in Sarasota rose 36 percent, to \$326,300.

Seven of the top 10 markets nationwide with the greatest increases were in Florida, showing the Sunshine State drawing in a relative lion's share of price appreciation.

The Charlotte County-North Port area was not one of those top players, but it was by no means poky: The market posted a 32 percent increase in median sales price to \$197,800.

The results gave Bradenton and Sarasota the top two spots in the NAR ranking of 139 markets across the country, a fact spread across the nation by the national media.

Friday afternoon, for example, CNBC anchor Ron Insana led a discussion with some real estate experts in a segment called "Deconstructing Housing."

The guests fretted about a potential bubble in real estate and suggested that the frothy market in Florida was an example of the "downside" of the Federal Reserve's monetary policy with interest rates.

Flashed before hundreds of thousands of viewers were splashy blue graphics highlighting the Bradenton and Sarasota increases.

For Kerry Kirschner, president of the Argus Foundation, a Sarasota government watchdog group, the trend is frightening.

"When speculators see 25 to 40 percent appreciation, they come in from everywhere," Kirschner said. "It's like the dot-com craze. They keep pushing prices up so high that it becomes difficult to justify the value of what they're buying."

Kirschner recently visited condominiums in downtown Sarasota that overlook the Hollywood 20 movie theater. A 1,200-square-foot space was listed for \$550,000.

"That's \$458 per square foot," Kirschner said. "Those sound like Manhattan prices. But this is just a condo in a mid-size city. It's a little scary."

Of course, when the median home prices rise as much as they have in Manatee, Sarasota and Charlotte counties, sellers have to be delighted.

"Sellers are getting more for their houses and that's positive," said Peter VanDerNoord, who owns a real estate agency in Palmetto. "But it makes it harder for someone to afford a house in this market. It also becomes increasingly difficult for appraisers."

Appraisals are usually based on five or six months of comparative sales, but when prices increase 20 percent in six months, those numbers become irrelevant, VanDerNoord said.

What's most difficult to determine is how long the inflation is going to continue.

Insana's guests predicted that the double-digit increases in sales prices are not long for this world and that eventually the real estate market will settle into a more rational annual rise of 5 percent to 6 percent.

Some local experts seem to agree with that assessment and share some of their concerns.

"Is this a bubble, or a ramping up in prices that will continue?" asks Craig Smith, a Sarasota property appraiser and real estate investor.

"All I know is that we've never been through a run-up in Florida that has been this extreme. The farther up we go, the greater the risk that we'll be subject to a correction."

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