

## Breaking Records all over town!!

Here we are in the height of Season and it seems to me that there are two topics that I hear most from everyone I talk with in town: how tough the traffic is this year and can you believe the prices that homes are selling for these days! I can offer you no insight into traffic relief, but I can tell you a little bit about the Real Estate Market in Naples.

Resale properties in the most desirable neighborhoods have been pushing past numbers that many long-time residents can hardly believe. How is this possible and how long can it continue? The Naples Daily News featured an article by Kathryn Helmke on January 30, 2005 about the lack of affordable housing in Collier County. A quote from this article, which gives Naples the dubious distinction of being the most expensive place to live in the South, really puts our prices into perspective:

"Transplants from the Midwest to Naples might get sticker shock when trying to buy a home here. They're going from the nation's most affordable housing market to the least affordable in the South. Naples ranks as the 40th least-affordable place to live in the nation. And it ranks dead-last among metropolitan areas in the South, a district which stretches from Washington, D.C., through Texas and Florida."

Here are some statistics that will illustrate just how much our market has changed in the past year. Our average sales price increased from \$401,000 (2003) to \$478,000 (2004). That is an almost 20% jump across the board! In 2003, Sales over \$1 Million made up only 6% of the total number of sales, while in 2004, Sales over \$1 Million increased 50% to account for 9% of the total transactions in Naples and Bonita Springs. At the same time, the total number of sales under \$250,000 decreased from 56% in 2003 to only 42% of the total number of sales in 2004. There simply were fewer properties to be found in the under \$250,000 range in the area! (Information is from Sunshine MLS and includes Naples and Bonita Springs. Accuracy of information is not guaranteed.)

But the question most everyone is asking is not how high can it go, but how long can it last? We've seen article after article about this "bubble" in both local and national print. The experts seem to agree that Florida is in no danger of a bust.

In a new statistical research study, economist Michael D. Youngblood identifies 27 local housing markets that have reached bubble stage. Youngblood, who works for Friedman, Billings, Ramsey & Co., an investment-banking firm based in Arlington, Va., defines bubble markets as those where per capita income growth rates severely lag housing price growth and are seriously out of sync with historical price-to-income norms.

Most of the bubble markets in Youngblood's study are in California. Notably absent from Youngblood's list are all the high-appreciation markets in Florida. This is not to say that we can expect prices to keep zooming for the heavens indefinitely, but there are plenty of reasons to believe that we will continue to see a healthy appreciation here in Naples. For one, money is still comparably cheap, as a 30 year fixed mortgage (no longer the most popular financing vehicle) is still under 6%. Secondly, the Baby Boomers are just starting to retire over the next few years. Thirdly, the population as a whole is not only growing but the workforce is more and more mobile due to advances in telecommunications. And most importantly, they are not creating any more land in this beautiful piece of Paradise that we are fortunate enough to call Home.

**Naples ranks as the 40th least-affordable place to live in the nation.**

**Mara Muller** has lived in Naples since 1996 with her husband and two daughters. Her focus is helping families reach their Real Estate Goals. She is a CRS (Certified Residential Specialist—only 3% of Realtors nationwide!). Contact her at [www.MaraSellsNaples.com](http://www.MaraSellsNaples.com) or 449-2777 with your real estate questions.



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