

The state of Sarasota County's real estate market

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If you're like most real estate professionals you probably read an overwhelming number of news publications all the time. It seems every day we see stories on booming sales activity or skyrocketing property values.

An August CNN Money story reported Sarasota as the sixth top housing market in the nation. Citing a National Association of Realtors® report, the Sarasota metropolitan area saw a 29.9 percent increase in the median home value from February 2003 to February 2004. One wonders how this reported record-breaking activity relates to prior years. I thought we might take a look back to see how far we've come. So I dusted off some of the old tax rolls to find out how market values have increased over the past few years and to measure how long it has taken Sarasota County's market value to double.

It's hard to believe that just six years ago in 1998 the market value of all Sarasota County property was just about \$25.5 billion dollars. That seems a mere pittance and dwarfed by today's market value that exceeds \$52 billion. The table below gives a year-by-year rendition of the total market values of all property within Sarasota County.

Year	Countywide Market Value	% Change per year	Cumulative % Change from 1998
1998	\$25,565,064,500		
1999	\$27,740,000,573	8.5%	8.5%
2000	\$30,213,314,099	8.9%	18.2%
2001	\$33,595,742,162	11.2%	31.4%
2002	\$38,800,701,198	15.5%	51.8%
2003	\$45,559,469,607	17.4%	78.2%
2004	\$52,885,037,778	16.1%	106.9%

Source: Sarasota County Property Appraiser's Records
*Preliminary Values for 2004

As you can see, property value has more than doubled over this six-year period. Annual increases have been in double digits for the past four years. The slightly lower rate of change in 2004 may not be indicative of a trend nor should it be viewed as a reversal of rising values. As the value base grows, percentage changes are expected to vary. The dollar amount of change in 2004 is still greater than in any other year.

It is also interesting to look at the amount of net new construction added over the years. Subtracting all of the demolished or removed

property value from the value of all new structures built results in this figure. It is based upon structures completed by January 1 of each year. The net new construction value is an indicator of value growth caused by building activity.

Year	Net New Construction
1998	\$ 525,438,248
1999	\$ 652,746,139
2000	\$ 685,311,083
2001	\$ 781,732,896
2002	\$1,030,765,446
2003	\$ 997,902,432
2004	\$1,345,382,670

The dollar amount of new construction has never been greater than seen in 2004. More than two-and-a-half times the amount of new construction value was added this year as compared to 1998.

Now let us take a look at the change in the average value of houses over this same period. Summing the value of all single-family detached dwellings and dividing by the total count calculates the average, or mean. The mean has the effect of measuring the impact of extreme values whereas extreme outliers less influence the median.

Year	Average (Mean) Market Value Single Family Houses	% Change per year
1998	\$123,696	
1999	\$131,982	6.7%
2000	\$142,559	8.0%
2001	\$157,986	10.8%
2002	\$176,982	12.0%
2003	\$206,474	16.7%
2004	\$235,519	14.1%

Obviously it has become more expensive to acquire a home in Sarasota County. On the other hand, on average, houses have proven to be a good investment.

Clearly Sarasota's real estate market is healthy and growing. How long will this continue? No one knows for sure. However, so far this year we have continued to see prices rising and new construction is robust. But history has taught us that eventually there will be a slow down. That does not mean property values will decline, even though the rate of growth may not be as high.