

Half of homes in South Florida sell for a loss

By **KIMBERLY MILLER**

Palm Beach Post Staff Writer

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Nearly half of South Florida homes sold in December did so at a loss, a 4 percent increase from the previous year and a "disturbing" sign for anyone with a home on the market.

The data, released this morning by analysts at Zillow.com, evaluated sales by region, county and ZIP code — a measure that showed 53 percent of West Palm Beach homes sold at a loss in December, while 68 percent of Port St. Lucie homes were purchased at prices lower than the previous sale.

Statewide, 47 percent of homes sold at a loss in December, nearly equal to the 48 percent in Miami-Dade, Broward and Palm Beach counties combined.

"This shows how deeply home values have fallen in South Florida since the peak of the market," said Amy Bohutinsky, vice president of communications for Zillow. "It is certainly a disturbing number as far as what is happening to home sellers."

Ken Johnson, a Florida International University professor and real estate economist, said the statistics don't surprise him. They reflect how inflated prices had become during the boom, he said.

Also, high foreclosure rates naturally lead to lower sale prices as banks try to unload inventory. More than 500,000 Florida homes received some type of foreclosure notice last year.

"This is the market clearing," Johnson said about the Zillow study. "It's bad medicine and we either swallow it a little at a time or a lot at a time. This is a lot."

Nationally, 28 percent of homes sold for a loss in December.

Zillow's study also measured negative equity in home loans by region. At the end of December, about 41 percent of South Florida borrowers owed more on their mortgages than what their home was worth. That's a small improvement over the 46 percent seen in the fall. About 55 percent of Treasure Coast loans were underwater, also lower than the 62 percent from the third quarter of the year.

Bohutinsky attributes the improvement to home values flattening out toward the end of the year.

The Zillow Home Value Index showed South Florida values had decreased less than 1 percent in December from the previous month to \$164,400.

But Zillow Chief Economist Stan Humphries called the stabilization a brief respite "from a larger market correction that has not yet run its course."

"While the next few months are likely to bring further home value declines in most markets, we do expect to see a national bottom in home prices by the middle of the year," Humphries said.

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