

New Tampa Real Estate Faces Uncertain Future

Local homeowners have reason for hope, but unique factors make for a rough recovery.

By Rory Crump July 22, 2011

New Tampa real estate is skating on thicker ice, but a full, healthy recovery is still up in the air.

Yes, New Tampa homes have survived better than most of their Hillsborough County peers — average price drops, fewer foreclosures. And the past six months, throughout Tampa Bay's seven-county region, have seen a steady uptick in median home prices.

However, slower than normal summer sales and homes priced out of the in-the-market buyer's — first-time and investor — range, keep the future cloudy for most New Tampa neighborhoods.

Buoyed by a favorable mix of demographics and destination, New Tampa remains a real estate mystery.

“The area has been undergoing a saw-tooth recovery since July of 2010. Existing home sales volumes are up and down every month,” said Peter Murphy, president of Home Encounter, a full-service Tampa real estate firm.

Home Encounter reports Hunter's Green has been New Tampa's most temperamental development, with the average cost per square foot over the past 12 months bouncing from \$69 to \$118.

Home Encounter employs a proprietary database, HomeSalesStats.com, utilizing agent-provided home sales data, claiming to mitigate errors and omissions generated by public records — variables and inputs used by other popular real estate databases.

Over the past 12 months, sales in the 33647 zip code are down 17.2 percent. Not a good news story, but better than many Tampa areas.

Buyers may just be driving by New Tampa. Other parts of Tampa are flush with distressed properties and priced-to-sell neighborhoods. And investors and first-time buyers still dominate Tampa's market, despite low-mortgage rates and historically strong seasonal sales.

Foreclosures, short sales, and bargain-basement deals in other parts of Tampa need to sell

before buyers flock back to the gated communities and golf courses in New Tampa.

According to HomeSalesStats.com, over the past 12 months, the median sold price of single-family homes in New Tampa peaked at \$239,000. Countywide, the median is \$137,000, leaving price-sensitive buyers more attractive options.

New Tampa, in general, has dodged the Tampa foreclosure epidemic. “Any neighborhood with a lower number of distressed sales is a good neighborhood, distressed sales pull down the value of homes,” said Murphy.

Richmond Place recorded just one foreclosure over the past 12 months. Arbor Greene and Hunter’s Green remained relatively stable with 15 foreclosures each. And Live Oak Preserve suffered 48 foreclosures, the most in New Tampa.

But, the encouraging number of distressed properties — foreclosures and short sales — may also hinder New Tampa’s sales recovery. Distressed properties drag down home values, taking conventional “for-sale” properties with them. And once the distressed inventory is exhausted, conventional home prices typically jump to meet demand. Without the distressed properties, New Tampa is less likely to enjoy a huge leap in median sold price.

The potential for a second wave of foreclosures in Tampa looms, too. The “shadow market” — distressed properties nearing foreclosure or those not yet listed by lenders — is a growing, Florida-wide concern for economists and homeowners.

“Florida has one of the largest shadow inventories in the nation; eventually lenders are likely to re-sell these properties at deep discounts, preventing a healthy rebound in home prices,” Sean Snaith, Director of UCF’s Institute for Economic Competiveness, said from UCFTV.

The shadow market has yet to creep into the Tampa market, but fears still exist banks are holding back foreclosures. Today’s paradox would, again, impact New Tampa: presumably lower on distressed properties, but still off today’s buyer radar.

“Home buyers are smarter than ever. They’re willing to wait this time to be sure that the market has fully recovered before they jump back in,” said Murphy through Home Encounter.

But New Tampa sellers and dwellers have an ace in the hole. The market, without the distressed properties and hemorrhaging values, is considered stable compared to other Tampa areas. Tampa Palms holds steady with distressed median sales reaching 71 percent of conventional sold prices.

The past six months of Tampa Bay data suggest the wild mood swings in median home prices

have subsided. Although real estate gurus want to see a yearlong upward trend, the signs are encouraging. And New Tampa is better positioned for a healthy recovery.

“Unless you’re an investor, stabilization is what you want, not a rapid rebound,” Murphy said. “We are talking about housing — not race-horses — and this asset class should never rapidly go anywhere.”

“The American dream of home ownership is not dead, but it’s still on life support,” Snaith said. New Tampa’s life support system appears to be stronger than most.