

The Luxury Real Estate Resource



Central Florida's Luxury Real Estate Market Report

Mid-Year 2008



Williams Real Estate Group
Always There For You.®



To Our Readers,

We are pleased to present our first Metro Orlando Luxury Real Estate Report. A web search on luxury real estate will yield an endless number of advertisements for high-end homes throughout the United States or general information about the luxury markets in their entirety. Because this intriguing segment of the market is not written about with any great frequency, we see a demand for more information about the current conditions in our community. Defining the luxury market as a single-family home with a sales price of one million dollars or above, our report provides an overview of Metro Orlando's luxury real estate market for the counties of Orange, Seminole, Osceola, and Lake. After analyzing the attributes of sales volume, price, amenities, and location we have included a discussion on the factors that fuel demand. We have also included information on the most recent global luxury real estate sales.

It is our hope that through the publication of our Metro Orlando Luxury Real Estate report we have provided to our readers the luxury of knowledge about this fascinating sector of Central Florida's real estate market.

Charlotte M. Williams, CPA, MBA
President
ERA Williams Real Estate Group

Amanda K. Gifol
Vice President, Marketing
ERA Williams Real Estate Group

The Rise of Central Florida's Luxury Home Market

As real estate values soared in 2004 and 2005, there had never been a larger number of luxury homes purchased in the Metro Orlando area. In 1997 the sale of a five million dollar home in Windermere made the front page of the Orlando Sentinel but now the sale of a luxury home is almost an everyday occurrence. In 2005, 438 luxury homes were sold and 479 homes were sold the following year. In early 2008, a home in Isleworth sold for \$9,000,000 clearly giving Metro Orlando a place on the luxury real estate map.

A Hot Luxury Market Begins to Cool

By 2007 the number of luxury homes sold dropped by 22% to 394. But the decline was not as dramatic as the slow down in the overall real estate market that took hold in the second half of 2007. Until that time, unprecedented wealth creation had buffered the luxury home market. The expression that a rising tide lifts all boats clearly applied to the high net worth individual (HNWI).

The Luxury Home Buyer - The High Net Worth Individual

In the first half of 2007, high net worth individuals worldwide benefited from the two key drivers of wealth creation, increases in real GDP and market capitalization. But as U.S. mortgage markets began to roil in mid-2007, there was a very different story to be told about wealth generation in the U.S. versus wealth generation in emerging economies as noted by Jay H. Bryson, Global Economist with the Wachovia Economics Group. Strong performances in emerging markets boosted the gains of high net worth individuals. He explains in his July 2008 report that market capitalization and real GDP, began to decline in the U.S. in the second half of 2007. Conversely, favorable conditions in the emerging markets increased the wealth of high net worth individuals associated with those economies.

Follow The Money

This global high net worth marketplace made possible purchases of luxury real estate that set new records for highest price paid. In March 2008, a London flat was purchased for £100 million by a Qatar foreign ministry. The purchase of a Palm Beach oceanfront estate by Russian fertilizer billionaire, Dmitry Rybolovlev in July 2008 was originally reported as a \$100 million dollar transaction but later corrected to a mere \$95 million dollar sale.

Follow The Money (Cont.)

In early August there was yet another record setting transaction in the luxury real estate market. This time the sale took place in Villefranche-sur-Mer on the French Riviera. Philanthropist and socialite Lily Safra, whose late husband Edmond Safra was killed by an arsonist's fire in Switzerland in 2003, was the seller. King Leopold of Belgium originally built the 20-acre estate, La Villa Leopolda, in 1902. The estate sold for a reported \$752 million dollars. Mikhail Prokhorov, the former head of Russian mining giant, Norilsk Nickel, is the buyer. Forbes magazine ranks him among the 25 richest Europeans with a net worth of approximately \$19.3 billion. He now heads a Russian investment fund specializing in new technologies.

According to an August 11th article by Charles Bremner on www.timesonline.com, La Villa Leopolda has two guesthouses, and hundreds of olive, cypress, and lemon trees tended by 50 gardeners. Former members of the Israeli Special Forces are said to ensure Mrs. Safra's safety there. She will move out in September. The estate was previously owned by Fiat tycoon, Giovanni (Gianni) Agnelli.

The luxury buying frenzy may be moderate in the months ahead. According to the 2008 Merrill Lynch World Wealth Report, high net worth individuals across the globe began reducing their total real estate investments as a defensive move. They finished 2007 with only 14% of their financial assets allocated to real estate.

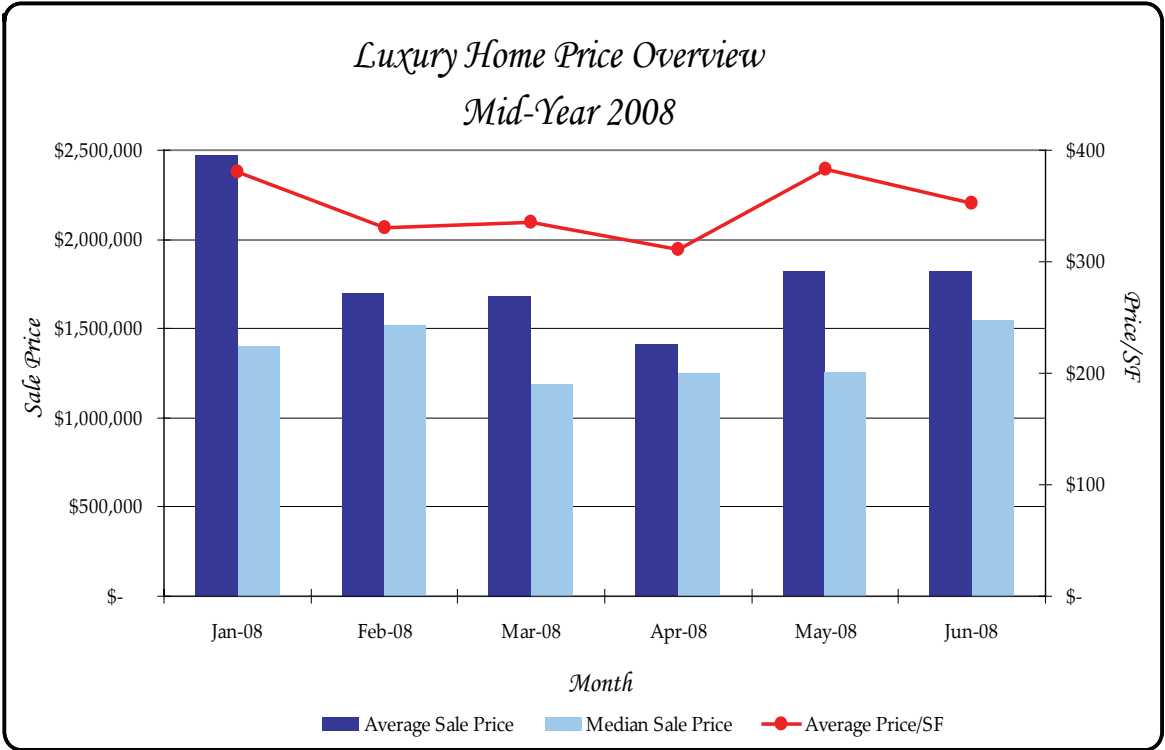
Grow Globally

While growth in the U.S. will likely remain weak, there are some economists that are forecasting a rebound in the Metro Orlando real estate market in 2009. Dr. Sean Snaith, Director of the Institute for Economic Competitiveness at the University of Central Florida's College of Business sees gradual improvement in the overall Orlando area home sales. The demand for Metro Orlando luxury real estate could be enhanced by capturing the attention of high net worth individuals in the still strong emerging markets. A strategy to attract Central's Florida's share of foreign investment would be an effective way to help liquidate our current luxury real estate inventory.

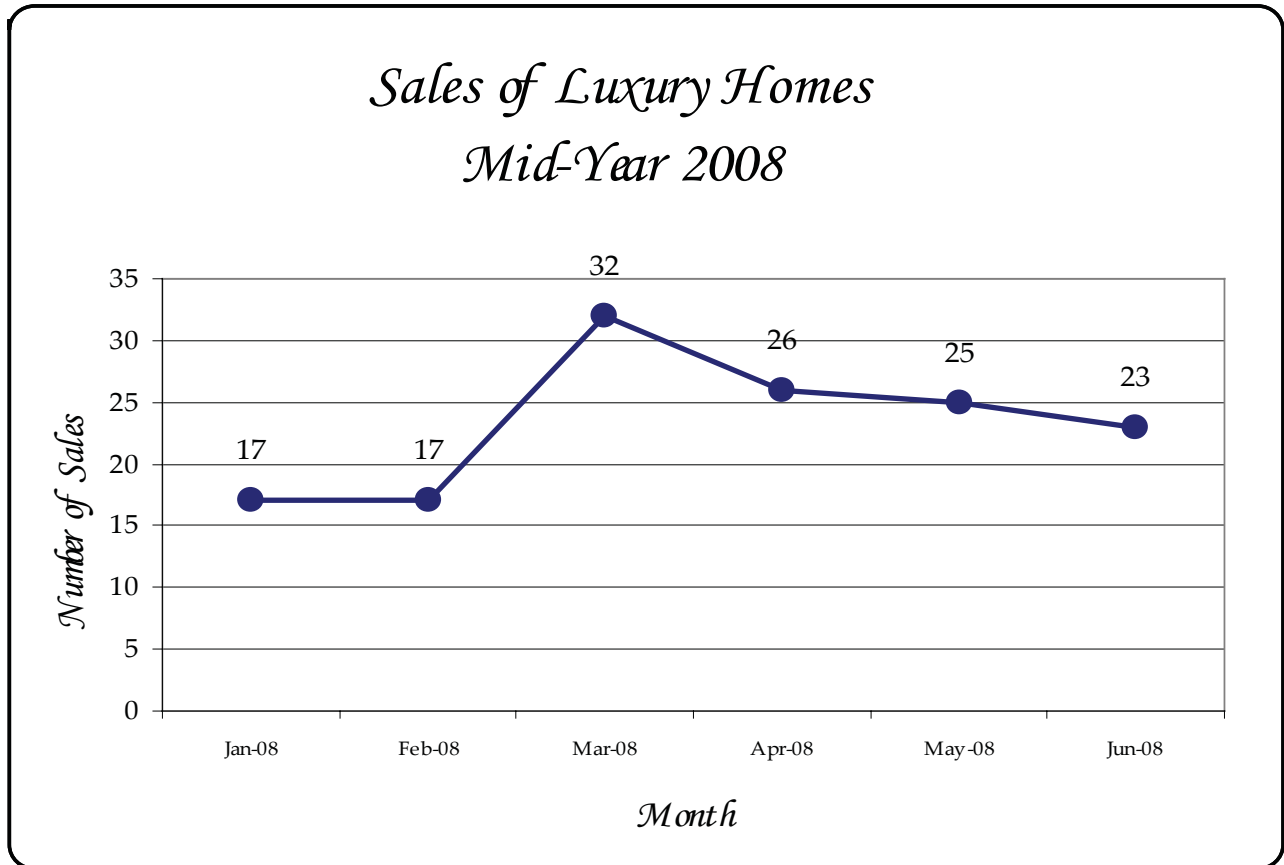
The table below provides a summary of all 140 luxury home sales in Central Florida through June 2008. The sum of all sales in the first six months of the year is \$249,059,823. Another interesting note to make is that the average home is selling for approximately 90% of it's list price.

<i>2008 Luxury Market Summary</i>						
Number of Sales	Sales Volume	Average Sale Price	Median Sale Price	Average Price/SF	Sale/List Price Ratio	Average Days on Market
140	\$249,059,823	\$1,778,999	\$1,306,250	\$346.64	89.9%	209

The average and median sale price remained relatively stable throughout the first six months of the year. The spike in average sale price in January is because two properties sold well above the prices of other luxury homes. Prices seemed to lull in April but quickly picked back up in May. The average sale price rose \$416,018 from April to June and the median sale price rose \$302,500 during that same period.



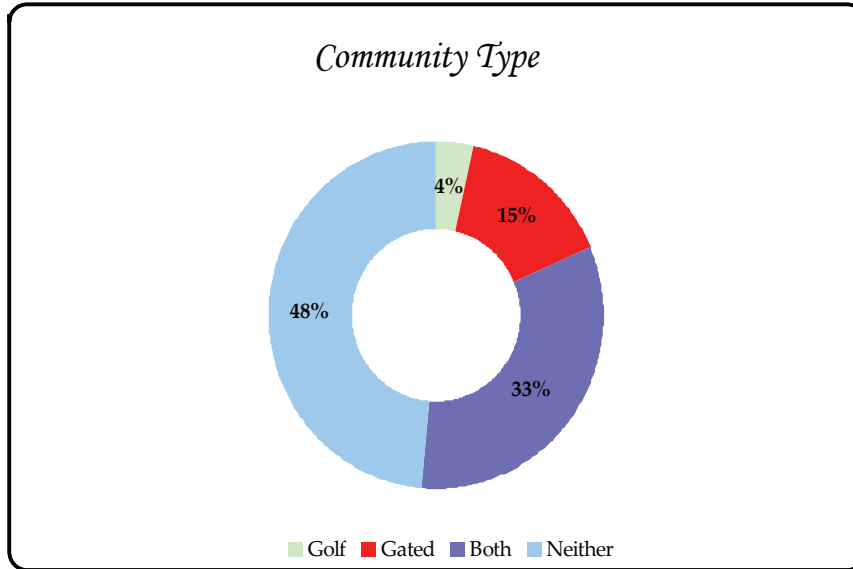
Of the 140 luxury homes sold in Central Florida during the first six months of this year, 23% of the sales took place in March. There was a slight downturn in sales from March to June that could be the result of numerous economic factors. However, home sales were also the steadiest from April to June, remaining in the mid-twenties.



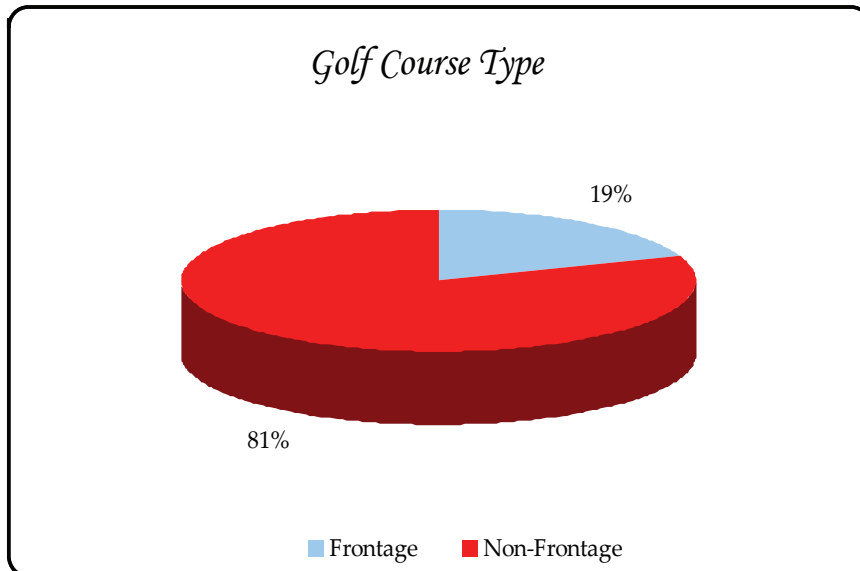
Top 10 Central Florida Luxury Home Sales January-June 2008

	Address	Sale Price	Beds/ Half		SF	Built	Pool	Subdivision	Sale Date	Sale Price/SF
			Baths	Baths						
1	5180 Vardon Dr.	\$ 9,000,000	5/5	3	11,343	2008	Y	Isleworth	1/14/2008	\$ 793.44
2	5127 Fairway Oaks Dr.	\$ 7,950,000	6/5	3	9,945	2006	Y	Isleworth	1/10/2008	\$ 799.40
3	1551 Via Tuscany	\$ 5,800,000	6/7	1	9,040	1993	N	Woodmere Terrace	5/14/2008	\$ 641.59
4	6131 Louise Cove Dr.	\$ 5,050,000	5/5	3	8,481	2003	Y	Isleworth	5/13/2008	\$ 595.45
5	1640 E. Adams Dr.	\$ 4,700,000	5/5	4	7,497	1991	Y	Adams Grove	3/17/2008	\$ 626.92
6	9833 Lake Louise Dr.	\$ 4,450,000	5/5	2	7,862	2002	Y	Isleworth	3/18/2008	\$ 566.01
7	9680 Sloane St.	\$ 4,300,000	5/6	2	7,434	2007	Y	Lake Nona	6/27/2008	\$ 578.42
8	5506 Isleworth County Club Dr.	\$ 3,800,000	8/8	2	7,985	1992	Y	Isleworth	3/27/2008	\$ 475.89
9	9241 Tibet Pointe Cir.	\$ 3,748,000	5/6	1	9,400	2007	Y	Keenes Pointe	6/23/2008	\$ 398.72
10	9108 Sloane St.	\$ 3,600,000	4/4	3	5,578	2007	Y	Lake Nona	1/31/2008	\$ 645.39

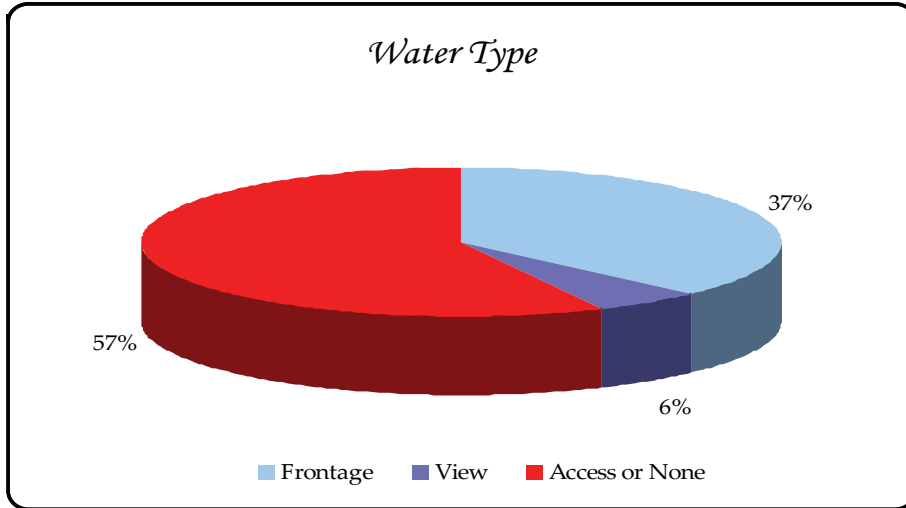
This graph represents the 140 Luxury Home Sales in 2008 divided into community types. Over half of the sales were located in a golf community, a gated community or a community that was both gated and contained a golf course.



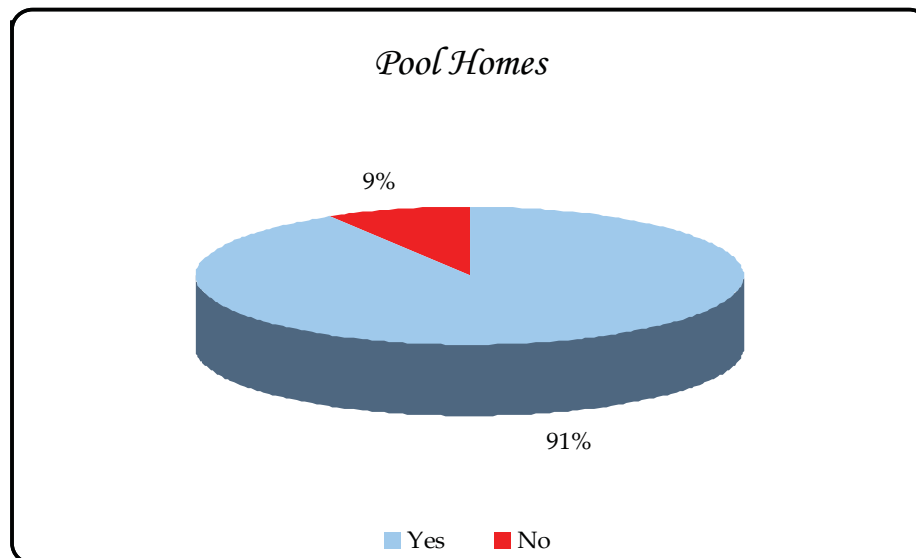
Of the 140 sales 19% (or 27) were actually located on a golf course. The remaining 81% of properties were either located in a golf community but not directly on a golf course or located in a non-golf community.



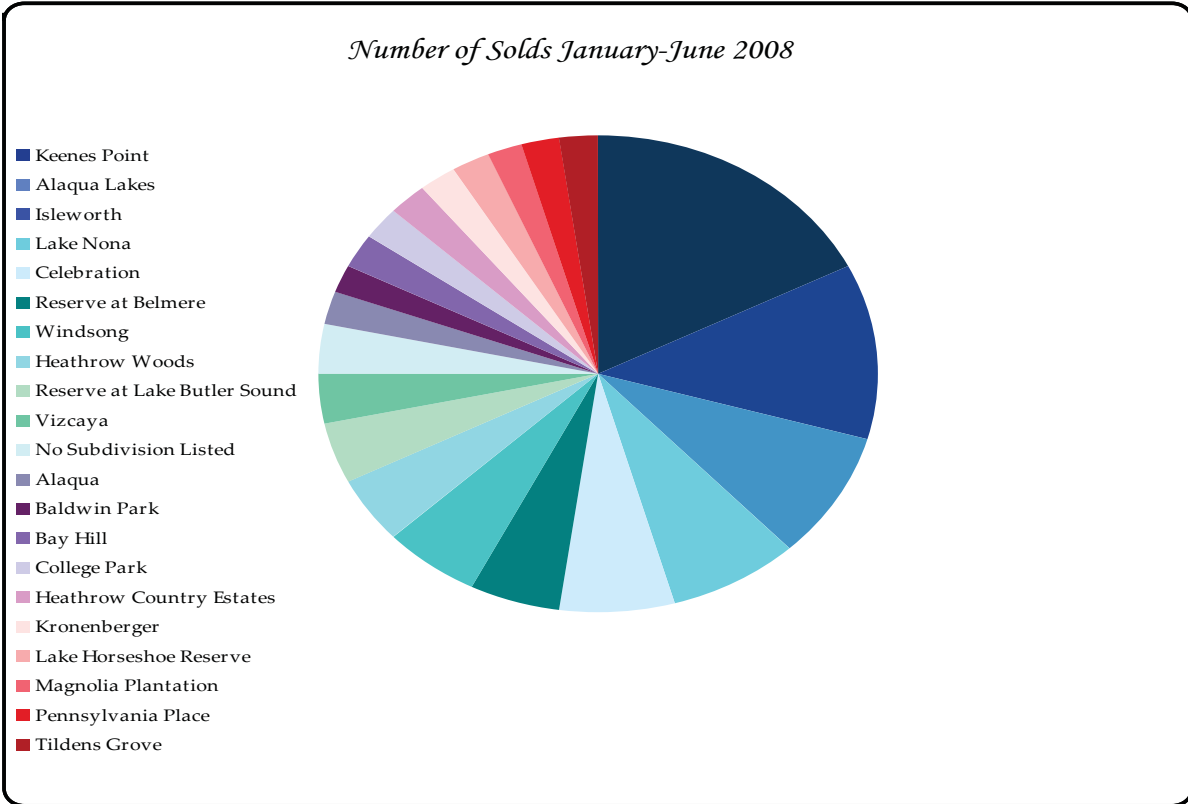
Nearly half of all luxury homes sold in 2008 were located on the water or had a water view. The remaining properties either had only access to water or none of the above.



Of the luxury homes sold in 2008, 91% contained a pool. With an average annual temperature of 83 degrees, many buyers consider a pool a must in a Central Florida luxury home.



The graph below illustrates the number of sales distinguished by subdivision. We tallied the subdivisions in Orange, Osceola, Seminole and Lake counties that had two or more sales this year. Keenes Point in Orange County and Alaqua Lakes in Seminole County have already broken into double-digit sales.



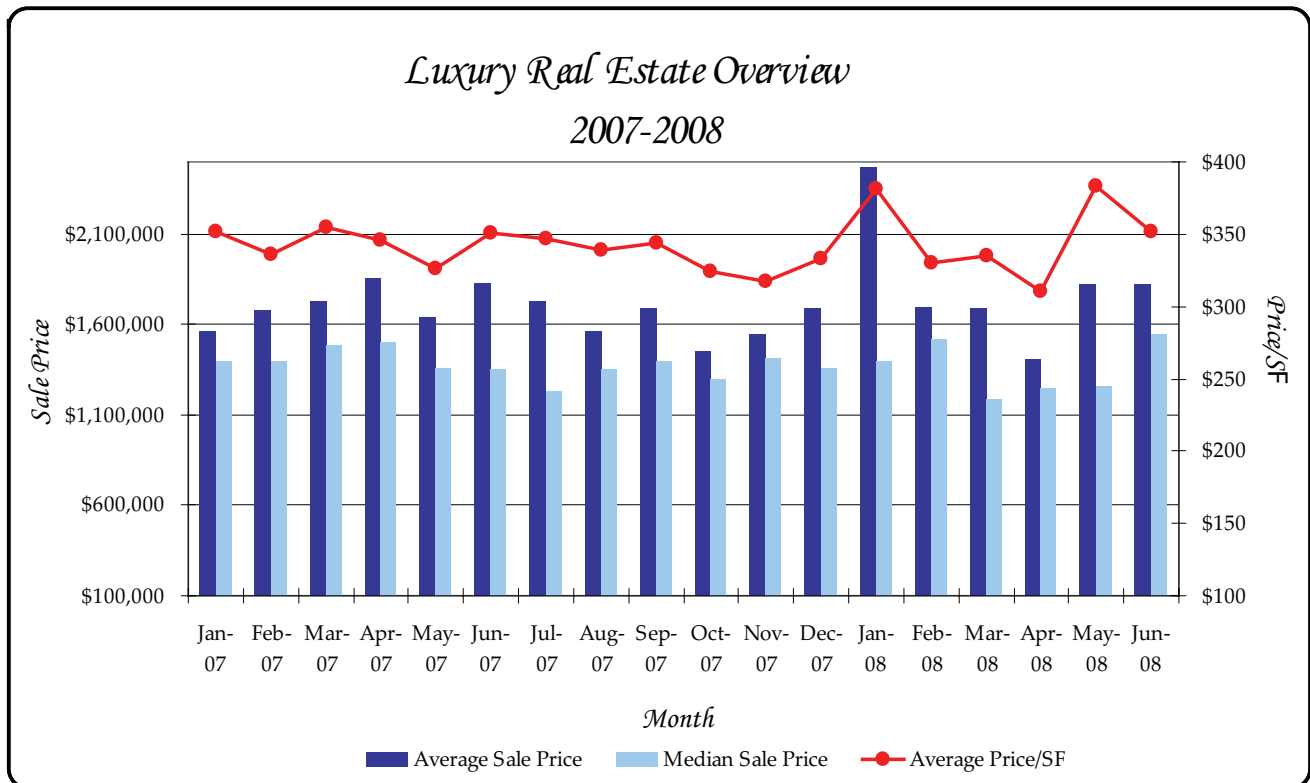
<i>Community</i>	<i>Number Sold</i>	<i>Average Sale Price</i>
Keenes Point	16	\$1,491,125
Alaqua Lakes	11	\$1,327,909
Isleworth	8	\$4,512,500
Lake Nona	7	\$2,404,171
Celebration	6	\$1,204,833
Reserve at Belmere	5	\$1,620,241
Windsong	5	\$1,572,500
Heathrow Woods	4	\$1,625,000
Reserve at Lake Butler Sou	4	\$2,972,500
Vizcaya	3	\$2,001,667
No Subdivision Listed	3	\$1,171,667
Alaqua	2	\$1,162,500
Baldwin Park	2	\$1,050,000
Bay Hill	2	\$1,632,500
College Park	2	\$1,950,000
Heathrow Country Estates	2	\$1,715,000
Kronenberger	2	\$1,915,000
Lake Horseshoe Reserve	2	\$1,017,500
Magnolia Plantation	2	\$1,082,500
Pennsylvania Place	2	\$1,125,000
Tildens Grove	2	\$1,230,500

We can gain a great wealth of knowledge about the current market conditions by comparing the first six months of 2008 to the first six months of 2007. The number of sales has dropped from 231 in 2007 to 140 in 2008. Luxury homes are also staying on the market for longer periods of time, as indicated by the average days on market. Despite the fact that fewer homes have sold this year, the average sale price and price/sf surpassed 2007 amounts, which indicates a certain amount of stability in pricing in the luxury market.

January-June Luxury Market Summary

Year	Number of Sales	Sales Volume	Average Sale Price	Median Sale Price	Average Price/SF	Sale/List Price Ratio	Average Days on Market
2008	140	\$249,059,823	\$1,778,999	\$1,306,250	\$346.64	89.9%	209
2007	231	\$395,370,496	\$1,711,561	\$1,400,000	\$343.50	92.8%	120

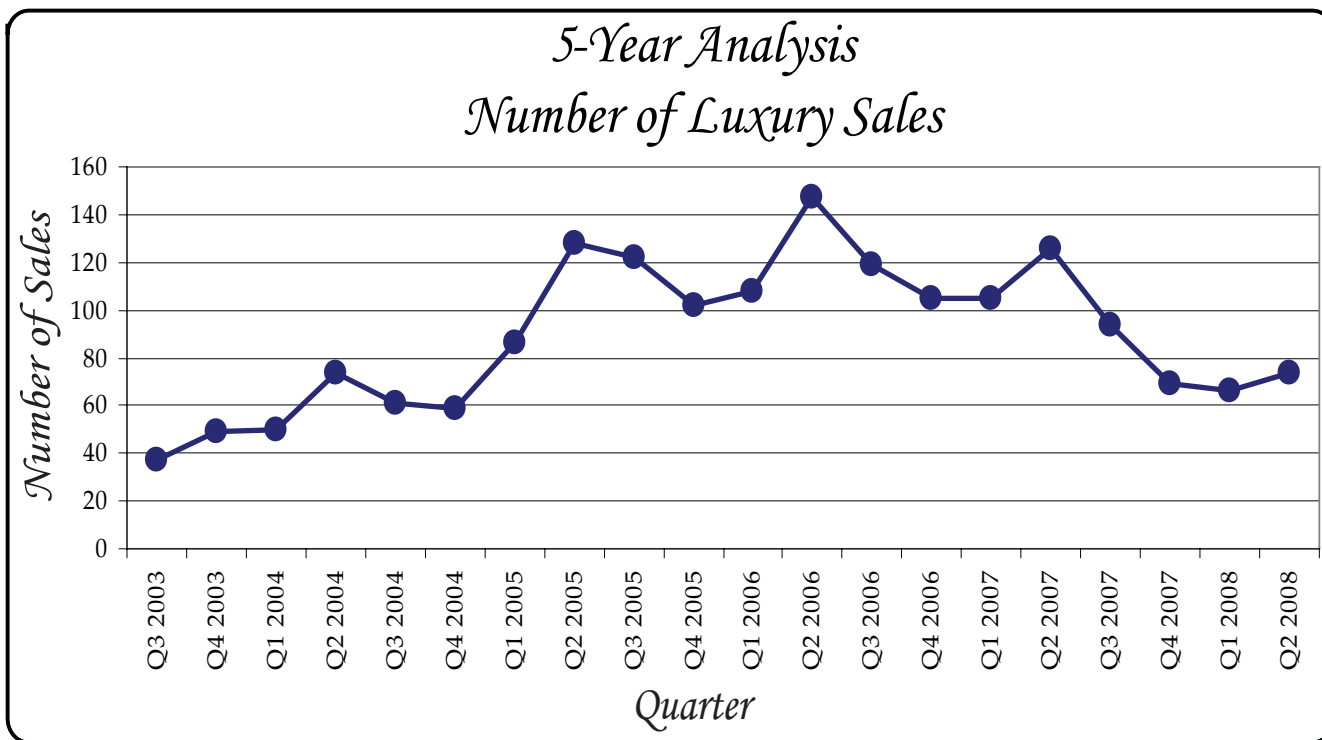
The graph below depicts the fluctuation in prices from January 2007 to June 2008. Again, the spike in January of 2008 is because two properties had larger than average selling prices. The average sale price ranged from \$1,407,873 (Apr-08) to \$2,471,325 (Jan-08). The median sale price ranged from \$1,187,500 (Mar-08) to \$1,550,000 (June-08). Lastly, the range of the average price/sf was from \$311/sf (Apr-08) to \$383/sf (May-08).



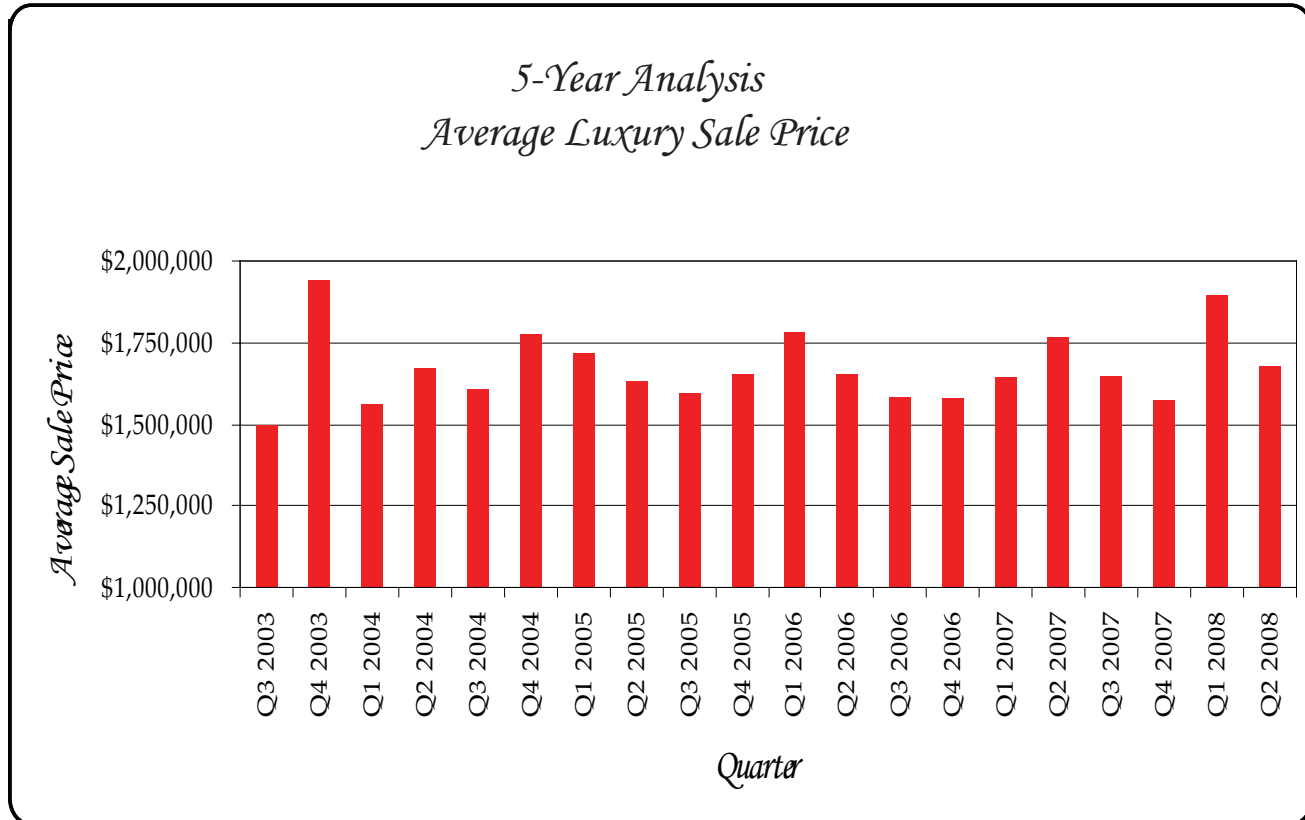
The large difference in the amount of sales from 2007 to 2008 can be explained by this graph. Although there were more sales in the first six months of 2007 compared to the first six months of 2008, you can see that the sales have varied greatly from month to month throughout both years. However, from April 2008 to June 2008 we can see a trend of sales settling in the mid-twenties.



The 5-year history of the number of sales in the Central Florida luxury real estate market is shown below. This gives us an idea of overall flow of the market. From 2003 to mid-year 2005 luxury home sales were on the rise. Sales fell slightly near the end of 2005. There was a spike in sales, the overall max for the 5 year period, in the second quarter of 2006. From there on sales mainly declined with the exception of the second quarter of 2007. The graph ends at Q2 2008 with a slight upturn in sales.



This graph provides a visual of the changing average luxury home sale prices over the past 5 years. Most of the time the average sale price remained between \$1,500,000 and \$1,750,000. Average prices only fell below \$1,500,000 once, which was in the third quarter of 2003. Also, prices only rose above \$1,750,000 for five of the twenty quarters.





Company Overview:

ERA Franchise Systems LLC is a global leader in the residential real estate industry with more than 30 years experience in developing consumer-oriented products and services. The ERA network includes more than 38,000 brokers and sales associates and approximately 3,000 offices throughout all 50 U.S. States and 49 other countries and territories. Each office is independently owned and operated except offices owned and operated by NRT LLC. ERA Franchise Systems LLC is a subsidiary of Realogy Corporation, a global provider of real estate and relocation services.

ERA International Collection:

ERA established the International Collection to offer luxury real estate clients a way to distinguish themselves in the marketplace. ERA International Collection members are certified to understand the marketing, high-level networking, and specialized needs of luxury real estate transactions. Members are also schooled in recognizing architectural styles and determining applicable ordinances involving historic homes. The ERA International Collection was placed in the top 10 real-estate companies by wealthy consumers in a 2008 survey done by The Luxury Institute (www.luxuryinstitute.com).



The Luxury Real Estate Resource has been prepared by:



Charlotte M. Williams, CRC, CPA, MBA
President

Charlotte is the President of ERA Williams Real Estate Group in Orlando, Florida. She graduated from the University of Central Florida with a Bachelor of Science in Business Administration with a major in Accounting. She received her MBA from the Rollins College Roy E. Crummer Graduate School of Business in Winter Park, Florida. She is a member of the Florida Institute of Certified Public Accountants, the National Association of Realtors, and a builder member of the National Association of Home Builders. She is also a member of the Seattle based organization, Who's Who in Luxury Real Estate.



Amanda K. Gifol
Vice President

Amanda is the Vice President of Marketing for ERA Williams Real Estate Group and is licensed as a real estate associate in the State of Florida. She graduated with high honors from the University of Central Florida in Orlando with a Bachelor of Science in Business Administration with a concentration in Statistics.



Williams Real Estate Group

Office: 407-658-2020 Fax: 407-658-0600 After Hours: 407-310-7309
3403 Technological Avenue Suite 12, Orlando, FL 32817

Each ERA® office is independently owned and operated.



Office: 407-658-2020 Fax: 407-658-0600 After Hours: 407-310-7309

3403 Technological Avenue Suite 12, Orlando, FL 32817

Each ERA® office is independently owned and operated.