Quarterly Report 3Q 2006
A Review of the Miami-Fort Lauderdale Metro Area Real Estate Market

Miami

■ MIAMI-FORT LAUDERDALE MARKET

Sharp Slowing But Still Rising in Third Quarter

Considerably off the record-setting performance in the recent past, real estate values in South Florida slowed dramatically in the third quarter but still recorded positive appreciation.

The Miami-Fort Lauderdale metropolitan region (Miami-Dade and Broward counties) real estate market continued to see price appreciation in home values during the third quarter of 2006, albeit at dramatically slower rates than in previous quarters. The South Florida Zindex™ home value indicator of $303,368 was up 12.9% on a year-over-year basis (relative to Q3 2005), but only increased 1% on a sequential basis from the second quarter Zindex value of $300,227. Year-over-year performance was down dramatically from last quarter in which the region recorded a 21.9% year-over-year Zindex growth. The South Florida market performed better than the national market on a year-over-year basis (the national Zindex was up 5% in the past quarter on a year-over-year basis) but worse on a sequential basis where the national Zindex increased 2.4% quarter-over-quarter (from $263,485 to $269,814 in the third quarter of 2006) versus 1% sequential growth in the Miami metro area.

[Table 1. South Florida Market Performance]

	All Residential Zindex		Single Family Residence Zindex		Condominium Zindex	
	Current Value ($)	Change YoY (%)	Current Value ($)	Change YoY (%)	Current Value ($)	Change YoY (%)
United States	269,814	5.0	279,534	5.4	257,954	3.4
Miami-Fort Lauderdale, FL CMSA	303,368	12.9	359,092	13.4	226,492	15.7

[Table 2. South Florida Counties Market Performance]

County	All Residential Zindex		Single Family Residence Zindex		Condominium Zindex	
	Current Value ($)	Change YoY (%)	Current Value ($)	Change YoY (%)	Current Value ($)	Change YoY (%)
Broward County	289,180	10.8	351,452	8.7	195,938	14.2
Miami-Dade County	319,372	16.0	365,225	16.9	246,820	14.2

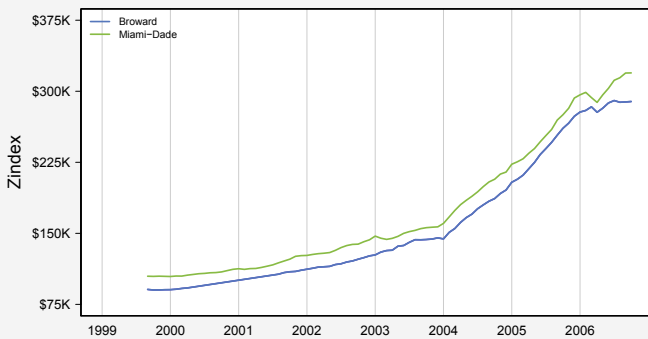[Figure 1. South Florida Zindex and Year-over-Year Change]
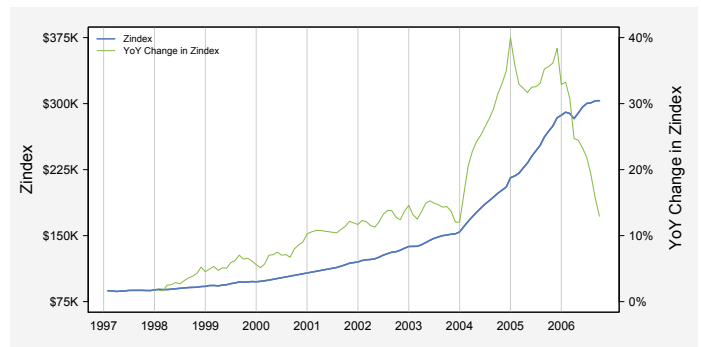
COUNTIES IN THE MIAMI-FORT LAUDERDALE REGION

Miami-Dade vs. Broward

Miami-Dade outperforms Broward which sees actual declines in values over the most recent quarter.

Miami-Dade County saw a 16% Zindex increase year-over-year in the third quarter with the Q3 Zindex reaching $319,372 (a 2.5% sequential Zindex increase from Q2). The Zindex for Broward County increased 10.8% year-over-year (Q3 Zindex of $289,180) but was down -0.3% from its second quarter level. Interestingly, in Broward, condo values significantly outperformed single-family homes with the former appreciating 14.2% year-over-year (2.6% sequentially) and the latter appreciating 8.7% year-over-year (-0.5% sequentially). In Miami-Dade, both single-family homes and condominiums displayed robust appreciation (16.9% and 14.2%, respectively).

[Figure 3: County Map of Year-over-Year Change in Zindex]

[Figure 2. Zindex Trends by County]
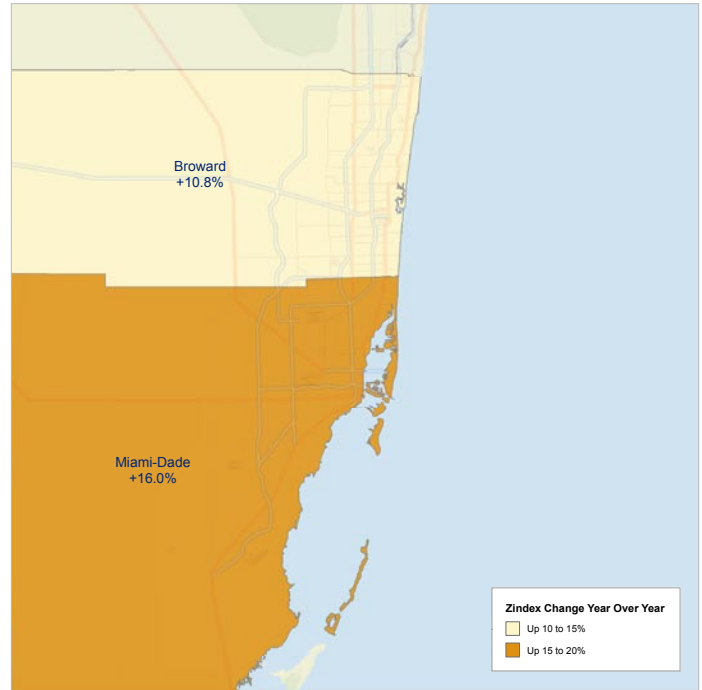
CITIES IN SOUTH FLORIDA REGION

Opa Lacka and El Portal show highest appreciation rates in most recent quarter

The five cities in South Florida with the highest valued real estate (measured by the Zindex) in the third quarter of 2006 were Coral Gables ($654,903), Parkland ($706,235), Southwest Ranches ($714,562), Bal Harbour ($820,863) and Key Biscayne ($852,636). All cities in the metro region are shown in the appendix. The five least expensive cities were Lauderdale Lakes (Q3 Zindex of $119,648), Lauderhill ($153,597), Opa Locka ($201,530), Florida City ($210,733) and Deerfield Beach ($225,695).

The five fastest appreciating cities in the area (as measured by year-over-year Zindex change between Q3 2005 and Q3 2006) were North Miami (19.7%), Miami Gardens (24.1%), Florida City (24.3%), Opa Locka (24.6%) and El Portal (27.1%), while the five slowest appreciating cities were Oakland Park (year-over-year Zindex change of -1.6%), Coral Springs (3.0%), Coral Gables (3.1%), Hillsboro Beach (3.7%) and Wilton Manors (4.6%).

[Table 3. Highest and Lowest Valued/Appreciating Cities]

City/Town	All Residential Zindex		Single Family Residence Zindex		Condominium Zindex	
	Current Value ($)	Change YoY (%)	Current Value ($)	Change YoY (%)	Current Value ($)	Change YoY (%)
Bal Harbour	820,863	18.4	2,308,966	27.6	770,273	14.2
Coral Gables	654,903	3.1	771,098	6.4	378,725	13.7
Coral Springs	394,961	3.0	450,872	5.2	179,457	17.4
Deerfield Beach	225,695	16.4	326,240	9.0	153,967	16.2
El Portal	420,417	27.1	420,417	27.5	218,962	26.3
Florida City	210,733	24.3	209,916	25.7	213,594	-4.0
Hillsboro Beach	443,311	3.7	4,814,154	43.2	437,834	2.9
Key Biscayne	852,636	13.2	1,601,979	15.4	762,300	15.2
Lauderdale Lakes	119,648	16.9	270,268	16.0	111,132	20.3
Lauderhill	153,597	12.5	301,224	12.0	127,697	19.4
Miami Gardens	247,869	24.1	252,981	23.6	175,273	22.0
North Miami	257,993	19.7	271,514	18.0	175,893	15.3
Oakland Park	242,699	-1.6	359,171	9.4	184,087	12.0
Opa Locka	201,530	24.6	202,533	24.2	163,854	22.8
Parkland	706,235	8.3	721,046	7.8	314,483	22.2
Southwest Ranches	714,562	11.5	714,939	11.4	563,305	0.6
Wilton Manors	353,223	4.6	431,922	9.1	187,050	13.3

(See appendix for the complete list for City Zindex Performance)

■ CITY OF MIAMI NEIGHBORHOODS

Though appreciation still healthy, Coconut Grove area sees sharpest slowdown over the past quarter

Many of the Miami neighborhoods continuing to see appreciation were the less expensive ones whereas some of the most expensive neighborhoods saw sequential quarterly declines in the third quarter (see neighborhood data in Table 4 and a map of year-over-year change in Zindex values by neighborhood in Figure 4). The three highest appreciating neighborhoods in Miami were Allapattah (year-over-year Zindex change of 25.1%), Model City (27.2%) and Little Haiti (32.7%). The three lowest appreciating neighborhoods were North Coconut Grove (5.4%), South Coconut Grove (10.0%) and Overtown (13.6%). All three of these cities also experienced sequential declines in Zindex values from the prior quarter. The three most expensive neighborhoods in the Miami area in the past quarter were Upper Eastside (Q3 Zindex of $483,179), North Coconut Grove ($633,907) and South Coconut Grove ($723,161). The three least expensive neighborhoods were Model City ($200,001), Little Havana ($218,365) and Allapattah ($235,120).

[Table 4. Neighborhood Market Performance]

Neighborhood	Rank	Current Value ($)	Change YoY (%)
Miami		326,414	16.8
Allapattah	11	235,120	25.1
Coral Way	4	434,529	15.2
Downtown	5	414,849	23.4
Flagami	7	322,044	14.0
Little Haiti	9	255,016	32.7
Little Havana	12	218,365	19.0
Model City	13	200,001	27.2
North Coconut Grove	2	633,907	5.4
Overtown	10	235,975	13.6
South Coconut Grove	1	723,161	10.0
Upper Eastside	3	483,179	19.6
West Flagler	6	350,850	14.2
Wynwood	8	262,679	16.8

[Figure 4. Neighborhood Map of Year-over-Year Change in Zindex]
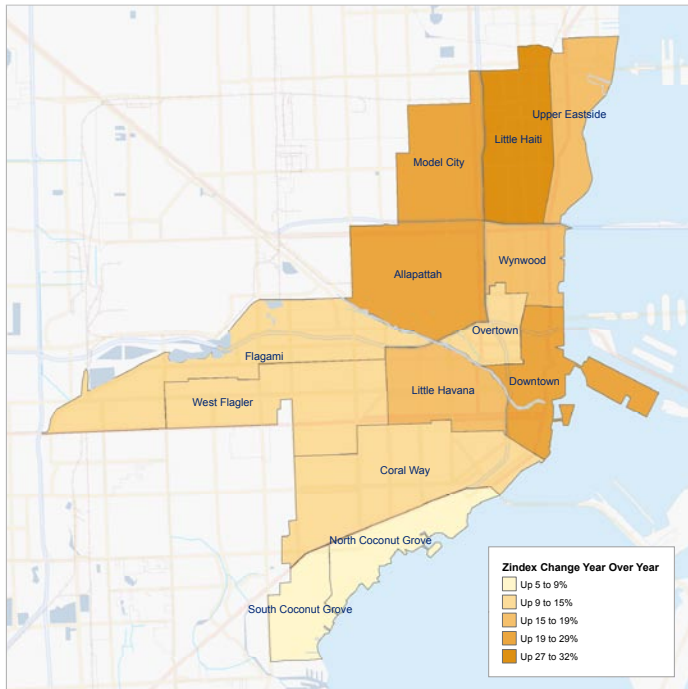

About the Zindex™

The Zindex home value indicator is the median Zestimate valuation for a given geographic area on a given day. Exactly half the Zestimates for a region are below this number and half the Zestimates are above it. It is expressed in dollars and is for a particular geographic region (e.g., Zindex = $245,000 for Baltimore on July 1, 2005). Zillow believes the Zindex is the best measure of market performance because it is based on estimates of the current value of every home in the area and, thus, approximates the median sale price of the whole area were every home sold on the same day. This is in contrast to the median sale price of homes which is biased potentially by the mix of housing sold in the period of time associated with it. For example, if high-end homes are not selling very well, but mid-range homes are, then the median sale price will be lower than a true measure of the typical value of homes in the market because the median sale price is taken from the set of mid-range home sales that transact in the period, ignoring the high-end homes that don't transact.

Ocean-front communities attract most eyeballs on Zillow.com

As with our previous quarterly reports, we are again providing detail via the Zillow Interest Index (ZII) on where people are most often looking at homes in South Florida. The ZII is a simple ratio of the number of page views of individual homes in a geographic area divided by the number of homes in that area. The more people look at homes in an area, the more page views are generated on Zillow servers and the higher the ZII. This quarter, we are displaying ZII data down to the census tract level, a finer level of geography than the ZIP code level which was used previously. The geographic distribution of the ZII across South Florida is shown in Figure 5. Some of the hottest areas of interest this quarter were South Miami, Coral Gables, Key Biscayne, Miami Beach and Miami Shores.

[Figure 5. Zillow Interest Index]
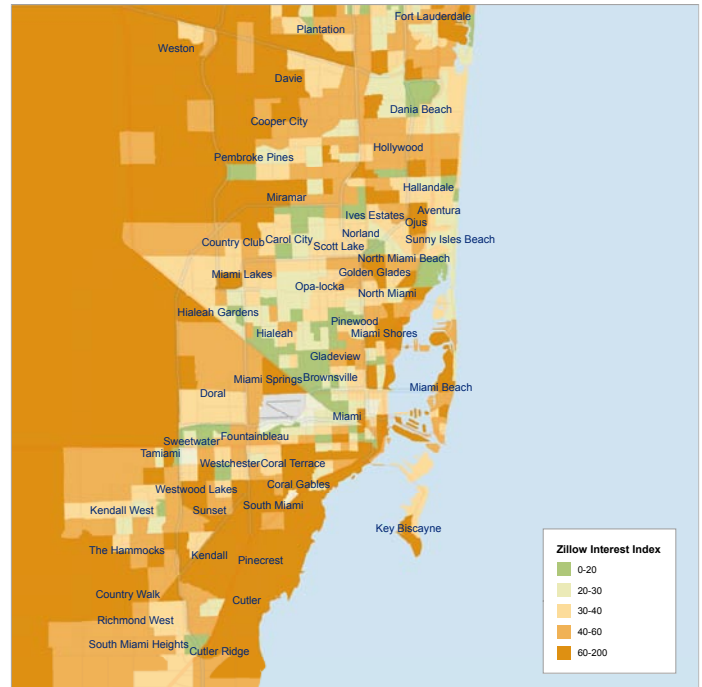
■ APPENDIX

City Zindex Performance

City/Town	All Residential Zindex		Single Family Residence Zindex		Condominium Zindex	
	Current Value ($)	Change YoY (%)	Current Value ($)	Change YoY (%)	Current Value ($)	Change YoY (%)
Miami-Fort Lauderdale, FL CMSA	303,368	12.9	359,092	13.4	226,492	15.7
Aventura	354,789	7.3	925,468	10.2	339,199	8.8
Bal Harbour	820,863	18.4	2,308,966	27.6	770,273	14.2
Bay Harbor Islands	362,199	15.0	1,182,788	20.9	331,050	14.3
Biscayne Park	400,898	13.9	402,906	14.7	--	--
Coconut Creek	240,918	9.2	383,782	6.3	184,855	10.3
Cooper City	402,333	7.4	403,075	7.3	158,316	12.5
Coral Gables	654,903	3.1	771,098	6.4	378,725	13.7
Coral Springs	394,961	3.0	450,872	5.2	179,457	17.4
Dania	236,657	10.1	318,405	7.1	215,708	16.7
Davie	335,074	9.7	431,665	7.0	225,900	16.7
Deerfield Beach	225,695	16.4	326,240	9.0	153,967	16.2
Doral	370,910	13.7	529,611	20.2	338,105	13.4
El Portal	420,417	27.1	420,417	27.5	218,962	26.3
Florida City	210,733	24.3	209,916	25.7	213,594	-4.0
Fort Lauderdale	311,685	9.0	312,110	9.9	318,239	6.5
Hallandale Beach	261,823	7.8	301,231	10.5	254,242	7.5
Hialeah	292,041	18.3	347,564	18.1	204,154	19.0
Hillsboro Beach	443,311	3.7	4,814,154	43.2	437,834	2.9
Hollywood	284,723	10.7	305,337	13.4	214,067	21.1
Homestead	256,281	18.5	267,275	19.7	194,222	33.4
Key Biscayne	852,636	13.2	1,601,979	15.4	762,300	15.2
Lauderdale by the Sea	482,227	7.6	606,042	11.7	423,676	3.1
Lauderdale Lakes	119,648	16.9	270,268	16.0	111,132	20.3
Lauderhill	153,597	12.5	301,224	12.0	127,697	19.4
Lighthouse Point	543,818	7.7	637,260	4.5	183,330	4.0
Margate	244,241	16.8	296,338	12.4	125,214	17.0
Miami	326,414	16.8	375,601	16.8	234,571	16.3
Miami Beach	382,840	16.2	1,119,197	20.0	336,996	15.0
Miami Gardens	247,869	24.1	252,981	23.6	175,273	22.0
Miami Shores	486,749	18.5	546,469	16.2	308,549	14.4
Miami Springs	427,827	15.4	433,546	15.5	182,249	13.1
Miramar	325,698	12.6	360,486	16.8	245,326	34.6
North Bay Village	290,471	9.2	595,208	21.0	215,091	16.6
North Lauderdale	247,643	18.7	257,895	18.3	160,517	15.1
North Miami	257,993	19.7	271,514	18.0	175,893	15.3
North Miami Beach	276,164	16.7	288,692	18.7	237,789	9.6
Oakland Park	242,699	-1.6	359,171	9.4	184,087	12.0
Opa Locka	201,530	24.6	202,533	24.2	163,854	22.8
Parkland	706,235	8.3	721,046	7.8	314,483	22.2
Pembroke Pines	317,844	10.6	381,055	7.1	180,410	13.3
Plantation	337,282	4.8	413,250	6.0	197,037	12.3
Pompano Beach	259,253	10.2	268,205	12.3	250,329	7.4
South Miami	501,937	16.0	521,321	15.9	246,743	19.8
Southwest Ranches	714,562	11.5	714,939	11.4	563,305	0.6
Sunny Isles Beach	354,085	14.3	684,297	16.9	344,876	12.3
Sunrise	261,703	16.3	310,398	12.5	120,977	18.5
Surfside	596,359	19.2	644,561	18.8	496,090	21.0
Tamarac	237,854	12.5	273,633	12.3	171,558	15.1
Village of Palmetto Bay	605,629	10.4	620,770	9.2	232,435	15.5
Virginia Gardens	346,044	14.5	351,471	13.4	151,592	10.1
West Miami	387,221	17.6	386,207	17.9	232,975	9.5
Weston	465,582	7.4	516,352	7.9	241,831	10.5
Wilton Manors	353,223	4.6	431,922	9.1	187,050	13.3