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Rising Inventory and Competitive Pricing are Favorable for Home Sales

Naples, Fla. (March 29, 2024) – The overall median closed price in Naples increased 5 percent to \$625,000 in February from \$595,188 in February 2023, but there were also 2,264 price decreases reported. Brokers contend that price decreases may be one indication that sellers are shifting from aspirational pricing to realistic market pricing. According to the February 2024 Market Report by the Naples Area Board of REALTORS® (NABOR®), which tracks home listings and sales within Collier County (excluding Marco Island), closed sales decreased 9.3 percent in February despite a 66.6 percent increase in inventory to 5,139 properties from 3,085 properties in February 2023.

Rising Inventory Brings Patience

February's price decreases demonstrate that REALTORS® are counseling sellers about realistic market pricing. Although some sellers are still struggling to accept the fact that the pandemic buying frenzy years with climbing price increases are over. As more new sellers enter the market (up 24.6 percent to 1,668 new listings from 1,336 new listings in February 2023), those sellers with overpriced properties risk missing an opportunity to attract and sell to eager buyers.

According to the report, in February 2019 the median closed price was \$335,000. Cindy Carroll of Carroll & Carroll Appraisers & Consultants, LLC., and broker analysts like Budge Huskey, CEO, Premier Sotheby's International Realty, agree that "in the face of far more inventory and opportunity, home values are holding steady in Naples today. People are being highly selective and will wait until they find the right property."

"There are currently two types of sellers: those who need to sell, and those that are aspirational," said Adam Vellano, Managing Director of South and Southwest Florida at Compass Florida. "If sellers were to get aggressive, then we might begin to see some price compression."

Jillian Young, President, Premiere Plus Realty, added that "listing agreements that limit terms to three or even six months and reflect aspirational home prices are impeding sales. A deep dive into NABOR®'s market stats show us that these properties remain unsold longer and, in some cases, take two or three agent cycles to finally convince the seller that the home is overpriced for today's market. This factor is also causing our days on market [DOM] to increase."

Insurance vs. Interest Rates

The February Market Report showed a 103.4 percent increase in inventory for properties under \$300,000. Mike Hughes, Vice President and General Manager for Downing-Frye Realty, Inc., said that this might be because “investors are offloading rental property units to capitalize on the winter selling season. Also, the carrying costs on some of these properties has climbed in recent years. This increase in inventory, for buyers looking in this price range, is encouraging as their selection was quite limited a year ago.”

Vellano believes “property insurance rates are influencing home buying decisions as much as interest rates.”

As many Naples residents are discovering, when home values increase, the replacement cost to insure them also increases. Insurance rates and association fees could increase for condominium owners by the end of 2024 as mandatory milestone inspections must be completed by year end. Inventory for condominiums increased 104.2 percent in February to 2,614 condominiums from 1,280 condominiums in February 2023.

Dominic Pallini, Broker at Vanderbilt Realty, Inc., said the shock of rising interest rates has subsided and regardless of Federal Reserve promises to drop the rate later this year “new homeowners are showing acceptance of 6.5 or 7 percent interest rates.”

The NABOR® February 2024 Market Report provides comparisons of single-family home and condominium sales (via the Southwest Florida MLS), price ranges, and geographic segmentation and includes an overall market summary. NABOR® sales statistics are presented in chart format, including these overall (single-family and condominium) findings for 2024:

CATEGORIES	FEB 2023	FEB 2024	CHANGE (percentage)
Total showings (month/month)	36,574	37,022	+1%
Total closed sales (month/month)	701	636	-9.3%
Total pending sales (homes under contract) (month/month)	1,231	1,167	-5.2%
Median closed price (month/month)	\$595,188	\$625,000	+5.0%
New listings (month/month)	1,336	1,668	+24.9%
Total active listings (inventory)	3,085	5,139	+66.6%
Average days on market	55	69	+25.5%
Single-family closed sales (month/month)	373	315	-15.5%
Single-family median closed price (month/month)	\$720,000	\$834,000	+15.8%
Single-family inventory	1,805	2,525	+39.9%
Condominium closed sales (month/month)	328	321	-2.1%
Condominium median closed price (month/month)	\$491,500	\$502,000	+2.1%
Condominium inventory	1,280	2,614	+104.2%

Market Report Standouts

Upon observation, the February Market Report shows median closed price decreased for condominiums located in the Naples Beach (34102, 34103, 34108); Central Naples (34104, 34105, 34116); and Immokalee/Ave Maria areas. And the area with most closed sales of single family homes in February was East Naples (34114, 34117, 34120 and 34137), which also reported the highest inventory of available properties (1,125).

While February's report showed an average of 69 days on market, it is nowhere near the 101 DOM reported in February 2019. Interestingly, average days on market during February was highest in the \$5 million and over condominium market (99 DOM). According to Carroll, months of inventory for neighborhoods west of US 41 tend to be higher as these communities are oversaturated with spec homes. "Inventory of homes in Aqualane Shores is 3.5 years; and in Port Royal is 2.9 years."

Broker analysts reviewing the report recommend that homebuyers discuss getting a prelisting appraisal with their REALTOR® so they can compare prices of homes currently listed along with a comparison of recently sold properties to help them determine a realistic market price. This offers the advantage of positioning their listing price accurately to sell successfully.

If you are considering buying or selling your home, look to a Naples REALTOR® who has the ability to provide an accurate market comparison and give you expert advice on how to capitalize on today's market conditions. A REALTOR® can ensure your next purchase or sale in the Naples area is a success. Search for your dream home and find a Naples REALTOR® on Naplesarea.com.

The Naples Area Board of REALTORS® (NABOR®) is an established organization (Chartered in 1949) whose members have a positive and progressive impact on the Naples community. NABOR® is a local board of REALTORS® and real estate professionals with a legacy of over 60 years serving 8,500 plus members. NABOR® is a member of Florida Realtors® and the National Association of REALTORS®, which is the largest association in the United States with more than 1.4 million members and over 1,200 local boards of REALTORS® nationwide. NABOR® is structured to provide programs and services to its membership through various committees and the NABOR® Board of Directors, all of whose members are non-paid volunteers.

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