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Low Inventory Impacts Market

Naples, Fla. (September 19, 2014) – “We can’t sell what’s not there,” was a phrase repeated among several brokers as they analyzed a recent report tracking August home sales activity released by the Naples Area Board of REALTORS® (NABOR®), which tracks home listings and sales within Collier County (excluding Marco Island). Overall inventory dropped 20 percent in the \$300,000 and below price category in August 2014 compared to August 2013. The median price in this price category rose 13 percent as a result. The pending and closed sales dropped double digits in the same price segment August 2014 compared to August 2013, factors that illustrate the economic law of supply and demand.

Low inventory was also a strong factor in the decrease of pending and closed sales activity in the Naples Beach area condominium market. This much-sought after location experienced a 28 percent decrease in available inventory from 571 condominiums to 409 condominiums in August 2014 compared to August 2013. The low inventory contributed to the 31 percent decrease in pending sales and 23 percent decrease in closed sales of condominiums in this area. And, the median closed price in this area increased 7 percent from \$495,000 in the 12-months ending August 2013 to \$530,000 in the 12-month ending August 2014.

“I thought we had seen the top of this economic cycle a year ago,” said Cindy Carroll, SRA, with the real estate appraisal and consultancy firm Carroll & Carroll, Inc., referring to unpredictable activity in certain areas within Collier County. “Our local market is extremely diverse. For example, in Pelican Bay there is a three month inventory of single family homes for sale, but if you are looking to buy a Crayton Road area condo in the \$2 to \$3 million price range, you’d better be ready with a checkbook because there are only two listings.”

Brenda Fioretti, Managing Broker at Berkshire Hathaway HomeServices Florida Realty, pointed out that the report also showed financed sales had increased 30 percent since NABOR® starting tracking overall cash versus conventional (financed) sales in January 2013. “We are starting to see an increase in the number of homes being financed by qualified buyers.”

The NABOR® **August 2014 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. The NABOR® August 2014 sales statistics are presented in chart format, including these overall (single-family and condominium) findings:

- Overall pending sales decreased 11 percent from 890 homes in August 2013 to 795 homes in August 2014.
- Overall closed sales decreased 2 percent from 9,798 homes in the 12-months ending August 2013 to 9,613 homes in the 12-months ending August 2014.
- The overall median closed price increased 14 percent from \$228,000 in 12-months ending August 2013 to \$260,000 in the 12-months ending August 2014.
- Overall inventory decreased 8 percent from 3,875 in August 2013 to 3,579 in August 2014.

- Average days on market were 83 for August 2014.
- Inventory for single family homes increased 1 percent from 1,894 homes in August 2013 to 1,904 homes in August 2014. The largest increase was in the \$300,000 - \$500,000 price category, which saw a 12 percent increase.
- Closed sales for condominiums decreased 1 percent from 5,137 condominiums in August 2013 to 5,066 condominiums in August 2014.

Several brokers agreed with Phil Wood, President & CEO of John R. Wood Realtors, who said, “We’ll have to see if the low inventory will continue to be a trend in the coming months.”

The August report reflects inconsistent activity across all geographic areas making it difficult to predict whether the low inventory will continue to affect pending and closed sales moving forward. Additionally, another factor not tracked in the report but one that impacts pending homes sales is new construction, which continues to swell in the area. However, the rising inventory of newly constructed homes will not help those buyers looking for homes in the under \$300,000 price category because there are few available.

“This is a very diverse market with a diminishing inventory in the reasonably priced housing sector,” said NABOR® President and Corporate Trainer at Downing-Frye Realty Pat Pitocchi. “The increase in median closed price continues to be driven by the under \$300,000 market, which comprises nearly 65 percent of existing home inventory. In August, the under \$300,000 price segment’s overall median closed price increased 13 percent, while all other price categories moved slightly up or down. It’s the only area of the market whose median closed price behavior is predictable.”

With the complexity of real estate transactions today, compounded by varying price pockets within the diverse Naples geographic areas and the speed at which you need to be ready to make a move, using a Naples REALTOR® to buy or sell a home is the best way to know you have a guide that understands what’s best for you. A Naples REALTOR® has the expertise and professionalism to help you make the smartest move at the right time.

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 nearly 60 years serving 4,700 plus members. NABOR® is a member of the Florida Realtors and the National Association of REALTORS®, which is the largest association in the United States with more than 1.3 million members and over 1,400 local board 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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