



239.597.1666
239.597.7725 fax

www.NABOR.com
www.NaplesArea.com

1455 Pine Ridge Road
Naples, FL 34109

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Contacts: Rick Fioretti, NABOR® President, (239) 597-1666

Marcia Albert, NABOR® Director of Marketing, (239) 597-1666

February Report Shows New Opportunities in Naples Housing Market

Naples, Fla. (March 18, 2016) – Increases in inventory for both the single-family and condominium home market in February offer many new opportunities to home buyers and indicate a trend toward a more balanced market, according to broker analysts who reviewed the February 2016 Market Report released by the Naples Area Board of REALTORS® (NABOR®), which tracks home listings and sales within Collier County (excluding Marco Island).

According to Cindy Carroll, SRA, with the real estate appraisal and consultancy firm Carroll & Carroll, Inc., “Inventory levels help define the state of an area’s housing market. Once determined, it is defined as either a Buyer’s or a Seller’s Market.”

Carroll goes on to explain that the relationship between supply and demand are determined by dividing the number of active listings by the number of closed sales in the prior 12 months; the result is expressed in months or years of supply. Many economists conclude a balanced market is one offering 6 months of inventory. Yet due to the seasonality of the Naples market, it is Carroll’s opinion that 12 months of supply signals a balanced market.

“After two years of rapid sales, it looks like the Naples Area real estate market is going through a natural correction process to a balanced market,” said Rick Fioretti, NABOR® President and Broker Associate with Berkshire Hathaway Home Services Florida Realty. “The February Market Report showed 6.85 months of inventory in the Naples area. However, as identified by Cindy Carroll, the Naples area market is still relatively seasonal so we would prefer to see 12 months of inventory to feel completely balanced.”

According to Jeff Jones, Managing Broker at the Naples-Park Shore office of Coldwell Banker®, the inventory spike is good news for buyers because it means there are more choices and buying opportunities available now. “We still don’t have enough inventory to keep up with demand though. For example, there were a total of 5,577 single-family homes and condominiums in inventory in February 2016. Yet even though our inventory increased by 27 percent in February 2016 from 4,406 in February 2015, it’s just not meeting buyer demand yet.”

Overall pending sales (homes under contract) declined 22 percent month over month to 993 in February 2016 from 1,280 in February 2015. Overall closed sales didn’t improve either in February with a 23 percent decrease month over month to 518 in February 2016 from 672 in February 2015. However, many consumers prefer to look at a more comprehensive, wide-ranging view of performance by looking at a market’s activity over the course of 12 months. For example, in the cumulative 12-month period ending February 2016 there was only a 2 percent decrease in overall closed sales to 9,595 from 9,791 in the 12-months ending February 2015.

“The middle of the market did quite well in February,” said Jones, who pointed out that overall closed sales activity for homes over \$300,000 all had positive activity. “For instance, just look at closed sales for condominiums in the \$300,000 to \$500,000 price category. They went up 21 percent!”

“Buyers are educating themselves and taking time to look for deals,” said Fioretti. This comment was confirmed by other broker analysts reviewing the February report; many of whom said they are seeing an increase in sellers decreasing their listing prices to stimulate sales. This results in buyers finding more appealing opportunities.

The NABOR® **February 2016 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. The NABOR® February 2016 sales statistics are presented in chart format, including these overall (single-family and condominium) findings:

- Overall pending sales decreased 22 percent to 993 in February 2016 from 1,280 in February 2015.
- Pending sales for single-family homes in the \$500,000 to \$1 million price category increased 42 percent to 126 single-family homes in February 2016 from 89 single-family homes in February 2015.
- Overall closed sales decreased 2 percent to 9,595 homes in the 12-months ending February 2016 from 9,791 homes in the 12-months ending February 2015.
- Overall median closed price increased 13 percent to \$310,000 in the 12-months ending February 2016 from \$275,000 in the 12-months ending February 2015.
- Overall inventory increased 27 percent to 5,577 homes in February 2016 from 4,406 homes in February 2015.
- Condominium inventory for the \$300,000 to \$500,000 price category increased 54 percent to 718 condominiums in February 2016 from 465 condominiums in February 2015.
- Average days on market decreased 15 percent to 79 days in February 2016 from 93 days in February 2015.

According to Wes Kunkle, President and Managing Broker at Kunkle International Realty, some activity in the report was not anticipated like the 37 and 47 percent increases in inventory for condominiums in the \$1 to \$2 million and \$2 million and above price categories, respectively. “There was a flood of inventory for these in February, but closed sales were down 12 and 11 percent, [respectively] despite their almost insignificant price increases,” said Kunkle.

“There may be an election cloud affecting consumer confidence right now,” said Mike Hughes, Vice President and General Manager for Downing-Frye Realty, Inc. “This, among other influences like the fluctuating stock market, the Canadian exchange rate, and the shortage of low-end inventory, are all factors that are creating headwinds in this market.”

Of note in the February Market Report were the inventory increases by geographic location. While all areas experienced double-digit increases, the most significant changes were:

- Overall inventory in North Naples (34109, 34110, 34119), the geographic area with the highest number of homes on the market saw a 39 percent increase to 1,611 homes in February 2016 from 1,156 homes in February 2015.
- Single-family home inventory in the Naples Beach area (34102, 34103, 34108) increased 28 percent to 651 single-family homes in February 2016 from 507 single-family homes in February 2015.
- Condominium inventory in North Naples increased 61 percent to 704 condominiums in February 2016 from 438 condominiums in February 2015.

“February had the lowest number of closed sales on record of any month since November 2013,” said Bill Coffey, Broker Manager of Amerivest Realty Naples. “And the highest inventory level in two years. If we continue to see a dramatic increase in inventory each month like we did for February, then we may eventually see it affect median closed prices.”

With guidance from a local REALTOR®, buyers can discover a wealth of choices and ensure their purchase is a success within both the new home and resale markets.

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