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Inventory Heating Up is Good News for Summer Buyers

Naples, Fla. (June 24, 2022) – During a meeting to review the May 2022 Market Report by the Naples Area Board of REALTORS® (NABOR®), which tracks home listings and sales within Collier County (excluding Marco Island), long-time Naples broker Bill Coffey, Broker Manager of Amerivest Realty Naples, remarked that, “May had the highest number of new listings than any May in the last three years.” Fellow brokers who also analyzed the May report are pleased with this trend as it will lead to more options for summer buyers. New listings during May pushed the inventory of homes for sale up 58.6 percent to 2,046 properties compared to 1,290 properties in May 2021.

“Inventory has been rising since December,” said Jeff Jones, Broker at Keller Williams Naples. “By the end of May, our inventory in Naples has nearly doubled since the same time a year ago. And if you include the 889 homes that had a price reduction in May to this inventory mix, then we’re in good shape heading into summer. Price reductions are basically like new listings because the home’s new price point becomes a new opportunity to a larger pool of buyers.”

Though many of the brokers reviewing the report warn against comparing activity today to activity in the last two years. “If you look at the percentage of home sales since January compared to last year, it appears we are doing poorly [-32.5%],” said Budge Huskey, CEO, Premier Sotheby’s International Realty. “But 2021 was not a typical year for home sales in Naples. We had record level sales last year. However, we also can’t compare activity today to 2020 because during the first half of that year, the country was under pandemic restrictions which caused sales to suffer.”

As such, brokers prefer to compare this year’s activity to activity in 2019 as it was a balanced year with 7.3 months supply of inventory. “A healthy market for us is six to 12 months of inventory,” said Brenda Fioretti, Broker Associate at Berkshire Hathaway HomeServices Florida Realty.

Looking at closed sales, there was a 24.5 percent decrease in May to 1,249 closed sales from 1,654 closed sales in May 2021. However, using 2019’s balanced market activity as a comparison, closed sales increased 7 percent month/month and 18 percent year to date/year to date. Demand remains strong despite having three times fewer options in inventory compared to 2019 levels. Today, we have 1.9 months supply of inventory.

Not surprisingly, low supply and high demand are driving price increases in Naples and across the nation. “Macro factors are now impacting the pace of sales, but the fundamentals suggest values will be insulated,” added Huskey. “In fact, home prices have historically outpaced the rate of inflation.”

And while new construction is adding to the inventory, it's not at a rate that will triple the inventory anytime soon.

The overall median closed price increased 40.3 percent in May to \$608,000 from \$433,500 in May 2021. Jones responded, "Median closed price increases today are somewhat misleading. If we look at closed sales by price range, the \$300,000 and below market is down 56 percent. That's because we have few homes in inventory within this price category anymore. Therefore, a huge drop in the number of sales in the lower price categories means the calculation used to determine today's median closed price reflects sales in those price categories where there is more inventory."

"Since January, we've seen a 21.9 percent increase in the number of homes sold in the \$500,000 to \$1 million price category," added Coffey.

The NABOR[®] **May 2022 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 2022:

CATEGORIES	MAY 2021	MAY 2022	CHANGE (percentage)
Total showings (month/month)	42,380	29,431	-31%
Total closed sales (month/month)	1,654	1,249	-24.5
Total pending sales (homes under contract) (month/month)	1,710	1,084	-36.3
Median closed price (month/month)	\$433,500	\$608,000	+40.3
New listings (month/month)	1,299	1,403	+8.0
Total active listings (inventory)	1,290	2,046	+58.6
Average days on market	43	16	-62.8
Single-family closed sales (month/month)	747	591	-20.9
Single-family median closed price (month/month)	\$595,000	\$815,000	+37.0
Single-family inventory	689	1,222	+77.4
Condominium closed sales (month/month)	907	658	-27.5
Condominium median closed price (month/month)	\$327,500	\$483,000	+47.5
Condominium inventory	601	824	+37.1

"First-time homebuyers may be hesitant to jump into the market today because of rising interest rates," said Fioretti. "But it's important to point out that rates are expected to go up again before the end of the year. Locking in today at six percent on a 30-year fixed mortgage should not be seen as a 30-year commitment as refinancing is always an option if or when rates decrease in the future."

Wes Kunkle, President and Managing Broker at Kunkle International Realty, added that, "There's a whole generation of new home buyers that have never seen rates this high before. But historically, rates have rarely gone below six percent. Aside from locking in at a rate before it increases, another advantage of buying a home today is that these buyers will be able to take advantage of the mortgage interest deduction on their income taxes."

Closed sales were down slightly in the high end of the market in May, but this might be due to buyer reluctance to move cash out of the stock market right now. Notwithstanding, cash sales commanded 63.3 percent of closed sales in May, though brokers reviewing the report contend they are seeing more opportunities for buyers choosing to finance their purchase.

If you are looking to sell a home in Naples, contact a Naples REALTOR® professional who has the ability and expertise to provide you with an accurate market comparison in this fast-moving market, manage your showings to the right audience, evaluate the use of contingencies, and help you negotiate your home sale during a multiple offer process. 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 7,500 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 1.5 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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