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Summer Housing Market Momentum Expected to Continue into Fall

Naples, Fla. (September 18, 2020) – Closed sales activity in the Naples area housing market maintained steady momentum through August with a 35.2 percent increase in overall closed sales to 1,098 closed sales from 812 in August 2019. According to the August 2020 Market Report released by the Naples Area Board of REALTORS® (NABOR®), which tracks home listings and sales within Collier County (excluding Marco Island), homebuying activity in Naples during the last three months exceeded activity reported in the first three months of 2020, more typically known as our peak resident season. Broker analysts reviewing the report predict this momentum, driven from more closed sales, more new pending sales, and more new listings compared to a year ago, will set the Naples area housing market up for continued positive performance into the fall months.

The market report showed August had the highest month-over-month increase in pending sales compared to any other month reported in 2020, with a 70.4 percent increase to 1,479 pending sales from 868 pending sales in August 2019. Not surprising, homebuyers seeking single-family homes continued to tilt the scales in August as the report showed a 76.4 percent increase for this home category, while pending sales of condominiums increased 63.9 percent.

In comparison, this summer's closed sales have eclipsed our peak season's closed sales as there were a combined 3,133 closed sales reported during June, July and August compared to a combined 2,659 closed sales reported in January, February and March.

August's inventory decreased 29.1 percent to 4,174 properties from 5,887 properties in August 2019. However, despite the month-over-month drop in inventory during August, there were more new listings added over the summer months than new listings added during the peak season months. Broker analysts were quick to point out that some of the new listings added during the summer were likely listings that had been pulled off the market during the Great Lockdown, which occurred in April and May.

“Increased buyer demand is helping to move some of our old inventory,” said Adam Vellano, West Coast Sales Manager, BEX Realty - Florida. This increased buyer demand is illustrated by the number of days on the market in August, which decreased 5.9 percent to 96 days compared to 102 days in August 2019. The report also showed the Naples area has only 184 single-family homes under \$300,000 available to buyers. And inventory for single-family homes between \$300,000 and \$500,000 decreased 54.9 percent in August to 446 single-family homes from 990 single-family homes in August 2019.

Vellano remarked that “incentives offered by new home builders after the lockdown restrictions were lifted are starting to go away and these new home prices are also increasing.”

Phil Wood, President & CEO of John R. Wood Properties, added that “Eighty-one percent [793] of the total price changes reported in August [970] were decreases in price. But, there were fewer price decreases in August than in June or July. These price decreases indicate that some homeowners might have overpriced their homes

when they initially listed them and the adjustments in August now reflect more competitive prices. That’s not to say that these homeowners won’t see prices increase again as agents report many multiple offer situations occurring across all price categories.”

Overall median closed prices in August increased 26.7 percent to \$399,000 from \$315,000 in August 2019. Single-family home median prices increased 15.7 percent to \$457,000 from \$395,000 in August 2019, and condominium median closed prices increased 18.4 percent in August to \$290,000 from \$245,000 in August 2019.

However, keep in mind that the median closed price is a figure that is “in the middle,” as half of homes listed are above this price and exactly half are below this price. Broker analysts reviewing the report were quick to point out that sales of several high-worth properties (e.g., \$2 million+) during a given month can greatly influence this figure, and that it doesn’t mean all home prices increased. As such, when evaluating pricing trends, brokers prefer to use the 12-month ending median closed price statistics. For the 12-months ending August 2020, the median closed price increased 5.4 percent. Interestingly, using this metric, the August report showed median closed prices for homes between \$300,000 and \$2 million have actually decreased.

“I think we’ve turned a corner and can safely say that we are now in a seller’s market,” said Bill Coffey, Broker Manager of Amerivest Realty Naples. “We have 4.8 months of inventory and median closed prices are on the rise.” Florida Realtors® considers the benchmark for a balanced market (favoring neither buyer nor seller) is 5.5 months of inventory.

The NABOR® **August 2020 Market Reports** provide 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:

CATEGORIES	Aug 2019	Aug 2020	CHANGE (percentage)
Total closed sales (month/month)	812	1,098	+35.2
Total pending sales (homes under contract) (month/month)	868	1,479	+70.4
Median closed price (month/month)	\$315,000	\$399,000	+26.7
Total active listings (inventory)	5,887	4,174	-29.1
Average days on market	102	96	-5.9
Single-family closed sales (month/month)	421	583	+38.5
Single-family median closed price (month/month)	\$395,000	\$457,000	+15.7
Single-family inventory	3,041	1,784	-41.3
Condominium closed sales (month/month)	391	515	+31.7
Condominium median closed price (month/month)	\$245,000	\$290,000	+18.4
Condominium inventory	2,846	2,390	-16.0

According to Vellano, “buyers seeking single-family homes were on the rise this summer because of changing lifestyle preferences caused by the pandemic. Plus, those who now work from home or have children that attend school from their homes want more space. Once we have a better understanding of how to medically treat people with coronavirus and have a vaccine for it, I think people will begin to explore condominium living again.”

The August report confirms Vellano’s statement, as sales of properties priced above \$2 million increased the most (18 percent) compared to other price categories tracked in August.

“This is a great time for high-end buyers to invest in real estate,” said Wood. “Because interest rates are low, a 50 percent deposit on a \$2 million home means loan payments could be as low as \$4,200 a month!”

Geographically, closed sales of properties in the Naples Beach area (34102, 34103, 34108) during August increased 84.4 percent and saw an 82 percent increase in median closed price; the South Naples area (34112, 34113) reported the most new listings in August, with a 32.7 percent increase; and the East Naples area (34114, 34117, 34120, 34137) reported the biggest drop in months of inventory to 2.9 months of inventory in August from 6.4 months of inventory in August 2019.

The August report shows sellers are at an advantage with decreasing inventory and rising prices. If you are looking to buy or sell a home in Naples, contact a Naples REALTOR® who has the ability to provide a virtual showing, an accurate market comparison or negotiate a sale. 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 nearly 60 years serving 6,000 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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