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Home Prices Cool as Inventory Climbs in November

Naples, Fla. (December 26, 2023) – Overall inventory of homes in Naples for November increased 38.8 percent to 3,795 properties from 2,734 properties in November 2022. Buyers have not enjoyed a level of choice since September 2020. The month also included 1,080 price decreases resulting in a 3.3 percent decrease in overall median closed price. According to the November 2023 Market Report by the Naples Area Board of REALTORS® (NABOR®), which tracks home listings and sales within Collier County (excluding Marco Island), data showed the housing market is poised to enjoy healthy winter sales, but it will depend on whether sellers continue to price their homes to sell and whether buyers feel the investment is right.

“A lot of the underlying foundation that drives the real estate market is in place,” said Budge Huskey, CEO, Premier Sotheby’s International Realty. “The primary obstacle to overcome is a residual feeling by buyers that things feel more expensive than they once were due to inflation, and this hesitancy is being translated to real estate.”

The November Report showed 1,080 price decreases, the highest in six months. Price deceleration may be happening in parts of Naples as the overall median closed price dropped to \$580,000 from \$600,000 in November 2022. As such, November was one of four months this year that reported a decrease in median closed prices. In fact, year-over-year price decreases have not been reported since 2019.

According to Mike Bone, Area Sales Manager with D.R. Horton, “Area builders have experienced a much slower fall sales market than what was budgeted for the fall months. Sales were lagging behind monthly budgets by approximately 25 percent, and cancellation rates on contracts have hovered around 20 percent due to the higher interest rates.”

Pending sales (homes under contract) in November decreased 13.8 percent to 661 pending sales from 767 pending sales in November 2022. Closed sales also decreased by 6.1 percent to 537 closed sales from 572 closed sales. Responding to this data, broker analysts reviewing the November report wonder if the Federal Reserve’s promise to lower rates in 2024 may be keeping some buyers on the fence.

The NABOR® November 2023 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 2023:

CATEGORIES	NOV 2022	NOV 2023	CHANGE (percentage)
Total showings (month/month)	20,091	20,449	+2%
Total closed sales (month/month)	572	537	-6.1%
Total pending sales (homes under contract) (month/month)	767	661	-13.8%
Median closed price (month/month)	\$600,000	\$580,000	-3.3%
New listings (month/month)	957	1,174	+22.7%
Total active listings (inventory)	2,734	3,795	+38.8%
Average days on market	46	59	+28.3%
Single-family closed sales (month/month)	296	253	-14.5%
Single-family median closed price (month/month)	\$802,000	\$725,000	-9.6%
Single-family inventory	1,708	2,005	+17.4%
Condominium closed sales (month/month)	276	284	+2.9%
Condominium median closed price (month/month)	\$450,000	\$465,000	+3.3%
Condominium inventory	1,026	1,790	+74.5%

While monthly inventory levels for single family and condominiums typically increase and decrease in a similar manner, inventory in the condominium home market in November rose by 74.5 percent compared to a 17.4 percent increase in the single family home market. Brokers reviewing the report said the rise in condominium inventory was most likely due to obstacles that prohibited sellers from listing their condominiums if it or the property encountered hurricane damage last year.

In 2021 and 2022, when inventory and interest rates were incredibly low, there was more urgency to buy a home. In 2023, interest rates, property insurance rates, and property taxes rose, making the cost of maintaining or keeping a home in Florida prohibitive for many homeowners.

According to Jeff Jones, Broker at Keller Williams Naples, “This might be especially true for second-home buyers who, because of new law, will no longer enjoy the same insurance rate as their primary residence. To remedy this obstacle, NABOR® teaches its REALTOR® members to request the buyer check their homeowner’s and flood insurance rates prior to writing a contract.”

“Another obstacle facing buyers today are a handful of sellers who are holding onto the belief that they can obtain pandemic-level prices for their Florida homes,” said Molly Lane, Senior Vice President at William Raveis Real Estate.

Huskey responded to Lane stating that, “We have two levels of inventory on the market today: those with sellers that are positioned to sell, and those with sellers who are testing the market based on prior years’ perceived values. The upcoming winter season will show us who is more likely to sell because we have the inventory now and it will be reflected in the ultimate value buyers are willing to pay.”

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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