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Contacts: PJ Smith, NABOR® Media Relations Committee Chair, (239) 597-1666
Marcia Albert, NABOR® Director of Marketing, (239) 597-1666

December Market Report: Home Inventory is Rising

Naples, Fla. (January 30, 2023) – According to the December 2023 Market Report by the Naples Area Board of REALTORS® (NABOR®), which tracks home listings and sales within Collier County (excluding Marco Island), overall inventory increased 45.9 percent to 3,949 properties from 2,706 properties in December 2022. The report showed consistent monthly increases in inventory during the year, which means more options for buyers in 2024; especially in the condominium market, which reported a 78.7 percent increase in inventory. However, according to broker analysts reviewing the December report, the housing market faced several challenges in 2023: rising interest rates, rising insurance rates, and rising inflation. Brokers also point to increased personal travel in 2023 as another reason home sales lagged in 2023. As a result, closed sales in 2023 decreased 13.6 percent to 8,816 closed sales from 10,206 closed sales in 2022.

Despite the challenges, there were seven months in 2023 when new listings increased more than new listings reported in comparative months in 2022. For December, new listings increased 12.1 percent to 892 new listings from 796 new listings in December 2022. Interestingly, unlike other industries that experience a reduction in price when supply increases, the Naples area housing market enjoyed a 9.7 percent increase in overall median closed price in December to \$631,000 from \$575,000 in December 2022. In comparison, according to the National Association of Realtors, the median existing-home price in the U.S. increased 4.4 percent in December to \$382,000 from \$366,000 in December 2022.

“Migration is booming in eastern Collier County,” said Cindy Carroll, of Carroll & Carroll Appraisers & Consultants, LLC, who added that it is one of the “last vestiges of affordable housing in our county”. Not surprising, in 2023, the Immokalee/Ave Maria area was the only geographic area tracked by NABOR® that reported an increase in single family home closed sales (+34.1 percent). Conversely, the report indicated a 24.8 percent decrease in closed sales for single family homes nearest the beach.

“The total cost of homeownership includes a lot more than just the home price,” quipped Jeff Jones, Broker at Keller Williams Naples. “Depending on the type and location of the property, a buyer will appreciate the benefit of working with an experienced local REALTOR® because they can help determine various contributing costs like property and flood insurance, association fees, and potential future assessments or property value adjustments when planned infrastructure projects like road expansions, rezoning, and storm water improvements happen.”

On reviewing the report, Adam Vellano, Managing Director of South and Southwest Florida at Compass Florida, said, “One big reason we didn’t outperform last year’s sales is because buyers who had plans to eventually relocate to Florida moved up their timeline. The pandemic convinced a lot of people to buy sooner so the high sales numbers we enjoyed in 2021 and 2022 were stolen sales from what would have taken place in 2023.”

Carroll added that according to her records, “Rapid market advancement stopped in early 2022. On average, it takes 12 to 24 months for the market to readjust. What we are seeing now are more sellers accepting that this phase is over. And that’s why there was a 29.6 percent increase in the number of price decreases reported in 2023.”

The NABOR® December 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	DEC 2022	DEC 2023	CHANGE (percentage)
Total showings (month/month)	19,227	18,269	-5%
Total closed sales (month/month)	656	551	-16.0%
Total pending sales (homes under contract) (month/month)	682	583	-14.5%
Median closed price (month/month)	\$575,000	\$631,000	+9.7%
New listings (month/month)	796	892	+12.1%
Total active listings (inventory)	2,706	3,949	+45.9%
Average days on market	49	59	+20.4%
Single-family closed sales (month/month)	344	300	-12.8%
Single-family median closed price (month/month)	\$730,000	\$750,000	+2.7%
Single-family inventory	1,640	2,044	+24.6%
Condominium closed sales (month/month)	312	251	-19.6%
Condominium median closed price (month/month)	\$459,500	\$525,000	+14.3%
Condominium inventory	1,066	1,905	+78.7%

“Intermarket sales – like downsizing or upsizing – by current homeowners in Naples didn’t occur at the same rate we once enjoyed in pre-pandemic years,” added Vellano. “People who are locked into a mortgage at 3 percent are very reluctant to let it go.”

In response, Mike Hughes, Vice President and General Manager for Downing-Frye Realty, Inc., commented, “More choices don’t seem to outweigh the other factors facing buyers right now, and so buyer sense of urgency has diminished. It isn’t like 2021 when a home would be listed and sold in the same day. Plus, many people today are hoping the Fed will drop rates again. But I always remind people that ‘if you see a property you like, there are likely many others who will like it too.’ As we say in the business, ‘marry the house and date the rate’ as you can always look into refinancing if rates go down.”

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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