



## LEE COUNTY MARKET SNAPSHOT MULTI-FAMILY & SINGLE FAMILY

### OCTOBER 2023

This snapshot will attempt to provide a brief summary of our local real estate market conditions.

- September 28, 2023, marked the one-year anniversary since Hurricane Ian made landfall in Southwest Florida. This strong Category 4 hurricane packed historic water surge levels and winds as it decimated Southwest Florida, especially the coastal Lee County communities of Pine Island, Matlacha, St. James City, Sanibel Island and Captiva. The epicenter of the destruction was at Ft. Myers Beach. Ian unleashed its peak 155+ mile per hour winds and 15' height catastrophic storm surge at Ft. Myers Beach. Winds and storm surge water levels reached heights never previously experienced. In Lee County homes near bodies of water that are connected to the Gulf Of Mexico, Caloosahatchee River or tributaries and canals experienced severe flooding. At the Beach only, an estimated 900 structures were totally destroyed and 2,200 were damaged, according to a National Hurricane Center Report. Ian also was responsible for historic freshwater flooding across much of Lee County. According to the National Hurricane Center Hurricane Ian was responsible for more than 150 direct and indirect deaths and more than \$112 billion in damage, making it the costliest hurricane in Florida's history and the third costliest in United States history. Lee County estimates 44,003 residential structures were affected by Ian, including 4,671 being totally destroyed and approximately 15,000 structures were uninhabitable or seriously damaged. Basically, just about every resident in Lee and Collier County were affected in some way including power and phone outages, landscape damage, scarcity of fuel and drinking water due to this storm.
- Despite Hurricane Ian, demand for single-family homes, condos, and commercial space rebounded and remains high after a significant drop following Hurricane Ian. Prices and days on the market look more like 2019 instead of 2020-2022 when homes would sell the same day as being listed with bidding wars and cash-only deals. Home sales remain active, yet prices are down, not an indication of a declining market, but a needed adjustment, according to several local real estate agents. The median sale price is down 4.1% from last year for single family homes in Lee County. With increasing interest rates, typically sale prices will drop however, due to lack of housing inventory and continuous high demand, prices remain high. In the immediate aftermath of Hurricane Ian, the real estate market in Southwest Florida slowed significantly. The market has since rebounded. Demand for homes across the country, especially in Florida, remains high. In other words, people are still moving to Florida – at a rate of almost 1,000 per day. Accelerated by the COVID-19 pandemic, moves to the Sunshine State haven't slowed. Between July 2019 and July 2020, just over 252,000 people moved to Florida. Between April 2020 and April 2021, 330,000 people moved to Florida, according to James Madison Institute. Florida ranks number one as the state with the most residents interested in relocating.

- Lee County single-family and multi-family markets continue to evolve after Hurricane Ian. New Single Family and Multi Family permits help forecast the performance of the construction industry, trending upwards for the coastal counties from April to June 2023 (31 percent increase) but remained below the same period last year. The permitting process for new residential homes have been affected by the demand for repair permits. The City of Ft. Myers issued 277 Multi-Family permits from October 2022 thru August 2023 compared to 106 Multi-Family permits for the same eleven months in 2021 thru 2022. Over twice the number of permits issued. City of Ft. Myers recorded an increase of 25 percent for total Single-Family and Multi-Family building permits from August 2022 compared to August 2023, year over year. According to a recent Housing Symposium, Cape Coral must build 1,408 new multi-family homes each year to meet population growth. Lee County must build a high school every two years and an elementary school every year to accommodate growth. There are 15 planned communities in Lee County projected for development on State Road 80, connecting Lee and Hendry County.
- We previously reported in our November 2022 Snapshot that Ft. Myers average rents in August 2022 for a 2/2 were \$2,186 and were considered 17.59% above where it should be- a premium that ranked Ft. Myers second in the country, behind Miami, from among the nation's 100 largest metro areas. Ft. Myers also had a 21.6% increase in rents from a year ago, ranking it the second in the country in that metric. After those August 2022 numbers were published, Hurricane Ian, (September 2022), added to the demand for rental housing. Residents were displaced from their primary homes and forced to relocate to available temporary rental housing. These residents are now returning home and rental housing inventory has increased along with newly constructed straight rental projects coming online. The latest Waller, Weeks and Johnson Rental Index shows most larger metros saw rents at or below the national rate in August. The national average is 3.35%. Meanwhile, metros in Southwest Florida still experienced rents rising faster than the national rate: Ft. Myers (+5%) Cape Coral (6.9%). These latest index figures suggest the growth rate may be returning to normal. In Lee County, to afford a typical one-bedroom apartment you must earn approximately \$52,000 per year and a two-bedroom unit, the applicant must earn \$63,000. The regional affordable index shows the median income for first time buyers in Lee County is 40% lower than the required income to purchase a median priced home. Data released from a recent housing symposium states Lee County has the most seasonal rentals in the country at 96,000 units, next largest is Cape Cod with 60,000 units.
- While sales were down versus this time last year, August 2023 saw improved sales overall compared to July 2023. According to the Royal Palm Coast Realtor Association, the median sale price for a single-family home was \$375,000 in August 2023, down 3% from July's \$386,000. The number of closed sales was 1,098, which was 4% higher than July. The number of active listings at the end of August was 4,556, a decrease of 10.3% from the prior month. The median days on the market was 36, up 24.1% compared to July. Finally, the months' supply of inventory decreased to 4.1 months, 14.2% lower compared to July this year. A healthy inventory is typically six to twelve months' supply of homes.
- For the condo and townhouse market, the median sold price in August 2023 was \$325, 000, up 8.3% from the previous month. The number of closed sales was 341, an increase of 23.6% from July 2023, with median days on the market up 2.6% at 39. The number of new listings at the end of August was 470, an increase of 4.4% from the prior month. Finally, the months' supply of inventory dropped to 4.6 months, a decrease of 26.2% from July this year and up 60.9% compared to August 2022.