



LEE COUNTY MARKET SNAPSHOT MULTI-FAMILY & SINGLE FAMILY

JULY 2023

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

- It has been 10 months since Hurricane Ian, a strong Category 4/5 hurricane, touched our shores and Southwest Florida continues to feel its aftermath. March 2023 only, Lee County issued 540 demolition permits totaling \$5,106,477, 177. Interior Remodeling permits totaling \$5,106,477, and approximately 5,000 roof permits totaling 200,000,000. Displaced homeowners are now just starting to return to their primary homes and temporary housing rented by these folks are coming back on the market.
- Buyers in Southwest Florida saw an increase in inventory signaling a return to a buyer's market. The market is starting to adjust to a more even playing field for both buyers and sellers. In a recent study released in June 2023 by Florida Atlantic University and Florida International University that looked at the 100 biggest metros, Lee County ranks fifth among the most overvalued U.S. home sales market, behind Atlanta, Detroit, Tampa, and the Sarasota-Bradenton area. Well out of line with historical trends, buyers in Lee County paid an average of \$375,343 instead of the \$261,913 that would have been expected, resulting in a premium of 43%. A premium is the percentage above the area's long-term pricing trend that one must pay. Researchers are now seeing some stabilization after the crazy pandemic housing ride. Southwest Florida is in this transitional period/normalization period.
- For the first time this decade, yearly median sold prices for all three of Southwest Florida's bigger real estate groups sunk in the same month in the latest data. While the new stats reflect a softening of the market, it's not like there's a freefall after the frenzy earlier in the pandemic when buyers purchased homes sight unseen. In our "normalization period" we are still in a pretty good market if you compare it to the past, excluding a few years of craziness. It's not a lot to be disappointed about. Several realtors have expressed that they feel comfortable with the sustainability in our marketplace.

- The Federal Reserve officials decided to pause interest rate hikes in June following 14 months of continuous increases, in an effort to fight inflation. Tighter credit conditions have started to trickle down to the local real estate in the form of lower listings and sales activity. Rising interest rates, low rent growth, recent bank turmoil, and rapidly increasing insurance costs have all influenced our market. Coastal County existing single-family home sales were 13 percent below May 2022. At the same time, housing supply in the region continues to rise with active listings increasing by 100 percent from May 2022 to May 2023. The increase in listings can be attributed to both new and existing listings as properties are spending from 6 to 27 more days on the market compared to a year ago. The median days on the market, according to May's summary, is 28 days. The median sold price for May was \$398,000 for a single-family home and \$305,000 for Condo/Townhome. Single family building permits, which help forecast the performance of the construction industry continued to decrease by 37 percent from May 2022.
- Multi-family continues to benefit from strong fundamentals and a housing shortage but is still down from peak 2021 growth. Multifamily experienced a rent growth increase by 2.5% over one year, the lowest growth levels since early 2021. Multi-family home sales were 29 percent lower than in quarter 1 of 2022 and the median price per living square foot was up by 13 percent over the same period. The average age for multi-family homes sold in all five counties was 31.6 years in Q1 2023, 0.5 years down from the previous year.
- Condominium sales were down by 40 percent from Q1 2022 and 11 percent below previous quarter. The median sale price was up by 11 percent from the previous year, while the median price per living square foot was 15 percent higher over the same period. The average age for condominiums sold in all five counties was 30.6 years in Q1 2023, 1.8 years up from Q1 2022.
- Southwest Florida previously experienced significant rental rate increases that were typically 10-15 percent annually, for the past five to six years. With new inventory coming online the rent growth has slowed and applications with unacceptable credit approvals have risen. Multi-family units for rent are now experiencing higher inventory levels and increased vacancies which are currently resulting in rent specials.
- Seasonally-adjusted unemployment rate for the region was at 3.0 percent in May 2023, up 0.2 percent from last month. This was lower than the national unemployment rate (3.7 percent in May 2023, but above the state (measured at 2.6%).