

JANUARY 2024
LEE COUNTY MARKET SNAPSHOT
SINGLE FAMILY/MARKET FAMILY

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

- It has been over 15 months now since Hurricane Ian made landfall in Southwest Florida, yet the region is still recovering from the aftermath of this storm and will continue to do so for some time. Residents struggle to repair homes as insurance reimbursements have been slow. Some residents occupy partially repaired homes that are in a renovation stage as relocating is challenging. Condominiums and townhome communities are just recently beginning to perform long overdue repairs as they have been navigating thru endless insurance reviews, community bylaws revisions, and a lack of local construction manpower.
- Seasonally adjusted real estate tourist tax revenues in August 2023 were 22 percent below August 2022. The year-to-year decline can largely be attributed to the impact Hurricane Ian had on Lee County, as Ft. Myers Beach and other coastal areas continue to rebuild. Southwest Florida's new permit volume for the trailing 12 months was approximately 23,000, a 15% decline compared to the preceding 12 months which were record highs for the last decade, most notable with a larger decrease in single-family activity. Nearly 50% of all single-family permits in Southwest Florida stem from activity in Cape Coral or Lehigh Acres. Supply is yet to exceed demand in these areas. Affordability continues to pose challenges for potential homebuyers. Existing homeowners are reluctant to relinquish their low-rate mortgages, leading to limited supply for interested buyers. Nevertheless, opportunities for affordability still exist in the Cape Coral and Lehigh Acres market areas. Local experts predict that single family permits will pull back to approximately 20,000 per year, mainly due to land development constraints. Spot lots will continue to dominate the area, and the emergence of Charlotte County is expected to become more attractive as a desirable area for in-migration.
- Conditions have also softened in the multi-family sector with flattening rental rates and a return to leasing concessions. Lack of home affordability and high interest rates should keep occupancy strong. However, new rental product supply coming on the market may dampen future rent growth. Owners in Homeowners Associations are experiencing significant increases in dues and special assessments as a result of Hurricane damage and increase insurance cost. These additional owner cost will be difficult to transfer to tenants. Some property management companies are lowering credit score criteria to maintain occupancy levels. This formula is dangerous, and cost associated with slow payments, non-payments, and evictions are significant.
- Although the news above sound bleak, it is important to remember where our industry was just five years ago compared to today. In 2019 the median gross rental rate in Lee County was \$1,220. This was at its highest level ever. Currently gross median rents in 2023 were \$2,684, more than double the 2019 average. We discussed in our November snapshot that experts considered our area to be approximately 18% above where it should be in terms of rental rates and the market would adjust accordingly.
- For the third quarter of 2023, existing residential units and housing affordability both continue to trend downward. Furthermore, increases in real median sale prices have begun to cool down while the average age for properties sold, days on the market continues to increase. The November median sales price for a single-family home was \$380,000, down 1.3% from the previous month. There were 842 closed sales with 38 median days on the market. Active inventory is listed at 5,651 homes or 6.7 months of inventory. The closed sales represent approximately 13.5% lower number than October 2023, but up 6.4% from October 2022. For the condo/townhouse market, the median sold price was \$303,750, up 6.6% from the previous month and an increase of 1.4% over November 2022. Finally, the monthly supply of inventory increased to 8.4%, up 8.6% from October this year and up 173% compared to November 2022.