



239.597.1666
239.597.7725 fax

โทร: NABOR.com
โทร: NaplesArea.com

1455 Pine Ridge Road
Naples, FL 34109

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Contacts: Dominic Pallini, NABOR® President, (239) 597-1666

Marcia Albert, NABOR® Director of Marketing, (239) 597-1666

July Home Sales Hit the Sweet Spot

Naples, Fla. (August 25, 2017) – REALTORS® in Naples sold more existing homes in July (682) than they did in January (603) or February (613), a statistical reality that busts an old myth that home sales stall in the summer. In fact, overall closed sales in the market’s sweet spot (homes priced between \$300,000 and \$500,000) increased 32 percent in July. Broker analysts reviewing the July 2017 Market Report released by the Naples Area Board of REALTORS® (NABOR®), which track home listings and sales within Collier County (excluding Marco Island), said a 9 percent increase in closed sales during July was very good, but the continued reduction of inventory, especially in the single-family home market, is cause for concern as it limits choices for buyers.

One segment of the market that brokers are watching closely is the \$300,000 and below single-family home market, which saw pending sales decrease 24 percent, closed sales decrease 19 percent, and inventory decrease 2 percent in July. In fact, the entire single-family home market is getting stretched thin as inventory tightens. In July, inventory rose just 3 percent overall, but single family home inventory decreased 1 percent.

Bill Coffey, Broker Manager of Amerivest Realty Naples, pointed out, “The July report showed the median closed price for homes under \$300,000 was the highest since 2008. However, the median closed price for homes over \$300,000 was the lowest reported in 9 years!”

According to the report, overall median closed prices in July increased 6 percent to \$319,000 from \$300,000 in July 2016. For homes in the \$300,000 and below price category, the median closed price increased only 3 percent to \$225,000 from \$219,000 in July 2016. And for homes above \$300,000, the median closed price decreased 7 percent to \$485,000 from \$524,000 in July 2016.

Many broker analysts reviewing the July report agreed that an increase in conventional sales (homes purchased with financing) is a good sign that first-time homebuyers are gaining a foothold in the market. As such, the July Market Report showed total closed sales were split almost equally between cash sales and conventional sales.

Kathy Zorn, broker/owner, Better Homes and Gardens Real Estate Pristine, said she is optimistic that the third quarter closed sales will finish ahead of the second quarter, and pointed to activity in the \$500,000 to \$1 million price category, which saw the overall pending sales increase 44 percent in July from July 2016. “The median closed price went down 16 percent for condos in this \$500,000 to \$1 million price category. I believe this is a reflection of smart pricing strategies finally taking hold.”

For months, broker analysts and NABOR® have warned against setting unrealistic pricing, a strategy that Dominic Pallini, NABOR® President and Broker at Vanderbilt Realty, said can “hurt a homebuyer because a home is often overlooked if it’s overpriced.”

High prices are a strategy that can work in an accelerating market, but it's risky. A home might sit for months without an offer and sellers typically end up marking the price down, perhaps lower than it should have sold for in the first place. A licensed REALTOR® uses real-time MLS data that can help a seller hit the sweet spot when setting the listing price: a price that's high enough to reflect the home's value, but attractive enough to gain buyer attention and get it sold quickly.

Another segment that brokers are watching closely is the number of days on the market it takes for a property to sell, which is on the rise and hit 105 days in July. One reason for this could be cosmetic. According to Brenda Fioretti, Managing Broker at Berkshire Hathaway HomeServices Florida Realty, "Many homebuyers are looking for a coastal, contemporary look, not the Mediterranean or Tuscan look that dominates much of the existing home market and appears dated. Sellers must either consider making renovations to meet the light, coastal look buyers want or reducing the home's price in order to stay competitive with the new construction product that reflects this new coastal, contemporary style."

The NABOR® **July 2017 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. The NABOR® July 2017 sales statistics are presented in chart format, including these overall (single-family and condominium) findings:

CATEGORIES	July 2016	July 2017	CHANGE (percentage)
Total homes under contract (pending sales)	681	720	6
Total closed sales	627	682	9
Median closed price (month/month)	\$300,000	\$319,000	6
Median closed price >\$300K (month/month)	\$524,000	\$485,000	-7
Total active listings (inventory)	4,801	4,928	3
Average days on market	75	105	40
Single-family closed sales	323	354	10
Single-family median closed price (month/month)	\$375,000	\$409,000	9
Single-family inventory	2,565	2,552	-1
Condominium closed sales	304	328	8
Condominium median closed price (month/month)	\$245,000	\$248,000	1
Condominium inventory	2,236	2,376	6

Geographically, pending and closed sales activity in South Naples in July outperformed all other areas, showing a 36 and 35 percent increase, respectively. With respect to property type, single-family homes in North Naples saw the most impressive activity in its pending and closed sales (23 and 45 percent, respectively); possibly as a result of a 14 percent decrease in its median closed price and a 3 percent decrease in its inventory.

"Because inventory dropped 1 percent in the single-family home market in July, this may be the first sign that we are not far from a shift in the market," said Cindy Carroll, SRA, with the real estate appraisal and consultancy firm Carroll & Carroll, Inc., who went on to add, "the housing market is cyclical, and the rate of inventory increase has been trending down since December. If this behavior continues and we go below our lowest inventory point (3,563), which was in July 2014, I predict we'll shift from a buyer's to a seller's market and probably start to see prices increase again."

If you are weighing the pros and cons of buying or selling a home in the coming months, let a REALTOR® be your guide. A Naples REALTOR® can help you do a market comparison and determine a fair and reasonable listing price. A REALTOR® can also identify properties best suited for your needs and negotiate a purchase price that fits your budget. Discover more at www.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 nearly 60 years serving 6,000 plus members. NABOR® is a member of the Florida Realtors and the National Association of REALTORS®, which is the largest association in the United States with more than 1.3 million members and over 1,400 local board 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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