

**Overview**

***Local News***

The focus locally for news has been mostly on small items and enjoying the hundreds of opportunities to experience the many amenities in one of the best places to live on all of Earth, especially as winter beats lands further to the north. Parades, concerts in the park, athletic pursuits aplenty (FGCU's Dunk City is just up the road and the Everblades are playing in the ECHL Semi-finals), and an unrelenting string of affordable arts have filled calendars. Restaurants have been crowded, the beach active, stores busy. Golf has been great, fishing has been good and people watching plentiful. In other words, there is not much in the way of 'NEWS' to report.

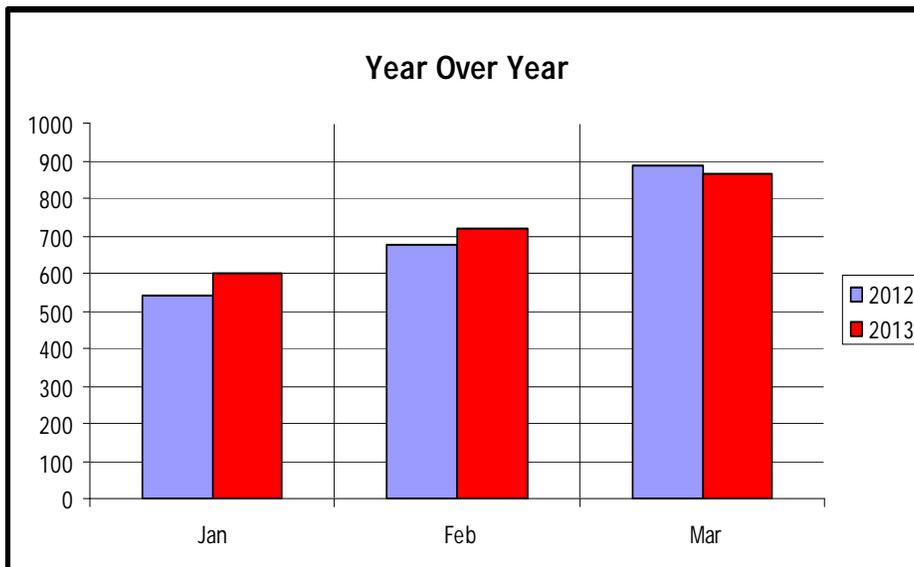
Oh . . . throughout Florida employment is up in all sectors except government.

***Residential Real Estate in General***

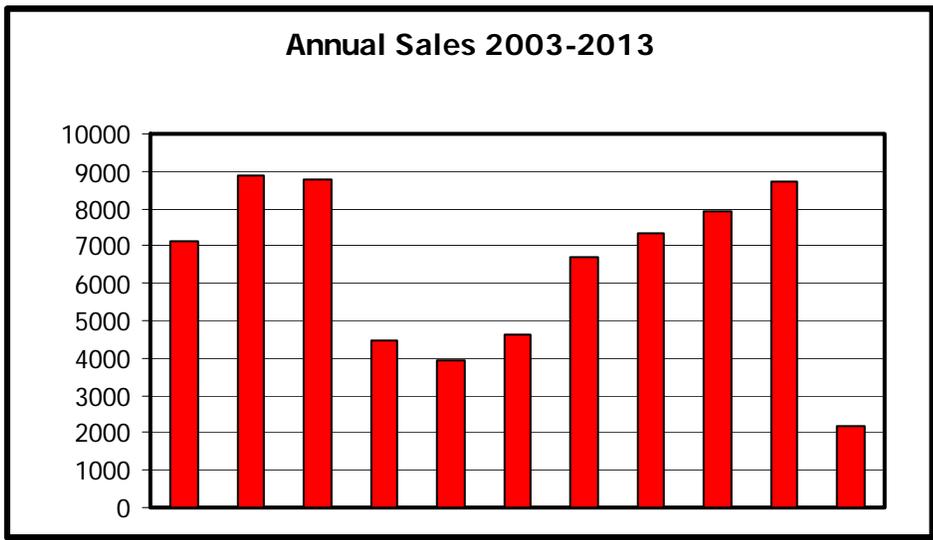
Real estate prices continue to be around 2009 levels, the oft talked about shadow inventory is no where to be seen and credit is too tight to provide any fuel for first-time home buyers. There is an expectation distressed property (foreclosed and short sale homes) will be a significant factor for several more years, but inventories are pretty balanced at the moment with the number of monthly, closed distressed sales equaling the number of new listings.

***Unit Sales***

2013 home sales continue to lead 2012 overall in spite of a slip in the number of March closings. April and May are traditionally the heavy months for closings and as we go to press, April 2013 is 5% ahead of a year ago.



The simple message is that 2013 looks to be another good year for real estate transactions throughout Southwest Florida.



Over all, closing table activities are up about 10% per year starting in 2009 when the housing recovery blossomed in Southwest Florida.

In the Naples market, inventory has dipped to an eight month supply. There are currently only about five thousand homes on the market; meaning it is harder and harder for buyers to find a suitable, affordable home.

So, Unit Sales continue to be very active and appear to be on track to continue showing a healthy increase for a while to come.

Month by Month Closed Sales

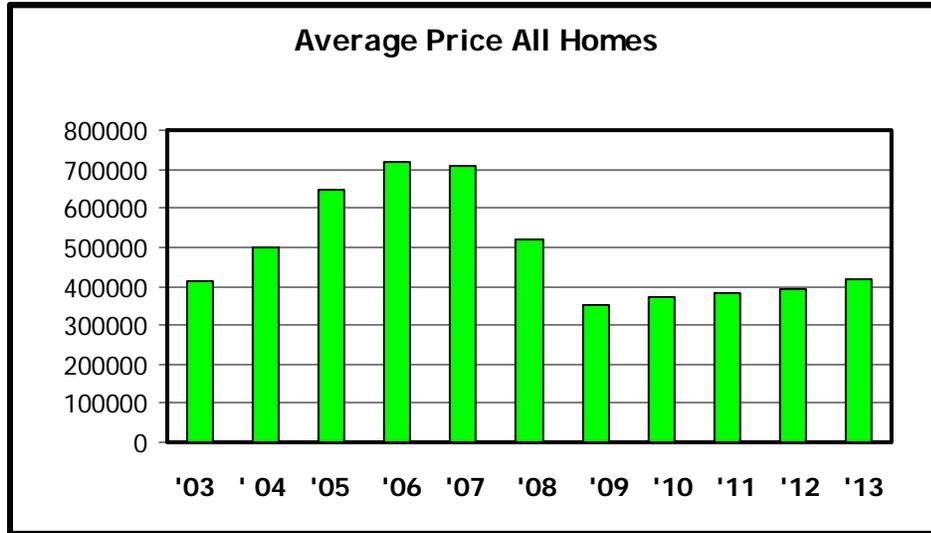


Monthly Sales Volume

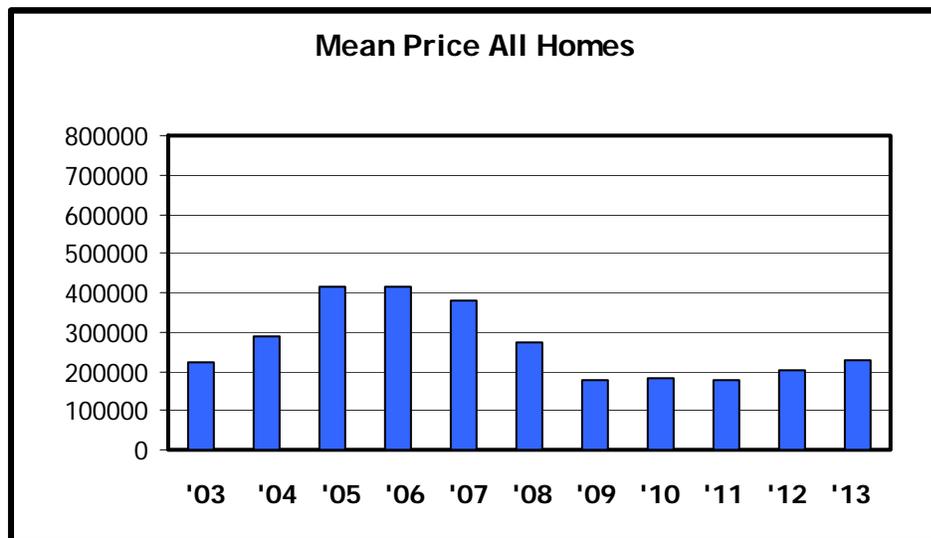
At the left of the above chart, the sales peaks of 2004 and 2005 are clearly apparent as well as the start of the recovery in 2009.

### Unit Prices

The average selling price of homes in a community as large as metropolitan Naples, with a higher percentage of homes valued in excess of \$1,000,000 than most southern cities and a goodly number of affordable homes and condominiums – and with many homes concentrated in fairly small plots and others spread out over considerable acreage – means ‘average’ is not very average.



Nevertheless, looking at the movement in the average price of closed sales gives a good snapshot of what is happening in the market place. What the above graph clearly shows is the average selling price for a home in Naples is walking uphill at a comfortable pace. The average price is up 6% in the first quarter compared to all of 2012, but the annual rate average value increase is expected to round off as the year progresses to about 10%.



Looking at the average selling price using the Median Method, where one-half of the sales were for more money and one-half the sales were for less, the ‘average’ selling price for a Naples home jumped upward by 10% in the first quarter, from \$205,000 to almost \$230,000 thereby closing the gap between ‘Average Price’ and ‘Median Price’ by a strong 2%.

## ***Distressed Homes***

There are three hundred fifty, foreclosed and short sale homes on the market, down from five hundred, six months ago. That still represents around 7% of all homes now on the market. The number of foreclosed homes has doubled from three months ago to one hundred sixty as short sale homes become rarer because the market price of homes has risen, some of the potential short-sale'ers have gone back to work, and banks have found enough heart to lower interest rates sufficiently to make selling short and all the implications of near foreclosure less attractive than a couple years ago.

### ***A Note***

In the past we have included samplings of available properties in fairly narrow price ranges as a way of keeping readers aware of where the market is headed. Today, with internet access to all properties listed in local multi-list services that information is readily available to all. Therefore, we have decided to delete the samplings, but continue to offer an explanation about what is happening in individual market segments.

## **Residential Resale Properties**

### ***Single Family***



There are twenty-one hundred, single family homes now on the market in the Naples area, less than half of the five thousand plus units now for sale. The demand for single family homes has out-stripped the call for condominium dwellings which accounts in part for the current emphasis by new home builders on individually owned residences. Traditionally, the market is split about 50/50 between single family and the various types of condominium homes, townhouses, villas, and traditional condominiums.

### ***Single Family \$150,000 Range***

Affordable, single family prices continue to move uphill as the lowest cost homes are gone. Today there are about forty homes priced in the popular \$140,000 to \$160,000 range. Three months ago there were fifty homes in this category; six months ago there were seventy. In the first quarter of the year seventy homes priced between \$140,000 and \$160,000 closed; almost double the available inventory.

### ***Single Family \$300,000 Range***

In the Naples area Realtors often talk about homes priced under \$300,000 and those priced over \$300,000 as the psychological average selling price of homes. It is also a good benchmark for typical three bedroom, two bath, two car Naples home. At the end of 2012 there were eighty single family homes asking \$290,000 to \$320,000. Today that number is still about eighty, but in between fifty homes have changed owners.

### ***Single Family \$500,000 Range***

Sixty-five homes priced in the \$500,000 to \$550,000 were on the market a year ago. Three months ago that number had climbed to eighty-five, now there are seventy-five mailboxes waiting to be attached to a new name. In the last six months, fifty mailboxes have done just that getting a new owner.

### ***Single Family \$1,000,000 and Greater***

At the moment there are only six hundred \$1,000,000 plus single family homes on the market in Naples. For the past few years that number has stood at nearly a thousand. A very few months ago there were fifty \$10,000,000 plus mansions listed on the MLS, today that number is a measly twenty. Which means if you are interested in a spectacular home in a prime location . . .

### ***Condominiums***



Condominium sales in the first quarter of the year passed single family homes in sales volume for the first time in many months. About twelve hundred condos in one of their many configurations: standard condominiums, coach and carriage homes, townhomes, and detached and attached villas changed hands compared to less than a thousand single family homes.

At this time, there are about twenty-seven hundred condominiums on the market – including two hundred ten priced under \$100,000, while there are twenty more units priced over \$1,000,000 than there were three months ago, or three hundred ten units.

Thus far in 2013 there is no significant movement toward the construction of new condominiums. New developments are putting up a few condo units, but the emphasis continues to be on single family homes.

### ***Detached Villas***

There are still eighty 'Detached Villas' on the market, the same number as a six months ago. Prices today range from \$80,000 for a two bedroom, two bath, nine hundred square foot, stand-

alone 'little house' to \$3,400,000 for a four thousand square foot, four bedroom, four bathroom, two years old, three story, bay on-one-side, Gulf across-the-road, Olde Naples address.

In Southwest Florida 'Detached Villa' means a stand-alone home in a subdivision community that is regulated by either a very strong Homeowner's or Condominium Association. In most cases, some or all of the undeveloped land surrounding the individual homes may be regarded as communally owned, with each member of the association holding an undivided share of the property. For many, if not most, the outside maintenance is included in a periodic fee paid to the association.

### ***Attached Villas***

Called 'Duplex' in many parts of the country, Attached Villas are legally homes with one side directly on the property line and are part of a communal property ownership program. Attached Villas are generally single story with an attached garage. There are three hundred Attached Villas on the market today down from three hundred forty three months ago. Prices at the bottom have jumped from \$50,000 to \$85,000, but are still around \$3,500,000 at the top of the amenity ladder with an average unit somewhere in the mid two's.

### ***Coach / Carriage Home***

In the condominium class 'Coach Homes' and 'Carriage Homes' are the current favorite. Builders probably build one coach home for every other type of condominium home.

Coach Homes have an attached garage, Carriage Homes have a detached garage, otherwise they are identical in terms of definition; two story buildings with residences on the first - or - second floor.

At the end of the last quarter 2012 there were about five hundred Coach/Carriage homes available. By the end of the first quarter 2013 the list of available units had shrunk to three hundred eighty with one hundred seventy changing hands in the first quarter of the year. At that rate there is only a six month supply on hand which should mean significant price increases within this market segment.

### ***Low Profile Condominiums***

Regular condominiums are divided on the local MLS by the number of floors in a building. Most condo'd buildings are under five stories with only units along the Gulf coast rising above eight stories.

There are almost two thousand low profile condominiums for sale today in Collier County, up a bit from last quarter. There are two hundred units available for less than \$100,000 and fifty for more than \$1,000,000. The median asking price is around \$225,000 with a range of asking prices from \$20,000 to a fraction under \$3,000,000. Roughly forty-three percent of the inventory received new key owners in the first quarter.

## ***High Rise Condominiums***

Wonderful sunsets in the west, invigorating sunrises to the east, city lights sparkling the nights, expansive green tree-limb carpets, the rumblings of everyday life below, are just some of the reasons buyers enjoy high-rise living. Along the coast there is the soft wash of breaking waves to add to the effect.

Over four hundred, high-rise units are on the market today, priced from \$165,000 for a one bedroom, lower-floor unit up to \$15,000,000 for twelve thousand square feet of prime location penthouse twenty-one stories above the Gulf of Mexico. Inventory in this market segment has risen faster than anywhere else as more buyers are asking for units this year than at any time in the past five years. One hundred thirty closed sales were recorded in the big buildings in the first quarter of '13, about one third priced over \$1,000,000.

## **Land**

### ***Raw Land***



Land sales are holding at about thirty-five units a month. That still means there is a two year inventory of available lots, but that is considerably more positive than in the recent past. The concern is there truly is a lot of shadow inventory that will hit the market shortly. While there are eight hundred lots now on the market, it is reasonable to expect that number will increase as more buyers offer sellers a better return on owner's investment. That may push price downward a smidge, but demand may also be sufficient to keep prices above the recent bottom. Expect inventory to rise long before demand tightens to under a one year inventory.

### ***Urban Land***

Urban lots, however, are few and scattered. Prices range from \$30,000 for a 50 x 135 city lot to \$4,750,000 for a Port Royal pearl. West of Tamiami Trail, ranch homes built in the late 1900's continue to be knocked-down to make way for multi-story homes utilizing the same footprint; although there seems to be a more generous attitude on the part of the city for somewhat different configurations.

### ***Suburban / Rural Land***

The lack of movement for buildable lots is particularly noticeable in Golden Gate Estates where there is certainly available inventory not-now-on-the-market numbering in thousands of units, perhaps in the tens of thousands of units.

Still prices have raised from \$7,000 for a lot a year and a half ago to \$20,000 now.

## **New Construction**



New single family home communities continue to push dirt. Older, but unfinished developments are bristling with bulldozers and cement mixers. Advertised builder inventories number two or three finished or nearly finished homes. Two years ago those builders who were capping roofs would have three times that inventory available. Today there are at least two dozen communities under construction. Three years ago that number would have been maybe ten with only a couple firms aggressively building.

Convention wisdom says we are headed toward a bust in demand for single family structures and that may occur in the near future, but since there is no real construction of pure, affordable condominiums going on, I expect there to be a shift in that direction first. When consumer confidence moves down the affluence scale and more middle class retirees begin to seek their own slice of paradise, builders will have no choice but to push more affordable condominiums out of the ground.

## **My Best Guess**

We thought season 2013 would be strong. There is no doubt it has been a winner. Sales everywhere have been good. Near asking price transactions are common. Multiple offers for move-in ready resales are not unusual. The increased taxes have impacted sales volume some, and although caution may be prudent as wage-earners and coupon cutters begin to see long-term drops in their disposable income, I expect the summer to stay busy with determined house hunters wading through the heat in search of the perfect sunnyland home.

## **Investor Information and Definitions**

**Short Sale Transactions:** Short Sale means the property is still privately owned, not bank owned (although priced like a bank-owned foreclosure), and requires bank participation in the title transfer process since the seller will not realize enough cash from the sale of the property to retire the note (the mortgage), does not have the assets to add cash to the transaction to satisfy the mortgage, and asks the bank to forgive a portion of the obligation. The Short Sale process is highly complex and frequently requires the services of both a knowledgeable Realtor and a Real Estate Attorney.

**REO Transactions:** Real Estate Owned or Foreclosed Property is bank-owned real estate. Transactions are almost always handled by a local Realtor who represents the bank in the transaction. The bank recently purchased or otherwise gained title to the property and can offer it to a buyer free of most liens. While these transactions are fairly clean, buyers are strongly advised to utilize the services of a Realtor who represents their side of the transaction.

## **Contact Information**

If you would like additional information about any of these opportunities or any other new or resale property in the Naples area or to change your subscription please contact:

Ted DeGroot  
Broker Associate  
Premiere Plus Realty  
Naples, FL 34102  
Cell 239-248-8788  
Office 239-732-7837  
[www.southnaplesrealestate.com](http://www.southnaplesrealestate.com)  
[ted@southnaplesrealestate.com](mailto:ted@southnaplesrealestate.com)

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