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Buyers Shift Focus to Condominium Market

Naples, Fla. (April 17, 2015) – Overall activity in the Naples area real estate market across all price categories remains steady, according to the First Quarter 2015 Market Report released by the Naples Area Board of REALTORS® (NABOR®), which tracks home listings and sales within Collier County (excluding Marco Island). Most notable in the report was the \$300,000 - \$500,000 price category for condominiums in which the overall closed and pending sales increased by double digits in the first quarter of 2015. Statistics show a recent shift in buyer focus from single-family homes to condominiums.

Broker analysts reviewing the First Quarter 2015 Market Report agree that a new trend may be emerging, as the report showed condominiums outperforming single-family home sales. As such, these analysts predict condominiums will see continued rise in activity moving into summer.

“Pending and closed sales in the mid-level price range [\$300K - \$500K] for both March and first quarter outperformed all other areas of the market,” said Phil Wood, President & CEO of John R. Wood Properties. “Perhaps this is reflective of vacation home buyers who want a place to escape the winter weather. Condos are the easiest way for them to do so, since exterior maintenance issues are handled by the associations.”

“The difference in performance between the single-family home market and condo market in the \$300,000 - \$500,000 price category for the first quarter is quite impressive,” said Steve Barker, Advising Broker for Equity Realty. “Pending sales for condominiums in the \$300,000 - \$500,000 price category increased 53 percent. Yet, while the single family home market is very good, pending sales for single-family homes in this same price category increased only half that, at 26 percent.”

Supporting analysis presented by Cindy Carroll SRA, with the real estate appraisal and consultancy firm Carroll & Carroll, Inc., at NABOR®’s Economic Summit earlier this month, several brokers including Kathy Zorn, Bill Coffey and Mike Hughes pointed out that the First Quarter 2015 Market Report indicated location as a big factor in home sales activity.

Hughes remarked that, “the overall median closed price in all geo-specific areas of the county increased double digits compared to the same quarter last year.” Zorn added, “in both the Central Naples and South Naples areas, the median closed price rose 17 percent compared to the first quarter of 2014.”

Overall inventory for the \$300,000 - \$500,000 price category in the first quarter of 2015 increased 14 percent from 934 homes in the first quarter of 2014 to 1,061 homes in the first quarter of 2015. Only the inventory in the over \$2 million price category had a larger increase – 18 percent – expanding from 400 homes in the first quarter of 2014 to 471 homes in the first quarter of 2015.

“The number of people paying cash for their homes remains strong,” said Barker, who added, “a stunning 73 percent of all home sales in the first quarter of 2015 were cash-only purchases. Strict lending standards combined with low inventory continue to give the advantage to cash buyers in this housing market.”

“We also see that in March, traditional sales dominated the market at 91 percent,” said Bill Poteet, owner and broker at Poteet Properties. “There were 921 traditional sales and only 19 non-traditional [short sale and/or foreclosed] sales.” He went on to note that March’s market performance is typically a leading indicator of the trend we can expect going in to the summer.

The NABOR® 1Q 2015 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® 1Q 2015 sales statistics are presented in chart format, including these overall (single-family and condominium) findings:

- Overall pending sales increased 3 percent from 3,532 in 1Q 2014 to 3,628 in 1Q 2015.
- Pending sales in the single-family home market increased 5 percent from 1,563 single-family homes in 1Q 2014 to 1,634 single-family homes in 1Q 2015.
- Pending sales in the condominium market increase 1 percent from 1,969 condominiums in 1Q 2014 to 1,994 condominiums in 1Q 2015.
- Overall closed sales decreased 4 percent from 2,409 in 1Q 2014 to 2,312 in 1Q 2015.
- Closed sales for single-family homes decreased 13 percent in the \$0 - \$300,000 price category from 473 single-family homes in 1Q 2014 to 412 single-family homes in the 1Q 2015,
- Closed sales for single-family homes increased 14 percent in the \$300,000 - \$500,000 price category from 264 single-family homes in 1Q 2014 to 300 single-family homes in 1Q 2015.
- Overall median closed price increased 13 percent from \$265,000 in 1Q 2014 to \$300,000 in 1Q 2015.
- Overall median closed price for homes over \$2 million increased 11 percent from \$2,877,000 in 1Q 2014 to \$3,200,000 in 1Q 2015.
- Median closed price for condominiums in the \$2 million and above price category decreased 13 percent from \$2,775,000 in 1Q 2014 to \$2,405,000 in 1Q 2015.
- Overall inventory decreased 3 percent from 4,405 homes in 1Q 2014 to 4,253 homes in 1Q 2015.
- Inventory of single-family homes in the \$0 - \$300,000 price category decreased 28 percent from 537 single-family homes in 1Q 2014 to 385 single-family homes in 1Q 2015.
- Inventory of single-family homes in the \$500,000 - \$1 million price category increased 21 percent from 529 in 1Q 2014 to 640 in 1Q 2015.
- Inventory for condominiums in the \$2 million and above price category increased 77 percent from 39 in 1Q 2014 to 69 in 1Q 2015.
- Average days on market decreased 11 percent from 95 in 1Q 2014 to 85 in 1Q 2015.

The NABOR® March 2015 Market Report was also released and reflected these overall (single-family and condominium) findings:

- Overall pending sales increased 9 percent from 1,399 homes in March 2014 to 1,520 homes in March 2015.
- Overall closed sales increased 3 percent from 981 homes in March 2014 to 1,014 homes in March 2015.
- Overall median closed price increased 12 percent from \$248,000 in the 12-months ending March 2014 to \$278,000 in the 12-months ending March 2015.
- Overall median closed price in the \$0-\$300,000 category increased 9 percent from \$165,000 in the 12-months ending March 2014 to \$189,000 in the 12-months ending March 2015.
- Overall inventory decreased 3 percent from 4,405 homes in March 2014 to 4,253 in March 2015.
- Average days on market decreased 16 percent from 94 days in March 2014 to 80 days in March 2015.

“The statistics show that the lower the price category, the faster the home will sell and the higher the price category, the longer it takes to sell,” said Brenda Fioretti, Managing Broker at Berkshire Hathaway

HomeServices Florida Realty. “For example, homes in the \$0 - \$300,000 price range sold in an average of 64 days in the first quarter of 2015, while homes in the over \$2 million price category stayed on the market 152 days before they sold.”

The First Quarter 2015 and March 2015 Market Reports reflect exactly what all three economic experts predicted at NABOR®’s 4th annual Economic Summit: that the real estate industry in Florida is very good and will continue to stay very good through 2015.

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