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Luxury Market Gains Momentum in 2014

Naples, Fla. (January 16, 2015) – Overall closed sales for homes in every price category above \$300,000 saw double digit increases in 2014. As a result, broker analysts contend that 2014 was one of the best years in Naples real estate history for closed sales. According to the Annual 2014 Market Report released by the Naples Area Board of REALTORS® (NABOR®), which tracks home listings and sales within Collier County (excluding Marco Island), inventory increased 16 percent for homes in the \$2 million and above category from 394 in 2013 to 457 in 2014. The report also showed that overall closed sales in this luxury market price category increased 33 percent from 299 homes in 2013 to 399 homes in 2014, yet the overall median home price in this price category held steady year over year at \$2,950,000.

“Even though the report shows that the overall inventory decreased 6 percent in 2014, it increased in several price categories including the very high end. Interestingly however, and as indicated by the report, prices for luxury homes held steady. There appears to be clear indication of price stabilization,” said Coco Waldenmeyer, managing broker at John R. Wood Properties.

“Yes. That’s true,” commented Cindy Carroll, SRA, with the real estate appraisal and consultancy firm of Carroll & Carroll, Inc. “The market in general is trending toward a balance of supply and demand and value stabilization. Some market sectors may have reached their peak for this economic cycle in the fall of 2014 while other areas will demonstrate continued value growth in 2015.”

Buyers looking for single family homes in 2015 will be pleased, as the report indicated a 3 percent increase in inventory of single family homes from 2,260 in 2013 to 2,321 in 2014. As noted by Rick Fioretti, NABOR® President Elect and Broker Associate with Berkshire Hathaway Home Services Florida Realty, this may be due to what the industry calls a “sleeping inventory,” or sellers who were unaware of the market’s improvement and upon exploring their options with a REALTOR® decided to place their home on the market for sale.

While closed sales stood firm at a 3 percent increase for condominiums in 2014, inventory in the condominium market did not fare as well as single family home inventory in 2014. The report indicated a 14 percent decrease in condominium inventory from 2,354 in 2013 to 2,030 in 2014. The only price category that experienced an increase in inventory was the \$300,000 to \$500,000 price category. It increased 13 percent from 408 condominiums in 2013 to 462 condominiums in 2014. Broker analysts indicate that this increase in inventory may be due, in part, to bracket creep, which is what happens when a home’s value increases to a point that it surpasses its current category’s threshold and advances into the price category above it. The fact that inventory for condominiums in the \$300,000 and below price category decreased 23 percent is further evidence of the bracket creep.

The NABOR® Annual 2014 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® Annual 2014 sales statistics are presented in chart format, including these

overall (single-family and condominium) findings:

- Overall pending sales decreased 5 percent from 11,065 in 2013 to 10,494 in 2014.
- Pending sales for single family homes in the \$2 million and above price category increased 28 percent from 249 in 2013 to 319 in 2014.
- Pending sales for condominiums in the \$1 million to \$2 million category increased 11 percent from 262 in 2013 to 292 in 2014.
- Overall closed sales increased 1 percent from 9,723 in 2013 to 9,826 in 2014.
- Overall closed sales for homes in the \$1 million to \$2 million category increased 21 percent from 516 in 2013 to 623 in 2014.
- Overall closed sales for homes in the \$2 million and above category increased 33 percent from 299 in 2013 to 399 in 2014.
- Overall median closed price increased 13 percent from \$240,000 in 2013 to \$270,000 in 2014.
- Overall inventory decreased 6 percent from 4,614 homes in 2013 to 4,351 homes in 2014.
- Average days on market for 2014 was at 82.

As noted by Bill Coffey, Broker Manager of Amerivest Realty Naples, the gain in Naples housing market's momentum is evident when you compare quarterly sales activity for 2014. Closed sales increased 5 percent in the first quarter, but then fell 4 and 11 percent respectively during the second and third quarters. But in the fourth quarter, sales jumped 9 percent. This increase is a welcome sign and indicates consumer confidence in the Naples area housing market.

Industry predictions of a self-correcting housing market have come true. A return to a balanced housing market can be seen in the NABOR® Annual 2014 Market Report because, even though sales increased by double digits for homes above \$300,000, the median home price did not shift substantially.

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