

End of January Real Estate Market Update for 2025 South West FL Housing

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“SW Florida’s Housing Expert with over 6370 transactions
and over \$335mil+ in SOLD Real Estate”

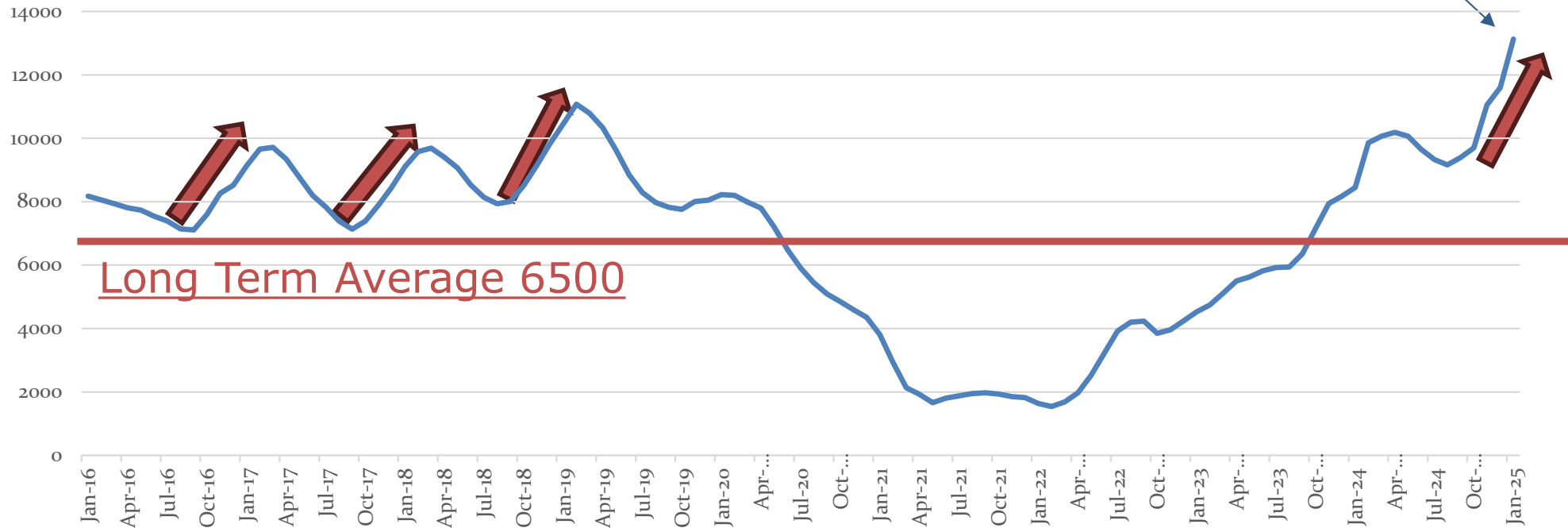
2/1/2025

www.Leecountymarketupdate.com

Supply of Inventory for sale in SW Florida

Inventory in Lee County

13126 for sale

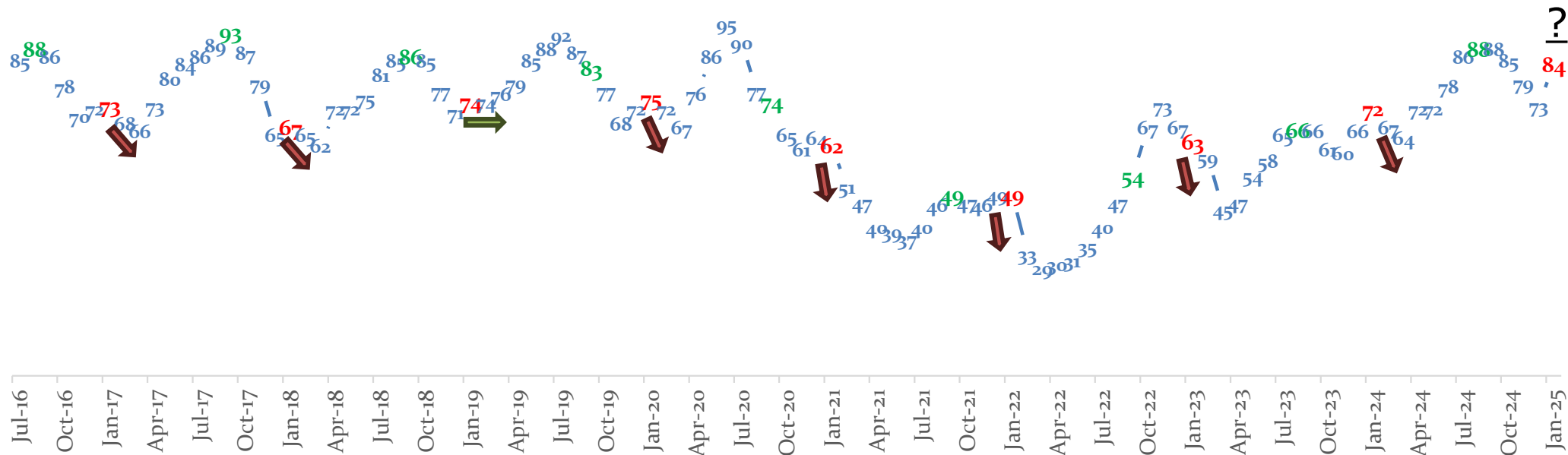


Long Term Average 6500

Inventory went up in January by 13.6% month over month to over astronomical 13,126 units for sale. I have to go back past 2009 to see inventory that great making this month the highest inventory in over a decade beating last month. Year over Year **our inventory is 55% higher than last year for January which is up from 42% from last month.** Rapid increase in inventory normally means prices are likely to continue to go down. Our long term 10 year average is at 6500 housing units for sale, so comparing the current inventory to that, means we have a Surplus of homes of over 102% more than needed. This too pinpoints to a price decrease next month as well. **Normally our inventory goes up in January an average of 4% then continues until March's peak. This month it went up 13.6%.** It looks even more promising to buyers for the near future. MORE INVENTORY MEANS LOWER PRICES and Price reductions, BUT also normally means lower demand. Single Family Homes constitute 62% of total inventory, condos represent 27.0% of total inventory, and the rest are Townhomes/Villas. Of this inventory, 2325 of the existing inventory are New Construction or 20%. High Inventory leads to higher days on market. Let's take a look

Days on Market Crisis

MEDIAN DAYS ON MARKET FOR LEE COUNTY
SOURCE REALTOR.COM/SWFL MLS



Median Days on Market Over the Last 10 Years

This graph shows the median number of days homes remain on the market from listing to sale, providing a clear view of seasonal and long-term trends in the housing market.

•**January (marked in red):** Historically, January is the start of our season with sharp declines in DOM typically occurring by March as the spring selling season begins and ends. This trend reflects increased buyer activity and faster sales.

•**September (marked in green):** September usually represents a near-peak in days on market for the year, with exceptions in 2020 and 2022 when COVID disrupted market patterns.

•**A significant rise in days on market** compared to historic norms is often a signal of a slowing housing market, as homes take longer to sell.

This January has recorded the **highest median days on market in the past 10 years**, reflecting current market challenges. It will be interesting to see if the familiar seasonal trend of declining days on market repeats or if this year breaks the pattern as predicted.

Next month's data will be critical in revealing whether the market begins to pick up pace or continues to experience slower activity.

Article form Realtor.com

This month Realtor.com came out with an article featuring the 4 cities with the highest inventory sitting on the market for more than 90 days. You can read the article by copying this link

<https://www.realtor.com/news/trends/florida-housing-market-high-inventory/>

The 4 cities with days on market over 90 days are:

1. **New Smyrna Beach Median Days on Market (DOM) 95**
2. **Palm Coast Median Days on Market (DOM) 94**
3. **Panama City Median Days on Market (DOM) 94**
4. **Gainesville Median Days on Market (DOM) 91**

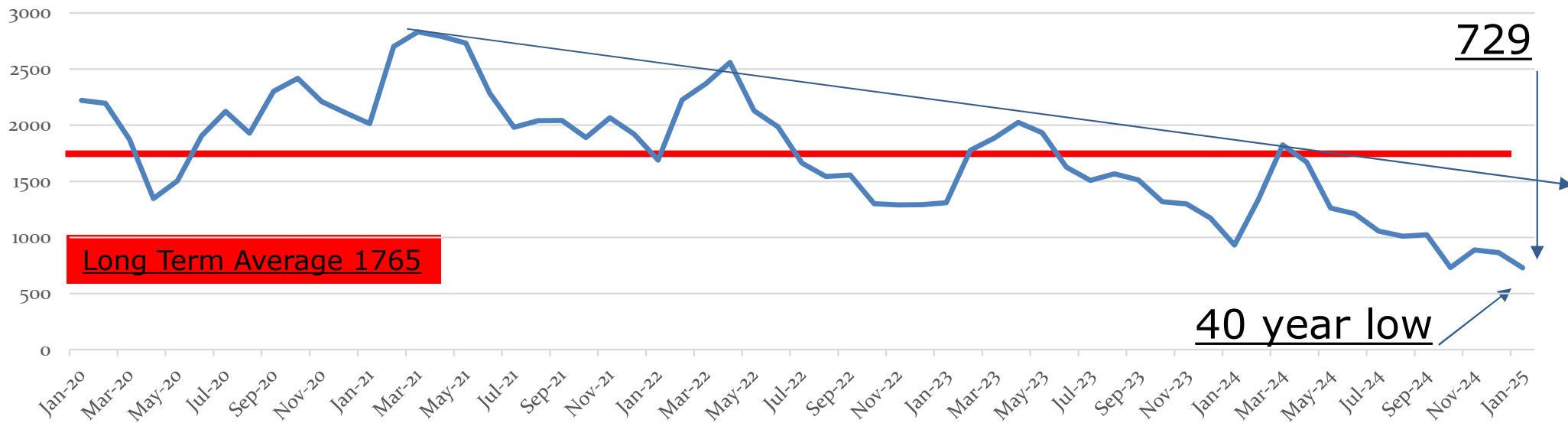
I went further to rank the rest of Florida to complete the top 10 list

5. **Deltona/Daytona Median Days on Market (DOM) 89**
6. **Palm Coast Median Days on Market (DOM) 88**
7. **Punta Gorda Median Days on Market (DOM) 86**
8. **Cape Coral/Fort Myers Median Days on Market (DOM) 84**
9. **Lakeland Florida Median Days on Market (DOM) 83**
10. **Port St. Lucie Median Days on Market (DOM) 81**

Average Median Days on Market for January for the last 10 years is 65 so it takes 30% longer to sell a home than the average. Another thing I wondered is why Realtor used the median and not the average. That would have hurt as our Median DOM is 84, BUT our Average DOM for January is **131!!!!** Remember to consider the source before jumping to conclusions on the data. Saying it takes on the average over 4 months to sell a home is not good press. It's a trackable data piece and graphs would look the same though. Also if you never heard of New Smyrna Beach like me, it is in the Daytona area. Why they segmented that one in particular is beyond me as I research metro areas not specific cities.

SW Florida Demand (Solds)

SW Florida Closed Sales



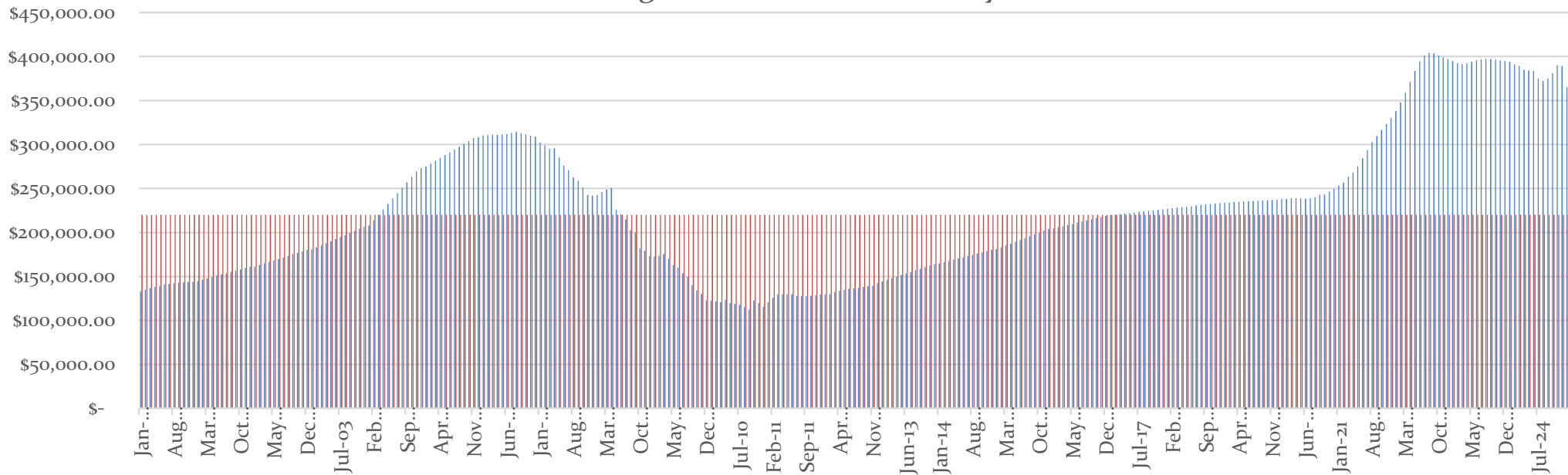
Last month in January, Sales went down a whopping **15%** coming off of consecutive 40 year lows to make a NEW 40 YEAR LOW!!! Ding Ding Ding. ***Janaury is the worst sales volume for Single Family Homes in over 40 years.*** Compared to the long term average, it is **59% lower** than the average. Given the environment we are in, this isn't a surprise but the drop was for me. I keep saying we are into season so this has to go up...Right???

The top 5 worst months in 40 years all happened in 2024, now 2025 starts off with a new record just like January 2024 was the new record with 933 sales. The graph also shows the historic demand peaks in March, which are progressively sloping lower every year since 2020. The lowest point of any year is January on every year going back to COVID, so again I ask "It has to go up...right?" Looking at past data helps us predict the next months results. Rates are sitting at the time of writing this at 7.125% which is crippling the market. Janaury 1st we were at the same rate, and last year this time we were .5% lower. I guess waiting for elections and waiting on the new president didn't cause too many to flood the housing market. The ongoing shock for the market is the amount of growing builder inventory we have locally. Of the 729 Sales for Janaury, 221 were new construction or 30% of the sales. New construction is 20% of our inventory, and 30% of our sales. It's the incentives that do it.

Median Home price

\$365,000

Average Home Price Lee County



Compared to last month, Median home value went down **6.17%** to the Median home price being \$365,000. With record low sales though, this number is not as relevant as to when we sell 2x to 3x as much normally. There were quite a few \$1mil+ homes that sold this month inflating this number a bit, even a \$5.0mil home in Gulf Harbor. 229 home sales were new construction constituting for almost 31% of all sales. Told you the incentives these builders are giving are astronomical. Super Stubborn graph showed a bit of weakness. Even the builders had to drop their prices coming off of the lowest sales they have had in forever. Over 31% of our sales are brand new construction, but Unlike last time, this time builders are trying like mad to keep price points higher by offering up MEGA incentives totaling over **\$50k-\$90k** to buy down rates. Sell for higher price, but offer up interest rates so low that the monthly payment would be identical as if the house did drop \$80k in price. It wasn't going to take long before they could not offer anymore incentives and price HAD to come down! With an inflated amount of inventory, and lowest sales continuing, I would not be surprised to see next month average home price plummet.. At this price, are the homes affordable? **Many have asked me why is it so high still and I tell them that the demographic of buyers has shifted severely. Sales of \$1mil homes have increased 30% in 2024 and average age of home buyers went up a decade to 56 from previous age prior to COVID in 2020.**

Home Payment as a % of SW Florida's Average Household income

House Payment as compared to income



NO! This graph factors in the mortgage payment which includes Property Taxes, insurance, interest rate, and average home price for the month and divides the areas median household income. This is a measure of relative homebuyer affordability given the prevailing home values and current rates. Last month we were at 39.5% of a households gross income going toward mortgage. **This month it went DOWN a decent amount to 39.69 from 40.55% last month!** This is due to the average home prices coming down a bunch, interest rates going down a bit from from 7.16% to 7.07%, AND we increased in household income going from **\$72,869** to **\$72,977**. The way you figure out what home mortgage prices should be is taking household income and multiplying it by long term average which for us is 26%. To reach affordability off of these new numbers, the average monthly payment that is affordable is \$1581 a month which is \$3 higher than last month. So currently it is more affordable than last month. Right now the mortgage payments for the average home is \$2307/month or 46% overinflated. Looking at this graph, we have a lot of work to do to get this market stabilized BUT it is a step in the right direction.

Home Value Growth Month over Month for Lee County



Tracking Month over Month home value growth helps pin point changes in the market and signals a crash and/or bottom. As you can see from this graph the years from 2013-2021 shows a steady line of positive growth with a rapid escalation in 2022 and part of 2023 which is almost identical to that seen in 2005-2006. The bubble popped last time in February 2006/2007, which signaled the start of the crash when this graph first hit negatives. It remained negative until January 2012 or **59 consecutive months** until it stabilized late 2012. Currently **The Zillow Home Value index** is at **-0.62%** and last month we were at **-0.59%**, so that is **18 consecutive months of negative home value** so far and for thought if this keeps up then **-0.62% per month is 7% per year drop**. This means it is getting further away from stable. So if asked the question are we stabilized? Answer is not even bottomed yet and has a long way to go AND it is getting further away further supporting we have an affordability problem.

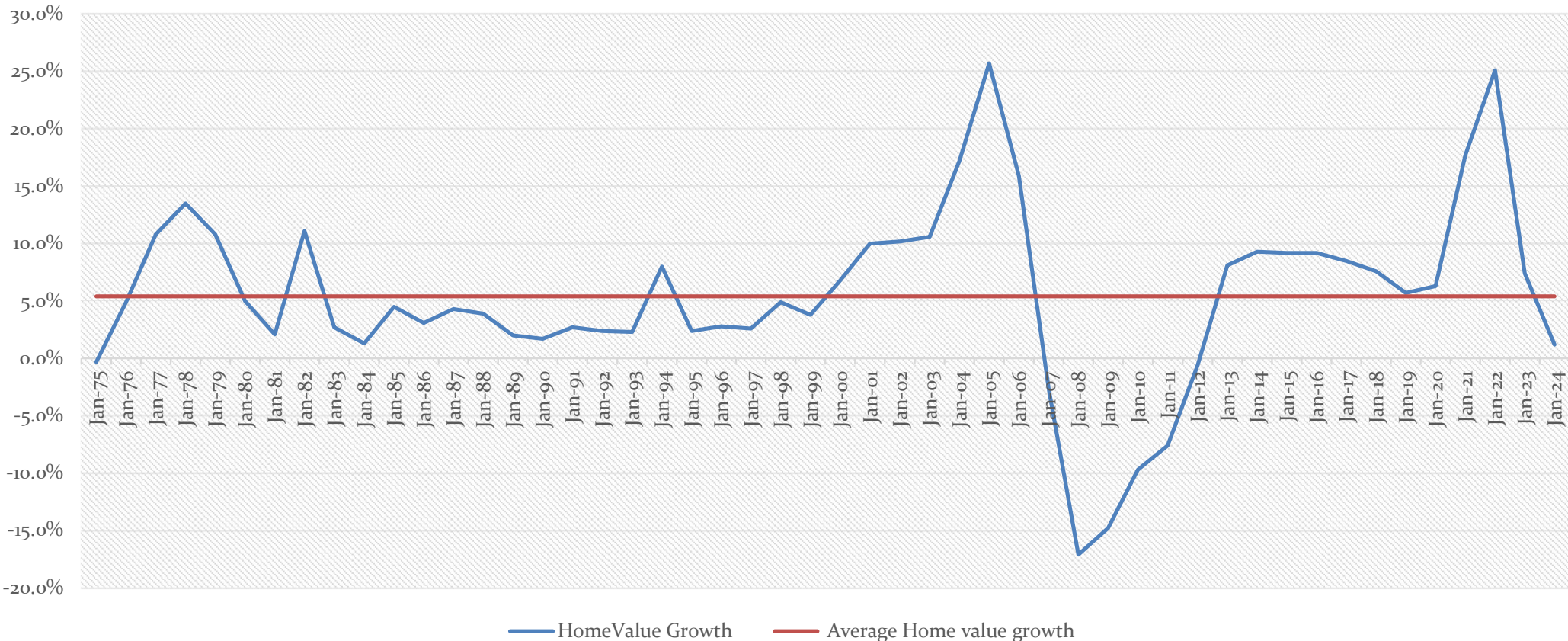
List of the top Metro Areas losing the most year over year

RK	Name	Home Value Growth (YoY)	Overvalued %	Value / Income Ratio	Price Cut %	Population
1	Punta Gorda, FL	-7.5%	15.7%	4.4	23.6%	206,134
2	Cape Coral, FL	-5.6%	19.5%	5.1	20.8%	834,573
3	North Port, FL	-5.3%	14.0%	5.3	21.2%	910,108
4	Lake Charles, LA	-4.0%	-26.3%	2.7	14.2%	208,983
5	Naples, FL	-3.6%	13.1%	6.3	15.1%	404,310
6	Panama City, FL	-3.4%	14.1%	4.7	15.8%	190,769
7	Austin, TX	-3.3%	11.2%	4.4	18.3%	2,470,600
8	Houma, LA	-2.9%	-16.7%	2.8	11.5%	198,672
9	Eureka, CA	-2.5%	-15.7%	6.8	16.4%	133,985
10	Crestview, FL	-2.4%	11.3%	5.0	14.4%	304,818

Filtering all the metro areas in the country by negative YOY home value growth in metros of at least 100,000 people, here are your top 10 metros with the highest price drops. As you can see, SW Florida are the top 3 Followed by LA, and Texas. Next to the negative home value is the overvalued ratio which is calculated by taking an areas value to income ratio and comparing it to long term averages. Last year we were over 30% and now only 19% so this data only supports we are heading in the right direction.

Home Value growth in Florida from 1975-2024









Home Value Growth for Florida 1975-2024
Source Zillow/FHFA



Last graph discussing Home Value Growth. Take a look at this graph. It tracks the home value growth for Florida going back all the way to 1975. The average growth is 5.4% and if you pay attention to the periods it rapidly climbed, it was 1978 and 1982 before the recessions, 1994 before the bond market crisis, 2006 during the great crash, and finally 2022 during the COVID... The volatility is really evident during 2005 and 2022 when it surged quickly and as in 2007 and 2023 an equal and opposite drop. There is a reason: A large decrease of people moving into Florida. Migration in Florida is now at levels we have not seen since 2011 with only a net growth of 60,000 people. Compared to the COVID peak of gaining over 300,000 people. Food for thought

Statistics as compared to last month

February 1st 2024

- Total Housing for sale 13126  13%
- Total SF Homes Sold 729  15%
- Total Sales Pending 1377  29%
- **New construction 4sale 2525**  8%
- Average Time on Market 84 7% 
- Median Asking Price \$375,000  4%
- Median Selling Price \$365,000  6%
- % of asking price sold 97.3%  2%

January 1st 2025

- Total Housing for sale 11600
- Total SF Homes Sold 865
- Sales Pending 1064
- Total New construction SF 2325
- Average Time on Market 78
- Median Asking Price \$392,500
- Median Selling Price \$389,000
- AVG % of asking price/sold 95.00%

In Summary: Inventory increased 13% this months showing a rapid increase of inventory that hit over 13,000 total in Lee county. Sold inventory made a new 40 year low with 729, and dropped 15% month over month. Pending sales increased 29% since last month, showing that buyers did come out of the wood work as expected for season. The % of new homes for sale is 20% of our total inventory which is the same percentage than last month, but even more shocking is that of the pending sales, new construction is over 24% of those. Average time on market went up 7% putting us as #8 city with the longest time on market in Florida! Asking price finally went down 4% and Selling price dropped 6%. All of this points to a diminishing market. Our nly hope is that our season for the next 3 months stabilizes us a bit. More unstable, a little bit more affordable, with diminishing prices. In the future, we will look to see if any of these start to show signs of stabilization, which unfortunately we are not seeing any but some of the data shows steps in the right direction.

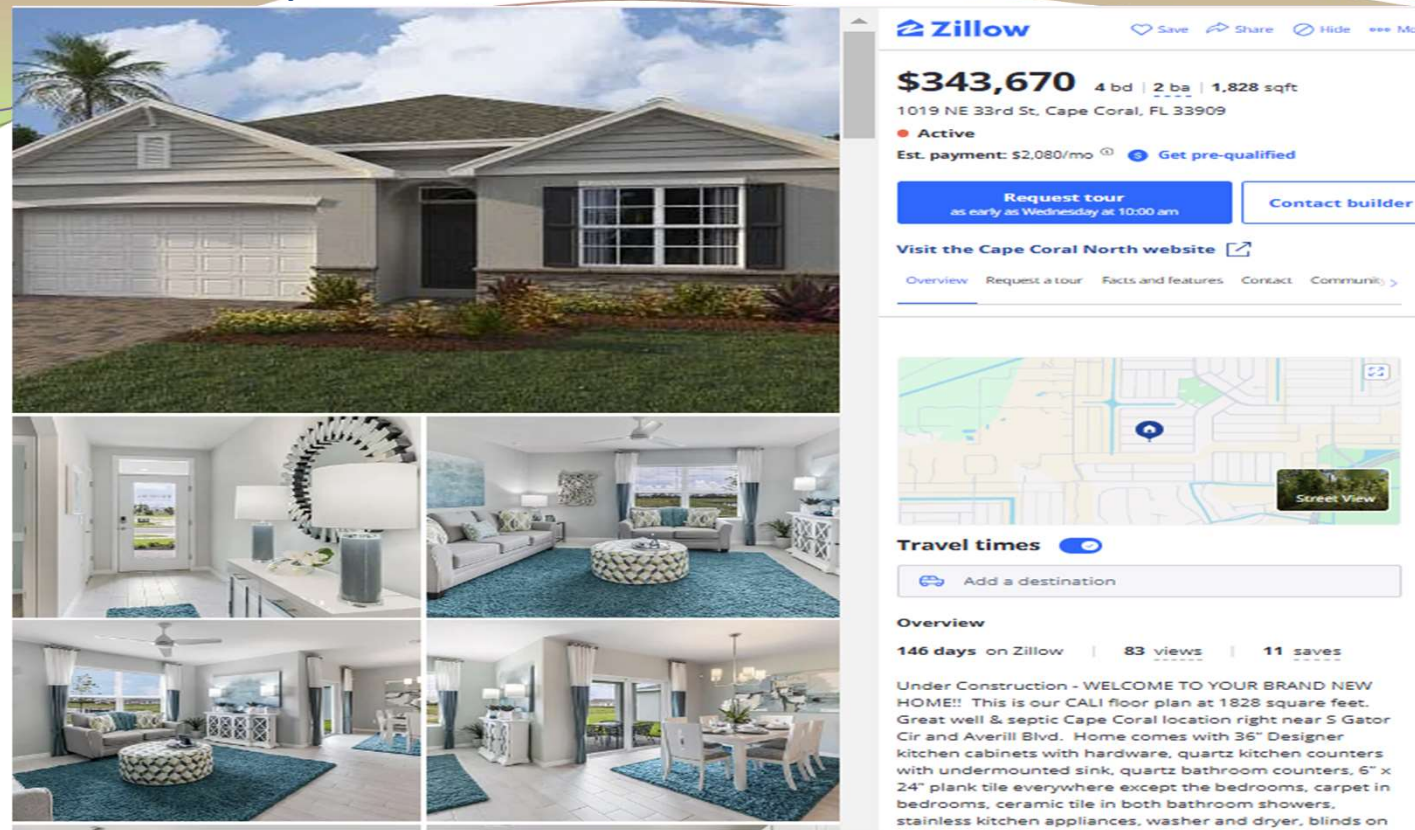
Buyers or Sellers Market?

Months of Inventory to show Buyers Market vs. Sellers Market



I know I have been joking about not wanting to name the next category of over 14 months of inventory based on current buyer demand. Well....in 1 month I need to name 2. We just hit 18 months of inventory on the nose. So Fire Red Sale and Black Friday BOGO buyers markets are now in the books. I had to make 2 more brackets 3 months ago! With record low sales and over 13k homes for sale in Lee County it would take over 18 months to get through it all, IF no one else came on ever again. Total Buyers market! Black Friday Style. Last time we were in a normal buyers market was May 2024. Not stabilizing yet. Inventory going up, and price finally dropping, we hoped interest rates dropping would have helped but it did the opposite and interest rates went up. A buyer's market occurs when supply exceeds demand. When inventory is high, and there are plenty of homes for sale, but there is a low number of interested home buyers, then we call that a buyers market. Anytime we hit over 3.9 months of standing inventory, then I call that a buyers market. Currently, we have over 18 months of inventory. That is a signal we have not had nationwide since 2006 and of course COVID. The higher the severity, the more leverage buyers have over Sellers who really need to sell.

Home Analysis



Zillow Save Share Hide More
\$343,670 4 bd | 2 ba | 1,828 sqft
1019 NE 33rd St, Cape Coral, FL 33909
Active
Est. payment: \$2,080/mo Get pre-qualified
Request tour as early as Wednesday at 10:00 am Contact builder
Visit the Cape Coral North website
Overview Request a tour Facts and features Contact Community
Travel times Add a destination
Overview
146 days on Zillow | 83 views | 11 saves
Under Construction - WELCOME TO YOUR BRAND NEW HOME!! This is our CALI floor plan at 1828 square feet. Great well & septic Cape Coral location right near S Gator Cir and Averill Blvd. Home comes with 36" Designer kitchen cabinets with hardware, quartz kitchen counters with undermounted sink, quartz bathroom counters, 6" x 24" plank tile everywhere except the bedrooms, carpet in bedrooms, ceramic tile in both bathroom showers, stainless kitchen appliances, washer and dryer, blinds on

The following is a deal I just did for 1 of my buyers in Janaury 2025 who were waiting for prices to come to them. You can either wait for house prices to drop or make the builders pay for it ahead of time to bring it to your level.

Remember we talked about Lee county being overpriced 19%. Let us look at this example. Price \$343,670. FHA 3.5% Down Payment \$12,028. Closing costs \$8,500. Total down payment \$20,528. Insurance \$1600, FHA Interest rate 6.625%, Taxes \$3940= **Total Payment of \$2816/month**

Now let us look at the builder incentives of \$30k flex cash, and 5.5% interest rate promo. Price \$343,670. Down payment \$12,028, seller paid closing costs. Total down payment \$12,028. Insurance because its new \$900, interest rate 4.99% as we used \$8k flex cash to buy it down from 5.5% AND took \$10k off price, taxes \$3940=**Total Payment of \$2,3513**

That is a difference and savings of **\$465/month!** The same savings if you waited for the price to drop 19% and go down **\$62,000! A drop of 20%! AND \$8500 less out of pocket!!!** This will bring even more downward pressure on the used market.

Overview of these data points

- End of January was expected to be slow. Not this slow. Another 40 year low of sales beating the previous 5 set in 2024. Huge gap up of Inventory surge. Builders gaining more homes. As we have seen last month Builders have a new record amount of homes for sale in the South to levels we have not seen since 2006. As this inventory increases, builders will be even more prone to offer up incentives to keep sales going. We have **over 18 months of inventory** creating a (You name it) buyers market. Prices are dropping quickly. Builders are continuing to run the show with their 3-4% interest rate buy downs and price reductions. **Builder inventory is also at an all time high locally.** If you asked me what my buyers are buying, I would tell you builder products but only when they are at their most vulnerable (i.e. end of month and quarters when sales matter the most or after a crappy sales month.)
- **Inventory went up 13%** in the month of January. In perspective, normally during this time of year, our inventory normally goes up 4% from the end of December to Jan 31st.
- **Demand dropped 15% in January.**
- **Pending sales went up 29% but is still at low levels. Maybe next month we won't hit another 40 year low..**
- Home Value growth year over year is still **under the stabilization line** showing 18 consecutive months of negative home value growth.
- Population growth is at levels not seen since 2011.
- Builders own a majority of homes for sale and a record number in our area since 2006

Data acquired comes from the following sources

- US Census Bureau
- Zillow.com
- FRED (Federal Reserve Economic Data)
- Realtor.com
- SWFLMLS (Our local board of realtors)
- Mortgage Brokers Association or MBA
- Bureau of Labor Statistics BLS.GOV
- Zillow
- Reventure APP
- Umich.edu

Call me anytime to discuss anything!!!

To get prepared to be a buyer in this market, you need to get qualified first. I can help. Go to www.teacherscanbuyhomes.com and fill in a 3 minute survey to get started.

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