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Naples Area Board of REALTORS® Economic Summit Experts Discuss Obstacles to Increased Homeownership

NAPLES, FL (May 23, 2018) - More than 400 REALTORS® and real estate professionals interested in the economic health of Collier County attended the Naples Area Board of REALTORS® (NABOR®) 2018 Economic Summit, "The New Future, A View from the Top," on Thursday, May 10, 2018 at the Hilton Naples. Three guest speakers provided a diverse mix of in depth analysis surrounding critical factors affecting growth and home sales activity in the near future.

The Summit's moderator was Rick Fioretti, 2017 REALTOR® of the Year and current Florida Realtors® District 5 Vice President as well as a candidate for 2019 Florida Realtors® Secretary.

Using her friendly yet "hard facts" style of presenting, the Summit's first speaker Cindy Carroll, SRA, with the real estate appraisal and consultancy firm Carroll & Carroll, Inc., provided the audience with a very robust view of the local real estate market's current behavior. Armed with a stack of charts reflecting data extracted from the Southwest Florida MLS and First Quarter 2018 Market Report, Carroll informed the audience that list prices in the once oversaturated speculative single-family home market in popular neighborhoods west of U.S. 41 decreased dramatically over the last year and are helping to stabilize the market.

"There have been enough price reductions over the last year that this sector is finally moving along," said Carroll, who added, "For example, the Moorings/Park Shore area had 2.84 years of supply in the spec home market last year, but today it's down to 9.5 months."

Interestingly, Carroll surprised many in attendance with the news that Golden Gate Estates only has about 5 months of inventory in the single-family home market. And more surprising, about 45 percent of the active listings in the Estates are new spec homes.

Carroll admitted that the data shows affordable home options in the area are dwindling. "There are only 14 single-family homes for sale in Collier County that are below \$200,000, and eight of them are in Immokalee," she said. And while many properties (single family and condominiums) available in Collier County are priced under \$300,000, they are located in neighborhoods with mandatory club and/or association fees. This includes 184 condominiums that are priced below \$150,000!

The Summit's second speaker was Kevin Foreman, general manager of GeoAnalytics at Inrix, Inc., who explained how innovations in transportation, like self-driving cars, will change the real estate industry, and could possibly help alleviate some affordable housing stress.

"Traffic can tell us a lot about the economy," said Foreman. "When traffic is bad, the economy is typically good."

Foreman said there are currently four trends in transportation: 1) Autonomous vehicles, which focus on a future where there are only self-driving cars; 2) Shared transportation, including services like Uber or mass transit; 3) Electric vehicles, a popular, low footprint automotive alternative; and 4) Connected vehicles, of which many new vehicles already feature connected services including Bluetooth, built-in GPS, and lane adjust or braking alerts.

While he admits that the change will be difficult, Foreman assured the audience that a world with autonomous vehicles will provide a much safer travel experience and increased worker productivity.

"We used to calculate distance in miles; now we use minutes," said Foreman, who commutes to work in a fully autonomous Tesla, which allows him to start working an hour before he arrives at the office. "With autonomous vehicles there will be no more speeding tickets and no more drunk drivers."

Foreman claimed that use of fully autonomous vehicles will eliminate speed limits because cars will travel at a speed that is regulated by a natural traffic flow. It will also mean those with disabilities, the elderly and children can travel alone as there will be no need for driver's licenses or driving skills.

For REALTORS®, autonomous vehicles will increase productivity, as they will also be fully connected to smart services that make navigating to a specific set of properties easier. The concept is similar to how Google can connect and control all your home's appliances. During commutes, REALTORS® can get busy on paperwork or interact with clients in a more personal manner.

Distance to jobs or amenities will be less a concern for homebuyers with autonomous vehicles because time spent traveling can be time spent doing virtually anything else like working, watching movies, eating, and as Foreman admits...there will be more sex happening in cars too. "I recommend investing in window tint companies," he remarked.

Foreman also gave some advice to brokers, "Don't build new or expand your physical office space because your agents will be working in their cars."

Similar to how the Internet allowed businesses to hire out-of-area employees that telecommute, brokers (and most service-related businesses) won't need to provide a physical office space for workers when autonomous vehicles are the standard.

The topic returned to housing statistics as Dr. Lawrence Yun, PhD, Chief Economist National Association of Realtors® (NAR®) took the stage and said, "Home prices over the past 6 years have risen by 47 percent, but income has only risen my 15 percent."

Yun went on to explain that either home price growth needs to slow down or income has to be

boosted greatly. One way this could happen is if the industry "choked off demand by making elements of the home buying process more expensive like flood insurance."

Admittedly, Yun would like to see more homes built where there is strong demand in the moderate price range as this will increase home sales. But, he said builders are facing serious obstacles like a lack of skilled workers and rising materials costs that prohibit this from happening now.

Despite consumer confidence being high, home buying confidence is down, and Yun believes this is because there is a lack of inventory choices. "On average, people moved every seven years, but now that's been stretched to ten so there is less movement and fewer existing homes for sale."

In closing, Yun said he does not forecast another recession and anticipates home prices will continue to increase as long as there is a lack of inventory."

The Economic Summit is a collaborative effort of the NABOR® Board of Directors, Media Relations Committee, and Economic Summit Sub-Committee under the direction of Sub-Committee Chairman Brenda Fioretti.

NABOR® would like to thank its event sponsor Quail Creek Country Club, the technology sponsor ShowingTime, the program sponsor CoreLogic, as well as these fine business sponsors: Lennar Homes, Gulfshore Insurance, Lake Michigan Credit Union, Stock Development, Carroll & Carroll Real Estate Appraisers, Naples Moves Managers, 1031 Exchange, and Ronto Realty.

NABOR® is located at 1455 Pine Ridge Road in Naples. For additional information on the Economic Summit, contact Marcia Albert at (239) 597-1666.

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